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Subject: PRESS RELEASE: Agreement of NI Executive multi-year budget fundamental to construction industry confidence

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The latest CEF Construction Survey reflects a clear view within the Northern Ireland construction industry that the NI Executive must immediately agree a four-year multi-year budget for capital spending, as a context of stagnating profit margins and returning inflationary concerns dent confidence within the sector as the New Year commences. The survey, which collected data from NI-headquartered firms which have a collective annual turnover of approximately £3.5bn, covers the second half of 2025 and reflects on many of the key challenges that contractors, civil engineers and homebuilders are facing currently.

The main findings included:

- Turnover had increased for the majority of firms over the year: 15% of respondents said their turnover had increased by at least 25% in the last year; while 40% said their turnover was up at least 10% on the previous twelve months
- However, profit margins have stagnated year-on-year: only 15% had improved, 50% said they have stayed the same; while 35% said they had gotten worse
- Over the last year, only 70% of firms were operating at full or almost full capacity
- Inflationary issues are again beginning to bite: while 70% of respondents said they had a moderate impact but were manageable, 20% said they were having a serious impact causing financial concern
- The industry's three main priorities for the NI Executive into 2026 are:
 - Immediately agree a multi-year capital budget for consultation through to 2030, with full agreement by the end of March
 - Take the necessary decisions to ensure NI Water's next Price Control, PC28, is fully funded
 - Encourage the NI Executive to use powers it already has to raise revenue so to grow its own budget
- When looking to the GB and Ireland markets, three main reasons were given as to why they are more attractive for contractors than the NI market:
 - More secure pipeline
 - Company growth in new markets
 - Increased profit margins
- On the industry's skills challenge, the three top priorities that were identified were:
 - Attracting new entrants by promoting construction careers in schools and communities
 - Identifying skills needs and providing specific training tailored to the industry
 - Development of entry-level skills programmes

Commenting on the survey, Mark Spence, Chief Executive of the Construction Employers Federation, said:

"As we begin the last full year of this NI Executive and Assembly mandate, it is crucial that Ministers take decisions based on the best long-term interests of Northern Ireland. For our part, this means the immediate agreement of a four-year multi-year budget for capital spending. While no-one is questioning the challenges associated with the level of finance available to the Executive, it is nonetheless critical that Ministers use the opportunity to set a four-year programme to its full effect. Anything short of this would be seen as a significant failure.

"The need for budget certainty is made even more stark as our survey reflects a waning confidence within the sector as a result of stagnating profit margins and returning inflationary concerns in a way not seen since the end of 2023. When coupled with our housebuilding crisis which is a result of the decades of underinvestment in our water and wastewater systems, contractors, civil engineers and homebuilders look out on a local horizon which is filled with significant roadblocks to growth.

"A fully agreed four-year multi-year budget can, at the very least, give assurance to the deliverability of public sector pipelines to the end of the decade and enable Government Clients and contracting firms to plan against this in a way that we haven't seen for over fifteen years.

"Any such agreement does not, however, negate the urgent need for the Executive to seriously consider additional revenue raising for the explicit purpose of growing their capital budget. While the baseline capital available to the NI Executive is to increase from £2.2bn this year to £2.4-£2.5bn for each of the next four financial years, and there will be further discussions on a new fiscal framework which could modestly increase those allocations further, it is implausible that the NI Executive could meet the recurrent capital needs of all the Government Clients within such a financial envelope.

"As the detailed work commences on NI Water's next Price Control which will come into effect in 2028, we again call on Ministers to act on the CEF joint position paper with the NI Chamber of Commerce and NI Federation of Housing Associations from last summer which proposed a potential way forward which includes the introduction of a low-cost Infrastructure Levy, along with other measures. Our proposal, which is progressive in nature, protects those most vulnerable in our society while also charting a sustainable path towards dealing with an issue which is now the principal inhibitor to economic growth and accelerant of environmental decline that we face."

"The decisions made in this last full year of this Executive and Assembly will inform the electorate as to the seriousness of our local politicians to face up to, and take concerted action to avert, the ever-deepening infrastructure investment crisis that will define our economic potential."

ENDS

Notes to Editors:

1. The Construction Employers Federation (CEF) is the sole certified representative body for the second largest industry in Northern Ireland, the construction industry. We represent approx. 70% of construction in NI and around 800 businesses of all sizes employing over 30,000 staff directly and 65,000 in the wider supply chain.



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