



Northern Ireland  
Assembly

## Research and Information Service Briefing Paper Series

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Paper 23/26

26 March 2026

NIAR 28-26

# Draft Budget 2026-2029/30: Northern Ireland Economic Context

**Paper 3 of 6**

### **RaISe – Public Finance Scrutiny Unit**

This Briefing Paper is Paper 3 of 6 in a thematic series. It provides an overview of the Northern Ireland economic context; ultimately aiming to support Northern Ireland Assembly plenaries, statutory committees and Audit Committee, when scrutinising Draft Budget 2026/-2029/30, including the Finance Minister's January 2026 proposals.

This information is provided to a Member of the Legislative Assembly (MLAs) in support of their duties, and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice, or as a substitute for it.

## Summary of key points

- Budget context and constraints:** The Finance Minister brought forward his Draft Budget 2026–2029/30 within a highly constrained fiscal environment and in accordance with prevailing institutional and financial “rules” under the current devolution settlement. That includes the reality that the Northern Ireland Budget is a “*sub-cycle of the United Kingdom Government’s budget cycle*”. Executive spending power is largely determined by the Block Grant and Barnett consequential. Following on from February 2024 and developments since, the Executive must meet central government specified requirements, including those in the Budget Sustainability Plan and the Public Sector Transformation Plan, as well as the subsequent Budget Improvement Plan. All aim to stabilise public finances and modernise service delivery in Northern Ireland.
- Economic performance and growth outlook:** Recent economic data evidence Northern Ireland having experienced a modest recovery following the coronavirus pandemic; with Gross Value Added (GVA) rising by 2.1% between 2022 and 2023 - outperforming the United Kingdom average of 0.3% . The Northern Ireland Composite Economic Index also recorded annual growth of 2.9% to Quarter 3 in 2025, again ahead of United Kingdom Gross Domestic Product (GDP) growth. However, that recovery is occurring against a backdrop of global geopolitical uncertainty, rising energy prices, and ongoing structural weaknesses.
- Productivity and structural challenges:** Northern Ireland continues to face long-standing productivity challenges. Productivity levels remain among the lowest of any United Kingdom region, with Gross Domestic Product (GDP) per hour worked (£36.96) significantly below the United Kingdom average (£41.90). This gap can be attributed to both the region’s sectoral composition - greater reliance on lower-productivity sectors - and lower productivity within sectors themselves.
- Labour market pressures:** The Northern Ireland labour market shows mixed signals. Employment has risen slightly, and unemployment remains low at 3.6%. However, economic inactivity remains persistently high at 26.4%, well above the United Kingdom average of 20.8%. In addition to that, there are

also high levels of young people who are not in employment, education or training (NEET) - 11.7%. Moreover, Northern Ireland demographic trends show a projected decline in the working-age population from 2029, which poses further challenges for labour supply and economic capacity.

5. **Cost of living, inflation and household pressures:** Households continue to face significant financial strain. Median annual earnings in Northern Ireland (£31,084) remain below the United Kingdom average, and disposable household income also lags behind other regions. Furthermore, “*median weekly income After Housing Costs... has decreased from £600 in 2020/21 to £571 in 2023/24*” . Inflation, while easing from its 2022 peak, remains elevated, and energy prices (particularly home heating oil) continue to place disproportionate pressure on lower-income households.
6. **Poverty and vulnerability:** Poverty levels remain a significant concern in Northern Ireland. In 2023/24, 17% of individuals (331,000 people) were living in relative poverty before housing costs, and between 10% and 27% of households experienced food insecurity, depending on the data source used. Children in low-income households are far more likely to experience food insecurity. These pressures underscore the existing need for budgetary decisions to help protect vulnerable households and address widening inequalities.

# 1 Introduction

This Briefing Paper - Paper 3 of 6 in a [thematic series](#) - provides an overview of the Northern Ireland economic context. It ultimately aims to support Northern Ireland Assembly plenaries, statutory committees and Audit Committee, when scrutinising Draft Budget 2026-2029/30, including the Finance Minister's (Minister's) January 2026 [proposals](#).

The Paper is presented using the following six headings:

1. [Draft Budget Proposals – Essential Background Information](#)
2. [Recent Northern Ireland Economic Performance Data – Key Observations](#)
3. [Recent Northern Ireland Labour Market Trends – Employment, Unemployment, Economic Inactivity and Labour Supply](#)
4. [Structure of Northern Ireland Economy - Key Characteristics](#)
5. [Northern Ireland Cost of Living and Household Poverty - Key Earnings and Household data](#)
6. [Key Takeaways](#)

The analysis presented in this Paper reflects the most up-to-date data available at the time of drafting. However, it should be interpreted in the context of a rapidly evolving global environment, including ongoing geopolitical instability and shifting international economic conditions, such as changes to tariff arrangements in the United States. These factors create a highly complex and dynamic backdrop, with potential implications for Northern Ireland's economic outlook.

Throughout the Paper, blue boxes identify potential scrutiny points for Assembly consideration in plenaries and committees.

This Paper should not be relied upon as professional legal advice or opinion, nor as a substitute for either.

## 2 Draft Budget Proposals – Essential Background Information

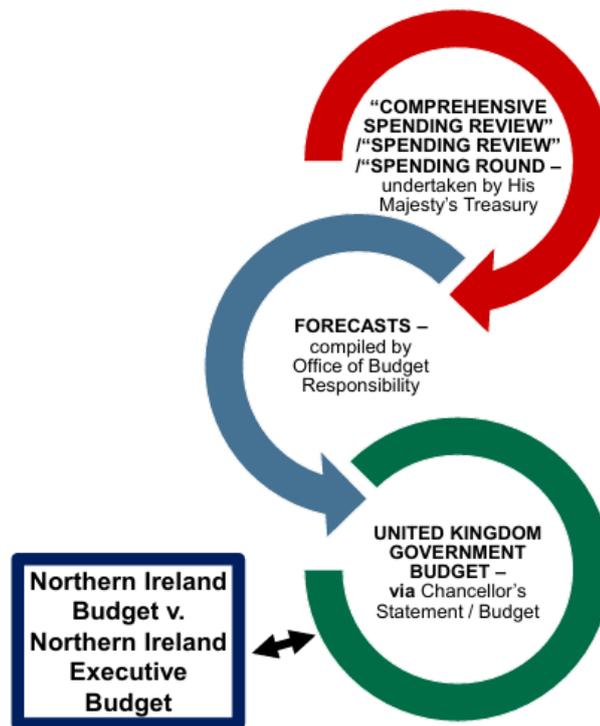
In January 2026, following no Executive agreement on a Draft Budget, the Finance Minister provided a [Written Ministerial Statement to the Assembly](#) setting out his plans concerning his Draft Budget proposals. He noted that he would do so while working in parallel with Executive colleagues, with the ultimate aim of reaching agreement on a final Budget. Thereafter, on 12 January 2026, he followed with his [Oral Statement to the Assembly](#) regarding his Draft Budget proposals, alongside the January-March 2026 [public consultation](#) issued that day.

Informing his proposals were a range of factors, including prevailing Northern Ireland devolved financial arrangements, as well as Executive and Departmental strategic programmes, plans and policies (existing and planned). Each is addressed at sub-sections 1.1-1.5 below.

(Refer to sections 2-5 of this Paper for data regarding the wider fiscal and socio-economic context.)

### 2.1.1 Prevailing financial arrangements under current devolution

The Executive receives the Northern Ireland Budget from central government under the current devolution settlement – in particular, the prevailing financial arrangements (effectively “the rules”). That Budget – often referenced as Northern Ireland’s “spending envelope” - comprises a baseline Block Grant (established at each United Kingdom Spending Review), subsequent Barnett “consequentials” and other funding streams received within a given budget year. Together, these are determined at the United Kingdom Government level, making the Executive Budget a sub-cycle of the United Kingdom Government’s budget cycle, as highlighted in Figure 1 below.

**Figure 1 below: Executive Budget Cycle**

Source: RaISe – [Public Finance Scrutiny Unit](#)

Consequently, the devolved financial arrangements largely determine – and will continue to determine - what monies are available to the Executive – unless central government makes future changes to those arrangements and or devolved government exercises those arrangements differently (such as increases its use of fiscal levers to raise revenue and “top up” the Block<sup>1</sup>).

### 2.1.2 Budget Sustainability Plan

A part of those devolved financial arrangements (detailed in Paper 1 of this series, NIAR 34-26, dated 26 March 2026) is the Executive’s [Budget Sustainability Plan](#). That Plan implements a key commitment in the [February 2024 Executive Restoration](#) financial package, as agreed by the Executive and the United Kingdom Government. It specified 5 key Executive commitments to deliver sustainable public finances for Northern Ireland – namely:

1. The implementation of multi-year budgets where possible.

<sup>1</sup> For further discussion regarding revenue raising, see Paper 6 of this series.

2. The routine publication of supplementary financial data tables for in-year monitoring to promote transparency and accountability.
3. The regular, strategic consideration of income generation measures.
4. Engagement with the Treasury on flexible use of existing tools and longer-term solutions, including those that will form part of any Fiscal Framework for Northern Ireland.
5. Agreement to a future workplan to help secure and maintain sustainable finances.

The Finance Minister's January 2026 Draft Budget proposals aim to meet the first commitment specified in the agreed Budget Sustainability Plan. If the Executive in turn agrees an Executive Budget, and relevant legislation later is enacted and receives Royal Assent, then that would be the first multi-year Executive Budget since 2011-2015.

### 2.1.3 Public Sector Transformation Plan

Another component of Northern Ireland's devolved financial arrangements (also detailed in Paper 1 of this series, NIAR 34-26, dated 26 March 2026) is the Executive's [Public Sector Transformation Plan](#). It is a further plan to implement another key commitment specified in the February 2024 [Executive Restoration financial package](#)<sup>2</sup>.

The United Kingdom Government's financial package for the restored Executive at the start of 2024 included £235 million in ring-fenced Transformation Funding over five years (2024/25-2028/29), to implement a Public Sector Transformation Plan through the establishment of a Transformation Board. That Board is both to modernise Northern Ireland public service delivery and increase Northern Ireland public sector efficiency and effectiveness and to thereby increase public service financial sustainability<sup>3</sup>.

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<sup>2</sup> For more detail, see Paper 1 of this series (NIAR 34-26, dated 26 March 2026).

<sup>3</sup> Further details with regards to Public Sector Transformation – including documents pertaining to the Minister of Finance's associated Oral Statement and the terms of reference (ToR) for the Public Sector Transformation Board – can be found on the Department of Finance website, [here](#).

## 2.1.4 Executive Programme for Government

Central to meeting the commitments specified in the February 2024 Executive [Restoration financial package](#), and the outworkings of those commitments since that time, has been the Northern Ireland Executive [Programme for Government 2024-27](#) (PfG).<sup>4</sup> The PfG specifies nine immediate Executive priorities, within broad Missions of People, Planet and Prosperity – underpinned by a commitment to Peace. Those priorities are:

1. Grow a Globally Competitive and Sustainable Economy
2. Deliver More Affordable, Accessible, High-Quality Early Learning and Childcare
3. Cut Health Waiting Times
4. Ending Violence Against Women and Girls
5. Better Support for Children and Young People with Special Educational Needs
6. Provide More Social, Affordable and Sustainable Housing
7. Safer Communities
8. Protecting Lough Neagh and the Environment
9. Reform and Transformation of Public Services.

While the PfG sets the Executive’s overarching priorities, the Executive and its individual Departmental Ministers are responsible for progressing and realising those priorities through their decision-making relating to policy, legislation and public finance, including spending and revenue raising, and, where available, borrowing. Such decision-making, however, is significantly guided by the monies available to the Executive from central government (the Northern Ireland Budget), given current devolved financial arrangements, as explained at [sub-section 2.1.1](#) of this Paper.

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<sup>4</sup> [Programme for Government 2024-2027 ‘Our Plan: Doing What Matters Most’ | The Northern Ireland Executive](#)

## 2.1.5 Economy Minister's Economic Vision

In February 2024, the then Economy Minister introduced his Economic Vision<sup>5</sup>, followed by an action plan<sup>6</sup>, specifying four key priorities:

1. **Creating more 'Good Jobs'**: including improving standards for workers, offering higher pay and providing better work-life balance;
2. **Raising Productivity**: increasing productivity through the expansion of high-productivity sectors;
3. **Promoting Regional Balance**: supporting small and micro-businesses across Northern Ireland and ensuring that businesses are geographically peripheral to the Belfast economic core; and,
4. **Decarbonising the Economy**: shifting to a low carbon economy is essential for inclusive growth and will be supported by a secure, affordable and clean energy system.

There is strong alignment between this Department for the Economy Economic Vision and the Executive's PfG, with both frameworks emphasising sustainable economic growth, improved public services and long-term societal wellbeing. As with the PfG, however, the extent to which the Economic Vision's ambitions are realised depends significantly on the monies available to the Executive from central government – as addressed in [sub-section 2.1.1](#) of this Paper.

### Potential Scrutiny Points:

Assembly Members and committees may wish to consider:

1. How well the Draft Budget proposals would seek to progress the delivery of the commitments set out in the Budget Sustainability Plan and the Public Sector Transformation Plan?
2. How well do those proposals support full delivery of Northern Ireland Executive strategic objectives that are

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<sup>5</sup> [Statement from Minister Murphy - economic vision | Department for the Economy](#)

<sup>6</sup> [Delivering the Economic Vision - A three year forward look & 2024/25 Action Plan](#)

specified in the PfG and supported by the Economy Minister's Economic Vision?

3. What were key findings arising from the Finance Minister's public consultation on his Draft Budget proposals, as set out in his January 2026 consultation document?

### 3 Recent Northern Ireland Economic Performance Data – Key Observations

Northern Ireland continues to face significant economic challenges, including the increased cost of living, rising energy prices, global geo-political uncertainty and tensions relating to The Windsor Framework, which amended the original Northern Ireland Protocol<sup>7</sup>. In addition, many of the historical structural issues that have limited Northern Ireland economic growth in the past still need to be addressed, including economic inactivity, relatively low productivity, low pay and regional imbalances. Each issue is discussed in detail in sections 3-5 of this Paper.

This section provides an overview of the following key economic indicators to summarise the performance of the Northern Ireland economy in recent years:

[Sub-section 3.1 Gross Value Added \(GVA\)](#)

[Sub-section 3.2 Northern Ireland Composite Economic Index \(NICEI\)](#)

[Sub-section 3.3 Productivity](#)

#### 3.1 Gross Value Added (GVA)

Gross Value Added (GVA) is a broad concept that is used to communicate how a country or region performs in areas, such as economic output, growth, jobs, exports or public debt<sup>8</sup>. GVA measures the value of goods and services

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<sup>7</sup> For further details regarding how the Windsor Framework modifies the operation of the Northern Ireland Protocol, the reader is referred to: Curtis, J. (2024). "The Northern Ireland Protocol and Windsor Framework", *House of Commons Library Research Briefing*, 01 February, available [here](#).

<sup>8</sup> [NI Assembly Economic Scrutiny Workshop series](#)

produced in an economy, and is the primary indicator used for regional economic analysis and comparisons across the United Kingdom. It is closely related to Gross Domestic Product (GDP) – a national-level measure of economic output – with GDP broadly equal to GVA plus taxes on products minus subsidies. Because GDP is calculated at a national level, GVA is the preferred measure when assessing and comparing the economic performance at the regional level<sup>9</sup>.

The latest GVA data, published by the Northern Ireland Statistics and Research Agency (NISRA) in 2025, provides data up to 2023<sup>10</sup>. Relying on those data and official data from the Office of National Statistics (ONS) reveal the trajectory of Northern Ireland's economy from 2020 to 2026, with four overlapping phases - namely:

1. Contraction associated with the COVID-19 pandemic (2020),
2. Rebound (2021–2022);
3. Slowdown linked to inflation and tighter monetary conditions (2023–2024); and,
4. Modest recovery expected (2025–2026).

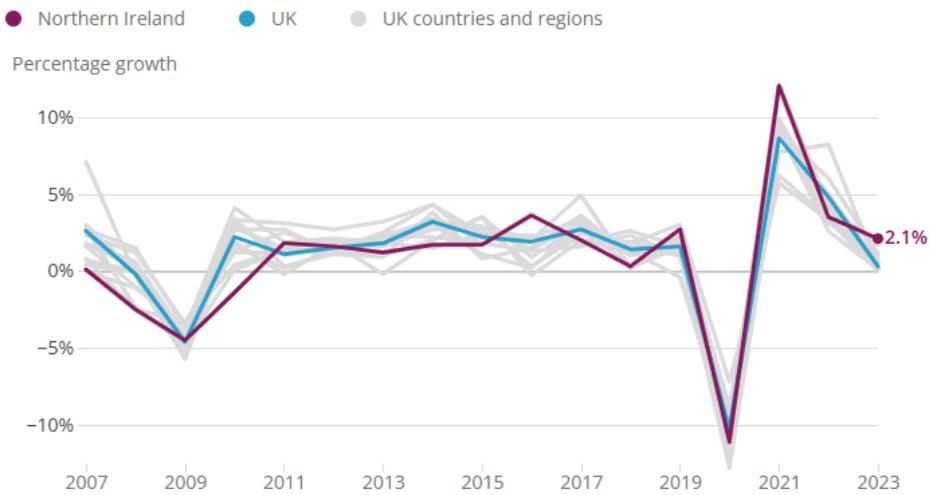
Official data also show Northern Ireland's growth path broadly mirrors the United Kingdom's, although with slightly less volatility due to the protective factor of region's larger public sector base. As illustrated in Figure 2 (below), in real terms, GVA in Northern Ireland increased by 2.1% from 2022 to 2023. That was higher than the United Kingdom's average increase of 0.3%.

