

Labour's Budget – analysis and comment from Pivotal

The Autumn Statement lays out ambitious plans to invest for the future – the Northern Ireland Executive now has to decide what it will do with this extra money. The scale of local challenges means this money needs to be spent wisely and strategically, according to analysis from Ann Watt, Director of independent think tank Pivotal.

Chancellor Rachel Reeves MP today laid out details of the Labour government's economic and social vision – which presented plans to invest in the future, repair public services and lay foundations for future economic growth.

The announcement included a significant rise in taxation – heavily funded by a 1.2 percentage point increase in employer National Insurance contributions, as well as hikes in capital gains and inheritance taxes. This came alongside major increases in spending, which the government has signalled as the end of austerity. The Budget results in an extra £1.5 billion for the Northern Ireland Executive to allocate in 2025-26. However, details of any additional funding for the current year – which includes a significant shortfall – are unclear, as extra funding for 2024-25 is not mentioned in the Treasury document.

Ann Watt, Director of Pivotal, the independent think tank focused on Northern Ireland said many people here will likely be interested in things like the increases in the national minimum wage and the freeze on fuel duty, as well as the expansion in Carers Allowance that the Executive should implement locally.

Ann, who spent many years working in the Treasury including in the preparation of several Budgets, said: “This was an important Budget, both because it was the first one from the new Labour Government – but also because of the scale of the decisions on tax and spending.

“The Budget came with major investment plans for England, both for day-to-day public services like health and education and for longer term capital spending. The nature of devolution means this will result in extra finance in Northern Ireland, via the Barnett formula. It will be for the Executive now to decide how to spend that money.

“It is imperative that the NI Executive uses this funding wisely and strategically, ensuring that people in Northern Ireland experience the same improvements in health, education and other public services, and the same

transformative investment in infrastructure and other capital projects, as is the ambition in England. Injections of new funding on this scale are rare, and the Executive must not miss the opportunities this provides.

“The extra £1.2bn for day-to-day spending and £270m for infrastructure investment in 2025-26 are not enough to address all Northern Ireland’s challenges. However, it is still a significant step-up in funding. The Executive needs to make sure it is targeted well and leads to tangible improvements for local people. Health and Social Care, schools, and special educational needs provision in particular, are all struggling badly. On capital spending, Northern Ireland’s infrastructure, especially water, housing and school buildings, are in dire need of extra investment.

“All new spending decisions should be clearly linked to the policy priorities and ambitions set out in the Programme for Government.

“Additional finance is not the only good news from this budget. The City Deals are back on the table, which can provide a boost to the local economy, including with regional balancing. Tens of millions of extra pounds are also now available for local policing and security.

“Some concerns have been raised, however. Higher employer contributions in National Insurance and the higher minimum wage could put pressure on small businesses, which remain a key part of the Northern Ireland economy, while the announced investments look set to tail off towards the end of this mandate, which might not help the Executive with the return to multi-year local budgets which is a key part of long-term investment in the economy and public services.”

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Notes to Editors

Ann is available for media interviews.

For further information or to schedule an interview, contact Ryan Miller on 07789 552 340 or ryan@millercomms.co.uk

1. Pivotal is an independent think tank launched in September 2019. Pivotal aims to help improve public policy in Northern Ireland
2. Pivotal's published reports are available [here](#)
3. Pivotal's Board of Trustees provides oversight of its work. They are David Gavaghan (Interim Chair); Richard Good; Sarah Creighton; Judith Gillespie; Jarlath Kearney; Sinéad McSweeney; Rosalind Skillen; Andrew McCormick; Seamus McAleavey; Alan Whysall
4. Pivotal's Director Ann Watt is a former senior civil servant with 25 years' experience in public policy development and delivery. Most recently Ann was Head of the Electoral Commission in Northern Ireland (2014-2019)
5. Pivotal has received funding and in-kind support from Belfast Harbour Commissioners, The Community Foundation Northern Ireland, the Department of Foreign Affairs and Trade, The Joseph Rowntree Charitable Trust, NICVA, Queen's University Belfast, Ulster University
6. For further information about Pivotal see pivotalppf.org or contact Pivotal's Director Ann Watt on 07932 043835
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