

# Northern Ireland - Challenges and Opportunities

## Sir David Sterling KCB

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*In that role he faced the challenge of delivering public services in the absence of ministers, preparing for Brexit, facilitating the resumption of devolved government in early January 2020 and dealing with the Covid-19 Pandemic.*

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The next Northern Ireland Executive (the Executive) will face many challenges. This paper examines how those challenges might be addressed, the opportunities for Northern Ireland (NI) in its relations with Great Britain, Ireland, and the European regions, and considers how best to exploit those opportunities.

### **The Executive faces a formidable set of challenges - there are immediate pressures**

The immediate challenges facing ministers when they return will be the cost-of-living crisis fuelled by surging energy prices, a slow return of global manufacturing capacity following the COVID-19 pandemic and a skills shortage. Together, these have given rise to recession in the US and near double-digit inflation.

In addition, health and social care services need urgent attention in the aftermath of COVID-19. Pre-COVID, NI had the longest waiting lists in the UK, and the problem has deepened with over 355,000 people now waiting for a first consultant-led appointment. Nearly 187,000 of them have been waiting for more than a year.<sup>1</sup>

There is an urgent need for transformation in the health service. There was welcome political consensus for the Bengoa Report in 2016, but this has not been translated into action to give effect to the necessary reconfiguration and structural reform.<sup>2</sup> Meanwhile, political friction over the *Ireland/Northern Ireland Protocol*, which led to the Assembly's and Executive's collapse in February 2022, has not diminished, and the prospects for an early agreement seem slim.

### **And there are long-standing, persistent structural problems**

There are grounds for gloom, but it should be remembered that on a wide range of measures, NI is in a much better place than it was before the *Belfast/Good Friday Agreement* (the Agreement) of 1998.

Our population may be on the increase – currently just short of 1.9 million – but we are getting older. Today there are around 27 people over 65 for every 100 people of working age. That is projected to rise to 42 people over 65 for every 100 working-age people by 2043. So before the end of this decade, there will be more people over 65 than children under 18.<sup>3</sup> This demographic change, coupled with cost inflation, is creating skills and labour shortages and placing severe strain on public services and all sectors of the economy.

### **Surviving or thriving?**

The good news is that life expectancy is increasing, and the gap between the life expectancy of men and women is decreasing, with women now expected to live until 82.6 and men 78.7 years (the gap has reduced from 6.4 years in 1980 to 3.8 years in 2019).<sup>4</sup> In addition, the personal well-being statistics in the Northern Ireland Statistics & Research Agency (NISRA) Labour Force Survey reveal that, despite many difficulties, people in NI report the highest levels of life satisfaction, worthiness and happiness in the UK.<sup>5</sup>

The bad news, however, is that there are significant inequalities in life expectancy, with people in more deprived areas living much shorter lives than the well-off. Those living in the most deprived areas also have worse outcomes than those in well-off regions with higher rates of emergency

admissions to hospital, higher rates of death due to preventable causes, higher rates of death due to respiratory diseases (for the over 75s), and higher rates of hospital admissions due to alcohol-related causes. In addition, people with disabilities, those with no qualifications, lone parents and older workers are more likely to be economically inactive or unemployed and suffer from deprivation.

We also have more people living in poor health. The gap in healthy life expectancy between those living in more affluent parts compared with the most disadvantaged areas is 13 years for men and 15 years for women.<sup>6</sup> Factors such as poverty, low-quality housing and poor diet and exercise all contribute to this problem. A long-term, cross-cutting focus on addressing these drivers of poor health outcomes is needed. Without this, there will be an ever-increasing demand for health services.

### **Significant inequality is also evident in mental health**

One in five people in NI suffers from a mood and anxiety disorder; consequently, the mood and anxiety prescription rate has increased by over a fifth since 2009. The suicide rate in the most deprived areas is three times higher than in the least deprived. The standardised prescription rate for mood and anxiety in the most deprived areas has been double that in the least deprived, and the prescription rate is 66% higher for females. It's also evident that location is a significant factor, with many disadvantaged areas seeing little change over decades.