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<sup>9</sup> Further details with regards to the production and use of GDP and GVA figures for Northern Ireland, the reader is directed to NISRA's website, [here](#). For a comprehensive guide to interpreting both figures more generally, the reader is referred to ONS guidance [here](#).

<sup>10</sup> [Gross Value Added and Gross Domestic Product | Northern Ireland Statistics and Research Agency](#)

**Figure 2 Northern Ireland and United Kingdom economic activity by GDP**



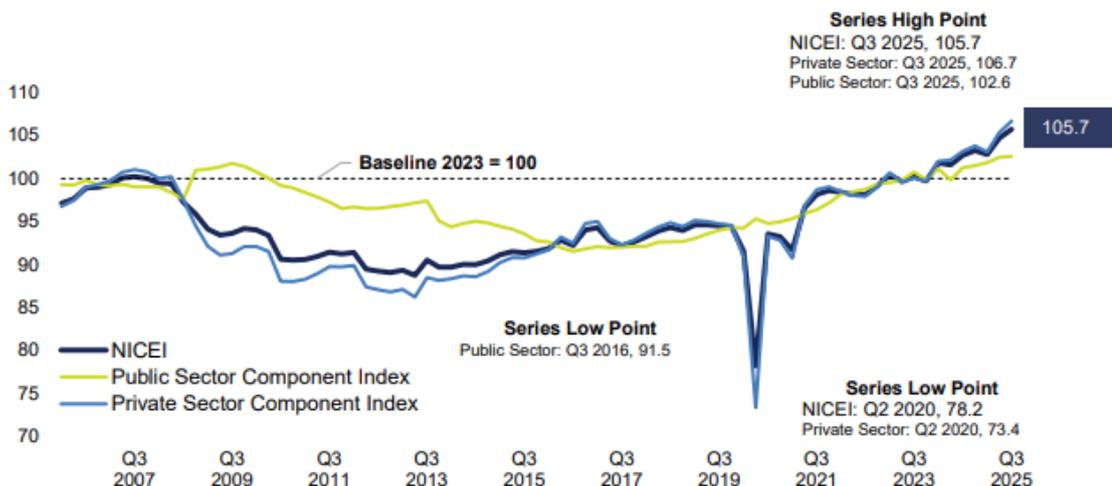
**Source:** [Regional economic activity by gross domestic product, UK, ONS, April 2025](#)

### 3.2 Northern Ireland Composite Economic Index (NICEI)

The NICEI is another useful indicator of Northern Ireland’s economic performance; produced by NISRA and is broadly equivalent to the Gross Domestic Product (GDP) produced by ONS.

The NICEI data show the Northern Ireland economy to have grown by 2.9% in the year to Quarter (Q) 3 of 2025 - outpacing United Kingdom GDP growth of 1.3% over the same period. Figure 3 below provides an overview of the NICEI economic output data.

**Figure 3: Northern Ireland Composite Economic Index 2006-2025 (Q3)**



**Source:** [NISRA, Economic and Labour Market Statistics, 2025](#)

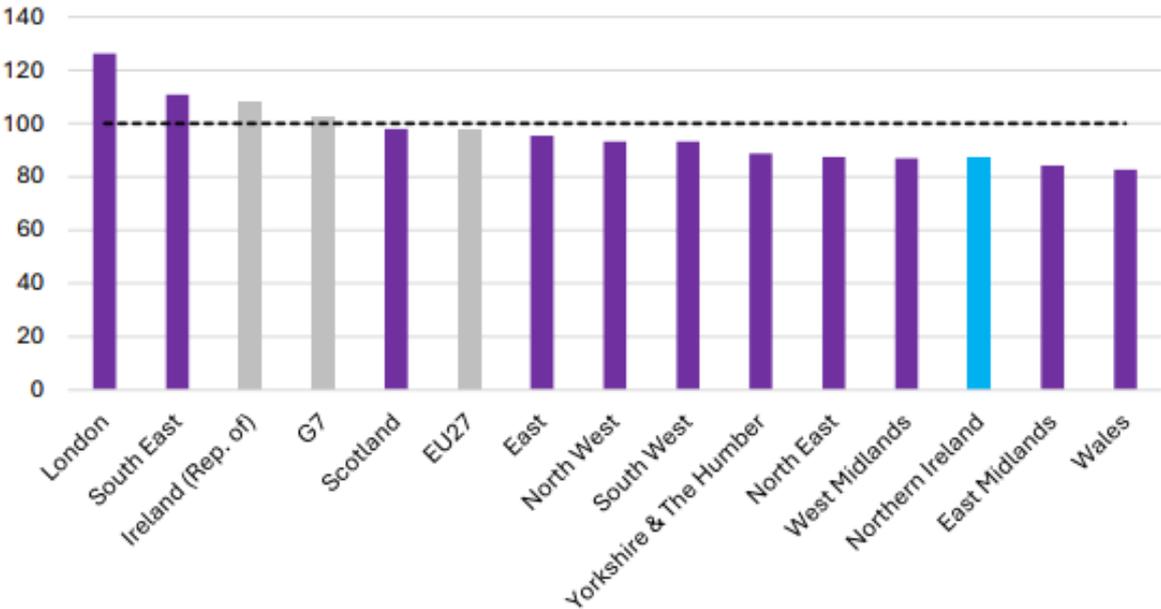
As shown above, over Q3 of 2025, the largest growth area came from the private sector in Northern Ireland.

### 3.3 Productivity

Productivity refers to the amount of output generated per hour worked, per worker or per job<sup>11</sup>. Higher productivity means more competitive businesses, higher wages, and more money available to invest in public services<sup>12</sup>.

Northern Ireland remains one of the least productive regions in the United Kingdom, and this persistent gap represents a significant structural challenge for the economy. Key productivity indicators have consistently lagged behind the United Kingdom average for more than two decades. The most recent data show that Northern Ireland’s productivity was consistently below the United Kingdom and the Republic of Ireland averages across all major measures, as summarised in Figure 4 below.

**Figure 4: Value of output per hour worked, 2022 (United Kingdom =100)**



Source: [The Productivity Institute 2025](#)

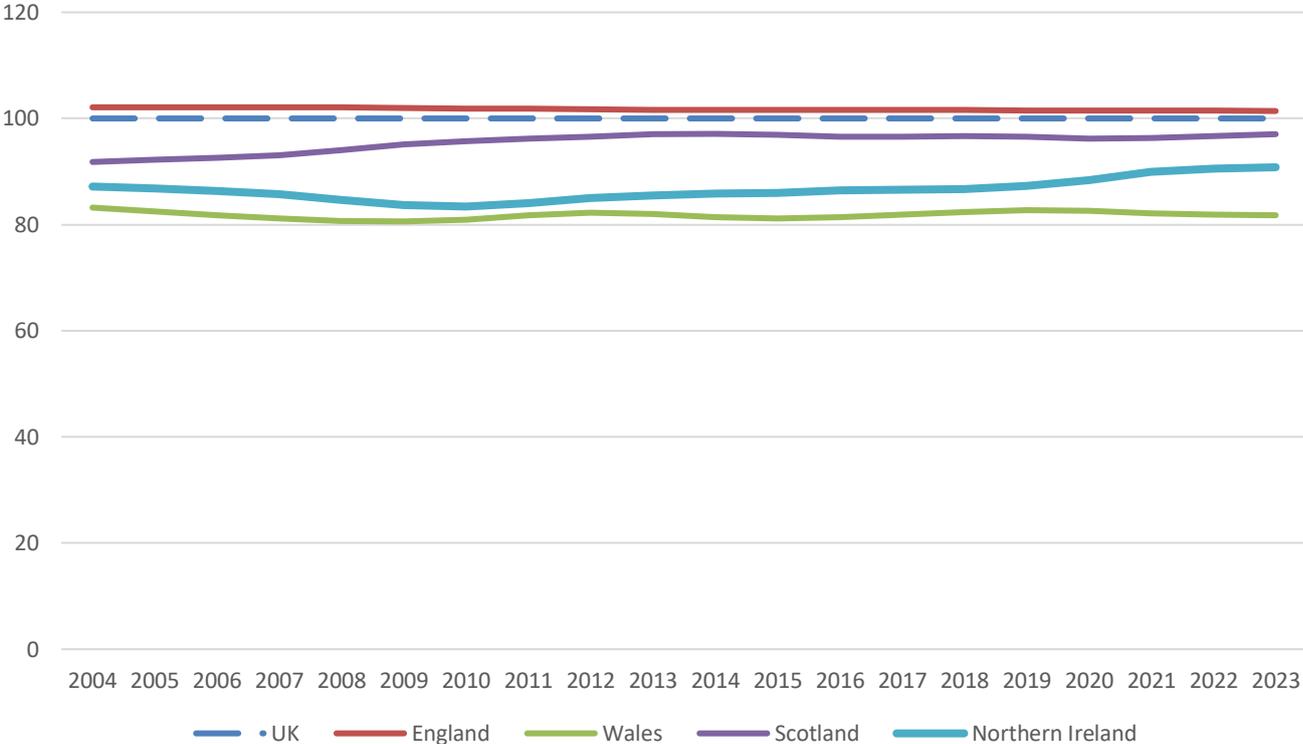
<sup>11</sup> [Productivity measures - Office for National Statistics](#)

<sup>12</sup> [Northern Ireland Productivity Dashboard 2025 - The Productivity Institute](#)

As shown in Figure 3, Northern Ireland lags behind the United Kingdom and the Republic of Ireland in terms of productivity growth (as measured by GDP per hour worked) since 2004.<sup>13</sup> However, Northern Ireland did experience relative productivity gains during the pandemic, which have not been fully lost, due largely to other regions falling behind<sup>14</sup>.

Moreover, the [most recently published data](#) show that in 2023, real GDP per job filled has increased in Northern Ireland relative to other regions, albeit still lagging behind Scotland, England and the United Kingdom average, as can be seen in Figure 5 below.

**Figure 5: GVA per job filled, Northern Ireland and Regions, United Kingdom =100**



Source: [ONS](#), June 2025

<sup>13</sup> This means that since 2004, Northern Ireland’s economy has grown more slowly than the rest of the United Kingdom and Ireland, when measured by how much is produced for each of work. 2004 is the furthest back that published data on GDP per hour worked at both a Northern Ireland and United Kingdom level is available.

<sup>14</sup> Donaldson, R., Jordan, D., McDonald, S. and Turner, J. (2025). [Northern Ireland Productivity Dashboard 2025](#). Published 04 December 2025.

Here, it is important to highlight that Northern Ireland's productivity gap appears to result from a combination of two things:

1. **Sectoral mix of Northern Ireland economy** – more reliance on lower-productivity sectors relative to the United Kingdom average; and,
2. **Productivity differences within sectors** – for example, lower productivity in the financial services sector in Northern Ireland, relative to the United Kingdom average in the same sector (which itself could be caused by a number of factors, including, but not limited to, [poor management performance](#)).

In other words, Northern Ireland's productivity gap is a consequence of both *what* Northern Ireland's economy produces and *how efficiently* it produces it. There are many possible factors underlying the relatively lower productivity experienced in Northern Ireland, which are varied and interrelated. For example, these may include human capital, underinvestment in research and development, management practices, and limited diffusion of new technologies across firms. Estimating the relative extent to which each of these factors contributes to Northern Ireland's productivity gap is not yet fully understood, and the Productivity Institute<sup>15</sup> has highlighted the need for further region-specific research to better quantify and address them<sup>16</sup>.

Relative to the rest of the United Kingdom<sup>17</sup>, Northern Ireland was one of the lowest ranked regions in terms of GDP per hour worked (£36.96), and below the United Kingdom average (£41.9) as of 2023. Only London (£54.0) ranked higher than the average<sup>18</sup>, as illustrated in Figure 6 below.

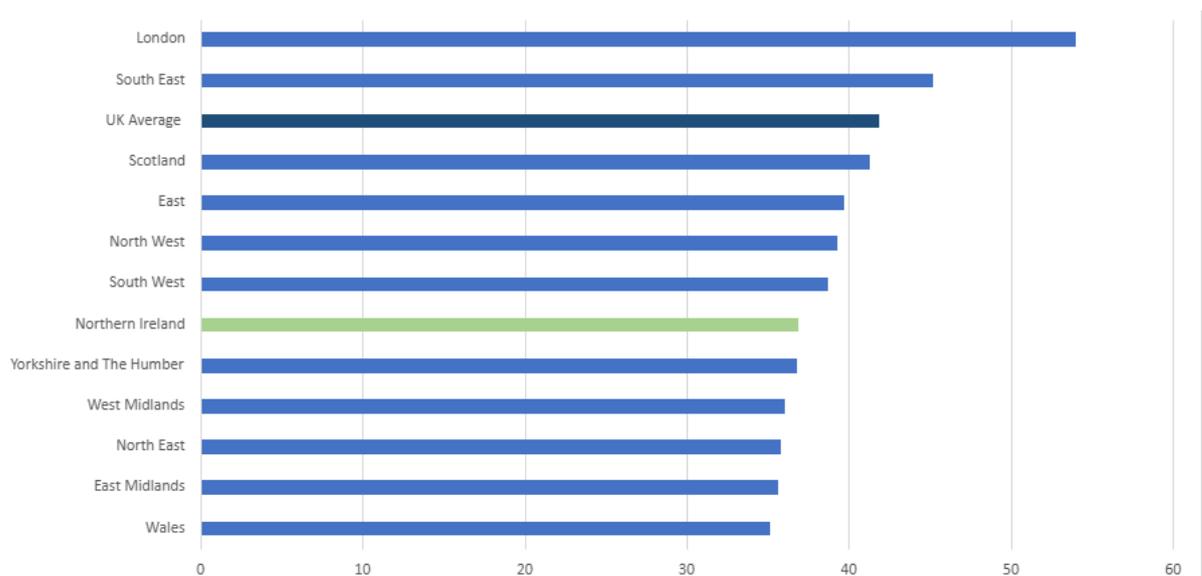
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<sup>15</sup> [The Productivity Institute](#) is a UK-wide research organisation dedicated to understanding and addressing the country's longstanding productivity challenges and is funded by the [Economic and Social Research Council](#).

<sup>16</sup> Donaldson, R., Jordan, D., McDonald, S. and Turner, J. (2025). [Northern Ireland Productivity Dashboard 2025](#). Published 04 December 2025.

<sup>17</sup> In current price terms. Real terms data do not include the effects of inflation over time. Current (or "nominal") terms data do include it.

<sup>18</sup> [Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions - Office for National Statistics](#)

**Figure 6: GDP per hour worked, UK and regions, 2023**

Source: [ONS](#), June 2023

#### Potential Scrutiny Points:

Assembly Members and committees may wish to consider:

4. Should Departments receive allocations from the current Executive to specifically address the productivity challenges outlined above and to support and the realisation of the Executive's Programme for Government (PfG) commitment of "improving our economic productivity, while [ensuring Northern Ireland has] an economy that works for everyone"?
5. Does the current Executive and/or its individual Departmental Ministers, anticipate any significant changes associated with productivity, emerging after the May 2027 Assembly election?

## 4 Recent Northern Ireland Labour Market Trends – Employment, Unemployment, Economic Inactivity and Labour Supply

Recent global and domestic shocks have materially influenced the Northern Ireland labour market. The wars in the Ukraine and the Middle East and their impact on energy prices, together with the rise in employers' National Insurance Contributions introduced by the Chancellor in her 2025/26 United Kingdom Budget, have collectively exerted downward pressure on labour demand and heightened cost structures for local firms.

A snapshot of the Northern Ireland labour market is provided below, relying on recent official data for:

[Sub-section 4.1 Employment](#)

[Sub-section 4.2 Unemployment and Economic Inactivity](#)

[Sub-section 4.3 Labour supply](#)

### 4.1 Employment

The latest labour market data from the ONS<sup>19</sup> show the employment rate for those aged 16 to 64 years in Northern Ireland has increased slightly (0.8%) from August to November 2025 to 72%, although it remains below the United Kingdom average of 75.1%. Due to a number of methodological issues with the Labour Force Survey, the ONS noted that the Labour Force estimates are volatile and ONS recommends consideration of a range of employment data, including claimant count and PAYE data<sup>20</sup>, as detailed below.

