



Unlocking NI's Potential: A Framework for Economic Transformation

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This report reflects the views of its authors and does not necessarily reflect the institutional position of Ulster University.

Artificial Intelligence was used in the design of the main graphic within this report. However, the intellectual content of the graphic and the overall framework is entirely the work of the authors.

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Executive Summary

This paper proposes a novel approach to driving a better future for NI, by applying a macro-level lens to policymaking and drawing out cross-cutting linkages and dependencies. It draws out 33 recommendations for the NI Executive and UK Government - these may also be of interest to leaders in business, public and third sectors.

The Framework to Transform NI's Future from Ulster University's Strategic Policy Unit (SPU) incorporates an overarching approach that places the economy and productivity at the centre of driving improved socio-economic outcomes and a more inclusive and sustainable future.

It is important to note at the outset that this framework transcends 'transformation' as it pertains to the public sector specifically – an area to which the discourse has become largely confined in NI; this represents just one of a number of pillars contained in this work.

The framework presented in this paper spans a much broader socio-economic agenda and, crucially, flags the importance of safeguarding future outcomes. It is SPU's view that this future-orientated perspective is largely remiss from the policy discourse in NI and this work seeks to redress this.

SPU perceives that:

- Transformation relates to maximising economic and wellbeing outcomes, whilst making public services more efficient, effective and financially sustainable; and
- Transformation of public services is a component of a wider framework centred around the primacy of the economic context, in order to best drive wider wellbeing outcomes.

The current fiscal reality is that constraints on UK public finances, and associated electoral pressures, present impediments to any meaningful focus on further investment in NI. As such, there will be resistance from HM Treasury to calls for additional unconditional funding for NI.

HM Treasury will undoubtedly balance this against perceived risks to the political structures, such that it is possible that some additional funding could materialise - but this is unlikely to be substantive or transformative. This fiscal reality is likely to remain for the foreseeable future given the geopolitical and economic landscape facing the UK Government.

In the absence of alternative plans, NI will therefore suffer from a continued lack of investment and inaction. NI cannot afford to stand still and incur continued costs of policy delay/inaction.

The challenges that NI faces in relation to deficits in critical infrastructure, the productivity gap and high levels of economic inactivity are frequently diagnosed – in this work, SPU seeks to provide a strategic basis by which to remedy these challenges.

SPU's framework reflects the fiscal reality that it will be necessary to crowd-in the private sector in order to fund much needed investment in critical infrastructure, bolster competitiveness and productivity, and enable better safety nets for the most vulnerable in our population – access to social housing, for example.

These social versus economic concepts tend remain largely disaggregated in local policy discourse; a factor which this framework seeks to resolve.

It is SPU's view that a prosperous, sustainable and inclusive NI, with a flourishing and inclusive economy, quality public services and stable public finances is a realistic aspiration; however, this will necessitate more strategic thinking, an acknowledgment of the inter-relatedness of policy levers and underpinning factors, and more effective mobilisation of available resources across the public and private sectors.

This framework is more overarching than a Programme for Government (PfG), a Wellbeing or Outcomes Framework or an Economic Strategy. PfGs tend to be time-defined around a specific electoral mandate, whilst wellbeing frameworks tend to present economic gain as an objective ranked equally amongst others; economic strategies generally focus on levers and actions to drive growth and productivity.

It provides a basis for aggregating economic and wellbeing policies and acknowledging the causal relationship between them.

The graphic below presents SPU's perception of this policy inter-relatedness. The framework incorporates a 'foundation', a particularly vital 'intervention' to amend public incentive structures and accountability, four key 'pillars', with a resultant 'roof', which represents the outcomes of economic transformation, namely; improved wellbeing, prosperity and a more sustainable and inclusive future.



The foundation of the SPU framework is 'Trust, Confidence and Stability', since this will be crucial to underpinning any sustained and meaningful change. Trust levels have been eroded over recent years and restoring public trust will be central to successful reconfiguration in public services.

Business confidence underlies private sector growth and investments that will drive productivity gains. Stable institutions are essential to the business community and safeguarding the wider welfare of this region.

Building on this foundation, the framework reflects what SPU perceives as a vital intervention to enable economic transformation in NI, namely 'Amended Incentive Structures and Accountability Mechanisms'.

This is perhaps the most crucial component of the framework. In order that this work become a practical and viable proposition, as opposed to a theoretical concept, the UK Government must recognise the role of incentive structures facing the NI Executive, and that these are currently perverse.

It is SPU's view that therein lies the means by which to enact meaningful change – the 'how'. Specific reform to the incentive structures and accountability mechanisms within NI would alter behaviours, decision-making and, ultimately, outcomes.

The Executive currently reaps no direct financial reward for driving economic growth or reducing welfare expenditure provided via Annually Managed Expenditure. Whilst multiplier effects accrue within the economy, any proceeds from increased net tax take accrues to HM Treasury. This represents a fundamental issue in relation to incentivising value-creating behaviours. SPU welcomes that the Chancellor Rachel Reeves acknowledged this issue facing devolved regions in her 2026 Mais lecture.

However, in addition to the absence of direct financial incentivisation, recent largely unconditional financial packages to alleviate Executive overspends have introduced what is referred to in insurance terms as 'moral hazard' into NI public finances – whereby the Executive has not incurred the full cost of budget overspends, rather they have been absorbed by the UK Government. This creates a potential risk asymmetry if or when it is UK Treasury that bears the cost of Ministerial overspends.

Notwithstanding the legitimacy, or otherwise, of pressures and associated overspends within individual Executive departments, an inverse relationship between budgetary adherence and the provision of funding from HM Treasury is developing.

This has inadvertently undermined both incentivisation and accountability mechanisms and is a fundamental risk to the wellbeing of NI's future – there is an urgent need for HM Treasury to address this.

SPU's perceived requisite 'intervention' also includes an outcome-based Programme for Government alongside a coalition agreement, and a revised wellbeing framework. An outcomes-based PfG would be more consistent with achieving the outcomes of this framework. Further, this could be accompanied by a coalition agreement to give clarity within our multi-party system on the collective actions to be taken, providing strategic direction and reducing uncertainty and instability for the business community.

A revised NI wellbeing framework would also be welcome, however, since these don't tend to recognise the causality of sustainable economic growth in driving wellbeing, this should serve as one of a number of building blocks within this overarching framework

With regards to the four core pillars of economic transformation, the first three are inherently linked, as indicated in the graphic, with a two-directional relationship between all pillars.

Pillar 4 is depicted as standing alone, as it is comparatively absent from public policy discourse – yet it is intrinsically linked, and continued inaction in this area has the potential to cause significant detriment to other pillars.

Pillar 1, 'Public Sector Reform' incorporates a Public Service Transformation Strategy, Enhanced Transformation Fund, Zero-based Budgeting, Prevention and Early Intervention, Revised Fiscal Framework, Collaboration with the Private Sector to Crowd-in and Mobilise Private Finance and Regional Investment Bank.

It is worth emphasising that SPU is not proposing the privatisation of public services within pillar 1; rather, that the sector should be perceived as a key delivery partner and utilised accordingly – the constraints on public finances makes this a practical necessity.

This pillar both contributes to and draws from the second pillar, 'Productivity', which consists of Population Health and Labour Market Participation, Strategic Skills Investment, Ethical and Sustainable AI Adoption and Accelerated Investment in Infrastructure.

'Private Sector Growth' is a third pillar, which again is linked to pillar 2 in a two-directional manner, both contributing to and drawing from it. Pillar three comprises a Live Time Economic Data Observatory, an Economic Strategy for NI with Productivity Target(s), Cost Effectiveness and Ease of Doing Business, Access to Affordable Finance and Research and Innovation Ecosystem.

The stand-alone pillar 'Future Foresight' is a fundamental and crucial component of successful transformation. This aspect of policymaking is largely absent in NI, having been crowded-out by the imminency of other pressures. This pillar includes Analysing the Incurrence of Future-Orientated risk, Acknowledging Costs of Inaction, Green Budgeting, Behavioural Insights and Energy Sustainability.

There is a risk that this pillar becomes increasingly neglected in the current environment of short-termism and constrained public finances, where strategic investment is forgone to satisfy populist pressures.

A common thread in this paper is using this economic transformation to address climate change. Left unaddressed climate change will have significant consequences for GDP alongside massive social, environmental and humanitarian implications. Many measures in this framework can be used to incentivise green growth such as facilitating greater capital investment in sustainable energy and energy security, green budgeting, acknowledging the costs of inaction and adapting UK fiscal rules to better facilitate long-term investments in a manner the financial markets can have confidence in, exploring behavioural science, and investing in future foresight.

List Of Recommendations

Overarching Recommendation

1. *SPU recommends that all four pillars of this framework, their inter-relatedness and requisite underlying foundation and interventions be considered from a macro perspective, to acknowledge cross-cutting policy linkages and drive behaviourally-orientated and less siloed, countervailing policymaking in NI.*

Contextual Recommendation

2. *The Executive should reflect on the global fiscal and geo-political context and acknowledge the requirement for innovative thinking to drive better outcomes for NI.*

Foundational Recommendation

3. *The Executive should acknowledge the significance of trust, confidence and stability in terms of sustaining popular and business support for the implementation of long-term reforms, and further consider how this trust and confidence can be bolstered through civic engagement.*

Incentivisation and Accountability Recommendations

4. *The UK Government should acknowledge that financial incentive structures within NI public finances are flawed, and take remedial action to drive different behaviours and, ultimately, outcomes.*
5. *The Department of Finance should flag the need for a stronger incentive structure to prioritise growth with UK Treasury, and consider the implications of the Chancellor's 2026 MAIS speech for NI.*
6. *The Executive should consider an Outcomes-based Programme for Government in parallel with a Coalition Agreement for the next electoral mandate.*
7. *The Executive should take the opportunity for a multi-year budget and recognise how this could enable an improved platform for transformation.*
8. *NI's Wellbeing framework should form a building block of a wider economic transformation framework, and should be updated to incorporate outcomes and the UN Sustainable Development Goals.*

Pillar 1 Public Sector Reform Recommendations

9. *NI should implement a Transformation Strategy to enable a more aspirational and cohesive approach.*
10. *The NI Executive could further bolster transformation efforts via appointing a Transformation Advisory Group, or widening the remit of the current Transformation Board, to drive a culture of creative and cross-cutting transformation, drawing on global best practice.*
11. *Notwithstanding aforementioned fiscal constraints, in light of perverse incentive structures, the UKG and Executive should seek to negotiate an Enhanced Transformation Fund, to drive behaviours that motivate more sustainable expenditure. This should ideally come with linked stabilisation support.*
12. *Prevention and early intervention should be acknowledged as a core component of a transformation strategy and in its linkages with pillar 2 (Productivity) in safeguarding population health.*
13. *The NI Executive should trial Zero-based Budgeting with a view to wider implementation in future budget exercises.*
14. *The Executive should urge for Treasury to agree to a capital funding needs-based assessment as part of any final fiscal framework.*
15. *The Executive should recognise the need to crowd-in private sector finance to enable productive investments and mitigate ongoing costs of inaction, particularly in relation to critical infrastructure.*
16. *The Executive should also make representations to the Treasury on amending the criteria or otherwise enabling equitable access for NI to the National Wealth Fund.*
17. *The Executive should explore the case for the establishment of a Regional Investment bank for NI, or some other borrowing mechanism by which to address the infrastructure deficit and weak project delivery pipeline, particularly in relation to key policy areas, such as wastewater, energy sustainability and future-proofed social housing.*

Pillar 2 Productivity Recommendations

18. *Public and preventative health measures should be considered economic investments to bolster both population health and labour market participation.*
19. *Within an increasingly evolving labour market, compounded by the onset of AI, a focus on agility and lifelong learning will be required, with enhanced upskilling and reskilling opportunities.*
20. *Standardised learning regarding the safe and ethical use of AI should be integrated into all levels of the education system, reflecting on similar international case studies. This should also extend to community and voluntary sector provision.*
21. *Universities and colleges should seek to integrate AI across curricula, including embedding basic levels of AI literacy and ethics within all degree or other programmes, and developing stackable AI micro-credentials for academics, students, businesses and the public sector.*
22. *It is vital that the Executive recognises the economic significance of critical infrastructure investment and publishes its Investment Strategy. This is crucial for giving an overall strategic framework for capital investment, better planning and more efficiency in spend.*
23. *The Executive could also consider the recent legislative changes made in England in the Planning and Infrastructure Act to speed up the planning process in relation to major projects related to economic growth.*

Pillar 3 Private Sector Growth Recommendations

24. *The Executive should work with business organisations, banks, universities and other key economic actors to improve data and devise a Live Time Economic Data Observatory, enabling more agile responses to changing skills needs and emerging market risks and opportunities.*
25. *The Executive should consider devising an overarching Economic Strategy, including setting a Productivity Target. This strategy should be broad-based in its linkages with non-economic factors that impact on economic growth.*
26. *The Executive should seek to develop an enhanced ecosystem of financial support to enable business growth, export orientation and patient capital.*
27. *The Executive should continue to address challenges in scaling up businesses' research and innovation activity.*

Pillar 4 Future Foresight Recommendations

- 28. The Executive should acknowledge future-orientated risks and should consider the creation of a NI Future Foresight Unit.*
- 29. The Executive should seek to calculate costs of policy inaction, and reflect this in budget allocations.*
- 30. The Executive should recognise the imminency and socio-economic consequences of flooding and other climate orientated risks and allocate funding accordingly, to prevent future expense and detriment.*
- 31. The Executive should trial Green Budgeting.*
- 32. As part of a Transformation Strategy, the Executive should identify key high-level policy challenges and adopt behavioural science as a mechanism for change.*
- 33. Governments should acknowledge that energy instability has the capacity to disrupt and derail societal, economic and political stability - impeding progress across all other pillars and metrics - and derive budget and policies accordingly.*

Introduction

This paper is intended to chart a potential new path to enabling an improved future for NI. Particular opportunities for the adoption of revised thinking coincide with the onset of the incoming Assembly mandate with the 2027 Election.

