

## CBI Northern Ireland Response:

### Finance Committee's scrutiny of the draft Executive Budget for 2024-25

16 May 2024

*The CBI Northern Ireland welcomes the opportunity to input into the Finance Committee's scrutiny of the draft Executive Budget for 2024-25.*

*The CBI speaks on behalf of 170,000 businesses of all sizes and sectors, across every region and nation of the UK. This includes over 1,100 corporate members, plus nearly 150 trade associations. Corporate members alone employ over 2.3 million private sector workers. The CBI in Northern Ireland (CBI NI) represents hundreds of local businesses (large, medium and small) across a full range of sectors. This includes indigenous companies in Northern Ireland, as well as those headquartered in other parts of the UK that have operations locally.*

*Please note that due to the short timescale allowed for feedback we have not been able to undertake widespread specific engagement with members on this topic. This response is based on our ongoing engagement with CBI NI members.*

## **Response**

CBI NI members welcome the restoration of the NI Executive and see the production of the draft Executive Budget for 2024-25 as a return to normal government working, that promotes the stability necessary for investment and economic growth. We recognise however, that a longer-term budget would be optimal.

We note that as part of its scrutiny of the draft Executive Budget for 2024-25, the Committee is seeking the views of stakeholders on the application of the Budget envelope and the strategic direction the Executive has taken regarding the Budget, rather than specifics around individual departments which are the purview of the relevant Statutory Committee.

We recognise the financial constraints that the NI Executive are facing and whilst we welcome that there is an increase in the budgets of Economy and Infrastructure (as outlined in Annex B of the Ministerial Statement), it must be noted these increases will not reverse the impacts of the funding cuts in previous budgets or reflect the increased costs of widespread inflationary pressures.

### Childcare

You have asked for comment on the earmarked items and CBI NI welcomes the £25million that has been set aside to fund new and additional actions on childcare. Work undertaken by the CBI found that childcare in the UK is among the most expensive in the world, and yet the system is not working for parents, children, or the early years workforce.

Childcare costs are often a prohibitive barrier which prevent parents from accessing employment and stops parents increasing their hours. If the UK is serious about growth, we cannot afford to lose parents from the labour market, particularly in a context of labour market shortages and a cost-of-living crisis.

CBI NI believes that the objective of improving childcare in Northern Ireland must be reducing the service cost for parents whilst maintaining high quality provision, creating a sustainable funding and

employment model, and increasing parental employment. Given the lack of detail around how the £25m will be spent we are not able to comment on whether it will assist in achieving this objective.

### Implications and impacts

As requested, we have outlined some of the high-level implications and impacts of insufficient budgets for the Departments of Economy and Infrastructure given their relevance to the business community.

### Department of Economy budget

The DfE's budget allocation is very important to the business community for a number of reasons; for example, businesses look to the Department for the development of sound policies and supportive measures in area such as energy, decarbonisation and skills.

To ensure a growing and prosperous economy; skills, infrastructure, research & innovation, as well as business support policies are essential. It would be the CBI NI's view that investment in these areas must be maintained to deliver long-term sustainable growth. Adequate industrial policy support will render NI a more attractive region for investment, all of which will improve living standards. The achievement of the Minister's economic vision will require a refocus on innovation, inclusive growth and sustainability. However, this will necessitate an adequate budget allocation.

NI is currently the least productive region in the UK<sup>1</sup> and weak productivity undermines NI's potential. It constrains our competitiveness, stifles innovation and impacts growth in every sense. To turn this around we must support long-term investment into re-training and up-skilling opportunities for NI's workforce, to support lives and livelihoods through higher wages, creating long term job security and ultimately improving productivity.

### Department for Infrastructure budget

The DfE's budget allocation is very important to the business community because of the obvious positive correlation between infrastructure investment and economic growth. The quality of local infrastructure has obvious implications for living standards, attracting talent and investment, connectivity, meeting decarbonisation goals, the movement of goods as well as planning approvals for investment projects. In addition, adequate investment in infrastructure reduces sub-regional economic disparities through better transport, increased connectivity and investment attractiveness and is therefore an important element of the region's inclusive growth ambitions.

**At the macro level**, the business community fears that an insufficient budget allocation will firmly place Northern Ireland at a **distinct disadvantage in terms of economic "levelling up"** relative to other UK regions and neighbouring competitor countries. Infrastructure investment is an important indicator for foreign direct investors when deciding where to locate and influences indigenous companies when thinking about expansion plans.

**At the micro level**, the business community has expressed concerns around the impact of failing and under-invested infrastructure for several reasons:

- ***Planning Approvals***: In the first instance, the local business community is aware that planning permission for a myriad of developments is delayed or rejected in cities and towns across Northern Ireland because the local water and sewerage system cannot cope with further pressures on the aging infrastructure. This has significant consequences for business expansions and investment - with undisputed consequences for job creation and overall economic progress.
- ***Business continuity and cost of doing business***: Resilient and responsive public infrastructure is a critical component of any progressive economy. However, a lack of investment in public infrastructure will put business owners at risk of disruption and business continuity. For example, without adequate investment in water and sewerage

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<sup>1</sup> [Featured Research | Northern Ireland is poorest performing UK region for productivity | News | Queen's University Belfast \(qub.ac.uk\)](#)

the risk of flooding rises, this then has implications for insurance premiums and the cost of doing business.

- **Employee safety.** Local companies have also raised concerns around the standard of transport infrastructure for their employees. Commutes to work and work-related transport all require a safe and accessible transportation network which is adequately maintained and developed in line with economic needs and rising economic activity. Reduced services or dangerous roads with potholes or ungritted roads in winter will all have negative consequences for the health and safety of workers and the overall economy.
- **Creation of a downward economic spiral:** Without adequate funding for local infrastructure, private investment in the region will decline, attracting talent will be significantly harder and companies will be forced to locate elsewhere. This downward spiral will have ramifications for regional employment levels, poverty and local living standards.

### Long-term funding and strategy

It is widely acknowledged that a major contributor to Northern Ireland's poor economic performance stems from the lack of overarching long-term planning, due to one-year budgets combined with a failure to bring in private revenue streams when public monies are in short supply. This makes both strategic policy and ambitious investment very difficult. Northern Ireland departments have over the last decade endured an unprecedented number of these one-year budgets.

In the interests of delivery, the region urgently needs the Executive to show true leadership by agreeing a new Programme for Government with an associated budget, setting out short, medium and long-term spending plans.

We trust that you find these comments useful and please feel free to contact me if you have any queries.

Kind regards

A handwritten signature in black ink, appearing to read 'Claire Sullivan'.

Claire Sullivan  
Head of Policy, Northern Ireland, CBI