In December 2025, the number of employees in Northern Ireland receiving pay through His Majesty's Revenue and Customs (HMRC) Pay As You Earn (PAYE) was 815,630<sup>21</sup>. That represents a very slight decrease from November 2025 (at 815,993), but an increase of 1% over the year, as shown below in

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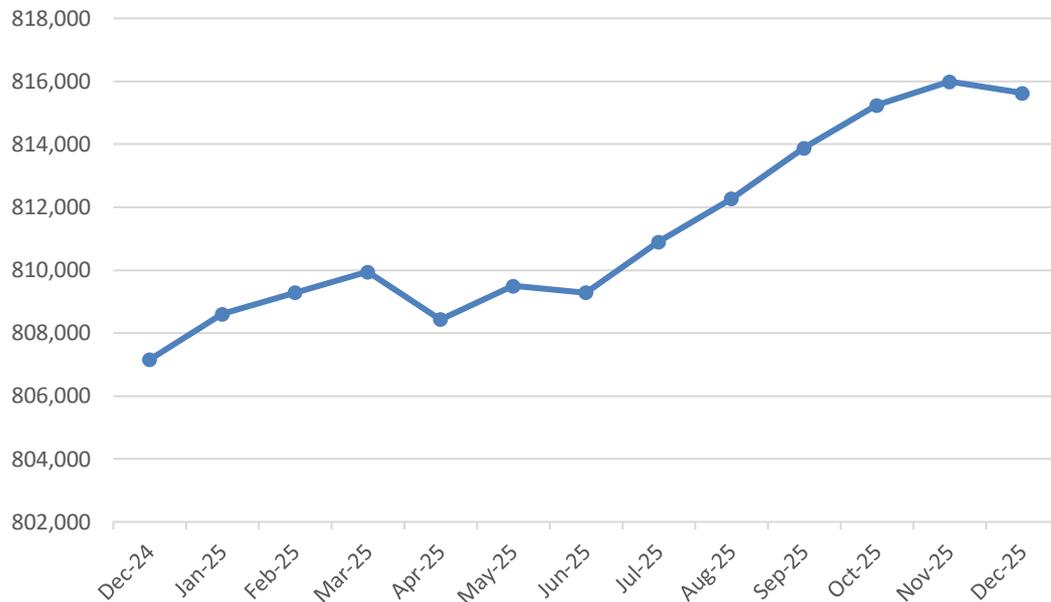
<sup>19</sup> [Labour market in the regions of the UK - Office for National Statistics](#)

<sup>20</sup> [Employment in the UK - Office for National Statistics](#)

<sup>21</sup> [Labour Market Report - January 2026 | Northern Ireland Statistics and Research Agency](#)

Figure 7 below. That compares to a 0.6% decrease across the United Kingdom as a whole, over the same period<sup>22</sup>.

**Figure 7: Northern Ireland PAYE employee jobs December 2024 – December 2025.**



Source: NISRA: [paye seasonal tables-January 2026.xlsx](#)

## 4.2 Unemployment and Economic Inactivity

In December 2025, the “claimant count”<sup>23</sup> in Northern Ireland<sup>24</sup> was 3.6%, a reduction of 0.4 percentage points since the previous year (December 2024)<sup>25</sup>. This compares to an unemployment rate of 5.1%<sup>26</sup> in the United Kingdom and 4.7% in the Republic of Ireland<sup>27</sup>, as shown in Figure 8 below.

<sup>22</sup> [Northern Ireland Labour Market Report](#)

<sup>23</sup> Claimant Count is a measure used by the Office of National Statistics to indicate the number of people receiving unemployment benefit in the United Kingdom. It specifically tracks those who are seeking work and claiming benefits such as Job Seekers Allowance and Universal Credit.

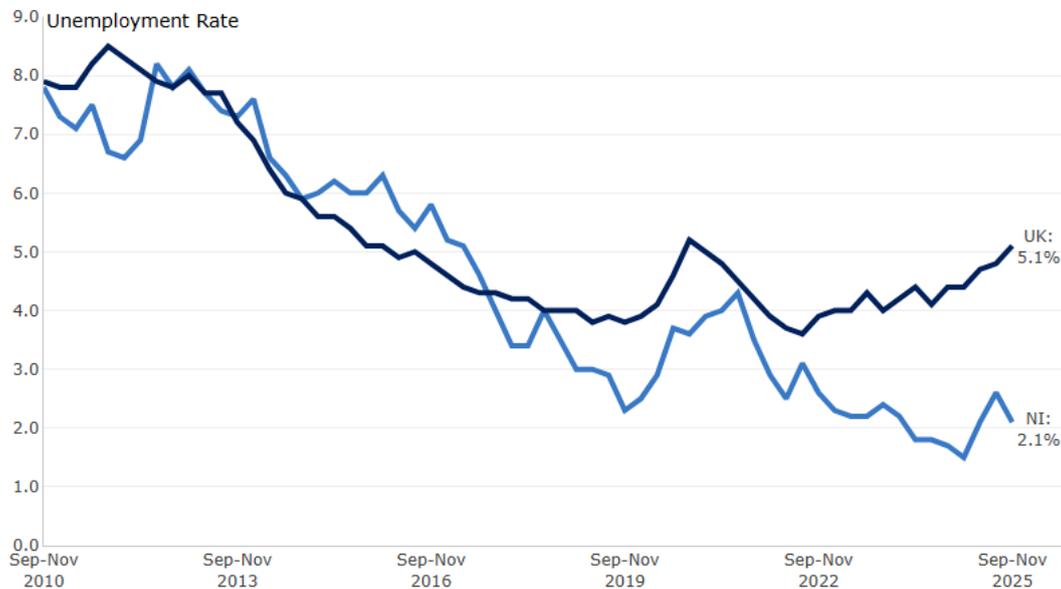
<sup>24</sup> Claimant Count (experimental) consists of all people claiming Jobseeker’s Allowance (JSA) plus those Universal Credit (UC) claimants who were claiming principally for the reason of being unemployed. Some claimants are wholly unemployed and seeking work, while others may be employed but with low earnings that make them eligible for unemployment related benefit support.

<sup>25</sup> [lmr-claimant-count-tables-january-2026.xlsx](#)

<sup>26</sup> [Unemployment - Office for National Statistics](#)

<sup>27</sup> [Monthly Unemployment January 2026 - Central Statistics Office](#)

**Figure 8: Unemployment rates in Northern Ireland and the United Kingdom**



**Source:** [Northern Ireland Labour Market Report, 2026](#)

It is worth noting that while the claimant count and unemployment rates have been in decline over the past year, the levels of economic inactivity in Northern Ireland are still very high. When unemployment decreases, there is not always a corresponding increase in employment. The unemployed are defined as those actively seeking work and therefore economically “active”. If they then stop actively seeking work, they are no longer counted as unemployed. This can be either because they have taken up a job (and are counted as employed) or have stopped actively seeking work (and are counted as economically inactive). The ONS defines economic inactivity as “*people aged 16 and over without a job and who have not sought work in the last four weeks*”<sup>28</sup>.

In November 2025, the economic inactivity rate for the United Kingdom was 20.8%<sup>29</sup>, down from 21.6% for the same period in 2024. That compares to 26.4% in Northern Ireland in 2025, and 26.1% in 2024<sup>30</sup>. As shown in Figure 9

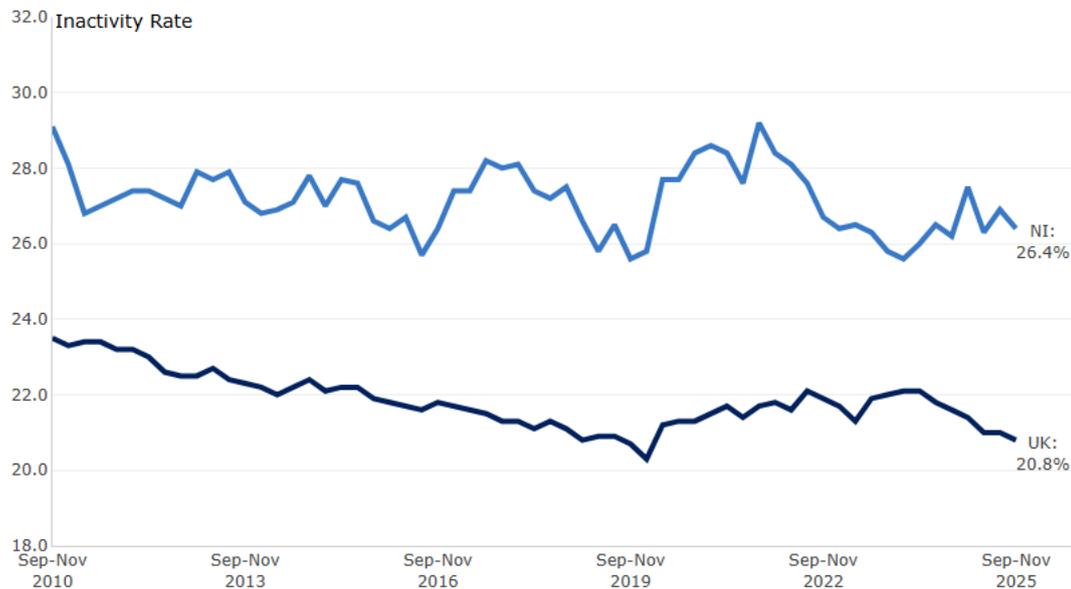
<sup>28</sup> [A guide to labour market statistics - Office for National Statistics](#)

<sup>29</sup> [LFS: Economic inactivity rate: UK: All: Aged 16-64: %: SA - Office for National Statistics](#)

<sup>30</sup> [Labour Market Statistics - Interactive](#)

below, economic inactivity has been consistently higher in Northern Ireland than the United Kingdom as a whole.

**Figure 9: Economic Inactivity rate in Northern Ireland and the United Kingdom**



Source: NISRA. [Northern Ireland Labour Market Report](#), 2026

Comparisons between economic inactivity rates in the United Kingdom and the Republic of Ireland should be treated with caution due to different approaches to definitions and measurement and differences in the overall benefits system<sup>31</sup>. In the Republic of Ireland, economic inactivity is defined as individuals aged over 15 years are classified as “Persons not in the Labour Force” if they are “*available for work but, not seeking work*” or, “*seeking work but not immediately available*”<sup>32</sup>. For Q4 of 2023 in the Republic of Ireland, economic inactivity for 15-64 year-olds was recorded by Eurostat as 22.6%. For the same quarter, the ONS modelled United Kingdom inactivity, for 16-64, as 21.9%, and inactivity in Northern Ireland as 26.8%.

<sup>31</sup> [Economic Inactivity - An All-island Problem | Nevin Economic Research Institute](#)

<sup>32</sup> [Persons not in the Labour Force Labour Force Survey Quarter 3 2025 - Central Statistics Office](#)

**Potential Scrutiny Point:**

Assembly Members and committees may wish to consider:

6. To what extent do the current Draft Budget proposals link to the PfG - in particular, to progress and realise PfG priorities aiming to address persistent economic inactivity in Northern Ireland?

**4.2.1 Not in Education, Employment or Training (NEET) data**

The ONS defines young people (aged 16 to 25 years) who are not in education, employment or training as “NEET”<sup>33</sup>. In July to September 2025, there were around 23,000 NEET young people in Northern Ireland; 11.7% of all people 16 to 25 years old. The NEET rate was 9.9% for males and 13.7% for females. Overall, the Northern Ireland rate was slightly lower than the 12.7% in the United Kingdom as a whole, for the same period<sup>34,35</sup>.

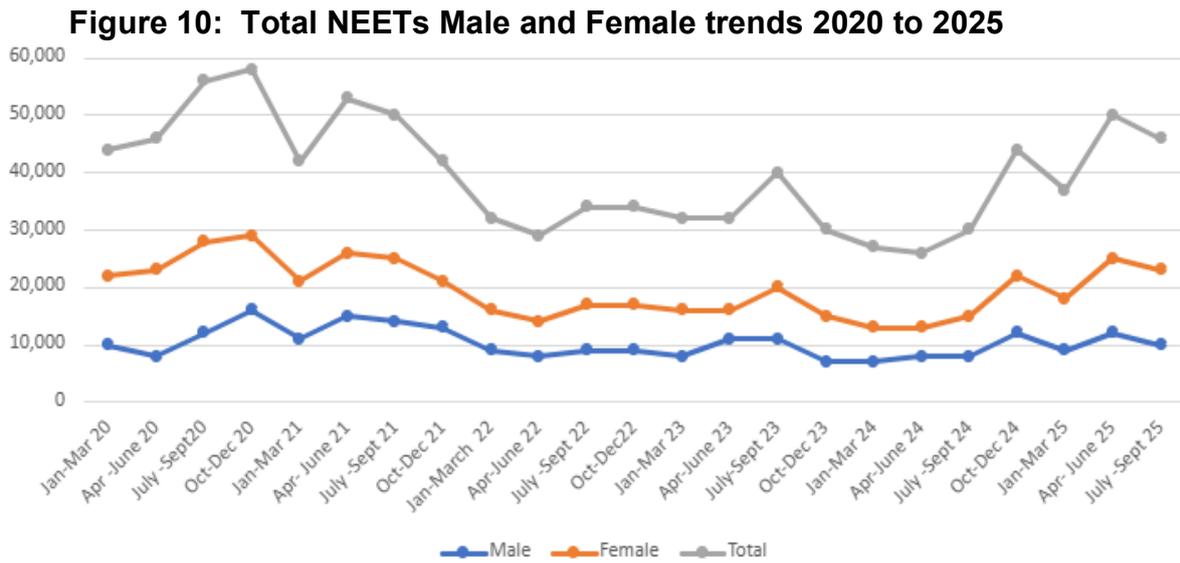
As shown in Figure 10 below, whilst the total number of NEETs fluctuated over time, there was a general upward trend since June 2024.

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<sup>33</sup> [young people not in education, employment, or training \(NEET\) | Northern Ireland Statistics and Research Agency](#)

<sup>34</sup> [Young people not in education, employment or training \(NEET\), UK - Office for National Statistics](#)

<sup>35</sup> The ONS advises against using trend data due to declining response rates and methodological changes what can affect the comparability of time series data (see [Labour Force Survey quality update - Office for National Statistics](#), for quality issues). This is particularly true for smaller, subsets of the data, NISRA noted smaller sample sizes for NEET data from primarily October 2026 on.



**Source:** [LFS-NEETs-Quarterly-Data-JS25.ods](#), (2025)

In the Republic of Ireland, youth unemployment is calculated slightly differently. The unemployment rate for those aged 15-24 years, known as the “Youth Unemployment Rate”, stood at 13.2% in Q2 2025 up from 12.0% in Q2 2024. The total number of unemployed people in this age group was 49,500 - an increase of 5,100 (+11.4%) from Q2 of 2024<sup>36</sup>. Northern Ireland consequently has a broadly similar rate, although not directly comparable. However, a widening gap in labour force participation between Northern Ireland and the Republic of Ireland over time has been identified. In 2010, the participation rate for those aged 16-64 was 71.6 in the Republic of Ireland, 0.5 percentage points above that in Northern Ireland. By 2022, the participation rate in the Republic of Ireland stood at 76.8%, now 4.4 percentage points above that in Northern Ireland<sup>37</sup>.

<sup>36</sup> [Unemployment Labour Force Survey Quarter 2 2025 - Central Statistics Office](#)

<sup>37</sup> Bergin, A., McGuinness, S. and Banahan, C. (2025). “Economic overview of Ireland and Northern Ireland”, *ESRI Research Series*, No. 203. Available [here](#).

**Potential Scrutiny Point:**

7. Assembly Members and committees may wish to consider:
8. What specific actions has the Executive - including its individual Departments, their non-departmental public bodies and arms' length bodies - taken and plans to take to address the high levels of NEETs across Northern Ireland?
9. How effective has the Executive's actions taken to date been in implementing those actions?