SPU's Framework to Transform NI's Future incorporates an approach that places the economy and productivity at the centre of driving improved wellbeing outcomes and securing an inclusive and sustainable future for this region.

NI cannot afford to stand still and incur continued costs of policy delay/inaction and, it is with this in mind that this framework seeks to provide a novel and cross-cutting policy basis to remedy these challenges.

This proposed transformation framework is primarily devised around the NI context; however, it could be readily transferable to other jurisdictions.

In addition to the central recommendation of this report regarding the adoption and implementation of such a framework, we make a series of other recommendations relating to individual components. Many of these recommendations fall to the devolved institutions, but also to the UK Government.

This paper is intentionally pitched at a strategic level – SPU intends to explore particular aspects in greater detail in subsequent work.

It is SPU's hope that this framework provides a basis for renewed thinking in NI, with the objective of driving better outcomes both now and in the future.

Recommendation 1

SPU recommends that all four pillars of this framework, their inter-relatedness and requisite underlying foundation and interventions be considered from a macro perspective, to acknowledge cross-cutting policy linkages and drive behaviourally orientated and less siloed, countervailing policymaking in NI.

Current Context

The development of an overarching transformation framework for Northern Ireland should be considered in the context of opportunities and challenges facing the region, informed by what is happening internationally and within the UK as the main source of funding.

Globally, the landscape is increasingly dominated by geopolitical tensions, conflict, economic uncertainty - particularly regarding energy insecurity - challenges of mitigating and adapting to climate change, migration of people, the onset of new technologies and the erosion of international law and global governance. Multiple governments are struggling to satisfy the related expectations of voters. The growth of populism and increased short-termism is occurring precisely at a time when domestic and global challenges require longer-term perspectives and sustained interventions.

The United Kingdom is lagging in on a number of economic indicators, and faces a more acute situation than many other G7 members. A lack of growth plus relatively low levels of productivity are persistent features of the UK economy. Prevailing instability and uncertainty, alongside deeper structural problems, are such that the UK has suffered from low levels of public and private investment for well over a decade, creating a drag on growth.

This is notwithstanding that the current Government has implemented a series of reforms, in particular on supply side issues, including on skills, energy and planning.

Sluggish growth in the UK has been deeply consequential in exacerbating constraints on public finances, with impacts on NI in terms of a deteriorating outlook for local public services and underlying finances.

UK public sector net debt is close to 100% of GDP - levels not sustained outside of crisis periods since the early 1960s. The current Middle Eastern conflict is doubly problematic, beyond the humanitarian tragedy, in that the rise in UK public debt has coincided with sharp rises in the Government's borrowing costs. High borrowing costs facing the UK government reflect markets' perception of increasing risks associated with the UK's economic outlook and ongoing political instability.

This represents a particularly challenging fiscal scenario for the UK Government. The cost of servicing UK public debt is already approaching £110bn annually. This is comparable to major areas of UK public spending, such as on education (approximately £100bn) and represents one of the most significant and growing pressures on public finances and on government's capacity to deliver public services and wellbeing outcomes.

The legacy of the 2008 financial crash, Brexit and Covid continue to scar the UK economy and hinder growth and economic security. This is accompanied by longer-term structural issues regarding skills and economic participation, energy prices and infrastructure, and research and innovation. Pressures are also mounting from changing demographics, with consequential pressure on social care and pensions, as well in relation to other welfare commitments and the requirement for climate change mitigation and adaptation.

At a local level, Northern Ireland has a strong, resilient private sector, a strong track record on inward investment and has recently recorded positive comparative rates of growth, productivity change and unemployment relative to other parts of the UK. Particular sectors of strength include IT, cyber security, Fintech and professional services. There is a strong base in high-level skills and research and innovation, driven by quality local universities.

However, as is well-documented, unemployment data fails to reflect high levels of economic inactivity, and this region continues to lag other parts of the UK, Ireland and parts of the EU on a range of other economic indicators.¹

Sound public finances are essential for investment in public services, supporting people and in safeguarding future outcomes. As a region that relies on a significant financial subvention, Northern Ireland is particularly vulnerable to changes or deficiencies in public expenditure decisions taken in Westminster, and there is a challenge to ensure that available resources are used efficiently and strategically.

There are multiple local challenges in relation to the quality of local public services and resultant outcomes. Northern Ireland is performing sub-optimally to neighbouring regions across a range of measures. Recent research by ESRI encapsulates comparative socio-economic outcomes in one overarching metric – healthy life expectancy – this indicates considerable and growing cross-border discrepancies.²

Concurrently, NI is incurring mounting costs of inaction including in relation to a deficit of investment in infrastructure, such as wastewater, connectivity, social housing, green infrastructure, plus a displacement of private sector activity and a loss of skills.

Insufficient attention is being paid to future-foresight informed policy development, in terms of both planning and acting to mitigate risks.

SPU has written previously on the issue of public finances in NI being unsustainable under their current guise and configuration.³ Local budgetary constraints are such that there is insufficient investment in economic drivers, such as skills, research, and infrastructure. This undermines the realisation of NI's economic potential and jeopardises future prospects.

¹ NISRA, [Economic Overview](#) | Northern Ireland Statistics and Research Agency, May 2026

² See Economic and Social Research Institute, [Comparative Analysis of Economies of Ireland and Northern Ireland](#) | ESRI, April 2025

³ Ulster University Strategic Policy Unit, [A Focus on Public Sector Transformation in NI](#) January 2025

There are some structural issues that impede long-term thinking and a more strategic approach. However, the intensifying budgetary challenge, with a pattern of overspends and increased difficulty in addressing needs and pressures, only compounds this. NI political institutions are caught in a spiral of short-termism and firefighting. Counter-strategic decisions are being made to prioritise statutory duties and immediate needs whilst not addressing underlying cost drivers. This is not cost-effective, sustainable, or future-orientated.

Recommendation 2

The Executive should reflect on the fiscal and geo-political context and acknowledge the requirement for innovative thinking to drive better outcomes for NI.

Foundation & Incentives



Foundations

Trust & Confidence

SPU perceives both trust and confidence as being fundamental to transforming NI and as such these form the foundation of our framework, alongside stability.

Trust is a key foundation for the successful operation of economies, political systems, societies more generally and the international system. In turn, social capital covers the networks and relationships between people that are based on trust and reciprocity.

Economics as a discipline frequently acknowledges the significance of confidence – both consumer and business confidence is recognised as being fundamental to economic outcomes. Of course, when confidence wanes, business investment and consumer spending stalls, creating a drag on the economy.

Yet, what is not often acknowledged within the discipline is that confidence is arguably underpinned by trust. Trust in government and in the stability of policy positions is central to enabling consumer and business confidence.

This is linked to government credibility in terms of business sentiment and financial market expectations. Similarly, the monetary system runs on the basis of trust.

Trust in governance more widely is central to successful outcomes. A sole focus upon legal rules and their enforcement is rarely sufficient for organising and regulating many aspects of life; there is a clear need for adherence upon norms and conventions.

In particular, within pluralistic governance systems and liberal democracies in which power is distributed, actors with different roles and responsibilities need to interact and co-operate beyond legal duties. A range of political behaviours are self-policed beyond formal rules, and success, especially within multi-party coalitions, depends upon relationships and a spirit of compromise and mutual gain.

The international system operates within a shifting balance of power versus co-operation. International law itself is based around series of conventions, with few enforcement mechanisms. Collaboration on global issues depends on trust and mutual recognition of delivering shared understandings and commitments.

Trust in a range of governmental and non-governmental organisations has declined over recent years for multiple reasons.⁴ Governments are increasingly struggling to deliver results and to meet expectations, and conventional monetary and fiscal policy tools are increasingly ineffective. This has been associated with increased mistrust in government, amongst countries and both between and within communities. This in turn has been accompanied by a growing pattern of short-lived, unstable governments and the rise of populist and authoritarian politics in many jurisdictions.

⁴ See Office of National Statistics, [Trust in government, UK - Office for National Statistics](https://www.nisra.gov.uk/system/files/statistics/2026-02/PfG-indicators-Trust-in-media-and-Trust-in-NI-Assembly-Autumn-2024_0.pdf) 2023. NISRA, Programme for Government Indicators, 2024 https://www.nisra.gov.uk/system/files/statistics/2026-02/PfG-indicators-Trust-in-media-and-Trust-in-NI-Assembly-Autumn-2024_0.pdf UK Parliament Post, Trust, public engagement and UK Parliament. May 2025 <https://researchbriefings.files.parliament.uk/documents/POST-PB-0066/POST-PB-0066.pdf>

To complicate things further, many of the most pressing issues are future-orientated – climate change, associated implications for the movement of people, and an aging population. Tackling these issues requires a longer-term lens and this necessitates trust in government, and willingness to stay the course over political mandates to allocate and prioritise spending.

Economic transformation, at a minimum, requires trust in government and a recognition of the basis and necessity of decisions. The OCED has highlighted the importance of trust in this regard, identifying five key drivers including: responsiveness; reliability, integrity, openness; and fairness.^{5A}

Successfully progressing aspects of transformation will require political consensus for them to be initiated and to progress. Patience will also be necessary for results to be become evident, and investments be required upfront, in the expectation of enacting savings and improved outcomes. Action may span legislative mandates and requires the continuation of political consensus, and ongoing trust and support from the electorate. Acquiring and sustaining this trust for transformation is particularly challenging at present as it goes against the tide of decreasing trust in institutions.

Restoring trust is also crucial to enabling consumption and investment, thus driving economic growth.

Furthermore, trust is required to allow for collective action and buy-in from the public to overcome short-termism, sustain longer-term perspectives and enable governments to address future foresight challenges

The adoption and use of Artificial Intelligence is a key element of transformation. Trust and confidence in terms of the reliability of results and safe and ethical use are currently low. Increasing trust will be crucial to expanding and sustaining greater application of AI solutions. This is explored in UU SPU's AI Pulse Opinion Poll regarding attitudes to AI In NI.^{6A}

The Executive should consider how to achieve higher levels of cross-party policy consensus, including uniting around agreed plans, for example, via a coalition agreement after the election which could sit alongside an Outcomes-based Programme for Government. This process could be supported by civic engagement tools that have been used successfully in other jurisdictions. Transparent discussions about choices, associated trade-offs and underlying rationales may be helpful in engendering trust and democratic wellbeing. This citizen engagement has been explored, amongst others, by the Carnegie Trust.^{7A}

⁵ OECD, Trust and Public Policy How Better Governance Can Help Rebuild Public Trust, 2017. https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/03/trust-and-public-policy_g1g74ea6/9789264268920-en.pdf

⁶ Ulster University, Strategic Policy Unit, The AI Pulse: Public Sentiment in Northern Ireland on Artificial Intelligence, December 2025. https://www.ulster.ac.uk/_data/assets/pdf_file/0008/1794077/UU-SPU-The-AI-Pulse-report.pdf

⁷ Carnegie UK, Blueprints for Democratic Wellbeing, May 2026. <https://carnegieuk.org/publication/blueprints-for-democratic-wellbeing/>

Stability

A peaceful society and the ongoing stability of the political institutions is a pre-requisite for the successful implementation of an overarching transformation framework.

At a bare minimum, stability relates to the survival of the institutions and the avoidance of collapse. However, stability needs to be understood in a broader respect, regarding the effectiveness of government, and in the planning and stability of policy.

Policy stability is particularly important in addressing major issues and long-term challenges. However, as referenced above, declining trust and confidence in governments over recent decades, has contributed to greater levels of electoral dissent, fuelling political populism and short-termism.

Businesses are increasingly operating in an environment characterised by geopolitical uncertainty, rising costs and technological disruption.

NI business groups frequently make the case for a less fragmented and uncertain policy environment; businesses require confidence that economic policies will outlive individual mandates. Businesses also frequently cite a need for a more coordinated approach to policymaking, often advocating for outcome-based delivery models, stronger inter-departmental coordination and accountability mechanisms with measurable economic outcomes.

Whilst outside the remit of this paper, it should be acknowledged that various options for reform of the institutions of the Belfast/Good Friday Agreement have been made with the aim inter alia of increasing both stability and effectiveness.

It is particularly feasible for political parties in Northern Ireland, given that they are often defined through identity politics rather than policy positions, to unite around a long-term plan transformation and other reforms that could span multiple mandates.

SPU's recommendation in relation to an outcomes-based programme for government accompanied with a coalition agreement after the next election would also provide a relative degree of stability and consistency in providing a sense of collective direction for the next political mandate, with associated benefits for NI's private sector.

Whilst respecting different constitutional aspirations across political actors, there should still be space for a mutual focus on transforming NI.

As characterised by the approach adopted in Northern Europe in particular, this could be aided by a more consensual approach to policymaking, involving a social partnership model incorporating voices of business, trade unions and other civic actors.

Recommendation 3

The Executive should acknowledge the significance of trust, confidence and stability in terms of sustaining popular and business support for the implementation of long-term reforms, and further consider how this trust and confidence can be bolstered through civic engagement.