### **Northern Ireland's education performance is improving but with mixed results**

The number of people who leave school with no qualifications has reduced from 27.7% in 1996 to 12.1% in 2020. Conversely, the number of children obtaining a degree or higher qualification increased in the same period from 9.7% to 31.6%. However, it is worth noting the contrast between the UK overall, where in 2019, some 13.6% of children in NI had no qualifications, compared with 7.9% in the whole of the UK.<sup>7</sup>

Deprivation and religious background also have an impact. For example, children who receive free school meals are much more likely to leave school without achieving at least five GCSEs at A\*-C level, with Catholic and Protestant boys faring particularly poorly than their well-off counterparts. Similar impacts are evident for higher education, where children from deprived areas are far less likely to get there in the first place and much less likely to stay the course and obtain a degree.<sup>8</sup>

A poor start in life also has long-term consequences. For example, the employment rate for people in NI with no qualifications is the lowest in the UK. By comparison, children from NI who obtain NQF level 6 (degree level) have the highest employment rate of all the UK regions.<sup>9</sup>

### **Northern Ireland is generally law-abiding; crime levels have fallen over the long-term**

The nature of crime is changing with burglary, theft, and criminal damage declining, whilst violence against the person, sexual offences, robbery and crimes involving drugs are increasing. As in many other areas, there are significant inequalities with a disproportionately high number of offenders coming from deprived backgrounds, having poor mental health and a history of drug abuse. Many deprived areas are also still subject to the coercive control of paramilitary organisations.

### **We are not immune from the climate crisis, and we have suffered high levels of biodiversity loss**

Northern Ireland will not be immune to the effects of climate change, and the environment will need to be a higher priority for the next Executive. NI currently ranks as the twelfth worst performing country for biodiversity loss out of 240 countries. According to the *2019 State of Nature Report*, we have lost more wildlife than any other part of the UK, with 11% of species at risk of extinction and 12 species added to the International Union for Conservation of Nature's (IUCN) red list since 2007.<sup>10</sup> With almost half our electricity now produced from renewable sources (mainly wind), good progress has been made in developing renewable energy. Greenhouse gas emissions in NI have decreased by 18% since 1990, compared to a 44% reduction in the UK, with agriculture, transport and the energy sectors responsible for two-thirds of our emissions.<sup>11</sup>

### **The economy is improving but with some significant structural problems**

On a range of indicators, Northern Ireland's economy has shown improvement. In June 2022, employment was 775,400, a historically high level, though not yet as high as the pre-pandemic position. The latest NI seasonally adjusted unemployment rate, March-May 2022, was estimated by the Labour Force Survey to be 2.6%, one of the lowest ever levels.<sup>12</sup> The economic inactivity rate (the proportion of people aged 16 to 64 who were not working and not seeking or available to work) is 28%, around two percentage points higher than the pre-pandemic level and one of the highest rates in the UK.

In Quarter 1 2022, NI economic output reached an almost 15-year high, returning to levels of economic output last exceeded in Quarter 2 2007. A positive contribution and increased activity in the service sector was largely responsible for the increase over the last quarter. The public and production sectors also had positive contributions in contrast with the construction sector, which had a negative contribution.<sup>13</sup>

### **Low productivity has been an enduring and intractable problem**

Northern Ireland has historically suffered from low productivity. Why is this important? As Paul Krugman famously said: *“productivity isn’t everything, but, in the long run, it is almost everything. A country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.”*<sup>14</sup>

Low productivity has bedevilled NI’s economic performance, with successive policy interventions scarcely making any real impact over time. Therefore, improving productivity will be vital to improving the prospects for growth and prosperity. The Department for the Economy recently commissioned *The Productivity Institute* to review the productivity issue in NI. Among their findings published in an insight paper in November 2021 were:

*At 82% of the UK wide level of productivity (measured as output per hour), Northern Ireland is one of the poorest performing regions for productivity within the UK. Its productivity level is 75% of the EU-average level, and only around half that of the Republic of Ireland. Even removing the effect of foreign firms still sees the Republic’s domestic sector equal the EU-average and significantly outperform Northern Ireland. Within Northern Ireland, productivity levels and growth rates are also unevenly distributed. Looking at output per job which was on average 86% of the UK (rather than the 82% in terms of output per hour), Belfast clearly stands out at more than 10% above the province’s average.*

And

*... the Northern Irish economy is still characterised by a high concentration of low productivity sectors and the presence of a large foundational economy. As a result, the demand and supply for highly skilled labour is weak. As much as 16.3% of the province’s population has no formal level of educational attainment, which is double the average for the UK. Furthermore, two thirds of Northern Ireland’s*

population has no tertiary (higher or further) education degree, which is again much higher than for the UK as a whole (51%) or the Republic of Ireland (48%). A brain drain from the region may have added to the low presence of highly skilled workers. There is evidence to suggest a managerial skills gap, which may be exacerbated by issues around culture, leadership, and ambition. Finally, both public policy, and institutions and governance, may contribute to the productivity gap. For example, the economic strategy plans have a poor track record for improving Northern Ireland's economic performance and productivity, are often underfunded and lack long-term vision and commitment.<sup>15</sup>

On 11 May 2021, the Department for the Economy launched its economic vision for the next ten years, called *A 10X Economy: Northern Ireland's Decade of Innovation*.<sup>16</sup> The concept embraces innovation to deliver a ten times better economy with benefits for all the people of NI. The stated aim is to improve productivity by focussing on innovation in areas where we have strengths, ensuring the gains from innovation mean something to all businesses, people and places in NI. The aim is to focus on five priority clusters:

1. Digital, ICT, and creative industries (e.g. cyber security).
2. Agri-tech.
3. Fintech/Financial services.
4. Advanced manufacturing and engineering.
5. Life and health sciences.

Overall, the hope is that a *Decade of Innovation* will deliver technological advancements which dramatically change how we live, work and enjoy ourselves. Crucially, it is claimed this will positively impact our economic, societal and environmental well-being while achieving a fairer distribution of opportunities for people to participate in and benefit from economic growth.

This bold ambition will need to be driven hard by ministers from across many Executive departments given the broad reach of the strategy, including, but not limited to, education, communities, infrastructure and agriculture, environment and rural affairs.

## **Missed opportunities for cross-border cooperation**

The Centre for Cross-Border Studies (CCBS) carries out regular quarterly surveys of attitudes to the current state of cross-border cooperation. The responses to the 6<sup>th</sup> Quarterly Survey indicate a deterioration in the political context for North-South and East-West cooperation.<sup>17</sup> It concluded that the current relations between the UK government and the EU do not inspire confidence in their ability to resolve issues related to implementing the *Ireland/Northern Ireland Protocol*. In turn, this further undermines the stability required for civil society organisations and local authorities on the island of Ireland to collaborate effectively.

The central themes emerging from the latest survey are concerns around the *Protocol* and how the UK government is approaching the *Northern Ireland Protocol Bill* and the European Convention of Human Rights. This creates greater uncertainty for cross-border organisations who, while generally supportive of the *Protocol* as currently implemented, are unsure what future changes will bring. Despite the intentions of the UK government, this also appears to encourage an all-island approach to managing issues and mitigating against uncertainty. The clear message from organisations operating either North-South or East-West is that the *Protocol* needs to be resolved to allow them to engage and plan their activities and relationships with more certainty than at present.

## **There are opportunities for Northern Ireland within the European regions**

The Northern Ireland Executive has three overseas offices in Washington DC, Beijing and Brussels. They are relatively small but have an excellent reputation for representing NI's overseas political, economic, cultural and tourism interests. The Brussels bureau has a significant role following the UK's departure from the EU. As the UK's role in Brussels changes and NI is the only part of the UK to remain in the single market for goods, the NI bureau must ensure that NI's interests are accurately represented.