**4.2.2 Labour Market Demographics**

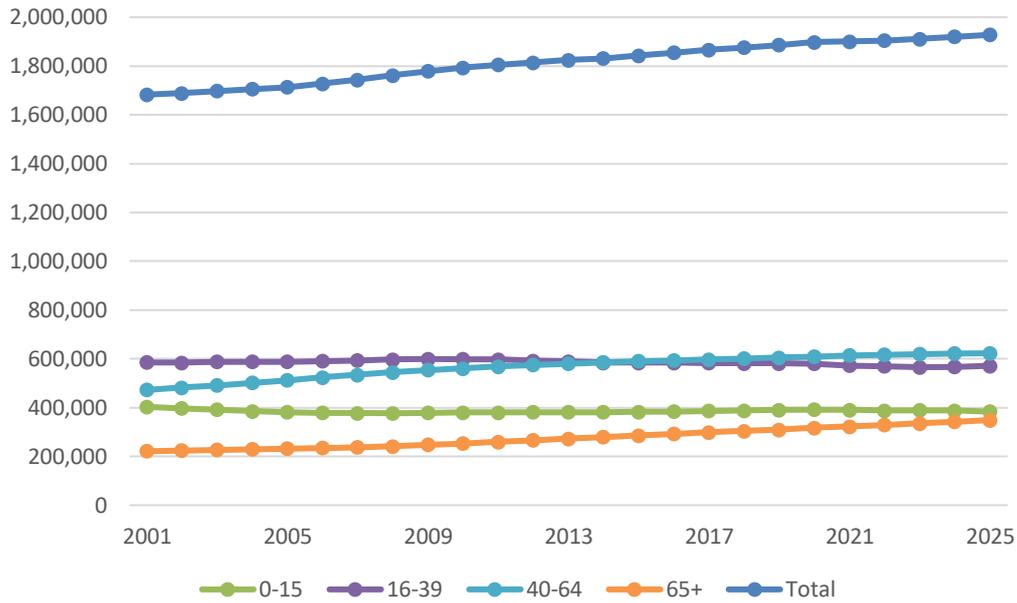
It is also important to consider the age profile of the labour market in Northern Ireland, as that shapes the supply of workers and the mix of skills that are available. Workforce demography also influences the pressures on public services and the capacity within the economy to both generate revenue and to deliver public services.

As set out in Figure 11 below, based on the NISRA mid-year population projects, there were 1,933,375 people in Northern Ireland in 2025; 1,219,009 (63%) were of working age (aged 16-64 years). Whilst the overall population is projected to increase to 1,948,855 by 2030, the working age population is projected to decrease to 1,218,755 by 2030 (62.5%)<sup>38</sup>.

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<sup>38</sup> [NPP22\\_ppp\\_age\\_sexv2.xlsx](#)

**Figure 11: Total population and population by age bands 2000 -2024**



Source: [NISRA population projections, 2025](#)

As set out in Table 1 below, the proportion of the population that are of working age is broadly similar across the United Kingdom.

	2020	2021	2022	2023	2024
<b>England</b>	62.97	62.98	62.88	62.9	62.9
<b>Northern Ireland</b>	62.49	62.33	62.06	61.95	61.93
<b>Scotland</b>	63.75	63.55	63.48	63.41	63.3
<b>Wales</b>	60.98	60.95	60.99	61.09	61.12
<b>United Kingdom</b>	62.9	62.9	62.8	62.6	62.8

Source: [Population aged 16 to 64 - ONS, 2025](#)

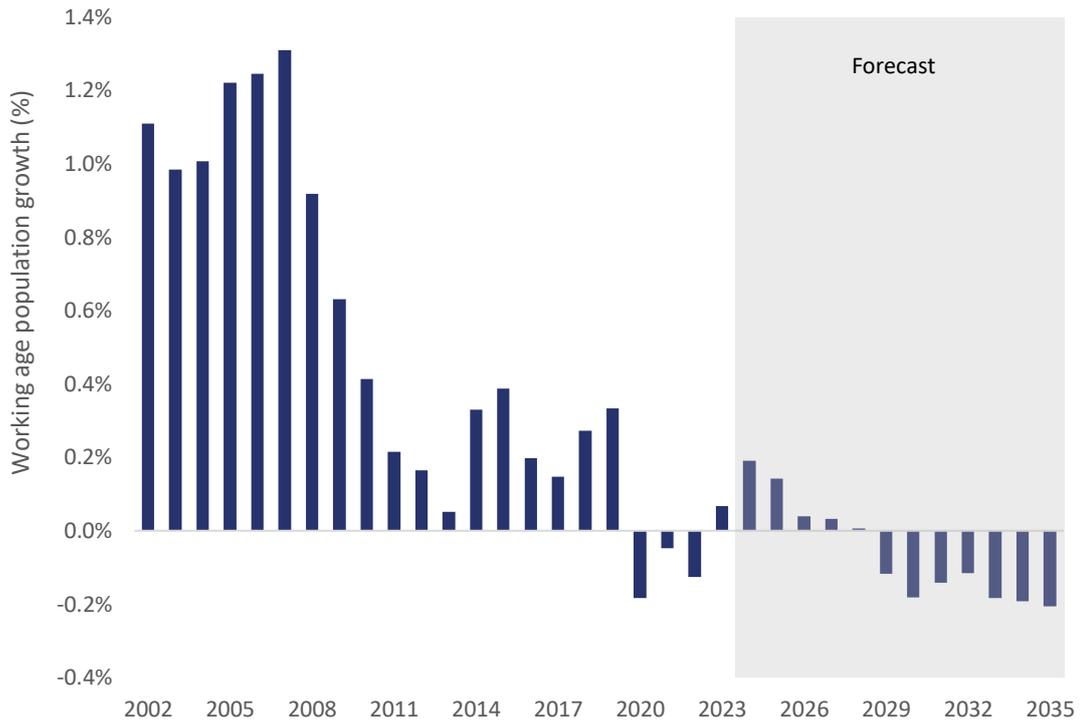
### 4.3 Labour supply

[A report by Ulster University](#) noted a potential challenge faced by the Northern Ireland economy is weak labour supply growth – that is, a combination of low growth in working age population (internal) and net migration (external).

#### 4.3.1 Internal labour supply

Growth in Northern Ireland’s working age population has been weak in the last decade. Moreover, according to NISRA estimates, growth for that group is anticipated to be flat from 2026, and negative from 2029 onwards.<sup>39</sup> That means the working age population will decrease after 2029, as highlighted in Figure 12 below.

**Figure 12: Working age population growth, Northern Ireland, 2002-2035**



Source: [NISRA](#), January 2022

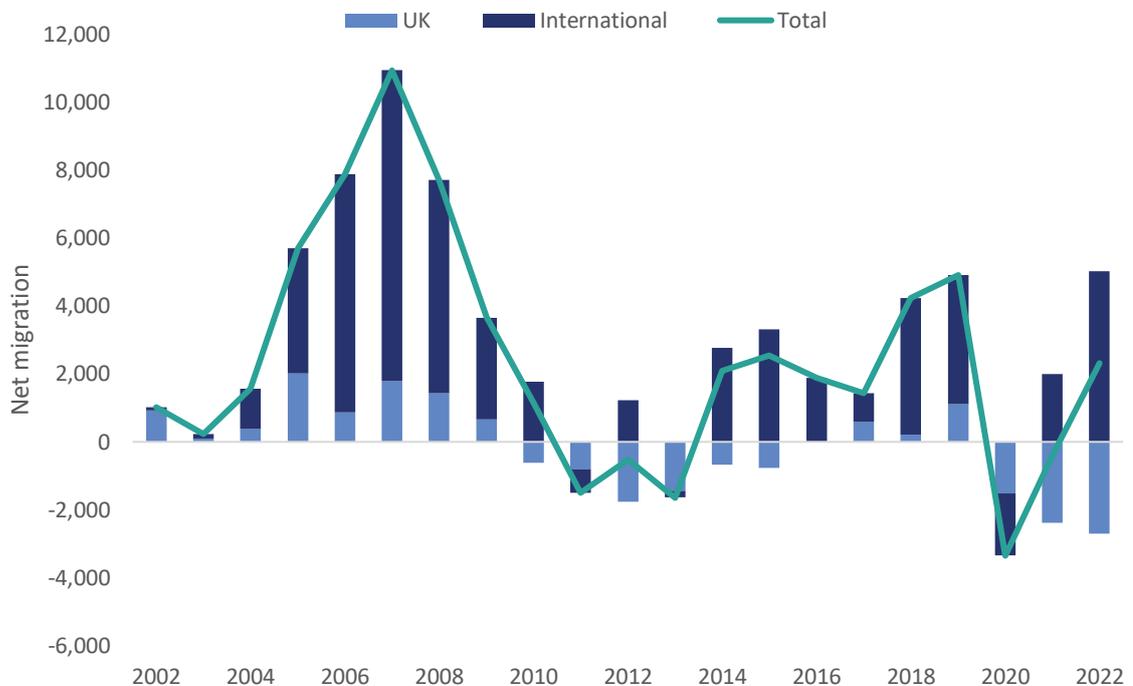
### 4.3.2 External labour supply

It should be noted that when a working age population is not growing – that is, staying the same or contracting – additional reliance is placed on migration for future labour supply. That trend presents a challenge for Northern Ireland when considered in the context of inward migration from the United Kingdom and internationally in recent years, which has been somewhat limited. [Existing and potential future immigration rules](#) in the United Kingdom also could have

<sup>39</sup> The ONS notes that national population projections are not forecasts and do not attempt to predict potential changes in international migration.

implications for labour supply growth in Northern Ireland. Figure 13 below highlights the trend from 2002-2022 (most recent data).

**Figure 13: Northern Ireland net migration, United Kingdom & Rest of world, 2002-2022**



Source: [NISRA](#), January 2026

## 5 Structure of Northern Ireland Economy – Key Characteristics

This section addresses key characteristics of the Northern Ireland economy in terms of its structure. That is important to understand when formulating policy, legislation and budgets, especially if relying on comparative evidence from other countries to inform decision-making. Moreover, the structure of the economy informs the context in which the final Budget in Northern Ireland will hopefully be delivered. The Northern Ireland economy has a distinctive mix of small and medium-sized enterprises (SMEs), and a comparatively large public sector, which is unlike, for example, the other devolved nations and the Republic of Ireland.

## 5.1 Sectors

The Northern Ireland economy is measured across five broad sectors by NISRA using the NICEI, namely, Services, Production, Construction, Agriculture, and the Public Sector<sup>40</sup>. The relative size and performance of each sector provides important context for understanding both the economy's strengths and its structural vulnerabilities. Moreover, it is also useful for assessing how budgetary decisions are likely to affect different parts of the economy.

- **Services:** By far the largest sector, services account for approximately 52% of Northern Ireland's GVA<sup>41</sup>. It has been the primary driver of economic recovery since the pandemic, contributing the largest share of output growth across recent quarters. Key sub-sectors include wholesale and retail trade, accommodation and food services, business services and finance, and transport, storage and communications.
- **Production:** Dominated by manufacturing, which accounts for the majority of production GVA, the production sector represents the second largest private sector in the Northern Ireland economy by output<sup>42</sup>. Production showed notable resilience in 2025, with output increasing by 3.8% over the year to Q3 2025, driven by growth across all four main sub-sectors: Manufacturing (3.5%), electricity, gas, steam and air conditioning supply (6.0%), water supply, sewerage and waste management (1.4%), and mining and quarrying (15.4%) Notably, Northern Ireland's production sector outperformed the United Kingdom as a whole over the same period, with United Kingdom production output falling by 0.9% over the year<sup>43</sup>.
- **Construction:** The construction sector has shown notable strength in recent years, with the number of construction businesses reaching its

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<sup>40</sup> Further details concerning the composition of the NICEI and the sectoral indices that contribute towards changes in the NICEI are available on NISRA's website [here](#).

<sup>41</sup> NISRA (2026). [Northern Ireland Composite Economic Index Q3 2025](#). Last updated 15 January 2026.

<sup>42</sup> NISRA (2025). [Index of Production](#). Last updated 18 December 2025.

<sup>43</sup> Ibid.

highest level since 2010 at 11,470 businesses as of March 2025<sup>44</sup>. The sector, however, can be volatile on a quarterly basis, with output fluctuating in response to project timelines and broader economic conditions.

- **Agriculture:** The agricultural sector plays a disproportionately significant role in the Northern Ireland economy relative to its population size. As of March 2024, there were 18,835 VAT and/or PAYE-registered agricultural businesses in Northern Ireland, representing 13.3% of the United Kingdom's 141,220 agricultural businesses in total, despite Northern Ireland accounting for approximately 2.9% of the United Kingdom population<sup>45</sup>. The most recent NISRA IDBR data for March 2025 records this figure now as 19,050 agricultural businesses in Northern Ireland<sup>46</sup>. While agriculture's direct contribution to GVA is modest relative to services and production, its wider supply chain linkages across food processing, manufacturing and export activity make it a strategically and structurally significant component of the Northern Ireland economy, and one that warrants particular attention when assessing the impact of budgetary decision on rural communities and regional balance.
- **Public Sector:** The public sector is larger in Northern Ireland than in any other part of the United Kingdom, accounting for 27.4% of all employee jobs in September 2025, compared to 18.1% across the UK as a whole<sup>47</sup>. As noted in sub-section 4.2 below, this characteristic both provides a degree of economic stabilisation and reflects Northern Ireland's relative dependency on public expenditure; making the proposed Draft Budget's resource and capital allocations particularly consequential for the local economy.

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<sup>44</sup> NISRA (2025). [Inter Departmental Business Register](#). Northern Ireland business data published 11 June 2025.

<sup>45</sup> ONS (2025). [UK business: activity, size and location](#). 24 September 2025.

<sup>46</sup> NISRA (2025). [Inter Departmental Business Register](#). Northern Ireland business data published 11 June 2025.

<sup>47</sup> ONS (2025). [Public sector employment](#). 16 December 2025.

## 5.2 Business Demography

Business demography is important to consider in terms of both the size and structure of Northern Ireland's public and private sectors. The former is larger than the latter, and the latter comprises largely of Small and Medium Enterprises (SMEs). It is also well known that small businesses tend to be more exposed to the impacts of increased taxes and minimum wages due to structural disadvantages in cash flow, compliance capacity, access to tax planning and regulatory changes. For example, for smaller firms even modest tax changes can constrain hiring and investment. Moreover, while government relief schemes exist, they often react to, rather than prevent disproportionate impacts, and firm survival<sup>48</sup>.

### 4.2.1 What do the data tell us about Northern Ireland SMEs?

The number of Value Added Tax (VAT) and or PAYE registered businesses operating in Northern Ireland in March 2025 is estimated to be 81,135 – an increase of 1,090 (1.4%) since March 2024<sup>49</sup>. That increase compares to an increase of 0.4% across the United Kingdom as a whole for the same period<sup>50</sup>.

All four headline industries saw an increase in the number of businesses since 2024, showing:

1. Production increased by 2.5% - 135 businesses – following on from two consecutive years of decline
2. Services increased by 1.6% - 725 businesses -
3. Construction - 11,470 businesses - the highest since 2010
4. Agriculture - 19,050 businesses - an increase of 140 from 2024<sup>51</sup>

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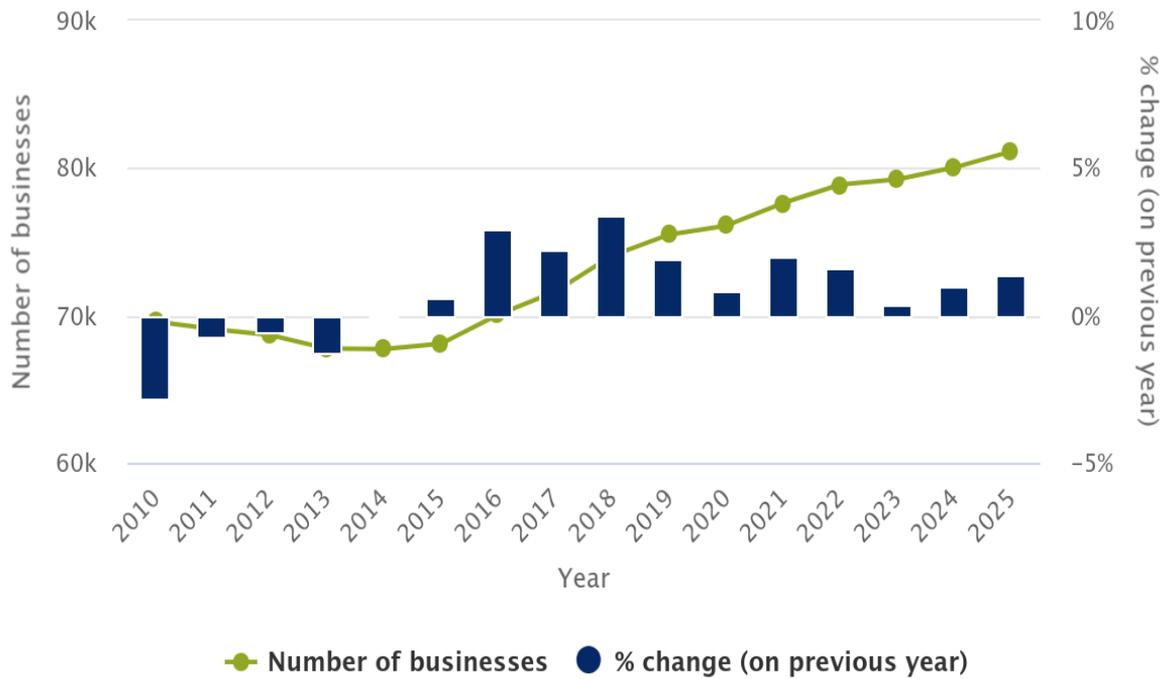
<sup>48</sup> [Report on the Chancellor's Autumn Budget Statement Joint Event – 29th January 2025](#)

<sup>49</sup> [Inter Departmental Business Register | Northern Ireland Statistics and Research Agency](#)

<sup>50</sup> [UK business; activity, size and location - Office for National Statistics](#)

<sup>51</sup> [IDBR-Publication-2025\\_0.xlsx](#)

**Figure 14: Number and annual percentage change of businesses operating in Northern Ireland, 2010 -2025**



**Source:** [Inter Departmental Business Register, NISRA 2025](#)

The private sector in Northern Ireland is dominated by SMEs, with 89.5% (72,465) of all private sector businesses having nine or fewer employees<sup>52</sup>. This compares to 81.2% of all businesses in the United Kingdom as a whole. Just 2.2% of businesses (1,750) were medium or large businesses (50 or more employees), compared to 3.3% in the United Kingdom as a whole<sup>53</sup>. Four in ten businesses in Northern Ireland (39.6% or 32,140) had a turnover of less than £100,000, whilst just 12.8% (10,415 businesses) had a turnover in excess of £1 million<sup>54</sup>.