Amended Incentive Structure & Accountability Mechanisms

There is a fundamental requirement for UK Government to intervene in relation to increasingly perverse incentivisation and accountability structures within NI public finances. NI's financial and economic wellbeing is of collective interest to the Executive, the UK Government and the Irish Government - as should this be.

Redress Moral Hazard within NI Public Finances

To build upon the foundation of the framework, SPU perceives a requisite intervention regarding 'Amended Incentive Structures and Accountability Mechanisms', which perhaps is the most crucial component of the framework. In order that this work becomes a practical and viable proposition, the UK Government must recognise the role of incentive structures facing the NI Executive, and that these are increasingly perverse.

SPU's view is that therein lies the means by which to enact meaningful change – the 'how'. Specific reform to the incentive structures and accountability mechanisms within NI would alter behaviours, decision-making and, ultimately, outcomes.

Recent largely unconditional financial packages from the UK Government to alleviate Executive overspends have introduced what is referred to in insurance terms as 'moral hazard' into NI public finances – whereby the Executive has not incurred the full cost of budget overspends, rather they have been absorbed by the UK Government. This creates a potential risk asymmetry if/when it is HM Treasury that bears the cost of Ministerial overspends. SPU highlighted this point in February 2026.⁸

Notwithstanding the legitimacy, or otherwise, of pressures and associated overspends within these Executive departments, an inverse relationship between budgetary adherence and the provision of funding from HM Treasury is developing.

This has inadvertently undermined both incentivisation and accountability mechanisms and is a fundamental risk to the wellbeing of NI's future. There is an urgent need for HM Treasury to address this.

This is particularly pertinent and topical given that the UK Government continues to face fresh calls from the Executive for additional financial assistance for NI.

Recommendation 4

The UK Government should acknowledge that incentive structures within NI public finances are flawed and take remedial action to drive different behaviours and outcomes.

⁸ Jodie Carson quoted in Financial Times, "Northern Ireland face funding crunch despite latest UK bailout" 24 February 2026 www.ft.com/content/0446a752-8063-400e-bd08-b68f98a839dc?syn-25a6b1a6=1

Financially Incentivise Economic Growth

At present, there is no direct financial incentive for the Executive to prioritise economic growth or reduce the level of welfare spending covered by Annually Managed Expenditure - any additional financial proceeds derive directly to Treasury via enhanced tax take and/or reduced welfare expenditure.

This issue of financial (dis)incentivisation is sub-optimal in economic terms and is fundamental to behaviours underpinning local decision making. Further, the absence of a collective and shared financial incentive to drive economic growth is politically divisive.

Accordingly, the Executive could legitimately seek to develop an arrangement with Treasury to retain a share of any additional tax take that arises as a consequence of local initiatives that drive enhanced economic growth and improved productivity, alongside savings from welfare expenditure. Not only would this incentivise behaviours that prioritise economic growth, but it would also provide a collective objective for the Executive across respective priority areas.

It is acknowledged that there would be challenges associated with identification and attribution of additionality from such policies; however, there should be means to identify the basis of some sort of 'reward' system.

Notably, the Chancellor of the Exchequer, Rachel Reeves, in her 2026 MAIS lecture appeared to indicate a willingness to review this issue with financial incentivisation for devolved contexts.

"I can tell you today that I have asked my officials to work with mayors and businesses, to develop a roadmap for future fiscal devolution, to be published at this year's Budget. This will set out plans to give regional leaders control of a share of some national taxes which have, for too long, been allocated by central government. They will look at income tax, alongside other taxes, with reforms initially targeted at those places that have the greatest capacity to deliver them, and the greatest potential to benefit. This is not about new taxes and it's not about higher tax rates – will not ask taxpayers to pay more. Reforms will be fiscally neutral, focused on sharing and retaining a portion of existing revenues, with the proceeds of growth benefiting the places that generated that growth, while managing volatile receipts both for local areas and for the Exchequer. These reforms will represent a permanent transfer of power and resources – not another exercise in local ambition frustrated by central government control – with taxpayers able to see what is being delivered with their money, and to hold local leaders to account for the results."⁹

This financial incentivisation may not necessarily require the extension of tax-varying powers to the Executive. There are a range of voices calling for this and it remains an active debate. Indeed, the Executive retains the as-yet inactivated power to vary the rate of Corporation Tax.

⁹ Gov.UK, [Mais Lecture 2026 - GOV.UK](#) 17 March 2026

The current geo-political landscape and economic environment, including volatile tariffs and incoming inflationary and monetary policy risks, warrants considerable caution in any such considerations – attracting FDI is likely to be more complicated and volatile.

Nonetheless, consideration should be given to the potential benefits relative to the costs to block grant, and ensuring that sufficient pre-emptive investment is made in core drivers including education, skills, and infrastructure, alongside marketing of dual-market access.

There may be potential to pilot a lower rate on a sub-regional area, with minimum cost to the block grant, implying potential for economic additionality and, if undertaken strategically, improved regional balance.

Recommendation 5

The Department of Finance should flag the need for a stronger incentive structure to prioritise growth with UK Treasury, and consider the implications of the Chancellor's 2026 Mais speech for NI

Outcome-Based Programme for Government alongside Coalition Agreement

The current Programme for Government is largely input and action focused and has a limited time reference. Further, there is limited connectivity with budgets, the wellbeing framework or an investment strategy.¹⁰

This approach more expediently serves political requirements via defined actions and policy commitments. In particular in the context of a multi-party or coalition government, it provides clarity on policy priorities, reducing risk of confusion or dissent, and thereby providing political cohesion and coherence.

Within Northern Ireland, with its legally prescribed approach regarding the requirement for policy proposals to come to the Executive when they fall outside the context of an agreed programme - as opposed to being sanctioned by individual ministerial action - this type of politically agreed set of actions serves a particular legal and political purpose.

However, this approach tends to be inherently short-term and curtailed to the electoral mandate, and the delivery of a number of set actions within a set timeframe.

The NI Executive previously considered an outcome-based approach with the 2016-17 draft Programme for Government, in which clear objectives were defined and necessary inputs across a range of Departments and agencies mobilised.¹¹

There is an opportunity for a much clearer relationship between a Programme for Government, a well-being framework budget (ideally a multi-year one) and an investment strategy, enabling better accountability. Such policy coordination offers a much more strategic framework and better facilitates a longer-term perspective, allowing future-orientated reform and investments to be more readily made and sustained.

¹⁰ Northern Ireland Executive, [Programme for Government 2024-2027 'Our Plan: Doing What Matters Most' | The Northern Ireland Executive](#) February 2025

¹¹ NI Executive, [Draft Programme for Government Framework 2016-21 and Questionnaire | The Northern Ireland Executive](#), May 2016

An outcomes-based programme could also, subject to necessary updates, become a rolling document over multiple electoral mandates. However, there are multiple pathways to deliver upon the outcomes in such a framework, potentially resulting in political dispute on the specific actions to take.

Therefore, within in a multi-party context, there are considerable political advantages in agreeing a coalition agreement which brings clarity on actions to be taken, and provides tangible evidence of delivery to the electorate. This could also provide an enhanced degree of certainty for the business community.¹²

The two approaches have their own particular rationales and strengths. It should be possible to operate the two approaches in parallel.

Recommendation 6

The Executive should consider an Outcomes-based Programme for Government in parallel with a Coalition Agreement for the next electoral mandate.

Multi-year Budget

As has been widely covered by media and political commentary over recent months, the failure to agree a multi-year budget is sub-optimal for NI. A multi-year budget is an enabler of a more strategic approach to governance and ultimately a wider transformation framework.

Whilst in itself, this would not alter that amount of resources available, taking the opportunity to set a multi-year Budget for the first time in over a decade would allow for a more strategic approach to spending and improved cohesion within the Executive, enabling sustained reform, renewed investment, addressing market failures and safeguarding future outcomes.

Nonetheless, agreement on a multi-year budget does not necessarily equate to a strategic budget. That requires a clear focus upon transformation and alignment of resources in line with an outcomes-based and measurable Programme for Government.

Maximising the effectiveness of a budget is more challenging given the misalignment of the timings of the development of UK Spending Reviews and Assembly mandates, and SPU recognises that much of the contributing factors to this lie beyond the control of the Executive. However, this could be partially be addressed in the future by treating PfGs as live documents that evolve over multiple mandates rather than something drafted from first principles after each election.

Recommendation 7

The Executive should take the opportunity for a multi-year budget and recognise how this could enable an improved platform for transformation.

¹² For example, the 2010 UK Coalition Agreement and the 2025 Irish Programme for Government. See [The Coalition: our programme for government](#) and [Programme for Government 2025 - Securing Ireland's Future](#)

Revised Wellbeing Framework

SPU's Framework to Transform NI's Future is broader than a wellbeing framework in that we are seeking to acknowledge the economy as a key driver for change, given its causal impact on public finances and associated societal outcomes. However, a wellbeing framework is a key building block of our model.

Wellbeing and outcome frameworks are common nationally and internationally, often identifying outcomes and targets that are grounded in a range of social, economic and environmental indicators. Some of these frameworks are presented as alternatives or complements to more traditional GDP metrics.

Within wellbeing frameworks, economic indicators and other outcomes tend to be given equal status. However, this work argues that a transformation framework should recognise the causality of economic considerations – economic conditions determine public finances outcomes and capacity to support social and environmental objectives.

We argue that a wellbeing framework is a core building-block for framing policy choices, bringing coherence to government, measuring progress, and assisting accountability. However, we consider our framework to be more broad-based than the current approach to wellbeing and outcome frameworks.

There are a range of examples of wellbeing frameworks at the international and national level.

International

The UN Sustainable Development Goals, as part of the 2030 Agenda for Sustainable Development, might be considered as a transformation and wellbeing framework for the globe. Moving beyond their predecessor Millennium Development Goals, the 17 SDGs apply to all UN members, not just developing countries. They are accompanied by a broad range of indicators.¹³

The SDGs are relevant to aspects of domestic policymaking for all UN member states. Whilst not legally-binding, many governments, including Scotland and Wales, and non-state actors have sought to align strategies and programmes to these goals.

The OCED assists states with strategies and progress to achieve the SDGs.¹⁴ The OCED also runs its own wellbeing framework which tracks a range of datasets from member states.¹⁵ The OCED runs knowledge exchange on well-being frameworks at a national level.¹⁶ This includes reference to NI's current wellbeing framework.¹⁷

¹³ See United Nations, [THE 17 GOALS | Sustainable Development](#) and [Transforming our world: the 2030 Agenda for Sustainable Development | Department of Economic and Social Affairs](#)

¹⁴ See OECD, Sustainable Development Goals, www.oecd.org/en/topics/policy-issues/sustainable-development-goals-sdgs.html

¹⁵ [Measuring well-being and progress | OECD](#)

¹⁶ [Knowledge Exchange Platform on Well-being Metrics and Policy Practice \(KEP\) | OECD](#)

¹⁷ https://www.oecd.org/en/publications/well-being-knowledge-exchange-platform-kep_93d45d63-en/northern-ireland-s-programme-for-government-wellbeing-framework-and-dashboard_3dab0f01-en.html

Scotland

Scotland has a National Performance Framework (NPF) focused on the collective wellbeing of Scotland and set national outcomes.¹⁸ The NPF is underpinned by Community Empowerment Act Scotland 2015.¹⁹ The outgoing NPF is currently going through its legislatively required review and update.²⁰

Wales

The Wellbeing of Future Generations (Wales) Act 2015²¹ requires public bodies to apply prevention and long-term thinking while contributing to seven national wellbeing goals. It established the Future Generations Commissioner and provided a statutory basis for preventative budgeting. However, the Future Generations Report 2025 from the Commissioner warns that resources remain concentrated on crisis responses rather than prevention, describing this as “collective self-sabotage.” The report calls for ringfenced and increasing prevention budgets, a shared definition of prevention, and transparent reporting.²² Audit Wales echoes these concerns, highlighting continued dominance of reactive spending and recommending longer-term funding, stronger investment tracking, and oversight reform.²³

Ireland

The Irish Government introduced a Wellbeing Framework in 2021 to move beyond GDP and measure broader quality of life indicators such as health, housing, environment, social connection and equality, to inform government priorities, policy and programme development, and budget decisions.²⁴

Northern Ireland

In NI, the Executive has its own wellbeing framework.²⁵ However, the practical linkages between the PfG and wellbeing framework are comparatively weak. The NI wellbeing framework is essentially a set of indicators. However, there is an absence of targets and outcomes that form part of comparative frameworks in other jurisdictions. Furthermore, there has been little scrutiny or debate on the wellbeing framework in the Assembly itself or committees, particularly in comparison to Scotland and Wales.

Recommendation 8

NI's Wellbeing framework should form a building block of a wider economic transformation framework, and should be updated to incorporate outcomes and the UN Sustainable Development Goals.

¹⁸ National Performance Framework - gov.scot

¹⁹ Community Empowerment (Scotland) Act 2015

²⁰ <https://webarchive.nrsotland.gov.uk/20250311153853/https://nationalperformance.gov.scot/>

²¹ Well-being of Future Generations (Wales) Act 2015

²² Future-Generations-Report-2025.pdf

²³ No time to lose: Lessons from our work under the Well-being of Future Generations Act | Audit Wales April 2025

²⁴ Gov.ie, Well-being Framework 2021

²⁵ NI Executive, Wellbeing Framework, February 2025 https://datavis.nisra.gov.uk/executiveofficeni/pfgwellbeing_dashboard.html



Ulster
University

Strategic
Policy Unit

Pillars



Pillar 1 - Public Sector Reform

Increasingly, the concept of transformation has been confined within local discourse to the reform of public services, specifically.