Norway and Switzerland maintain regulatory alignment with the EU in different ways and devote considerable energy and resources through their embassies in Brussels to monitor and influence policy development in the EU institutions. Although not a separate nation-state, NI will face similar challenges as long as it remains in the single market, particularly if GB (as expected) increasingly diverges from EU standards and regulations. This will

be a major issue for the Executive and the NI bureau in Brussels. The legislative complexity and political significance of this have been analysed carefully by Lisa Claire Whitten of Queen's University Belfast.<sup>18</sup>

The Brussels bureau also provides an important link to European regions. Over 300 regions have representation in Brussels, many of which deal with challenges similar to those in NI. It, therefore, provides excellent opportunities for regional engagement on common issues, including:

- **Membership of EU/European networks**

Ongoing or continued membership of EU/European networks will bring opportunities to learn from and exchange best practices with European regions. These networks could be at the local government level, such as Eurocities, Council of European Municipalities and Regions (CEMR), and Association of Border Regions (AER). Many of these organisations are open to third countries and the non-EU Member States. NI can also participate in thematic networks in agriculture, trade and health. There are also several established networks with regional benefits that NI could join to enhance development and outward focus, particularly in research and innovation. These include:

- the European Regions Research and Innovation Network (ERRIN)
- the Conference of Peripheral Maritime Regions (CPMR); and
- the Vanguard initiative (which focuses on building sustainable and robust European partnerships through, for example, smart specialisation).

- **Promotion of the region**

Participation in the annual *European Week of Regions and Cities*, a collaborative event where consortia of regions showcase examples of projects on a similar theme. In 2022 NI is partnering with Friuli Venezia Giulia, Carinthia, Saarland, Val d'Aosta and Pomorskie on a workshop entitled *Youth Beyond Borders: How to Overcome Obstacles*.

- **Bilateral arrangements with specific regions**

Many UK regions are forging relationships with specific cities and regions across Europe; this might be something for NI to pursue.<sup>19</sup> Also, Manchester City Council has signed an MoU with

North Rhine-Westphalia to collaborate on thematic areas, while the Welsh Government has a new exchange programme for young people (Taith) to replace Erasmus.<sup>20</sup>

- **Closer thematic cooperation**

These can be economical or cultural, for example, co-hosting cultural events with a common theme, including a recent fundraising concert with representation from North Rhine-Westphalia to the European Union, or working together to develop closer links in crucial policy areas. For example, the Brussels bureau has been leading engagement with the Flanders region to identify areas that are priorities in both regions, bringing together policy leads.

- **Council of Europe – Congress of Local and Regional Authorities of Europe (CLRAE)**

Continued engagement in CLRAE. Established in 1994 as the voice of Europe's regions and municipalities in the Council of Europe, CLRAE has two chambers: the Chamber of Local Authorities and the Chamber of Regions. The body provides a forum to allow local and regional elected representatives from over 200,000 authorities to participate in the European government effectively. Mr Stewart Dickson MLA is the NI Assembly's current member on CLRAE.

- **Enhanced/Ongoing cross-border cooperation**

The new PEACE PLUS programme for NI/Ireland provides opportunities to build on the cross-border cooperation that has been ongoing for over 20 years. The programme offers funding in various themes – research, innovation, environment, transport and social regeneration.

- **Seeking participation as a third country in EU funding programmes**

There would be many opportunities if NI sought to participate in EU funding programmes, such as Interreg transnational programmes. This would require NI (separately from the rest of the UK) to seek to become a third country partner – for example, in the Northern Periphery and Arctic Programme – which in the past only NI and parts of Scotland (in the UK) were partners. NI could, in theory, 'pay their own way' to be in this programme and seek participation in other INTERREG transnational programmes such as Atlantic Area and North West Europe. Participation in these programmes would allow for funding and collaboration with a range of European regions on

smart, green and digital transitions, as well as tourism and promoting cultural heritage.

- **Show leadership and innovation**

Northern Ireland has a strong tradition of innovation and success. Working with the regions allows NI to build partnerships and shows how a small area or region can punch above its weight. Two good examples are in film and television productions (for example, *Game of Thrones* and *Derry Girls*) and life sciences. Regions that have successfully exploited these opportunities and NI could learn from are Flanders and Hessen.