The number of non-United Kingdom owned (VAT registered or PAYE) businesses in Northern Ireland has also increased over the last five years by 37%; increasing from 1,145 in 2020 to 1,570 in 2025. Of those businesses operating in Northern Ireland, 2.9% (2,325) were owned by an enterprise

<sup>52</sup>[https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.nisra.gov.uk%2Fsystem%2Ffiles%2Fstatistics%2F2025-06%2FIDBR-Publication-2025\\_0.xlsx&wdOrigin=BROWSELINK](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.nisra.gov.uk%2Fsystem%2Ffiles%2Fstatistics%2F2025-06%2FIDBR-Publication-2025_0.xlsx&wdOrigin=BROWSELINK)

<sup>53</sup> [BPE 2025 detailed tables.xlsx](#)

<sup>54</sup> [IDBR\\_PUBLICATION25.knit](#)

registered outside Northern Ireland. Those businesses accounted for 24% of employees. The number of non-locally owned businesses operating in Northern Ireland has increased by 45% over the 10 years since 2015. Their number of employees increased by 13% over the same period<sup>55</sup>.

Consequently, the Northern Ireland economy is more reliant on small and micro indigenous businesses than other parts of the United Kingdom, and, as such, increases to taxes, rates and/or minimum wages could have a disproportionate impact on Northern Ireland's private sector when compared to other regions.

In addition, it also is important to consider the impact of public sector employment on the Northern Ireland economy. The Northern Ireland public sector made up 27.4% of all Northern Ireland employee jobs in September 2025, while the private sector made up 72.6%<sup>2</sup>. That compares to 18.1% and 81.9% respectively for the whole of the United Kingdom<sup>56</sup>. The higher share of public sector employment can therefore provide a stabilising buffer, helping to mitigate the economic impact of increased taxes or higher minimum wages on the private sector. Empirical studies have shown that increases in public sector wages and employment in the public sector help to moderate volatility in private sector wages. Moreover, their model demonstrates that public employment acts as a counter-cyclical force, reducing fluctuations in unemployment and anchoring wage expectations over the business cycle<sup>57</sup>.

**Potential Scrutiny Point:**

Assembly Members and committees may wish to consider:

9. To what extent does the current Draft Budget proposals link to the current Executive PfG and the current DfE Economic

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<sup>55</sup> [Inter Departmental Business Register | Northern Ireland Statistics and Research Agency](#)

<sup>56</sup> [Public sector employment - Office for National Statistics](#)

<sup>57</sup> Afonso, A. and Gomes, P. (2014). "Interactions between private and public sector wages", *Journal of Macroeconomics*, 29: 97-112. Available [here](#).

Vision - in particular, to progress and realise PfG priorities that aim to address persistent regional imbalance?

## 6 Cost of Living and Household Poverty – Key Earnings and Household Income Data

This section addresses key data relating to earnings and household income in Northern Ireland, to help tease out the Northern Ireland context in relation to cost of living and household poverty. Both are relevant to Executive and Departmental decision-making in terms of policy, legislation and the budget.

It first takes a comparative look at relevant median annual earnings data contained in the most recent Annual Survey of Hours and Earnings (ASHE)<sup>58</sup> and the Earning, Hours and Employment Costs Survey (Ireland)<sup>59</sup> relating to earnings in:

- United Kingdom regions and the Republic of Ireland
- Northern Ireland District Council areas
- Major occupations.

Note, when interpreting trend data relating to average salaries in Northern Ireland, it is important to consider a number of events that have impacted such salaries over the past year, notably:

- Public sector pay settlements, including significant uplifts for teachers, nurses, and civil servants, which have contributed to upward pressure on average wages; and,
- The National Living Wage (NLW) increases to £11.44 per hour from April 2024, an increase from the previous £10.18<sup>60</sup>.

### 6.1 Median Salaries – Great Britain and Republic of Ireland

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<sup>58</sup> Data in this section refers to all employees including: male and female, part-time and full time.

<sup>59</sup> [Earnings, Hours and Employment Costs Survey - CSO - Central Statistics Office](#)

<sup>60</sup> [National Minimum Wage and National Living Wage rates - GOV.UK](#)

Table 2 below shows the 2025 median gross weekly and annual salary for all employees in Northern Ireland and Great Britain, plus salaries for those in the Republic of Ireland. As the Table shows, employees in Wales have the lowest salaries according to this measure. Although Northern Ireland experienced the largest increase in weekly earnings over the year, it is the fifth lowest earning region, with London (£958) highest and the North-East (£681) lowest. Approximately 3.4% of all jobs in Northern Ireland were classed as “low-paid” - the second highest proportion of the 12 United Kingdom regions<sup>61</sup>.

**Table 2: April 2025 Median gross weekly and annual salary (£)<sup>62</sup>**

Jurisdiction	Median Weekly Earnings, Full-time (£) 2025	Median Annual Salary (£) 2025
England	£769.5	33,142
Scotland	£775.6	32,775
Northern Ireland	£713	31,084
Wales	£719.3	30,245
<b>United Kingdom</b>	£767	39,039
<b>Republic of Ireland<sup>63</sup></b>	£860	38,542 (2024)

**Sources:** ASHE Tables (2025): [Employee earnings in Northern Ireland](#); [Nomis - Query Tool - annual survey of hours and earnings - resident analysis](#); [Employee earnings in the UK - ONS](#)

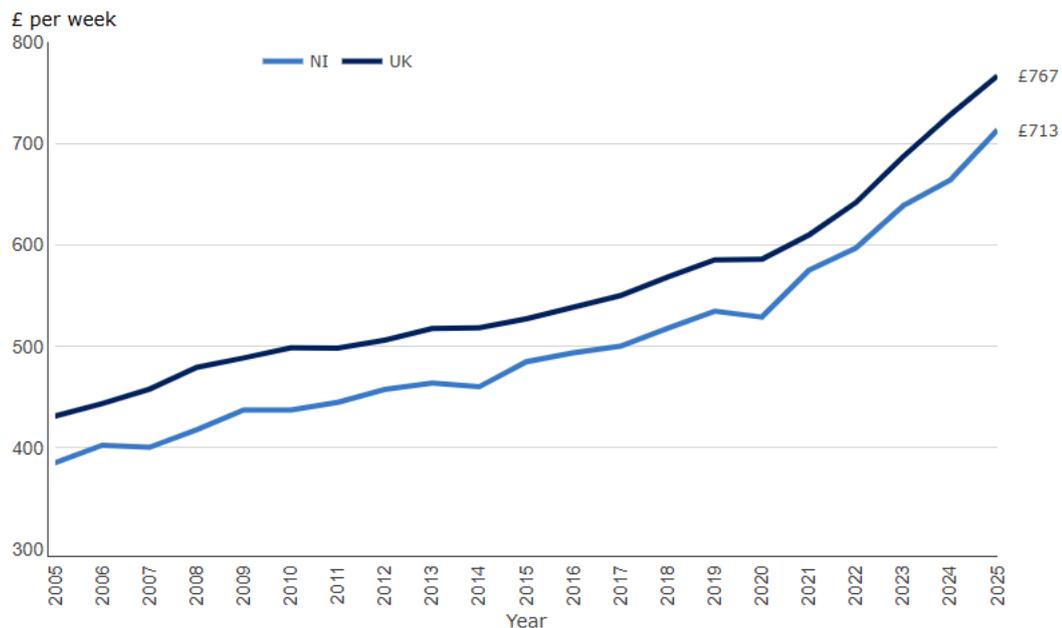
Moreover, Figure 15 below shows the median weekly earnings for United Kingdom and Northern Ireland employees.

<sup>61</sup> [Employee earnings in Northern Ireland](#)

<sup>62</sup> ONS (2025) and NISRA (2025) ASHE Surveys: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2025> And: <https://www.nisra.gov.uk/publications/ashe-tables-ods>

<sup>63</sup> [Earnings and Labour Costs - CSO - Central Statistics Office](#): exchange rate based on £1/€0.86. [Pound sterling \(GBP\)](#)

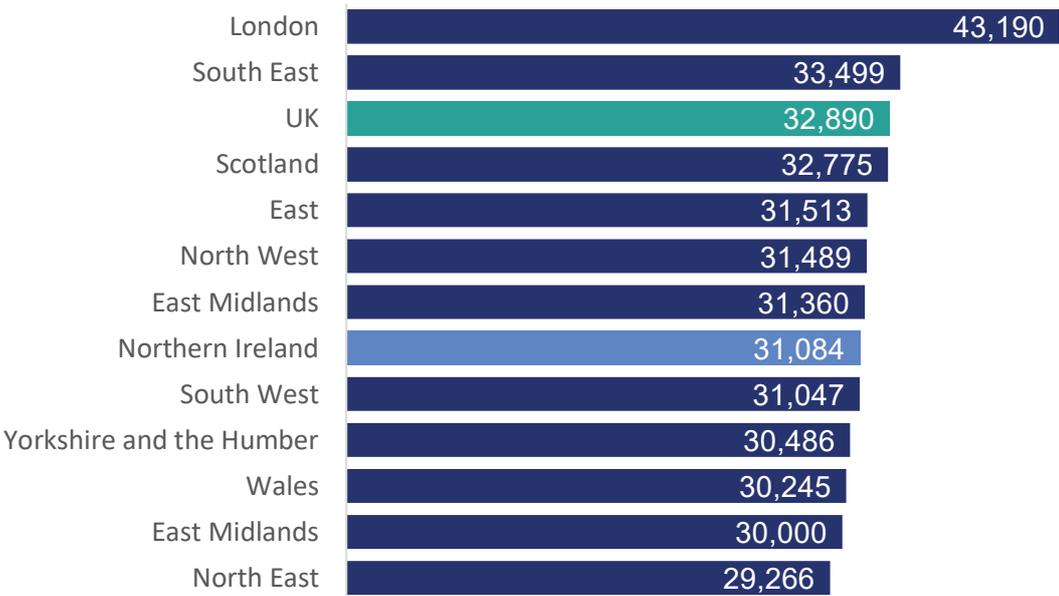
**Figure 15: Median gross weekly earnings for full-time employees, April 2005 – 2025.**



Source: [Employee earnings in the UK - ONS, 2025](#)

In terms of 2025 median gross annual salary for all employees across the regions of the United Kingdom, Figure 15 below, shows only London (£43,130) and the South-East (£33,499) have median annual salaries above the United Kingdom average (£32,890); and the North-East (of England) has the lowest (£29,266) of all regions. Northern Ireland is ranked 7<sup>th</sup> out of all 12 regions at £31,084.

**Figure 16: 2025 Median annual gross salary (£) - United Kingdom Regions**



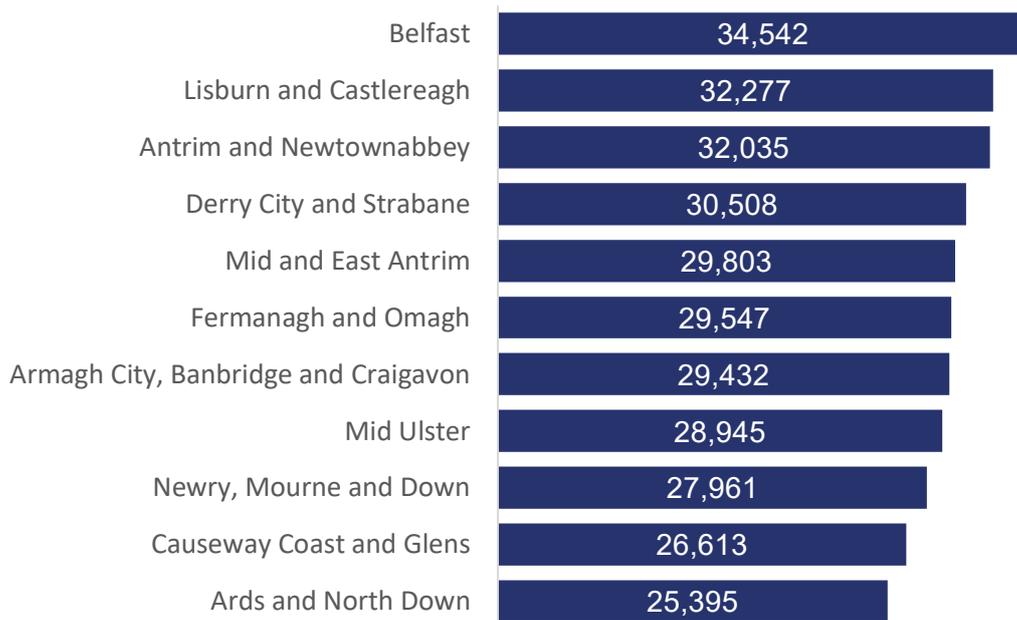
Source: [ASHE Tables \(2025\)](#)

**6.1.1 District Council Level Median Annual Salaries**

Figure 17 below shows median gross annual salaries for all employees across the Northern Ireland District Council Areas (in 2025), highlighting the highest salaries are offered in Belfast and lowest are offered Ards and North Down<sup>64</sup>. It is notable that only 3 council areas offer median salaries higher than the Northern Ireland median salary of £31,084. They are:

- Belfast
- Lisburn and Castlereagh; and
- Antim and Newtownabbey.

<sup>64</sup> Salary based on location of job not residence of employee

**Figure 17: 2025 Median gross annual salary: District Council Areas<sup>65</sup>**

**Source:** [NI geographies, by place of work and place of residence. NISRA, 2025](#)

## 6.2 Median Annual Salaries – Major Occupations

Figure 18 below presents the United Kingdom and Northern Ireland 2025 annual gross median salaries for the nine major group of occupations included in the [Standard Occupational Classification: SOC2020](#) system, as used by ONS and NISRA in the ASHE survey. It shows median annual salaries for managers, directors and senior officials in Northern Ireland are higher than the United Kingdom median salary for those occupations. The official ONS major group description of managers, directors and senior officials is as follows:<sup>66</sup>

*... This major group covers occupations whose tasks consist of planning, directing and coordinating resources to achieve the efficient functioning of organisations and businesses. Working proprietors in small businesses are included, although allocated to separate minor groups within the major group.*

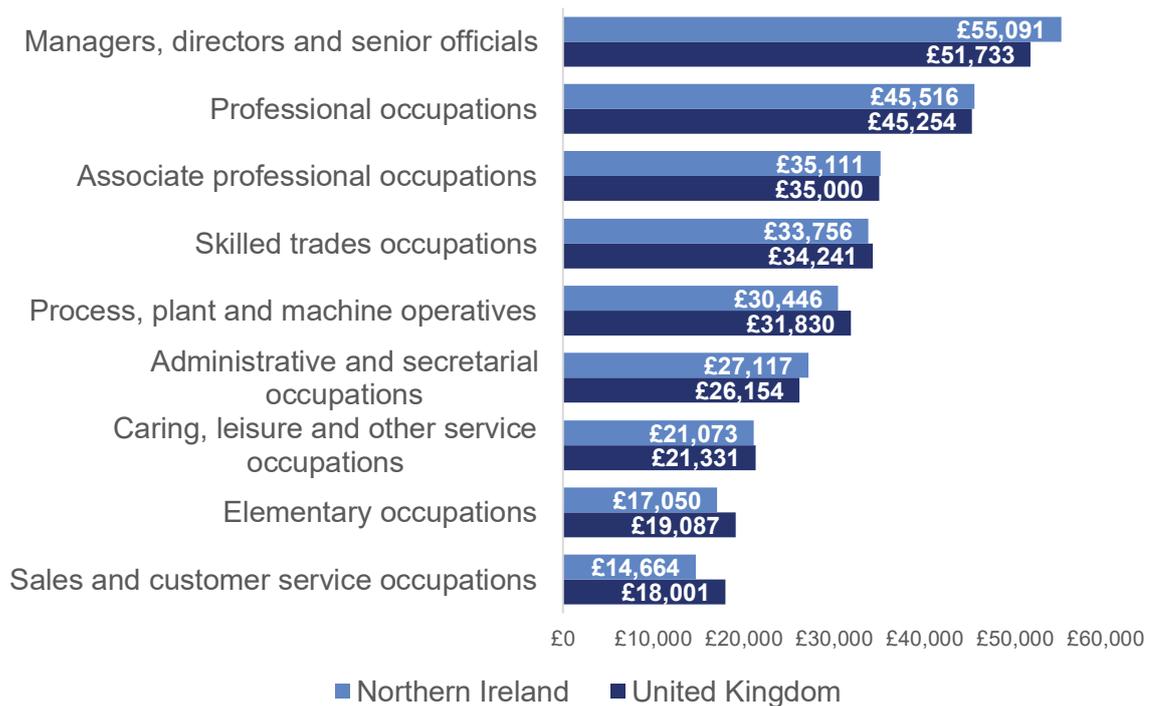
<sup>65</sup> NISRA (2025) *NI geographies, by place of work*: <https://www.nisra.gov.uk/publications/ni-geographies-place-work-and-place-residence>

<sup>66</sup> [SOC 2020 Volume 1: structure and descriptions of unit groups - Office for National Statistics](#) See related downloads on this page.