SPU perceives this as an important, yet singular, component of a wider transformation agenda that is required to drive a better future for NI. Our proposals for transformation specifically in relation to the public sector were first set out in a paper published in January 2025.²⁶

In this report, SPU argued that public sector transformation should:

- Include measures that promote prevention and early intervention, increase the sustainability of public services, deploy greater use of ethical and trusted technology, replace outmoded systems and advance the reconfiguration of public services.
- Range from redressing deficiencies in planning and wastewater infrastructure to alleviating housing shortages, investment in children's services, SEN, social care, primary healthcare, sports and nutrition.
- Reflect future-orientated consideration of the avoidance of greater costs in the medium to longer-term if preventative or mitigating actions are not taken sooner, i.e. it should capture the costs of inaction.

Transformation is underway across the public sector. However, this is not occurring in a strategic, structured or scalable way.

There are a number of key drivers of reform including workforce planning and the collection, integration and utilisation of data, which is crucial for effective public service delivery.

It is also notable that the community and voluntary sector are a key delivery partner, and are often better placed to deliver upstream interventions regarding prevention and early intervention.

Transformation Strategy

SPU has frequently argued that transformation should be an ethos, culture and practice that permeates across all actions within the civil service and wider public sector. This is central to the delivery of any overarching transformation framework, and the transformation fund should be seen as a supportive measure.

The mainstreaming of transformation should be encapsulated within an overarching public service transformation strategy to integrate required outcomes with the relevant levers, and better capture synergies. Many other jurisdictions have adopted such strategies. For context, the OECD runs an observatory of public sector innovation.²⁷

²⁶ Ulster University Strategic Policy Unit, [A Focus on Public Sector Transformation in NI](#) January 2025

²⁷ OECD [OPSI Innovations - Observatory of Public Sector Innovation](#)

Within the UK, the Government announced a £3.25bn transformation fund within the 2025 Spring Statement.²⁸ As part of this fund, Government Departments can bid for funding for projects that are expected to reduce long-term costs, improve productivity; speed up services, or reduce bureaucracy for citizens and businesses. Key target areas include: digital transformation; artificial intelligence; automation; data systems and public sector reform.

In Scotland, the Public Service Reform Strategy was published by the Scottish Government in June 2025.²⁹ The Scottish Government considered reform essential given Scotland's public services face rising demand, ageing demographics, workforce pressures, and financial constraints. There are some tensions regarding whether reform is mainly about efficiency or investment, protection versus weakening of public services, and perceived threats to the universality of services, social solidarity and equality. In May 2026, the incoming Scottish Government appointed a dedicated Cabinet Secretary with a brief for public service reform.³⁰ The Scottish Parliament has also established a committee on Public Service Reform.

In Scotland, the National Performance Framework is the overarching outcomes and wellbeing framework, with the Public Service Reform Strategy as a core delivery mechanism. The Scottish Government explicitly links the two. The Public Service Reform Strategy states that the NPF "sets out the society we want to achieve and how we will measure progress".³¹

The Irish Government has its own public service transformation strategy entitled "Better Public Services: A transformation strategy to deliver for the public and build trust".³² This is focused around: digital and innovation at scale; workforce and organisation for the future; and evidence informed policy and services design. Trust is identified as a core component. This strategy is linked to other national strategies. The Irish Government also runs an annual public sector transformation week under the strategy with public bodies showcasing projects and initiatives which are delivering enhanced and more inclusive services for the Irish public.³³

In Northern Ireland, there have been previous initiatives focused on transformation, such as Delivering Social Change, which focuses on poverty and social exclusion.³⁴

Currently, the transformation of public services is a specific chapter within the Programme for Government. An intention to drive a culture of transformation is also highlighted in the Budget Sustainability Plan.³⁵

Whilst there are a range of existing transformation and reform projects and programmes across Departments and Arms-Length Bodies, NI does not have a transformation strategy equivalent to those of neighbouring jurisdictions; it instead remains confined to the Transformation Fund, which arose from the 2023-24 restoration financial package.

²⁸ [£3.25bn Transformation Fund to enhance public service efficiency.](#)

²⁹ Gov.scot [Scotland's Public Service Reform Strategy Delivering for Scotland](#). June 2025

³⁰ [Cabinet Secretary for Public Service Reform - gov.scot](#) May 2026

³¹ Gov.scot [Scotland's Public Service Reform Strategy Delivering for Scotland](#). June 2025, p7

³² [www.gov.ie/en/department-of-public-expenditure-infrastructure-public-service-reform-and-digitalisation/publications/better-public-services-public-service-transformation-2030-strategy/](#)

³³ [Public Service Transformation Week 2025 - programme launched](#)

³⁴ [www.executiveoffice-ni.gov.uk/articles/delivering-social-change-introduction](#)

³⁵ [www.finance-ni.gov.uk/sites/default/files/2024-10/Final%20Agreed%20Budget%20Sustainability%20Plan.pdf](#) p20

In March 2025, NI Ministers released the first £129 million tranche of a planned £235 million transformation fund for Northern Ireland public services,³⁶ and the second tranche of projects was announced in May 2026.³⁷ The Executive recently issued an annual report highlighting the individual successes of the projects funded.³⁸ Implementation is aided by a new Delivery Unit within the Executive Office.

The current fund, marshalled by the interim Transformation Board, whilst welcome, is small in relative terms and implementation has been too protracted. Moreover, the projects are not linked to an overarching strategy, and linkages to other policies and programmes are confined.

Recommendations 9 & 10

NI should implement a Transformation Strategy to enable a more aspirational and cohesive approach.

The NI Executive could further bolster transformation efforts via appointing a Transformation Advisory Group, or widening the remit of the current Transformation Board, to drive a culture of creative and cross-cutting transformation, drawing on global best practice.

Enhanced Transformation Fund

The transformation of public services requires investing-to-save, yet the Executive is confined in its capacity to reallocate resources away from more pressing commitments and cutting current provision in the expectation of future efficiencies and efficacy.

As such, transformation needs to be contextualised within NI's current public finances and associated challenges, including the difficulties in pursuing reform and the inherent default towards counter-strategic decisions to address immediate pressures or statutory duties.

Whilst transformation should be mainstreamed across the public sector, a standing and enlarged Transformation Fund could provide a focal point for ongoing innovation. This could be developed in conjunction with an NI Transformation Strategy.

An Enhanced Transformation Fund could build upon that of the current Transformation Fund (including the additional funds proposed by the Finance Minister in the draft multi-year Budget) and might, for example, involve Treasury providing matched funding for clearly defined additional Executive investment in transformation, up to appropriate limits, and subject to additional conditionality. This could also address some of the incentivisation and accountability issues highlighted in previous sections of this paper.

³⁶ [Oral Statement - Public Sector Transformation](#) 4 March 2025

³⁷ [O'Dowd announces £102.6 million for transformation projects | Department of Finance.](#)

³⁸ NI Executive, Transforming Public Services: Annual Report on the Public Sector Transformation Fund 2025/26 <https://www.northernireland.gov.uk/sites/default/files/2026-05/transforming-public-services-annual-report..PDF>

For example, where transformation has been demonstrably implemented – whether within individual Executive departments or in other jurisdictions – an enhanced transformation fund could allow for shared learning, scaling up or replication of such productive investment, and might also extend to the provision of matched funding for additional efficiencies accrued.

An enhanced fund could also allow for strategic Executive investment on a more speculative basis, based on emerging policy risks and opportunities. Such additional productive and strategic investment would be mutually beneficial to both the Executive in driving a renewed financial incentive, culture of collaboration and cross-cutting transformation, and to Treasury in facilitating a more sustainable Northern Ireland, ultimately requiring a smaller subvention.

This approach could reasonably be part of current demands from the Executive for a revised funding arrangement for Northern Ireland.

To ensure appropriate safeguards for Treasury, associated conditionality might include:

- Eligibility for all enhanced funding to be assessed independently to ensure rigorous assessment of value-for-money
- Enhanced funding, constructed as such, could serve as a mechanism to nudge other simultaneous reform - for example further tranches of funding might introduce additional conditionalities in relation to trajectories in revenue raising, the management of civil service vacancies, agreement of an Investment Strategy or other crucial cross-departmental policy positions

Recent stabilisation funding, acquired as part of the financial package was not linked to transformation. As such, this funding has provided short-term relief as opposed to enabling the reform of services, to drive improved outcomes and a more financially sustainable status for NI. Accordingly, any further transformation funding should be accompanied by limited and conditional sustainability support; effectively, the Executive needs a bridge to a model of sustainable finances.

Recommendation 11

Notwithstanding aforementioned fiscal constraints, in light of perverse incentive structures, the UKG and Executive should seek to negotiate an Enhanced Transformation Fund, to drive behaviours that motivate more sustainable expenditure. This should ideally come with linked stabilisation support.

Reconfiguration of Services

The financial and demographic reality of an aging population is such that there is a pressing need for the reshaping of a wide number of public services and related estate. This is required, not only to ensure affordability, but more importantly to ensure the availability of quality and effective public services and to mitigate risks of worsening inequality.

In order to engender public trust and space for sustained – and politically tolerable – reform, engagement with the public and communication regarding the nature and intent of planned reforms will be essential. Some key examples include the Bengoa Report³⁹ and the Independent Review of Education.⁴⁰ Further investment in modernising health, education, justice and other areas will be required to deliver much needed reconfiguration of a currently inefficient estate, thereby making service provision more effective and sustainable.

Prevention & Early Intervention

In January 2025, SPU made the case for a reorientation of focus and expenditure towards prevention and early intervention in our previous paper “A Focus on Public Sector Transformation”.⁴¹

Prevention is key in relation to areas such as public health measures, investment in early years education, steps to prevent violence, avoid offending, anti-poverty interventions, and, on a larger scale, climate change mitigations. Prevention and early intervention can enable better population health and wellbeing outcomes and reduce inequality by addressing issues early in life or before they escalate.

Research from the Institute for Government explores prevention in some greater detail.⁴² Behavioural science and insights should also be employed more widely to help build resilience and sustainability. Ethical and responsible artificial Intelligence tools may be helpful in these respects as a predictive tool, alongside human oversight.

The value and logic of prevention is widely accepted. Upstream measures mitigate much more expensive interventions downstream, reduce or manage demand for public services, and achieve better outcomes.

However, investing in prevention has proven difficult to sustain in practice. Too often prevention spending takes a lesser priority to meeting day-to-day pressures. At times of enhanced financial pressure, prevention can be regarded as something for another day and is sacrificed to the immediacy of maintaining services, fulfilling statutory obligations or balancing the budget.

Measuring or capturing the value of preventative spending is also challenging. Preventative measures take time to have effect, and this does not readily align with the shelf-life of a particular government or the electoral cycle. Furthermore, they can be difficult to disaggregate from other interventions.

³⁹ [Systems, Not Structures: Changing Health and Social Care | Department of Health](#)

⁴⁰ [Investing in a Better Future | Independent Review of Education](#)

⁴¹ Ulster University Strategic Policy Unit, [A Focus on Public Sector Transformation in NI](#) January 2025

⁴² Institute for Government “A preventative approach to public services” (May 2024) [A preventative approach to public services |](#)

For example, it is challenging to identify and/or quantify the impacts of preventative interventions that have avoided or delayed diagnoses and related deaths.

There can also be ownership and accountability issues across intersecting policy areas. Interventions in one policy area can often be associated with benefits realised elsewhere. CIPFA in conjunction with the Health Foundation have explored how preventative spend can be effectively assessed and measured.⁴³

In Northern Ireland, prevention and early intervention is referenced as a key theme for transformation by the Executive within the Budget Sustainability Plan. These approaches are referenced in a wide range of strategies, for example, the Framework on Violence Against Women and Girls. However, it is not a central theme within the Programme for Government, with only some passing reference.

Recommendation 12

Prevention should be acknowledged as a core component of any NI transformation strategy and in its linkages with pillar 2 in safeguarding population health.

Zero-Based Budgeting

The concept of zero-based budgeting was also highlighted in our SPU paper, "A Focus on Public Sector Transformation".⁴⁴

Budgets in NI and in many other jurisdictions are currently based on incremental modifications – annual increases (or less commonly, real terms decreases) on the previously allocated amounts. There is therefore an inherent tendency to fund what has always been funded, with any amendments being largely marginal. There is a possibility that this form of budgeting embeds pre-existing inefficiencies and fails to capture changing or prospective cost/revenue scenarios.

Essentially, the incremental approach is quicker and simpler and often reflects a process of political negotiation rather than a full needs-based assessment. By contrast, zero-based budgeting is more deliberative and analytical, more accurately links inputs with outputs, is more future-orientated and aligned with changing needs. It is, however, a more time-consuming process.

Zero-based budgeting requires that, within the initial budget process, the expenditure allocation is reset to zero and funding requirements are determined in line with needs and assessed against competing priorities and changing circumstances. Arguably, zero-based budgeting would provide for more efficient and effective allocations of scarce resources and, as such, drive better outcomes. For context, zero-based reviews were used in aspects of the UK Spending Review (2025).