Hence the NI bureau in Brussels will be crucial to ensure NI policy-makers, businesses, educational institutions and civil society organisations keep informed of EU policy development that may affect NI directly or indirectly. The bureau will also be the hub that helps maintain and strengthen relations with counterparts in other regions in Europe and with the EU's institutions. That role will be most effective if it is adequately supported and encouraged at the political level.

Using the NI bureau, stakeholders in Northern Ireland will not only be able to continue learning what other regions are doing to address similar challenges and share what they are doing in NI but also to identify opportunities for collaboration. Without this, there is a real risk Northern Ireland will not be as effective as Scotland or Wales or, indeed, the devolved regions of England.

The same general principles apply to our relations with GB and Ireland. NI must avoid becoming isolated and insular while GB looks increasingly outwards. Collaboration on a North-South and East-West basis will be essential in facing common challenges such as climate change or exploiting potential opportunities such as advances in digital technology that have enabled, for example, increased adoption of remote or hybrid working. Additionally, and although challenging, NI collaboration with the other devolved administrations will continue to be important as the UK develops its common frameworks. The next Executive must ensure that those frameworks support economic development in NI, particularly given its specific and different context due to the *Protocol*.

### **Addressing the diversity of challenges**

The *10X Economic Strategy* is a good example of an individual minister taking

the initiative to address some pressing problems facing NI. However, it will be interesting to see if the strategy remains intact when the Executive is eventually formed and whether a minister from a different party should take the economy portfolio.

Experience shows that, whatever the strategic intent, real change only occurs when there is a concerted effort by the whole Executive team to develop and deliver policy and strategy designed to address the challenges holistically. Collaborative and cross-departmental cooperation will tackle deep-rooted problems of economic inactivity, educational under-achievement and health inequalities. All those involved in delivering services, as well as arms-length bodies and third-sector partners, must be engaged. For that reason alone, there is an urgent need to re-establish the Northern Ireland Assembly and form an Executive.

Self-evidently this will require a resolution of the impasse between the UK government and the EU over the *Protocol*, and this will take time. As a first step, the Conservative Party will need to complete its process for appointing a new leader and Prime Minister. At the time of writing, the members of the Conservative Party are due to choose from two candidates by 5 September. There appears little substantive difference between the two candidates. However, in her role as Foreign Secretary, Liz Truss was the architect of the *NI Protocol Bill* and is seen as more likely to take a firmer line with the EU than Rishi Sunak. However, what the victor will do when in office and confronted with the full implications of enacting provisions within the Bill remains to be seen.

Sir Jeffrey Donaldson, the leader of the Democratic Unionist Party (DUP), recently said the Bill would need to make ‘clear progress’ in Parliament before he would contemplate a return to Stormont. Meanwhile, the clock is ticking down towards 28 October, when all ministers (currently in post as caretakers) will cease to hold office if, by this date, a First Minister and deputy First Minister are not appointed. This is per Section 16 of the recently amended *Northern Ireland Act (1998)*, after which the Secretary of State for Northern Ireland will be obliged to call another election within 12 weeks. Nevertheless, after the 2017 Assembly election, the UK parliament repeatedly passed legislation delaying a further election whilst multi-party talks on re-establishing the Executive continued.

Meanwhile, the European Commission has launched four new infringement procedures against the UK for not complying with significant rules governing

trading arrangements for NI. The UK has two months to respond to a request sent by the commission to the UK to comply with the *Protocol*, after which the commission may take measures, including taking the UK to the Court of Justice of the European Union.

With the two leadership contenders competing on who will be toughest with the EU, it looks doubtful that the UK government and the EU will have found an accommodation before 28 October. Thus, the prospects for an early formation of the Executive look slim, and the only thing we can be certain of at this time is further uncertainty.

The reality is essentially the same as it has been since 2017 when Prime Minister Theresa May made clear the UK was to leave the customs union and the single market. The consequent Brexit trilemma (where it is possible to fulfil any two but not all three of the following conditions) has been unavoidable and intractable:

- Leave the EU single market and customs union.
- Avoid checks and controls on goods between Ireland and Northern Ireland.
- Avoid checks and controls on goods between Great Britain and Northern Ireland.