*Most occupations in this major group will require a significant amount of knowledge and experience of the production processes, administrative procedures or service requirements associated with the efficient functioning of organisations and businesses.*

Figure 18 also shows median annual salaries for professional occupations (£45,516) and administrative and secretarial occupations (£27,117) in Northern Ireland are higher than the United Kingdom median salaries for these occupations. However, the Northern Ireland median annual salary for Sales and Customer Services occupations (£14,664) is considerably below the United Kingdom figure (£18,001).

**Figure 18: Median Annual Salaries SOC 2020 Major Occupations**

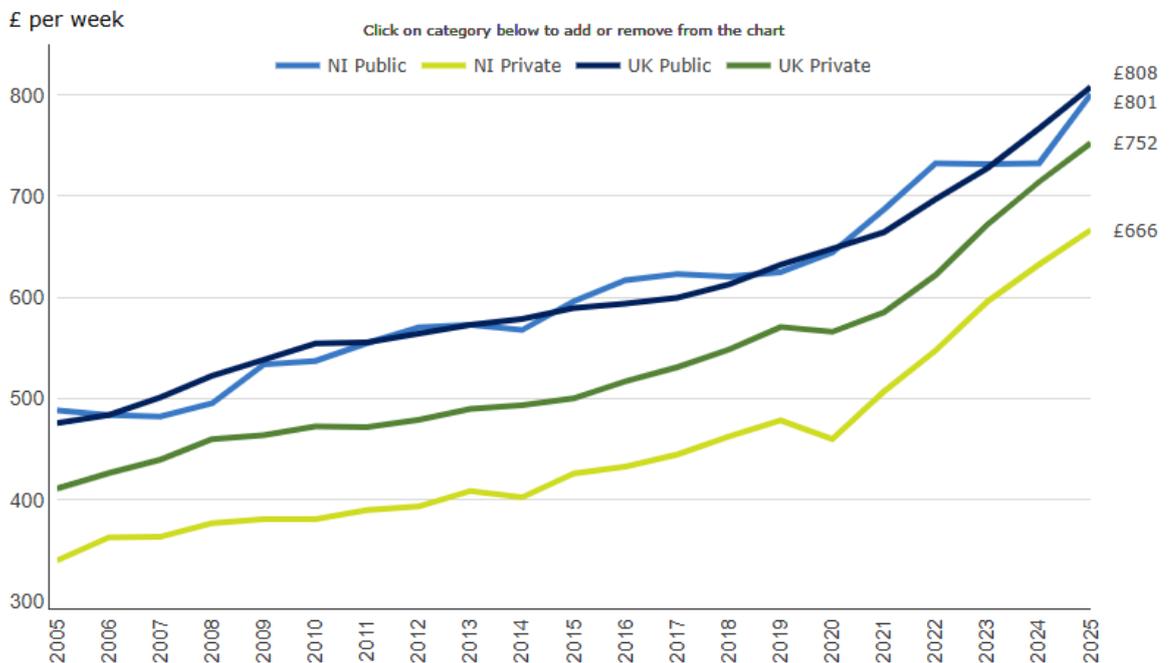


**Source:** NISRA and ONS (2025)

### 6.3 Private and public sector earnings

After two years of zero growth in pay awards for the Northern Ireland public sector, pay increased by 9.3% from 2024 to 2025; whereas private sector pay increased by 5.4%. Although private sector pay in Northern Ireland has increased by 39% since 2019, it still lags behind public sector pay<sup>67</sup>, as shown in Figure 19 below.

**Figure 19: Median gross weekly earnings for full-time employees in the public and private sector in Northern Ireland and the United Kingdom. April 2005 to April 2025**



Source: [NISRA: Employee earnings in Northern Ireland, 2025](#)

The Earnings and Labour Costs survey in the Republic of Ireland also found public sector workers were paid more than private sector workers and noted that on average public sector staff gross earnings per hour in Q3 of 2025 was €38.24, compared to €28.61 per hour for those in the private sector<sup>68</sup>.

<sup>67</sup> [Employee earnings in Northern Ireland](#)

<sup>68</sup> [Earnings and Labour Costs Q2 2025 \(Final\) Q3 2025 \(Preliminary Estimates\) - Central Statistics Office](#)

## 6.4 Household Incomes

### 6.4.1 Disposable Income

Gross Disposable Household Income (GDHI), is another important indicator of the economy, as it reflects the actual financial resources that are available to households after taxes and benefits and therefore directly influences consumption, savings and living standards. GDHI is the amount of money individuals have for spending or saving. This is money left after expenditure such as taxes associated with income and social contributions, property ownership and future provision for pension income<sup>69</sup>. The latest GDHI data published by ONS and NISRA are for 2023.

In 2023, GDHI in the United Kingdom grew by 9.5%, when compared with 2022; GDHI in England grew by 9.6%, while GDHI in Scotland, Northern Ireland and Wales grew by 9.3%, 8.5% and 7.9% respectively<sup>70</sup>, as reflected in Table 3 below.

**Table 3: Average income per person (£) after taxes and direct benefits, 2020 – 2023 (United Kingdom)**

	2020	2021	2022	2023
	£s			
<b>England</b>	21,457	22,224	23,432	25,425
<b>Northern Ireland</b>	16,971	17,807	18,903	20,403
<b>Scotland</b>	19,345	20,000	21,133	22,908
<b>Wales</b>	17,598	18,150	18,858	20,140

**Source:** [Office for National Statistics, 2025](#)

For a comparative perspective, data from the [Survey on Income and Living Conditions](#) in Republic of Ireland indicated that in 2024 the median household disposable income was €58,922 (approximately £51,506<sup>71</sup>), an increase of €3,773 (6.8%) from 2023.

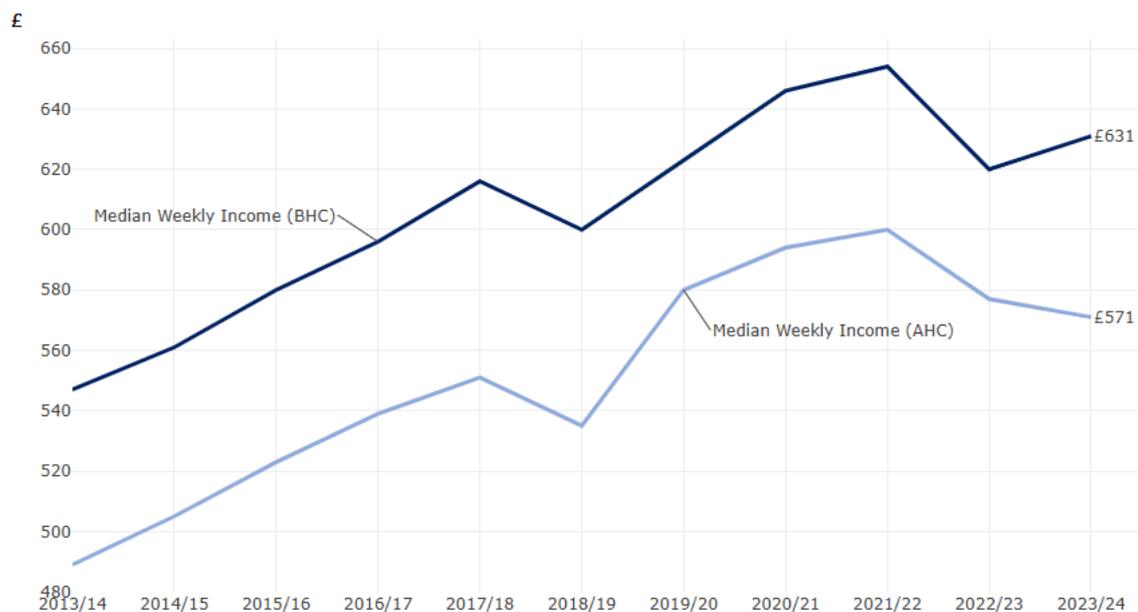
<sup>69</sup> [Gross Disposable Household Income | Northern Ireland Statistics and Research Agency](#)

<sup>70</sup> [Gross Disposable Household Income | Northern Ireland Statistics and Research Agency](#)

<sup>71</sup> At €0.87 to £1.00

Data from the 2025 Northern Ireland Equality and Poverty Report<sup>72</sup> shows that whilst median household incomes have generally been increasing each year, housing costs have also been increasing. Therefore, the median weekly income After Housing Costs (AHC), has decreased from £600 in 2020/21 to £571 in 2023/24, as shown below in Figure 20.

**Figure 20: Median Equivalised Household Net Income (£ per Week in 2023/24 Prices)**



Source: [Northern Ireland Poverty and Income Inequality Report, 2023/24](#)

#### 6.4.2 Poverty and Income Equality

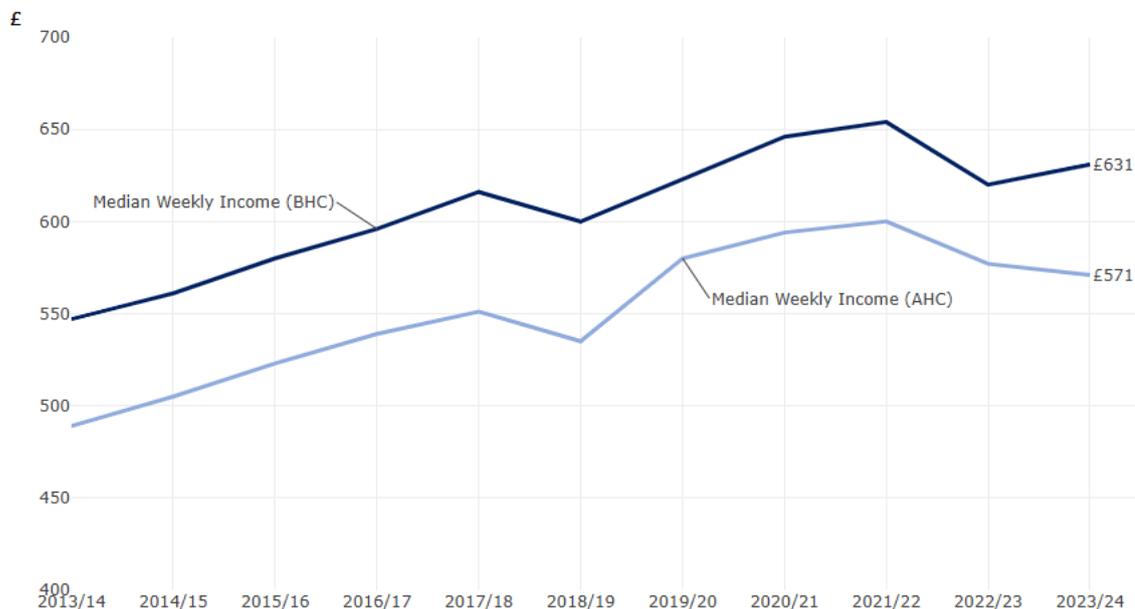
Another measure of household income is income that is available before and after housing costs. The Whitehall Department for Work and Pensions (DWP) produces data for the whole of the United Kingdom on the number of Households Below Average Income (HBAI). HBAI data are a widely used international standard of low income and equality and are a proxy for living

<sup>72</sup> [Northern Ireland Poverty and Income Inequality Report, 2023/24](#)

standards<sup>73</sup>, as used by NISRA to inform the annual Northern Ireland Poverty and Income Equality Report<sup>74</sup>.

As shown in Figure 21 below, median equalised household incomes were in decline during 2021-22. Whilst incomes before housing costs picked up slightly between 2022-23 to 2023-24 (from £620 to £631), they continued to decline after housing costs (from £577 to £571), reflecting the ongoing impact of the cost of living crisis for Northern Ireland households.

**Figure 21: Median Equalised Household Net Income (£ per Week in 2023/24 Prices)**



**Source:** [Northern Ireland Poverty and Income Inequality Report, 2023/24](#)

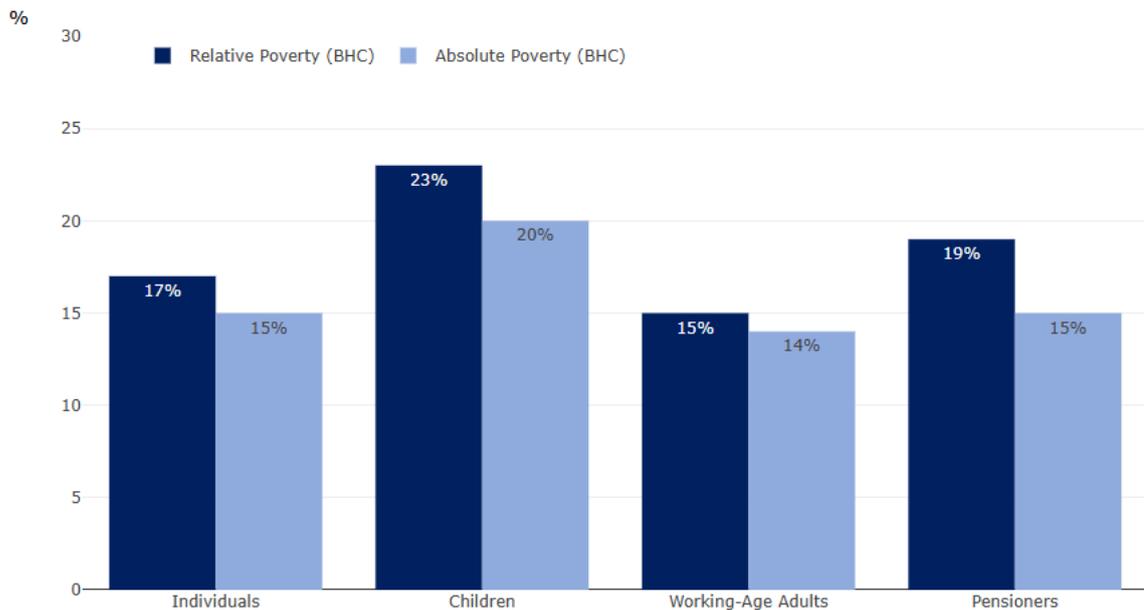
In addition, as set out in Figure 22 below, the 2025 Northern Ireland Poverty and Income Equality Report also provides statistics on the number of people living in relative and absolute poverty, before and after housing costs (BHC, and AHC)<sup>75</sup>. In 2023- 24, 17% of people in Northern Ireland were in relative poverty (BHC); this equates to 331,000 people.

<sup>73</sup> [Households Below Average Income: an analysis of the UK income distribution: FYE 1995 to FYE 2023 - GOV.UK](#)

<sup>74</sup> [Northern Ireland Poverty and Income Inequality Report, 2023/24](#)

<sup>75</sup> An individual is considered to be in relative poverty if they are living in a household with an income below 60% of UK median income in the year in question. In 2023/24 the threshold was £390 per

**Figure 22: Percentage of Individuals, Children, Working-Age Adults and Pensioners in Poverty (BHC), 2023/24**



Source: [Northern Ireland Poverty and Income Inequality Report, 2023/24](#)

### 6.4.3 Family Resource Survey

Data from the Family Resources Survey (2023-24)<sup>76</sup> show that over the last 10 years, the majority of household income (72%) comes from wages, salaries, or self-employment, with 18% coming from benefits and tax credits, and 7% from private pensions. This ranged from 81% of income from wages, salaries or self-employment in Mid-Ulster to 61% in Derry City and Strabane.