⁴³ CIPFA and Health Foundation, Understanding preventative investment: A practical approach to map and measure spend, (October 2025) www.cipfa.org/services/integrating-care/investing-in-prevention

⁴⁴ Ulster University Strategic Policy Unit, [A Focus on Public Sector Transformation in NI](#) January 2025

Recommendation 13

The NI Executive should trial Zero-Based Budgeting with a view to wider implementation in future budget exercises.

Revised Fiscal Framework

Northern Ireland is currently funded in terms of relative need at a comparative figure of 124 relative to the baseline in England at 100. However, the Executive parties argue that Scotland and Wales are funded in excess of need and that NI should be funded on comparable basis and they continue to seek an improved settlement.

To date, much of the debate regarding levels of relative need in NI versus other regions has been centred around impacts on service demand and has been largely confined to resource implications, with no such underpinning analysis as to the adequacy, or otherwise, of capital allocations.

Whilst there is an interim Fiscal Framework in place, the Executive via Department of Finance should continue efforts to agree a Final Fiscal Framework, including an assessment as to the adequacy of capital funding versus relative need.

Our proposal above for an Enhanced Transformation Fund can be considered in the context of ongoing discussion between the Executive and the UK Treasury.

Whilst this ongoing negotiation is important, it should not become a distraction from the pressing need for reform and this overall transformation framework. Additional resources from the UK Treasury alone will not be sufficient to deliver better outcomes and stronger financial sustainability.

Recommendation 14

The Executive should urge for Treasury to agree to a capital funding needs-based assessment as part of any final fiscal framework.

Collaboration to Mobilise and Crowd-in Private Sector Funding

It is important to note at the outset of this section that it is focused on the productive marshalling of private sector funding for capital projects, to ensure that investment that otherwise would not take place, does so. SPU is not advocating for the privatisation of any public services.

As outlined earlier in the paper, the combination of high levels of UK public sector net debt and borrowing costs presents a real challenge for the UK Government and constrains its capacity to spend and invest productively, creating a self-perpetuating cycle of financial constraint, electoral dissatisfaction and declining public services.

Similarly, the NI Executive is struggling to deliver sufficient resource spending and capital investment under the current funding model and public service delivery model. This situation is unlikely to change any time soon – unless otherwise addressed, these deficits in investment will incur mounting costs of inaction,

Addressing this challenge for NI comprises two aspects: firstly, maximising the overall quantum of funding available and secondly, ensuring available capital expenditure is successfully and strategically deployed.

The reality of UK public finances is such that governments should actively seek to crowd-in the private sector to ensure that productive investment is undertaken and mitigate costs of inaction.

Mobilising private capital would enable productive investment in important policy areas, whilst better enabling economic growth.

The Executive might also wish to consider whether to seek amendments to borrowing powers via enhanced Reinvestment and Reform Initiative (RRI) limits to avail of National Wealth Fund borrowing under rigorous, Treasury-enforced lending criteria for value-enhancing investment.

The National Wealth Fund focuses on unlocking additional investment in clean energy, digital and technologies, transport and advanced manufacturing.⁴⁵

Yet, NI has so far not been able to avail of NWF resources, unlike other devolved regions. NI currently faces a comparative disadvantage in our ability to access this UK-wide investment vehicle, due to the scale of minimum drawdown facilities, i.e. £15m for local authorities (previously £5m) and £25m for private sector projects.

To enable scalability that would allow for access to eligible funding, the Executive might seek expressions of interest from private sector consortiums in relation to key strategic policy objectives such as energy sustainability.

Enabling access to the National Wealth Fund would unlock access to much needed productive investment, on affordable terms, with the safety net of such undertakings being both scrutinised and underwritten by the Fund.

⁴⁵ See www.nationalwealthfund.org.uk

Further, given that a criterion for access to these funds is that the lending has been deemed likely to crowd-in private finance over time, this could also be a real game changer for NI businesses. This is doubly important as we are currently seeing displacement of key infrastructure players over the border, which could have legacy impacts for NI in terms of loss of skills, expertise and labour.

Recommendations 15 & 16

The Executive should recognise the need to crowd-in private sector finance to enable productive investments and prevent ongoing costs of inaction.

The Executive should also make representations to the Treasury on amending the criteria or otherwise enabling equitable access for NI to the National Wealth Fund.

Regional Investment Bank

A further issue for consideration for Northern Ireland is the creation of a Regional Investment or Infrastructure Bank.

Such a vehicle already exists in Scotland with Scottish National Investment Bank.⁴⁶ Similarly, Wales has its own National Bank.⁴⁷ There are differences between the Scottish and Welsh banks, with the former more focused around alignment with national objectives and the latter more around addressing access to finance barriers.

Whilst there are limitations regarding NI's fiscal constraints and the Executive's borrowing powers, there may nonetheless be scope to explore the prospect of an NI Investment Bank to seek to strategically address some of the structural issues facing NI. These include severe underinvestment in infrastructure and relatively low offerings in terms of alternative forms of private capital. A regional bank could seek to assist with crowding-in the private sector to put private capital to productive use, support strategic sectors within the economy and drive lending over longer time horizons.

There would be a need for the NI Executive to drive the initial capitalisation of any regional investment bank, but over time investment returns should sustain future funding allocations. Such a bank would seek to address shortcomings in investment whilst complementing the work of Invest NI and the role of the British Business Bank. This is central to safeguarding not only future infrastructure and associated economic and social outcomes, but the sustainability of future public finances.

Recommendation 17

The Executive should explore the case for the establishment of a Regional Investment bank for NI, or some other borrowing mechanism by which to address the infrastructure deficit and weak project delivery pipeline, particularly in relation to key policy areas, such as wastewater, energy sustainability and future-proofed social housing.

⁴⁶ See [Delivering patient, mission-impact investment to the Scottish economy | Scottish National Investment Bank](#)

⁴⁷ See [Business Finance For Companies In Wales - Dev Bank](#)

Pillar 2 - Productivity

A core element of economic transformation lies in redressing Northern Ireland's comparatively low productivity levels, both in absolute terms and relative to levels in the rest of the UK, Ireland, much of the European Union and further afield.⁴⁸

The Economy Minister, Dr Archibald, has stressed the crucial importance of productivity.⁴⁹

There are significant linkages between public sector reform (pillar 1) and private sector growth (pillar 3) and NI's productivity levels. In turn productivity-related economic and social improvements are central to public sector transformation and driving private sector growth; hence these pillars are shown as being inter-related in a two-directional manner.

Specifically, sub-components of pillar 1, for example an Enhanced Transformation Fund, improving how we spend money, and investment in Prevention and Early Investment, thus better safeguarding population health, would be consequential for productivity levels in NI. Equally, a more agile skills pool and better economic data would also drive productivity.

The first three pillars both directly contribute to and draw from one another.

With regards to the Productivity Pillar itself, there are multiple well-documented structural factors that contribute to NI's productivity gap, many of which relate to the profile of the NI economy, namely a disproportionately large public sector, low growth sectors, a predominant SME profile, alongside sub-optimal levels of intervention in skills, research and innovation and infrastructure.

In recent years, productivity in the UK and NI public sectors has stalled, including since the Covid pandemic. EY outlines that UK public sector productivity fell 8.3% between 2019 and 2024, costing the economy £80bn a year.⁵⁰

Population Health & Labour Market Participation

Northern Ireland continues to have a relatively low employment rate, yet this masks high level of economic inactivity. Whilst there may be some positive progress in addressing unemployment and economic inactivity figures, these remain persistent structural problems.⁵¹

Within this context, there are particular problems with youth unemployment, and the numbers who are deemed to be NEET (not in education, employment or training). The NI Labour Force Survey shows that there are 23,000 young people aged 16-24 who are NEET.⁵² Similarly, the school retention rate in NI is considerably lower than other jurisdictions notably Ireland, notwithstanding some recent narrowing of the gap.⁵³

⁴⁸ For further context see The Productivity Institute, [NI Productivity 2040: Addressing Northern Ireland's productivity gap for greater prosperity - The Productivity Institute](#)

⁴⁹ [Minister outlines actions to boost productivity | Department for the Economy](#), April 2026.

⁵⁰ EY, [EY Mind the Productivity Gap Report](#), August 2025

⁵¹ [HI12 Regional labour market: headline indicators for Northern Ireland - Office for National Statistics](#)

⁵² <https://www.nisra.gov.uk/statistics/work-pay-and-benefits/labour-force-survey>

⁵³ See Economic and Social Research Institute, [Comparative Analysis of Economies of Ireland and Northern Ireland | ESRI](#), April 2025

This situation has been comprehensively analysed by the recent Milburn Review.⁵⁴ Potential solutions lie in ensuring equitable access to education and training, and addressing barriers to individuals engaging with the labour market, and in turn businesses and other organisations having an easier path to providing young people with opportunities.

The potential impact of artificial intelligence on the labour market also needs to be considered, especially in terms of accessibility to skilling opportunities and minimising the risk of a widening digital divide.

There is a clear linkage between health and employment. Secure employment should be regarded as central to health and a range of related social outcomes. In turn, public and preventative health, housing, access to educational opportunities and other social interventions are platforms for both better health and economic outcomes in terms of economic activity, including managing those who temporarily leave work on sick leave.

Health spending, particularly regarding public and preventative health measures such as immunisation and screening, should be considered economic investments. Similarly, there is a strong economic rationale for addressing a range of chronic health conditions.

As such, the Departments of Health and Communities should be recognised in their capacity as economic-facing - linkages best captured within a framework such as this.

Recommendation 18

Public and preventative health measures should be considered economic investments to bolster both population health and labour market participation.

Investment in Skills

Investment in skills is central to enabling individual opportunity, driving economic change and addressing Northern Ireland's structural productivity gap. Skill levels and interventions need to also be considered in the context of the situation in neighbouring jurisdictions, including both in relation to potential opportunities and, conversely, the displacement of skills. As such, skills are central to the implementation of this transformation framework.

Northern Ireland has seen significant progress in skill levels over recent years. The skills base and associated narrative has been crucial to the development of indigenous businesses and the attraction of inward investment.

However, relative to other advanced economies, this region continues to have a disproportionate profile of lower or unskilled workers, and this is a major contributory factor to the productivity gap alongside inefficiencies in and barriers to participation in the labour market.⁵⁵

⁵⁴ See Gov.uk, "Young people and work: interim report", May 2026 www.gov.uk/government/publications/young-people-and-work-interim-report/young-people-and-work-interim-report

⁵⁵ See ESRI, Gender and Labour Market Inclusion on the Island of Ireland, 2024. <https://www.esri.ie/publications/gender-and-labour-market-inclusion-on-the-island-of-ireland>

At the same time, there are significant skills pressures across the public and private sectors, due to mismatches in supply and demand and barriers to the labour market - particularly in relation to high level skills.⁵⁶

The challenge for policymakers lies in ensuring that sufficient investment is provided to skill providers, including the core functions of universities, alongside colleges and the apprenticeship system, whilst addressing inefficiencies within the skills pipeline.

The growing use of Artificial Intelligence across will compound implications for the skills landscape, including creating greater demand for higher level skills and STEM skills.

In an era of digital disruption, an informed and agile response to changing skills demands will be crucial to mitigating against further detriment to local levels of productivity, economic activity and overall competitiveness. This risk could be mitigated by our proposal for improved data sharing to facilitate a Live Time Economic Data Observatory for NI.

There is a strong skills policy framework in place including the NI Skills Strategy,⁵⁷ the Skills Action Plan,⁵⁸ plus Digital Skills Action Plan,⁵⁹ and a Green Skills Action Plan⁶⁰.

However, as outlined in forthcoming sub-sections, a range of further actions are required.

HE Funding Reform

Universities are crucial economic and social actors in terms of the provision of high-level skills, research and innovation, civic engagement and place shaping. They are engines of growth and provide a considerable multiplier boost to the economy. They promote opportunity and drive inclusivity through widening participation.

The current funding model for universities is both deficient and unsustainable and, without redress, there will be significant impacts on the skills pipeline and the research and innovation ecosystem. This would have considerable implications for overarching economic growth and productivity goals.

Further Education

FE Colleges play a vital twin social and economic function. They have an agility to work with business on skills and innovation. They are particularly relevant in addressing the demand for intermediate skills within the economy, and facilitating lifelong learning opportunities. The current underfunding of the FE sector urgently needs to be addressed.

⁵⁶ Department for the Economy, www.economy-ni.gov.uk/publications/skills-barometer-2023-2033, February 2025

⁵⁷ Department for the Economy, [Skills Strategy for Northern Ireland. Skills for a 10X Economy](#), March 2022

⁵⁸ Department for the Economy [Skills Action Plan | Department for the Economy](#), October 2025

⁵⁹ Department for the Economy, [Digital Skills Action Plan 2024 - 2034 | Department for the Economy](#), September 2024

⁶⁰ Department for the Economy, [Green Skills Action Plan | Department for the Economy](#), May 2025

Apprenticeships

Apprenticeships often provide an effective and more flexible means to address technical and employability skills requirements. There is increased demand for apprenticeship opportunities, including high level apprenticeships. NI's further education colleges and universities are crucial delivery partners. With an Apprenticeship Strategy in place, the core focus of policymakers should be working with businesses to create a greater number of opportunities.

Lifelong learning

Northern Ireland's participation rate in life-long learning is lower than the UK average, whereas the UK as a whole compares unfavourably with the OECD average.

Recommendation 19

Within an increasingly evolving labour market, compounded by the onset of AI, a focus on agility and lifelong learning will require enhanced upskilling and reskilling opportunities.