## 6.5 Consumer Prices

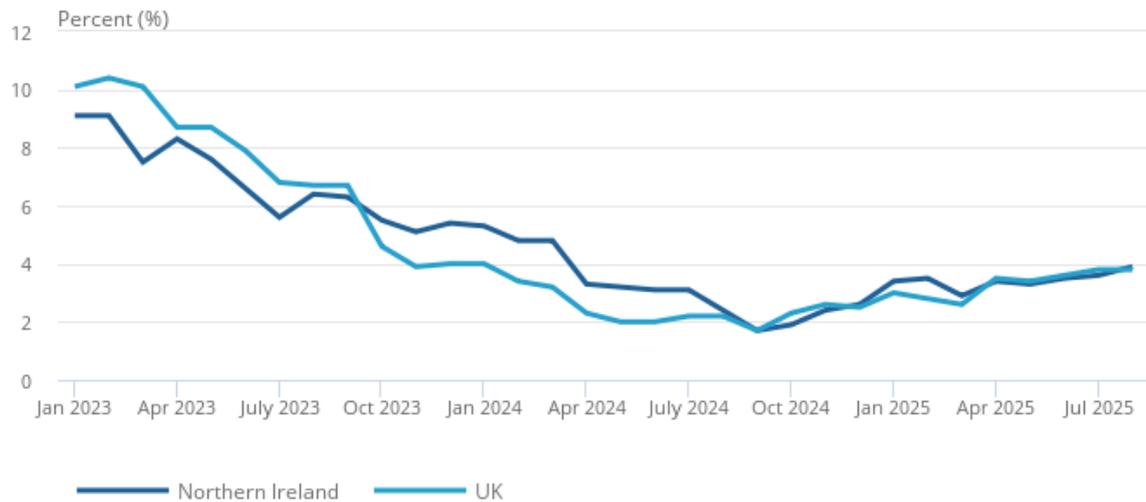
The rate of [United Kingdom annual inflation](#) peaked at 11.1% in October 2022 and was easing until September 2024, hitting a low of 1.7% after which it has largely risen, and reaching 3.8% in August 2025. Figure 23 below shows that the annual rate for the experimental Northern Ireland Consumer Prices Index was lower than the UK from January 2023 to September 2023.

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week (BHC) for a couple with no children. An individual is considered to be in absolute poverty if they are living in a household with an income below 60% of the inflation-adjusted 2010/11 UK median income. In 2023/24 the threshold was £370 per week (BHC) the threshold was £370 per week (BHC). [23% of children are living in relative poverty | Northern Ireland Statistics and Research Agency](#)

<sup>76</sup> [Family Resources Survey: Northern Ireland 2023/24](#)

**Figure 23: United Kingdom and Northern Ireland annual inflation rate January 2023 to August 2025 (Experimental data)**



**Source:** [Developing a Northern Ireland Consumer Prices Index , ONS, 2025](#)

## 6.6 Inflation

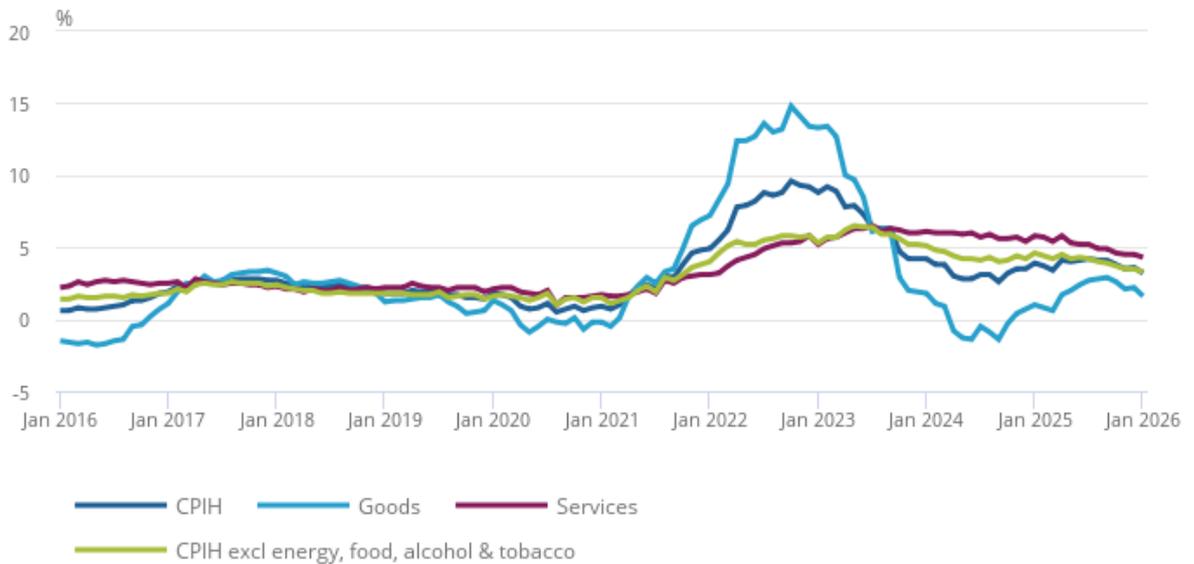
High Consumer Price Inflation (CPI) has been one of the United Kingdom (and Northern Ireland's) biggest challenges in the years following the pandemic. Geo-political instability has created sharp increases in prices during 2022 and 2023, with levelling off in 2024 and some further increases during 2025.

As set, out in Figure 24 below, the Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.2% in the 12 months to January 2026, down from 3.6% in the 12 months to December 2025. The Consumer Prices Index (CPI) also rose by 3.0% in the 12 months to January 2026, down from 3.4% in the 12 months to December 2025.

As of January 2026, the CPI rate was 3% and the core CPIH was 3.3%<sup>77</sup> slightly above the [Bank of England's target of 2%](#). As shown in Figure 23 below, this was a slight increase from January 2025 (when the CHPIH stood at 3.9%).

<sup>77</sup> [Consumer price inflation, UK - Office for National Statistics](#)

**Figure 24: UK CPIH core annual inflation, 2016 – January 2026**



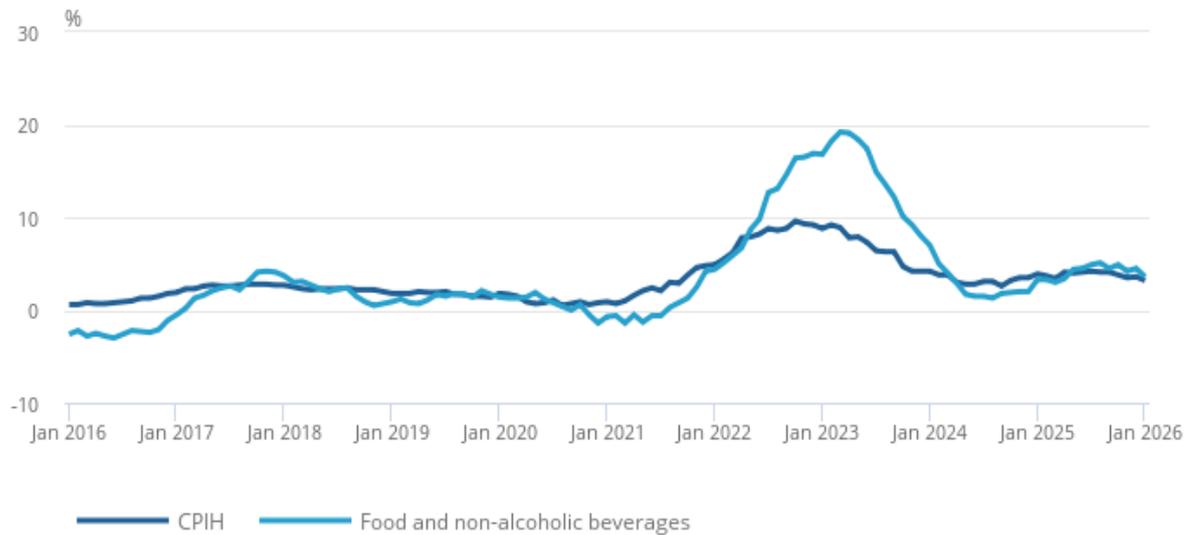
**Source:** [Consumer price inflation, ONS 2026](#)

Therefore, as shown above CPI all-services index rose by 4.4% in the 12 months to January 2026, down from 4.5% in the 12 months to December 2025.

As shown in Figure 25 below, although inflation on food and non-alcoholic beverages has reduced from its peak of 19.1% in April 2023, in January 2026 it was 3.6%, up from 3.3% in January 2025.

It is worth noting that whilst inflation is falling, that does not mean price levels are falling. In fact, they are still increasing, but at a slower rate.

**Figure 25: CPIH and food and non-alcoholic beverages 12-month inflation rates in the United Kingdom, Jan 2016 – Apr 2026**



Source: [ONS, January 2026](#), May 2024

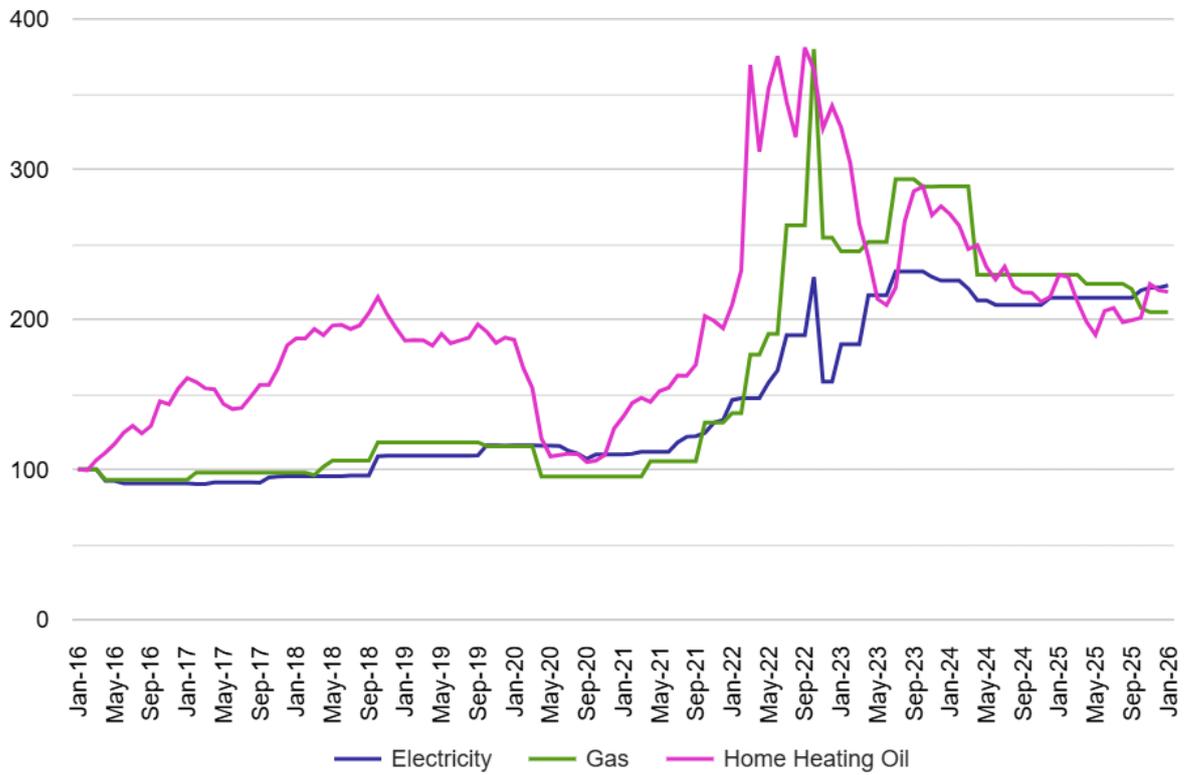
## 6.7 Energy Prices

Given the recent escalation of geopolitical instability - including the conflict in the Middle East - and the resulting rapid increases in global oil prices - it is essential to consider energy costs within the wider context of the draft Budget and household expenditure in Northern Ireland. Energy prices remain a key pressure point for both households and public services, and shifts in global markets can have immediate and disproportionate effects locally.

The Consumer Council Northern Ireland (CCNI) Composite Home Energy Index<sup>78</sup> shows changes in home energy prices over time, taking January 2016 as a base. As shown in Figure 26 below, home energy prices increased sharply in the second quarter of 2022 and whilst there was some reduction in prices by the second quarter of 2023, energy prices have remained volatile.

<sup>78</sup> [Home Energy Index | Consumer Council](#)

**Figure 26: Gas, electricity and Home Heating Oil Indices for Northern Ireland (2016-2026)**



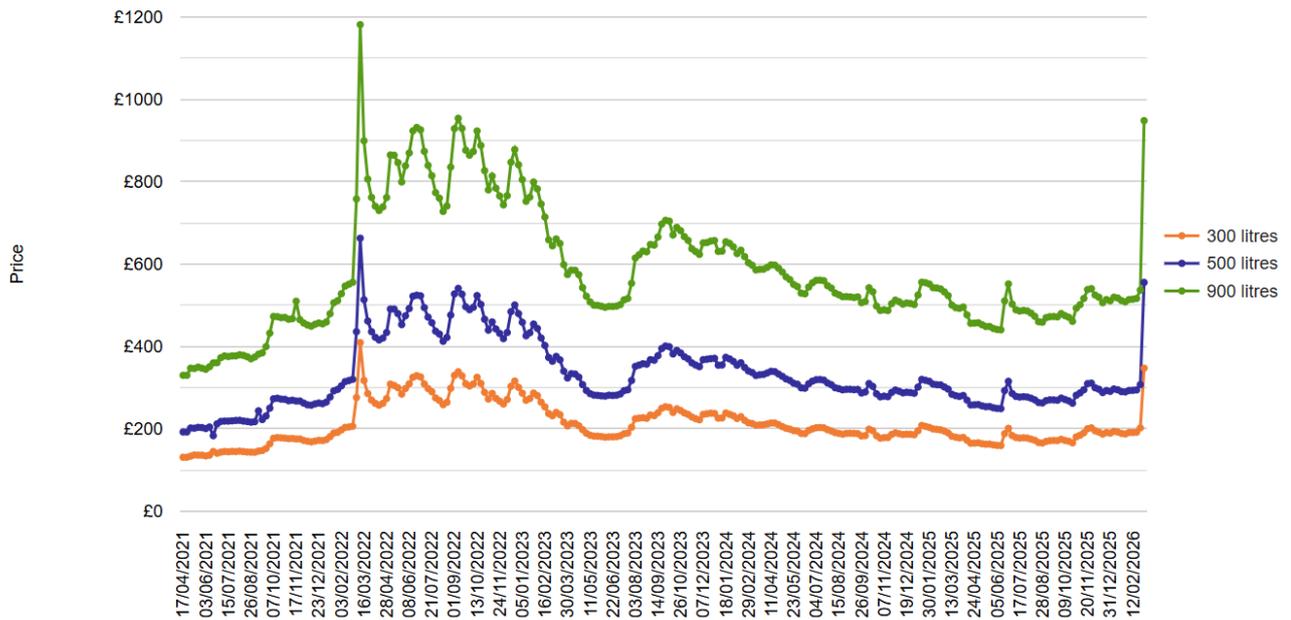
Source: [Consumer Council NI](#)

### 6.7.1 Home Heating Oil

Due to the reliance of home heating oil in Northern Ireland (approximately 62.5% of households have oil central heating)<sup>79</sup>, it is important to consider trends in oil prices alongside other energy costs. As shown in the following chart (dated 5 March 2026), 900 litres of Home Heating Oil reached £948.41. That figure compares to the all-time high of £1,181.53 in March 2022 (following the start of the war in Ukraine) and a recent low of £329.86 in April 2021.

<sup>79</sup> [Home Energy Index | Consumer Council](#)

**Figure 27: Home Heating Oil Prices for Northern Ireland (2021-2026)**



**Source:** [Home Heating Oil Price Archive | Consumer Council](#) (2026)

Data from the CCNI also indicates that the lowest-income households spend a significantly higher proportion of their income on household energy while also having the least disposable income available. For example, the “*lowest earning households spend just under half (45.1%) of their total basic spending on food and non-alcoholic beverages, housing, electricity, gas and other fuels and transport*”<sup>80</sup>. The CCNI data shows that in July to September 2025, the lowest income households had a weekly discretionary income of £51.97 compared to £721.50 for the highest earning households<sup>81</sup>. As a result, low income households are disproportionately exposed to the impact of global economic shocks, such as sharp increases in fuel prices.

### 6.7.2 Motor Fuel Prices

Motor fuel prices are also an important consideration when assessing pressures on household budgets in Northern Ireland. For many households, motor fuel is an essential and unavoidable expense, and increases at the pump have an immediate impact on day-to-day living costs. Higher fuel prices also raise

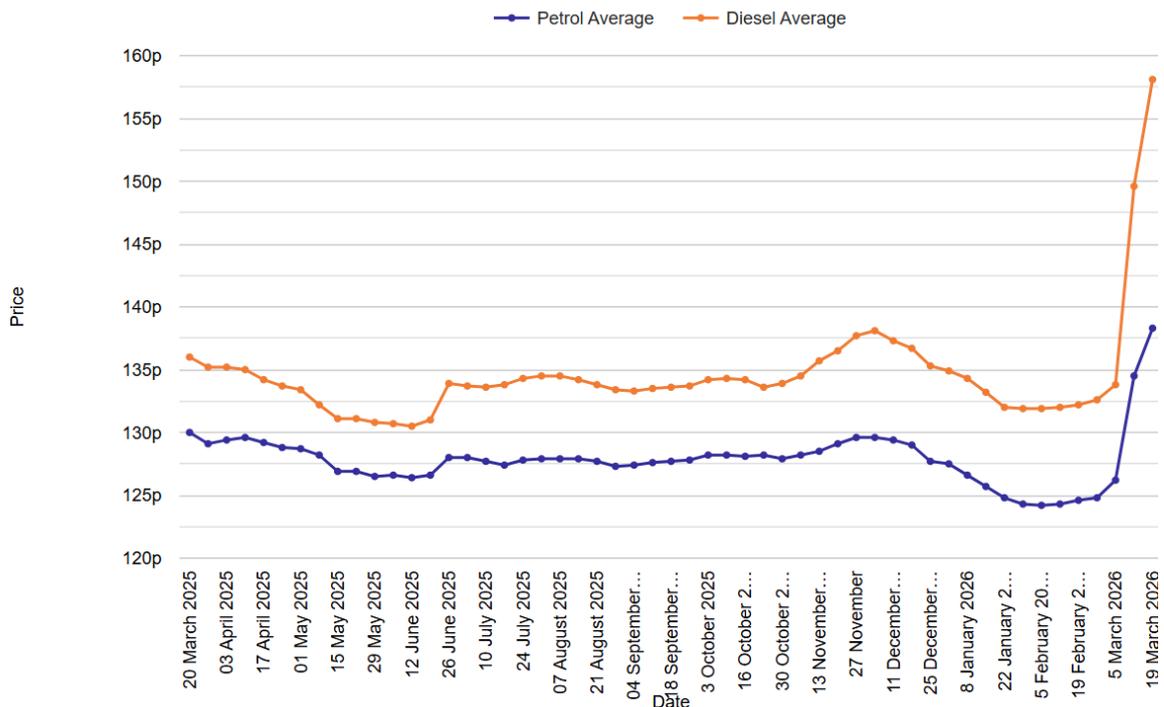
<sup>80</sup> [Household Expenditure Tracker Q3 2025.pdf](#)

<sup>81</sup> [Household Expenditure Tracker Q3 2025.pdf](#)

transport and distribution costs for businesses, which in turn feed through to the price of goods on shop shelves. As a result, rising motor fuel costs place a dual burden on households - both directly, through their own spending, and indirectly, through higher prices across the wider economy.

CCNI’s latest compiled motor fuel prices are set out in the following chart, (up to 19 March 2026). It shows that both diesel and petrol prices have increased significantly to £158.1 and £132.1 respectively, from February 2026 (of £138.3 and £124.6).

**Figure 28: Northern Ireland Motor Fuel Prices 2024 -2025**



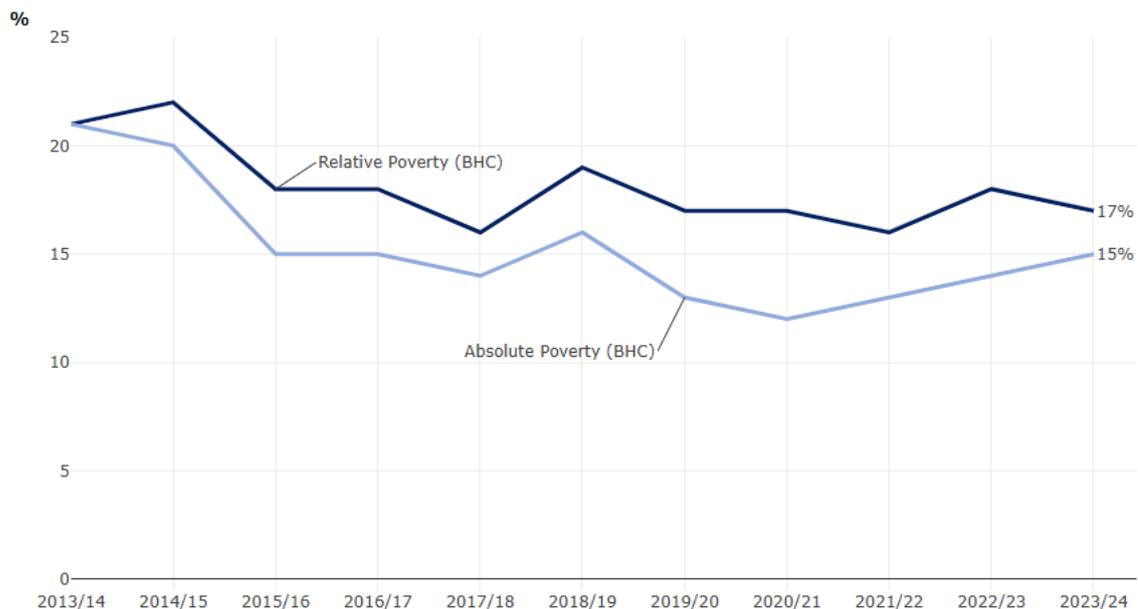
**Source:** [Fuel Price Archive | Consumer Council](#): accessed 19 March 2026.

It is also important to note the continued volatility in oil markets. Other sources have reported further increases in motor fuel prices, and by 12 March 2026 the cheapest petrol available in the Belfast area had risen to £131.9 per litre<sup>82</sup>.

## 6.8 Household Poverty

Data from the Northern Ireland Poverty and Income Equality Report (2023/24)<sup>83</sup>, indicate 17% of individuals (around 331,000 people) were in relative poverty (Before Housing Costs, BHC) in 2022/23. Around 15% (291,000 people) people were living in absolute poverty (BHC). Over the last ten years, the proportion of individuals in poverty (BHC) has fluctuated between a high of 22% in 2014/15, and lows of 16% in 2017/18 and 2021/22. Absolute poverty<sup>84</sup> (BHC), however, generally has decreased slowly from a high of 21% in 2013/14, to a low of 12% in 2020/21, before increasing slightly to the current position of 15% in 2023/24. Figure 29 below provides an overview of poverty rates since 2013/14.

**Figure 29: Percentage of individuals in relative and absolute poverty (BHC), 2013/14 – 2023/24**



**Source:** [Northern Ireland Poverty and Income Inequality Report 2023/24, NISRA, 2025](#)

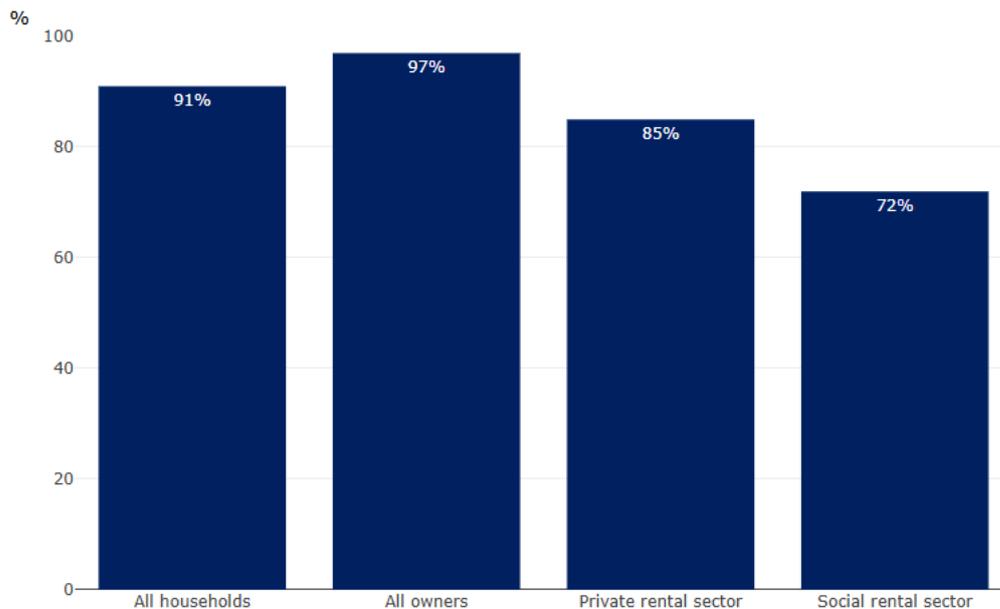
The Family Resources Survey also collects data relating to food security. Food secure households are those that have sufficient, varied food to facilitate an

<sup>83</sup> [Northern Ireland Poverty and Income Inequality Report, 2023/24](#)

<sup>84</sup> An individual is considered to be in absolute poverty if they are living in a household with an equivalised income below **60% of the (inflation adjusted) UK median income in 2010/11**. This is a measure of whether those in the lowest income households are seeing their **incomes rise in real terms**. **2023/24** the absolute poverty threshold for a couple with no children was an income of **£370 per week** (BHC). For a couple with children the threshold would be higher and for a single person (without children) the threshold would be lower (£248).

active and healthy lifestyle<sup>85</sup>. In 2023/24, 91% of Northern Ireland households were considered to be food secure, when compared to 90% across the United Kingdom as a whole<sup>86</sup>. As shown in Figure 30 below, those who lived in social housing were least likely to be food secure and homeowners (mortgaged and outright) were most likely to be food secure.

**Figure 30: Percentage of Food secure households by tenure, 2023/24**



**Source:** [Family Resources Survey: Northern Ireland 2023/24, NISRA, 2025](#)

The Equality and Poverty Report also shows that although 13% of all children in Northern Ireland lived in food insecure households, 25% of children in relative poverty and 24% of children in absolute poverty (BHC) were in food insecure households<sup>87</sup>. Those data highlight children in low-income households in Northern Ireland are much more likely to experience food insecurity than the rest of the population.

However, data from the Food Standards Agency (FSA), Food and You survey<sup>88</sup>, suggest much lower levels of food security in Northern Ireland. As shown in

<sup>85</sup> [Family Resources Survey: Northern Ireland 2023/24](#)

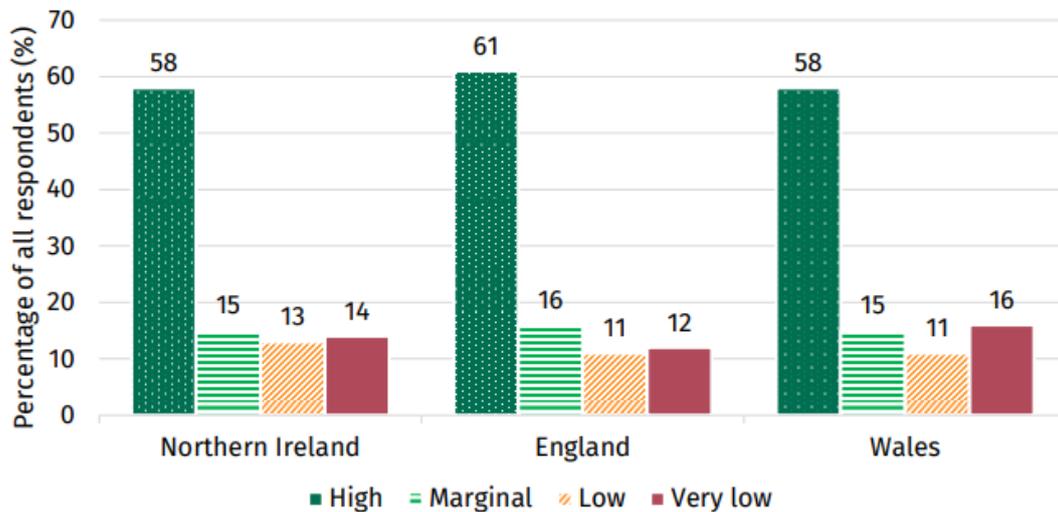
<sup>86</sup> [Family Resources Survey: Northern Ireland 2023/24](#)

<sup>87</sup> [Northern Ireland Poverty and Income Inequality Report, 2023/24](#)

<sup>88</sup> <https://www.food.gov.uk/sites/default/files/media/document/F%26Y2%20W7-8%20Northern%20Ireland%20Key%20Findings.pdf>

Figure 31 below, FSA estimated 27% of households in Northern Ireland experienced low levels of food security in 2023/24.

**Figure 31: Food security levels in Northern Ireland, England and Wales (2023/24)**



Source: [Food and You, 2024](#)

The Food and You data also suggests that 36% of households with children under 16 years reported that they were food insecure compared to 23% of households without children under 16 years. That is significantly higher than the 9% noted in the Family Resources Survey (2025). The FSA data also indicated that 4% of people in Northern Ireland had visited a food bank in the last 12 months, which is consistent with the 2025 Equality and Poverty Report that also found that 4% of individuals (74,000 people) had used a foodbank in the last months.

Moreover, a report by Pivotal, which examined the increased use in Trussell Trust foodbanks between 2022/23 and 2023/24, highlighted household incomes in Northern Ireland failed to keep up with inflation (based on CPI (Consumer Price Index)). It noted food inflation was at 19% in April 2023 and remained above 10% for most of that year. Specifically, it noted that due to the *cumulative*

*impact of very high levels of food inflation alone over the last few years means food prices are [24% higher in March 2024 than March 2022](#)<sup>89</sup>.*

For a comparative perspective, data from the Survey on Income and Living Conditions in the Republic of Ireland<sup>90</sup> suggest that in 2024 the rate of poverty was 11.7%, up from 10.6% on 2023. An individual is defined as “at risk of poverty”, if their nominal equivalised disposable income is under the at risk of poverty threshold – that is, 60% of the median nominal equivalised disposable income.

#### **Potential Scrutiny Points:**

Assembly Members and committees may wish to consider:

8. To what extent do the current Draft Budget proposals link to the Executive PfG and the Department for the Economy Economic Vision help to progress and realise PfG priorities aiming to:
- Protect the most economically vulnerable households
  - Lift households out of poverty?

## 7 Key Takeaways

The 2026 – 29/30 Draft Budget - proposed by the Finance Minister in January 2026 in a economically and financially challenging circumstances both globally and in Northern Ireland. In the last decade or so, interrupted devolution in Northern Ireland and a lack of multi-year budgets have made public spending decisions more problematic for the Executive/individual Departments. This first multi-year Budget, should one subsequently be agreed by the Executive, would be the first in a decade, despite global, geo-political uncertainties continuing to

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<sup>89</sup> [Record levels of charitable food aid: addressing Northern Ireland’s unwelcome record | Pivotal Public Policy Forum](#)

<sup>90</sup> [Key Findings Survey on Income and Living Conditions \(SILC\) 2024 - Central Statistics Office](#)

impact upon inflation and the cost of living across the world, including Great Britain and Northern Ireland.

The employment rate for those aged 16 to 64 years in Northern Ireland increased slightly (0.8%) from August to November 2025 to 72%; although that remains below the United Kingdom average of 75.1%. Whilst the unemployment rate in Northern Ireland is much lower than the rest of the United Kingdom (2.1% compared to 5.1%), the rate of economic inactivity has remained much higher than the rest of the United Kingdom, at 26.4% compared to 20.8%. The number of young people (16- 25 years) who are Not in Education, Employment or Training (NEET) also remains high, at 11.7%.

The predominance of small and micro-sized businesses in the Northern Ireland private sector creates greater vulnerability to adjustments in taxes, rates, or minimum wage regulations, when Northern Ireland is compared to other United Kingdom regions with higher concentrations of larger enterprises.

An analysis of ONS and NISRA data shows that in 2025, the median gross annual salary for all employees in Northern Ireland has increased (£31,084), salaries continue to be below the United Kingdom average (£39,039). At Northern Ireland District Council level, the highest median salaries are offered in Belfast and the lowest in Ards and North Down. In terms of occupations, the median annual salaries for professional occupations and administrative and secretarial occupations in Northern Ireland are higher than their United Kingdom counterparts.

A spike in inflation in 2022 (11.1%) created a sharp increase in the price of goods and fuel for households across the United Kingdom. Whilst it has gradually declined to 3.8% in August 2025, this is still above the Bank of England target of 2%. Meaning that many households continue to experience financial difficulties. In Northern Ireland 17% of households are classified as being in relative poverty Before Housing Costs. In addition to this, it is estimated that between 10% and 27% of individuals in Northern Ireland experienced food insecurity in 2023/24.

And the future is looking challenging, as highlighted by the Office for Budget Responsibility's<sup>91</sup> recent warning that the ongoing conflict in the Middle East could cause inflation in the United Kingdom, including Northern Ireland, to rise again; driven upward, by sharp increases in energy prices.

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<sup>91</sup> [Economic implications of further instability in the Middle East - Office for Budget Responsibility](#)