AI Skills

The impact of AI on skills and labour market participation remains uncertain. However, it can be anticipated that there will be some degree of churn in both the nature of jobs and how those jobs are performed. Overall, AI may contribute to moving net skills demand higher up the skills ladder. Consideration also needs to be given to differential impacts of AI based on gender and socio-economic status, and the risks of a widening digital divide.

Within the Skills Strategy, the Department of the Economy has already recognised the impact of technology on the labour market, and the crucial importance of advanced digital skills for continued competitiveness. The AI Pulse opinion poll conducted by UU SPU in conjunction with LucidTalk indicates that as of November 2024, only 10pc of the 18-plus population have received any such training. However, there are considerable socio-economic differences which indicate a digital divide.⁶¹

Recommendations 20 & 21

Standardised learning regarding the safe and ethical use of AI should be integrated into all levels of the education system, reflecting on similar international case studies. This should also extend to the community and voluntary sector provision.

Universities and colleges should seek to integrate AI across curricula, including embedding basic levels of AI literacy and ethics within all degree or other programmes, and developing stackable AI micro-credentials for academics, students, businesses and the public sector.

⁶¹ Ulster University Strategic Policy Unit, The AI Pulse: Public Sentiment in Northern Ireland on Artificial Intelligence, December 2025. www.ulster.ac.uk/_data/assets/pdf_file/0008/1794077/UU-SPU-The-AI-Pulse-report.pdf

Safe & Ethical AI Adoption

SPU previously argued for the strategic adoption of Artificial Intelligence in Northern Ireland in a previous report in May 2025.⁶²

This included a review of the comparative adoption of AI internationally and considered associated issues relating to risk, regulation, trust, transparency, access to data, skills requirements, the potential impact on employment and infrastructure and environmental aspects.

Our report called for a comprehensive AI strategy for Northern Ireland. The Executive's draft AI Strategy has the potential to drive productivity in the public sector.

However, many other countries, including neighbouring jurisdictions have much more comprehensive AI strategies, including actions on governance, education and skills, and infrastructure. Therefore, the Executive should consider moving to such an approach at an early future opportunity.

Artificial Intelligence is at its core a productivity instrument. AI and digital solutions carry considerable potential to address productivity deficits, promote efficiency and drive innovation challenges. AI is increasingly deployed within the private and public sectors. However, significant gaps in adoption continue and deployment is often below its potential.

AI and the Economy

AI has the capacity to significantly boost economic growth over the next decade. The extent to which this takes place this will depend on the ongoing development of AI competencies, associated labour market impacts and how upside and downside risks play out. In either case, there will be societal issues arising from this in terms of the distribution of risks and benefits, both within and between countries.

In terms of the relative productivity levels for national economies and regional differentials, it is unclear if the adoption of AI will enable productivity leaders to consolidate their lead or whether it will be of greater benefit to those who currently lag, enabling productivity gaps to be closed.

These trajectories will depend on the policy responses from individual Governments in relation to both risks and opportunities associated with AI. It is for this reason that SPU led on highlighting the relevance of AI to NI's productivity gap in May 2025, flagging it as a potential inflection moment for Northern Ireland, and could either be a positive turning point or a trigger which causes a worsening in the gap.

⁶² Ulster University Strategic Policy Unit, [AI for NI: A Strategic Overview for the Adoption of Artificial Intelligence in Northern Ireland](#), May 2025.

Notably, in the context of its relative size and coherence, indigenous companies, recent inward investment successes in areas such as fintech and cyber, research and skilling support from local universities, and the appropriate policy support from government, Northern Ireland has the potential to be an economic leader in aspects of AI.⁶³

AI and Public Sector Productivity

AI and digitisation bring significant scope for increased efficiency and effectiveness in the public sector.

There is currently an active debate on the scale of the potential productivity gain that may come from the adoption and use of AI and other digital solutions. Notwithstanding the differences in the varying estimates, it remains clear that this area should be a particular focus for governments.

At one end of the spectrum, the UK Department for Science, Innovation and Technology (DSIT) in a report in January 2025 estimated that there are over £45 billion per year of unrealised savings and productivity benefits.⁶⁴ DSIT subsequently provided detail on the methodology on how this £45bn was derived.⁶⁵ However, the Department did acknowledge the challenges and uncertain timeframe for savings. Potential savings on this scale would equate to approximately £1bn per annum for Northern Ireland.

A number of non-governmental bodies, including think tanks, have also identified the potential productivity gains from the adoption of AI within the public sector, but have given more modest estimates. The Alan Turing Institute argues that approximately 41% of public sector time is spent on activities that could be supported through the use of generative AI. This figure is varied across different areas of the public sector, ranging from a high of 49% in Education to a low of 33% in Healthcare.⁶⁶

However, the Ada Lovelace Institute's policy briefing "Measuring Up" (May 2026) offers a more critical perspective, regarding assumptions, methodology and what is measured.⁶⁷

Whilst there is a need to consider some of these estimates with a degree of caution, it remains clear that there is scope for significant productivity gains. There is a wider debate on what is meant by productivity in this regard. It should cover better efficiency in the deployment of scarce resources, reducing costs and freeing up/saving staff time and/or better more quality outcomes. Ultimately, productivity gains will be dependent on effective strategy and sufficient investment in skills of civil and public servants.

⁶³ Matrix NI, AI and Future of Work, September 2025 [AI and the Future of Work in Northern Ireland - Matrix](#) and Microsoft, "Northern Ireland: An AI Frontier Region", May 2026A

⁶⁴ Gov.uk, [State of digital government review - GOV.UK](#), January 2025

⁶⁵ Letter to the Chair of the House of Commons Science and Technology Committee, 10 April 2025 [committees.parliament.uk/publications/47602/documents/248450/default/](#).

⁶⁶ The Alan Turing Institute, Mapping the Potential: Generative AI and Public Sector Work, June 2025, [www.turing.ac.uk/sites/default/files/2025-05/ons_tus_final_report.pdf?](#)

⁶⁷ Ada Lovelace Institute, [Measuring up | Ada Lovelace Institute](#), May 2026

Accelerated Investment in Critical Infrastructure

Northern Ireland suffers from chronic under-investment in infrastructure. Issues with economically critical infrastructure are particularly problematic. Key pinch points relate to wastewater infrastructure and the electricity grid as they are crucial to unlocking much further public and private investment, including much needed housing development. Further investment is necessary for both the green transition and climate mitigation and adaptation.

Continued inaction in this area will likely be associated with significant future detriment in terms of economic activity, growth, investment and productivity. In some cases these deficits create significant delays or outright blockages on projects. There are also increased costs of doing business for existing companies. As a consequence of inaction, the public sector also bears disproportionate costs for maintaining outmoded infrastructure, and also in some circumstances for environmental protection or cleanup.

Contributory factors to this underinvestment include the absence of an Investment Strategy, a lack of innovation with regards to the mobilisation of finance – including private finance, the resourcing of public services, and bureaucratic delays. We consider these aspects in other inter-related pillars.

It is vital that the Executive finalises and publishes its Investment Strategy. This is crucial for giving an overall strategic framework for capital investment, better planning and more efficiency in spend.

Other neighbouring jurisdictions have their equivalent investment plan, including Ireland's National Development Plan 2026-2035,⁶⁸ the Scottish Infrastructure Strategy 2027-37 (under consultation),⁶⁹ and the Wales Infrastructure Investment Strategy.⁷⁰

Climate change considerations should be increasingly integrated into the investment strategies. The Investment Strategy should explicitly prioritise investments that are related to the Executive's forthcoming Climate Action Plan and climate change mitigation and adaptation measures. In particular, it is crucial that projects are scored in terms of consistency with net zero objectives and/or adaptation to anticipated challenges from climate change realities.

It is encouraging that the Enabling Action Plan in relation to the draft of the Investment Strategy contains actions to streamline business cases, and in particular the updated guidance regarding environmental and climate considerations into decision-making.⁷¹

⁶⁸ Gov.ie, [National Development Plan](#), November 2025.

⁶⁹ Gov.scot, [Infrastructure Strategy 2027-2037: consultation - gov.scot](#), January 2026.

⁷⁰ Gov.wales, [Wales Infrastructure Investment Strategy](#)

⁷¹ NI Executive, Our Plan: Doing What Matters Most Programme for Government 2024-2027 Annual Report 2025-2026 https://www.northernireland.gov.uk/sites/default/files/2026-05/pfg-annual-report-2025-26_0.pdf See p25

In 2024, the NI Chamber of Commerce issued proposals on how the planning system in Northern Ireland could be improved.⁷² The Executive could also take note of the content of the Planning and Infrastructure Act recently passed by Parliament for England.

Recommendations 22 & 23

It is vital that the Executive recognises the economic significance of critical infrastructure investment and publishes its Investment Strategy. This is crucial for giving an overall strategic framework for capital investment, better planning and more efficiency in spend.

The Executive could also consider the recent legislative changes made in England in the Planning and Infrastructure Act to speed up the planning process in relation to major projects related to economic growth.

⁷² Northern Ireland Chamber of Commerce, Planning Improvement and Reform Position Paper, January 2024. <https://www.northernirelandchamber.com/wp-content/uploads/2024/01/240110-Planning-Report-FINAL.pdf>

Pillar 3 – Private Sector Growth

SPU has placed productivity and private sector growth at the centre of our transformation framework, as it is our perception that this is absolutely fundamental to driving change across all pillars and, essentially, in enabling a better NI. As indicated in the framework, these issues are all inter-related. It is crucial that these linkages are acknowledged and that local policymaking is more macro-orientated.

At a macro-economic level, it is important to note that the primary reason for the impaired state of UK public finances, public services and wider electoral dissent is a deficit of economic growth. It is economic growth, and the proceeds derived from associated tax revenues, that enables stable public finances and allows for adequate funding for public services and appropriate support mechanisms for people who need and deserve that support.

There is a further circular aspect to the linkages between public sector reform (pillar 1), productivity (pillar 2) and private sector growth (pillar 3):

- The challenging state of UK public finances implies that in the absence of collaboration with the private sector there will be a deficit of investment and continued inaction in crucial policy areas, such as wastewater infrastructure, energy, road networks and social housing – thus impeding productivity (pillar 2) and public services (pillar 1).
- Public sector investment in skills and critical infrastructure is vital for the private sector (pillar 3) and wider competitiveness and productivity (pillar 2).

As discussed previously, there is currently an absence of incentive structure for the Executive to prioritise economic growth. SPU's proposals in relation to amending incentives and accountability mechanisms – namely, remove moral hazard, incentivise growth and set an outcomes-based PfG alongside a Coalition Agreement and wider wellbeing framework – would unlock behaviours within the Executive that would allow for better alignment with the private sector, driving prosperity and inclusivity.

As noted earlier, national wellbeing frameworks and economic strategies – inherently separate approaches - often fail to derive the linkage between economic objectives and the associated capacity to fund social objectives. Whilst wellbeing frameworks often reference economic objectives, they generally fail to reflect the causation between economic growth and other wellbeing metrics.

It is important to note that SPU is not advocating for the privatisation of public services, rather that the sector be used as a strategic partner in driving better outcomes.

Live Time Economic Data Observatory

A key challenge commonly cited by local businesses is that local policymaking is too slow and reactive. It is with this in mind that SPU perceives a need for improved data and the development of live-time economic data to inform much more proactive policy interventions – this is particularly vital in the current era of technological disruption.

Developing a real time data observatory, or 'nowcasting' would require significant advancements in data sources and it is SPU's assessment that the Executive should consider collaborating with private sector to drive data improvement, within data privacy reimits.

SPU acknowledges that UU's Economic Policy Centre (EPC) has the development of nowcasting estimates on their research agenda and recommends that the Executive prioritises the establishment of an Economic Data Observatory to allow strategic and agile interventions in terms of changing skills needs, and other wider economic trends.

This agility would boost productivity – hence is referenced under Pillar 2- whilst providing the private sector with access to an agile skills pool, reinforcing productivity gains. This is important in that a consistent message from NI Chamber of Commerce, CBI, IoD and the FSB is that skills shortages remain one of the most significant barriers to local growth.

Such an observatory could also allow both the public and private sector to undertake real-time monitoring of labour market demand (via hiring intentions), early identification or sectoral growth opportunities – or indeed risks – and more timely monitoring of business and consumer distress.

An observatory would also allow for more agile and strategic FE and HE provision, targeted reskilling and upskilling and for employers to shape future skills pipelines.

Earlier policy interventions in these areas would likely enable improved competitiveness and productivity gains.

In the context of AI, the Chair of the Irish AI Advisory Council has called for the creation of an AI Observatory to monitor the real time impacts of AI on jobs and skills "as they happen" noting the State "cannot be reactive" to the impacts of the new technology.⁷³ The OECD runs an AI policy observatory.⁷⁴ In the UK, the Government is establishing a Future of Work Unit.⁷⁵

Recommendation 24

The Executive should work with business organisations, banks, universities and other key economic actors to improve data and devise a Live Time Economic Data Observatory, enabling more agile responses to changing skills needs and economic indicators.

⁷³ Irish Times, AI could significantly increase unemployment oireachtas committee, 24 June 2025 <https://www.irishtimes.com/business/2025/06/24/ai-could-significantly-increase-unemployment-oireachtas-committee-told/>

⁷⁴ The OECD Artificial Intelligence Policy Observatory - OECD.AI

⁷⁵ Gov.uk, DSIT Announcement: AI and the Future of Work Unit, 28 January, 2026 <https://www.ifow.org/news-articles/dsit-announcement-ai-and-future-of-work-unit>

Economic Strategy with Productivity Target

Northern Ireland's dynamic and resilient private sector consists of multiple successful indigenous companies and has been reinforced by a broad range of inward investment successes in areas such as IT, cyber security, Fintech and professional services.

NI provides a strong offering in high-level skills, research and innovation, facilitated by quality local universities. This is supported by a strong tourism and cultural sector.

However, there is a strong case for the Executive developing an economic strategy sitting underneath a Programme for Government, which would provide a structure to best align the resources and levers at the disposal of the Executive Departments and Arms-Length Bodies.

Further, such a strategy could serve to highlight those sectors that are best placed to increase economic growth and productivity, and the interventions that government can take to maximise the delivery of such opportunities and outcomes. The Executive previously had an economic strategy in 2012.⁷⁶

There was a consultation of a draft economic strategy to succeed this prior one in 2017.⁷⁷ However, whilst a 10x Economy document⁷⁸ and a Ministerial Vision Statement⁷⁹ have been put in place through the Department for the Economy, there is not an economic strategy in place similar to previous examples for the region and currently elsewhere.

The UK published a substantive economic/industrial strategy in 2025.⁸⁰ Industrial Strategies are relatively common across the OECD.⁸¹ The Draghi Report on European competitiveness can be regarded as recommendations for an economic strategy for the European Union,⁸² and the corresponding EU Action Plan "A New Plan for Europe's Sustainable Prosperity and Competitiveness" can be considered as the corresponding strategy.⁸³ However, many concerns have been expressed at the slow pace of implementation.

The Scottish Government has published its own Economic Strategy entitled "Scotland's A National Strategy for Economic Transformation".⁸⁴

⁷⁶ Northern Ireland Executive, Economy Strategy: Priorities for sustainable growth and prosperity, March 2012, [Northern Ireland Economic Strategy revised 1303012](#)

⁷⁷ Department for the Economy, Industrial Strategy for Northern Ireland, January 2017 <https://www.economy-ni.gov.uk/consultations/industrial-strategy-northern-ireland>

⁷⁸ Department for the Economy, [10x Economy - an economic vision | Department for the Economy](#), May 2021 and an economic vision statement

⁷⁹ Department for the Economy, [Minister sets out his vision for the economy | Department for the Economy](#), February 2024.

⁸⁰ Gov.uk, [The UK's Modern Industrial Strategy 2025 - GOV.UK](#), June 2025

⁸¹ See OECD, Quantifying industrial strategies across 20 OECD countries, May 2026. https://www.oecd.org/en/publications/quantifying-industrial-strategies-across-20-oecd-countries_0e3ab6dd-en.html

⁸² European Commission, Draghi Report on European competitiveness, September 2024. https://commission.europa.eu/topics/competitiveness/draghi-report_en

⁸³ European Commission, https://commission.europa.eu/priorities-2024-2029/competitiveness_en, January 2025.

⁸⁴ www.gov.scot/publications/scotlands-national-strategy-economic-transformation/, March 2022

This Scottish document places a stronger emphasis on the connectivity between economic transformation and wellbeing outcomes such as a fair and equal society, addressing poverty, and health outcomes. As such it approaches some of the thinking behind our transformation framework. Our framework is however more broad-based in terms of the pillars and their inter-related action points, including in relation to future foresight. Interventions around population health are crucial, and the actions of government departments covering health, housing and education are vital players in achieving better economic outcomes. This overall framework seeks to more fully capture those symmetries.

Within Northern Ireland, there are a range of Sectoral Action Plans.⁸⁵ These do have a considerable alignment with the sectors in the UK Industrial Strategy. However, these are standalone documents and not co-ordinated with an assessment of the wider economic levels and actions required on the key economic drivers around skills, research and innovation, plus infrastructure.

Other strategies including on Skills and Energy could sit underneath and become key building blocks for any overarching Economic Strategy.

Prior to 2010, the NI Executive has had targets for productivity growth and narrowing the gap with other jurisdictions. The incoming Welsh Government is talking about closing their own productivity gap.⁸⁶ Despite NI's productivity gap being a well-documented and dominant aspect of the economic commentary pertaining to NI, it is there is no set productivity target within the Programme for Government.

Recommendation 25

The Executive should consider devising an overarching Economic Strategy, including setting a Productivity Target. This strategy should be broad-based in its linkages with non-economic factors that impact on economic growth.

Cost Effectiveness and Ease of Doing Business

Business groups consistently argue that Northern Ireland's competitiveness is constrained by the cost and ease of doing business. Particular challenges relate to the costs of labour and energy, with some, but not all, of the levers falling in the devolved space. For many businesses, the 'ease of doing business' is highly correlated with certainty, whether in relation to infrastructure delivery, planning outcomes and policy directions.

The NI Chamber and CBI highlight planning reform, infrastructure delivery, improved connectivity and policy instability amongst the current barriers to economic growth. Administrative burden, including in relation to regulatory requirements, and delays in areas such as planning are also problematic and expensive for business.

In SPU's view, the Executive to be sufficiently incentivised to undertake the reform that is necessary to drive long-term economic aligned with the needs of the private sector, we need to see changes to the underlying financial incentive structure facing the Executive.

⁸⁵ Department for the Economy, [Sectoral action plans](#) | Department for the Economy, June 2024.

⁸⁶ Nation.Cymru, [Plaid Cymru sets productivity target as measure of Wales' future economic success](#) 2 June 2026

An Investment Strategy for NI – which is now long overdue – would also provide the requisite clarity regarding planned investments, and as outlined in Pillar 1 should seek to crowd-in the private sector, where necessary, to enable the scale to avail of applicable funds, such as the National Wealth Fund.

Access to Affordable Finance

Access to finance remains a persistent local challenge, particularly for indigenous SMEs seeking to scale. This is an issue that is likely to become increasingly challenging as the inflationary impacts of the Middle Eastern war take effect, adding to already strained cost bases – this is compounded by currently trajectories in gilt yields, which makes borrowing more expensive.

Northern Ireland has historically experienced lower levels of venture capital investment and scale-up finance than comparator regions and business organisations argue that there should be more policy interventions that go beyond start-up and focusing on scaling.

The Executive has recently expanded access-to-finance initiatives, including substantial SME funding support. However, businesses continue to seek a more comprehensive ecosystem capable of supporting growth capital, export, research and innovation finance and patient capital. The Republic of Ireland's recent competitiveness strategy similarly places significant emphasis on creating and scaling more SMEs.

Recommendation 26

The Executive should seek to develop an enhanced ecosystem of financial support to enable business growth, export orientation and patient capital.

Research and Development Ecosystem

Research and innovation are key drivers of higher economic growth, increased productivity and improved outcomes in our economy. Capitalising upon these outcomes requires stable policy and sustained funding commitment.

Northern Ireland has particular strengths with its research intensive, high performing and internationally recognised universities, and strong activity in certain clusters including life science, digital technologies and cybersecurity, engineering and advanced manufacturing, and agritech.

There is strong collaboration between universities, the public sector and the private sector via the triple helix.

Whilst the overall UK spend on research and innovation as a share of GDP is above the OECD average, spending is uneven across the UK. In terms of the total research and innovation spend per head, Northern Ireland ranks well below the UK average. Figures published by the House of Commons Library in September 2023 set out that in 2021 Research and Development performed per head was on average £987 across the UK. However, this masks large differentials in that the spend per head in London, the South-East and the East of the England where the figure was £1,406 whilst in Northern Ireland it was £611 and in Wales it was £534.⁸⁷

The greatest component of research activity in Northern Ireland, as with all other regions, occurs within the private sector. The majority of this is funded through private sector support.⁸⁸

Universities lie at the core of the research ecosystem often providing the fundamental research that creates other opportunities, alongside IP and commercialisation activities. It is crucial not only to address the underlying funding model for NI universities, but to further invest in wider research infrastructure.

Whilst NI has benefitted from opportunities such as City Deals, there are underlying concerns regarding the nature and distribution of funding at a UK level with the danger of an overconcentration in the Greater Southeast of England at the expense of better regional balance.

Recommendation 27

The Executive should continue to address challenges in scaling up business research and innovation activity.

⁸⁷ House of Commons Library, Research & Development spending, September 2023 <https://researchbriefings.files.parliament.uk/documents/SN04223/SN04223.pdf>

⁸⁸ See NISRA, [Northern Ireland invests over £1 billion in research and development | Northern Ireland Statistics and Research Agency](#), October 2025

Pillar 4 - Future Foresight

In the SPU framework, this pillar is intentionally depicted as sitting slightly aside from the remaining pillars. This indicates two factors:

- Globally, much of this future foresight is currently being crowded out by financial constraints and populist noise, embedding short-termism
- In NI, many of these issues are largely absent from policy discourse and yet inaction in these areas threatens the wellbeing of our public sector, community and voluntary sectors, businesses and households – particularly the most vulnerable.

Pillar 4 is related to the first three pillars, and impacts upon them but it currently sits alone in terms of policy focus and this must be addressed to prevent future detriment

Future foresight considerations should serve to mitigate current risks related to increasing to short-termism and populism.

Transforming NI in a meaningful and sustainable manner requires a medium to long-term perspective, which is proactive in identifying emerging trends, opportunities and challenges to ensure society, economy and governance is resilient and future-proofed.

As such, future foresight should be an integral theme for a transformation framework, accompanied by measures to better aid long-term policy planning and interventions including on social, economic, environmental and other matters, and to help the public understand the choices and trade-offs. The SPU foundation, which includes trust, should engender the public in this regard, making transformation a more feasible reality.

Challenges including climate change, ongoing conflicts, demographic change especially an aging population and declining working age population, migration, the impact of AI on the economy and society will have impacts in levels of demands and shifting pressures on resources.

Continued inaction in these areas raises the prospect of severe negative outcomes, and the cost of mitigation and/or adaptation measures would significantly increase.

Addressing longer-term challenges and opportunities will often require sustained investments, with appropriate recognition within fiscal accounting. For governments and electorates, they often need a perspective of multiple electoral cycles. Trust and stability are enablers in this regard.

There is a compelling economic rationale for addressing long-term risks as many of the costs today will be dwarfed by the costs of mitigation and adaptation in subsequent years.

Analysing the incurrence of future-orientated risks

Future foresight requires an understanding of risks and challenges. A number of organisations and other jurisdictions have put in place foresight processes or arrangements.

The World Economic Forum produces an annual report setting out assessments of current and future risks.⁸⁹ The OECD has a Strategic Foresight Unit.⁹⁰ It also conducts its own risk assessments, with a particular economic focus.⁹¹

Within the UK Chronic Risks Analysis is provided by the Cabinet Office and Government Office for Science as a practical tool to help businesses, academia, Government and civil society to plan for the future.⁹² There is a Futures, Foresight and Emerging Technologies Unit within Government Office for Science (Go-Science).⁹³

The National Risk Register outlines the more immediate, acute risks confronting us all, this assessment details long-term challenges that pose a sustained threat to our way of life.⁹⁴ The Office of Budget Responsibility also provides an annual assessment of risk to UK public finances.⁹⁵

The Future Generations legislation and process in Wales with its long-term perspective is also highly relevant.⁹⁶ The Irish Government is currently at the implications for demographic change through its Future Forty process.⁹⁷

Non-governmental tools exist including the National Preparedness Commission,⁹⁸ and StrategicForesight.⁹⁹ EY runs reports based on the Four Futures concept from COP28, including for Ireland and Northern Ireland.¹⁰⁰

Whilst there is a Civil Contingencies Policy Branch within the Executive Office, Northern Ireland currently lacks its own future foresight capacity.

Recommendation 28

The Executive should acknowledge future-orientated risks and should consider the creation of a NI Future Foresight Unit.

⁸⁹ World Economic Forum, Global Risks Report, January 2026 [WEF_Global_Risks_Report_2026.pdf](#).

⁹⁰ See [Strategic Foresight | OECD](#)

⁹¹ See [OECD global long-run economic scenarios: 2025 update | OECD](#)

⁹² Gov.uk, [Chronic Risks Analysis](#), July 2025.

⁹³ See <https://www.gov.uk/government/groups/futures-and-foresight>

⁹⁴ Gov.uk, [National Risk Register - 2025 edition](#), January 2025

⁹⁵ [Fiscal risks and sustainability – July 2025 - Office for Budget Responsibility](#)

⁹⁶ See Wales.gov, [Home - Future Generations Wales](#)

⁹⁷ Gov.ie, [Future Forty - Publications 2025](#)

⁹⁸ <https://nationalpreparednesscommission.uk/>

⁹⁹ See <https://strategicforesight.com/>

¹⁰⁰ See [Four Futures Ireland and Northern Ireland | EY - Ireland](#)

Acknowledge Costs of Inaction

The increased focus on short-term fire-fighting squeezes out long-term investment and reform. There is a cost to this inaction in even greater costs being borne as the scale of challenges to be addressed rises and/or problems become more acute.

Northern Ireland is incurring mounting unaddressed market failures and rising costs of inaction.

Climate change is set to have a significant impact on GDP. The OBR's 2025 Fiscal Risks and Sustainability report considers estimates of the long-run economic impact of climate change, and indicates that the damage to UK GDP is likely to be more severe than previously thought. There is a clear economic rationale for addressing climate risks to avoid steeper financial and economic costs.¹⁰¹

SPU has made the case for these considerations to be better captured and addressed in UK fiscal rules.¹⁰² Fiscal rules are essential for economic stability and maintaining market confidence, particularly given the UK's high levels of debt and sensitivity to interest rates and inflation. Any departure from these rules should be carefully justified and clearly communicated to reassure financial markets and demonstrate long-term socio-economic benefits.

Notwithstanding this, the current UK framework does not adequately distinguish or incentivise investment that improves future outcomes, such as preventative spending and early intervention measures in relation to climate change, demographic pressures and energy sustainability. The fiscal framework fails to account for the substantial future costs of climate inaction, including both direct damages and lost economic opportunities from underinvestment in green infrastructure.

More specifically to Northern Ireland, challenges include:

- Absence of investment in infrastructure, wastewater, connectivity, social housing, green infrastructure and other areas.
- Displacement of private sector activity, including on a cross-border basis, resulting in loss of skills

Recommendation 29

The Executive should seek to calculate/mitigate costs of inaction, and reflect this in budget allocations.

Green Budgeting

There is a specific policy challenge in relation to the public funding of climate and other environmental interventions. There is an inherent tendency within policymaking to afford priority to issues which are of most imminent political relevance.

¹⁰¹ See [Fiscal risks and sustainability – July 2025 - Office for Budget Responsibility](#)

¹⁰² Jodie Carson, Evidence to the House of Lords Economic Affairs Committee, December 2025 <https://committees.parliament.uk/writtenevidence/157281/pdf/>

Environmental-related expenditure is often uniquely sidelined given more pressing and politically expedient demands – it is considered a future-orientated issue. However, the consequences of this are increasingly real-time – mitigating spending is essential in relation to flooding risks and retrofitting, to both serve future climate objectives, but also protect businesses and households from financial detriment in the absence of intervention.

In particular, there is a pressing risk that insurance coverage for households and businesses could be at risk given flooding incidences – this is a risk policymakers must mitigate urgently.

Yet, environmental expenditure tends outside of the political incentive structure due to the future-orientated nature of any associated benefits. Environmental considerations are currently largely confined to wider economic appraisal analysis, which relate to post-budget spending decisions. As such they are considered at a micro rather than macro level, in terms of spending allocations.

It is arguable that environmental expenditure should be disaggregated from, or somehow weighted against, other financial spending commitments at the initial budgeting process. This would address the asymmetry in incentives and risk timeframes and safeguard future environmental outcomes for NI.

Green budgeting involves using the budgetary process to help drive climate and environmental goals. Integrating such tools into the budget process could influence policy development and ultimate budgetary allocations. In embedding climate and environmental objectives within budgeting practices, green budgeting could also address the silo mentality within local structures — effectively mainstreaming the cross-cutting significance of climate risks.

It is with this challenge in mind that SPU has explored potential application of green budgeting for this region - and based on its use in other jurisdictions.¹⁰³

The Organisation for Economic Co-operation and Development (OECD) conducted a comprehensive analysis of how different member states approach green budgeting. This indicates that the UK and Ireland fare well relative to other states — both rank above the OECD average in terms of implementation of green-budgeting measures.¹⁰⁴

France provides an interesting case, in that their green budgeting inter-ministerial working group prepares a 'green tagging' for budget items. This approach has been integrated into the regular budget process since 2023 to enhance the consideration of environmental impacts. In practice, the result of this is that green 'tags' and environmental impacts of planned measures are considered during budget preparation, and before the draft budget bill is presented to the French Parliament.¹⁰⁵

¹⁰³ See Ulster University Strategic Policy Unit, [A Focus on Public Sector Transformation in NI](#) January 2025

¹⁰⁴ OECD, "Greening the Budget", June 2023, [https://one.oecd.org/document/GOV/SBO\(2023\)12/en/pdfA](https://one.oecd.org/document/GOV/SBO(2023)12/en/pdfA)

¹⁰⁵ OECD, "Green Budgeting in OECD Countries in 2024", 2024, https://www.oecd.org/en/publications/greenbudgeting-in-oecd-countries-2024_9aea61f0-en.html

The recognition of environmental and climate considerations in business cases by the Department of Finance is welcome.¹⁰⁶ However, the NI Executive has the potential to go much further in terms of integrating climate and environmental considerations into decision making at the point of making spending allocations within the budget exercise.

Recommendations 30 & 31

The Executive should recognise the imminency and socio-economic consequences of flooding and other climate orientated risks and allocate funding accordingly, to prevent future expense and detriment.

The Executive should trial Green Budgeting.

Behavioural Insights

A greater focus on behavioural insights could serve as a supportive element to assisting with reform, in particular in relation to managing demand for public services.

Humans are the consumers of public services, and determine the underlying scale of need. Successful transformation should therefore be embedded within behavioural science. The current NICS Behavioural Insights Task and Finish Group could be placed on a permanent basis – this should link to the need for a cross-cutting transformation strategy, by widening the remit of Transformation Board to reflect the significance of human behaviour.

The OCED has provided a structure for this in its report “Good Practice Principles For A Ethical Behavioural Science in Public Policy Public Governance Policy Paper”.¹⁰⁷

The Behavioural Insights Team has also explored how behavioural insights can improve how governments make decisions.¹⁰⁸

As in other regions, Northern Ireland has incorporated behavioural insights across a range of areas drawing on the work of the UK's Behavioural Insights Team (“Nudge Unit”), including across departments and in collaboration with academia.

This is welcome. However, as is the underpinning basis of SPU's proposed framework, this work tends to happen at project or micro level, as opposed to at a macroeconomic level. To enable successful transformation of this region, behavioural factors should be considered in relation to high level problems, such as tackling productivity and climate change.

Recommendation 32

As part of a Transformation Strategy, the Executive should identify key high-level challenges and adopt behavioural science as a mechanism for change.

¹⁰⁶ Department of Finance, [Incorporating Environmental and Climate Considerations into Business Cases September 2025](#).

¹⁰⁶ See [Good practice principles for ethical behavioural science in public policy \(EN\)](#)

¹⁰⁶ Behavioural Insights Team, Behavioural Government Using behavioural science to improve how governments make decisions [BIT Behavioural Government Report.pdf](#)

Energy Sustainability

Although energy sustainability falls within the last component in the SPU framework, it is absolutely fundamental to the wellbeing of all the pillars and associated outcomes, clearly demonstrating the circular and inter-dependent nature of the framework we have derived.

The issue of energy sustainability has perhaps never been more topical; the crisis in the Middle East has had global ramifications for energy prices and the full impacts, which depend upon the duration and extent of the unrest, remain to be seen.

Households, particularly the most vulnerable, are painfully exposed to energy price pressures, as are businesses and, indeed, governments. There have been related movements in bond yields which compound pressures as borrowing has become more expensive.

It is difficult to overstate the significance of this issue; the availability of affordable energy is crucial to societal, economic and political stability – and yet, it has not been sufficiently invested in by government.

Governments can implement a myriad of strategies across a range of policy areas, seeking to achieve all sorts of outcomes for citizens and businesses, yet energy instability has the capacity to derail all of these. It is important that this reality is reflected in both policymaking and budget-setting.

This point goes to the very heart of what we have developed in this framework. Short-termism in policy making will continue to crowd-out fundamental and future-orientated wellbeing unless policymakers adopt a radically different approach – it is our hope that this work goes some way towards enabling this.

Recommendation 33

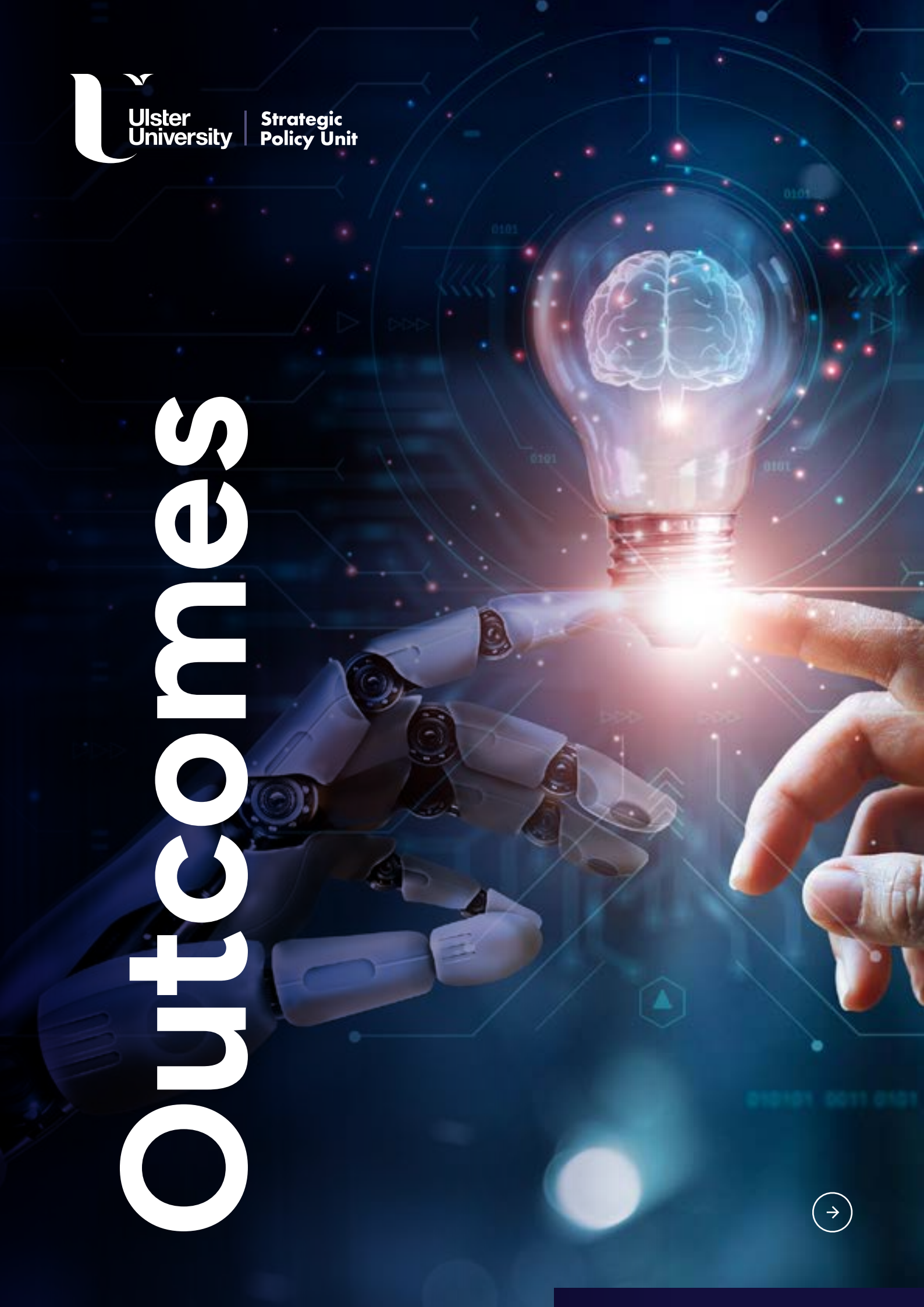
Governments should acknowledge that energy instability has the capacity to disrupt and derail societal, economic and political stability - impeding progress across all other pillars and metrics - and derive budget and policies accordingly.



Ulster
University

Strategic
Policy Unit

Outcomes



Outcomes

This paper has set out how transforming the future of Northern Ireland must be based on a strong foundation, with positive incentive and accountability structures, and approached via a causal economic and future-orientated lens.

The framework presented in this paper seeks to define the inter-relatedness of a wide range of policy levers in driving an improved socio-economic agenda and, crucially, safeguarding future outcomes.

Pillars 1 to 3 are inherently linked in a two-directional manner. Pillar 4 currently stands alone, but is enormously consequential for the other pillars and, accordingly, should be more adequately captured within policymaking.

SPU's view is that:

- Transformation in NI is currently confined in policy terms to that of the public sector, but is a much wider endeavour related to maximising economic and wellbeing, whilst making public services more efficient, effective and financially sustainable; and
- Transformation is a highly complex undertaking and should be considered within the context of a framework such as we have set out in this report

More specific benefits from this framework would include:

Improved Wellbeing

- ✓ Greater societal cohesion, plus restored trust
- ✓ Improved public services, health, educational and other outcomes
- ✓ More downstream interventions
- ✓ More efficient and effective use of scarce resources
- ✓ Better mobilisation of public and private capital

Greater Prosperity

- ✓ Higher productivity levels, narrowing the productivity gap
- ✓ Better population health and labour market participation, including for young people
- ✓ Greater equality of access and opportunity
- ✓ Higher skill levels
- ✓ Improved economic and skills data
- ✓ Safe and ethical adoption of AI to drive public and private sector productivity
- ✓ Greater levels of capital investment in critical infrastructure
- ✓ Higher levels of economic growth and greater competitiveness

A Sustainable and Inclusive Future

- ✓ Stronger future foresight and future-orientated policies
- ✓ Greater attention to long-term risks e.g. climate change
- ✓ Minimisation of future deferred costs
- ✓ Energy sustainability

It is SPU's contention that with the foundation in this framework in place, and implementation of the actions and resultant recommendations within the four pillars, that the region of Northern Ireland would undergo significant economic transformation.

Importantly, this would be a means to a wider social and environmental end. It is our belief that overarching outcomes would include Improved Wellbeing; Greater Prosperity; and A Sustainable and Inclusive Future – as detailed in the roof of our framework

This framework has been developed with a view to enabling a more fair, inclusive, prosperous and sustainable Northern Ireland for all, and with seeking to assist the leaders of today to drive an improved future for this region.

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