As my former NI Civil Service colleague, Dr Andrew McCormick (and others), have pointed out,<sup>21</sup> Brexit created a dilemma which was not foreseen, or perhaps foreseeable, in 1998 and which can only be resolved by a process that respects the principles of negotiation that applied in the 1990s. The EU argued that a similar spirit of compromise applied to the long process from the referendum in 2016 to the Withdrawal Agreement of October 2019. The Withdrawal Agreement entailed significant concessions on both sides: the UK proposing and accepting regulatory alignment for NI with all its consequences, and the EU accepting that part of its external boundary would be enforced by a non-member state.

It is not surprising that the EU emphasises that the UK had exercised its right to choose what form Brexit would take and was in no doubt about the consequences of its choices – hence their argument that the *Protocol* cannot be renegotiated. But a real engagement is needed, founded on the inclusive principles expressed in the *1998 Agreement*.

There is a critical need to put the interests of NI first in a way that reflects the fact that any application of Brexit disturbs the delicate balance of the *1998 Agreement* and seeks out a way to minimise that disturbance. That means respecting all the points of view in NI and the principles governing the UK and EU.

The Northern Ireland Business Brexit Working Group (NIBBWG) was formed in December 2019 in response to the passage of the *Withdrawal Agreement Bill* to highlight the concerns of over 85% of NI businesses it represents.<sup>22</sup> Since then, it has made representations to the UK government, the NI Executive, the EU and the Irish Government. It has also produced research and analysis on the needs and concerns of the business community about leaving the EU.

The NIBBWG submitted written evidence to the House of Lords European Affairs Sub-Committee on the *Protocol* on 7 June 2022.<sup>23</sup> This paper provided evidence of the impact of the *Protocol*. It considered what further effects would occur following the end of the grace periods and set out what NI business requires in practical terms and concludes with five specific asks:

*An SPS landing zone that brings together workable trusted trader arrangements with a bespoke veterinary agreement and a wider mechanism to manage divergence for all goods, to protect access to choice and affordability for the NI consumer in particular*

*A radical reduction in customs bureaucracy for goods not at risk of entering the EU single market, regardless of sector.*

*Meaningful representation with embedded Northern Ireland civic representation, and expert panel support, as a participant in the appropriate governance structures in relation to laws and policies impacting on trade.*

*Formal review mechanisms, including periodic monitoring of the operation of the “at risk” test, economic impact assessments on regulatory challenges, and any mitigations and/or compensations needed to support and protect NI trade.*

*An unlocked competitive advantage that truly delivers on the unique dual market access to both the GB and EU markets.*

It is rather significant that such a broad-based group of businesses have formed a consensus around these proposals. Their message would carry additional weight if all the main political parties in NI could come together and add their support. Such a strong consensus would be difficult for the UK government, the Irish government and the EU to ignore.

Repudiating the constitutional concerns that many unionists and loyalists have genuinely expressed would be extremely difficult. However, based on the current trajectory of UK government/EU relations, the most likely alternative is an indeterminate period of increasing entrenchment with a real risk of some form of a trade war. Again, from my own experience, I see little prospect of the EU making significant concessions in response to the implicit threat of the *Protocol* legislation being enacted (and likewise, with any application of Article 16).

Furthermore, the preoccupation with the negative aspects of the *Protocol* has meant that inadequate attention has been given to exploiting the potential benefits to NI having dual access to the 450 million customers in the EU single market for goods, alongside continued, unfettered access to the UK market. It is worth noting that this considerable benefit would be at grave risk should the *Protocol* be 'ditched' as some have called for – and it wouldn't be available at all in a United Ireland.

There is a feasible landing zone for agreement within the NIBBWG proposals coupled with some form of red and green (or express) lanes proposed by Dr McCormick and others and now reflected in the NI Protocol Bill. However, any solution will require negotiation and compromise. As with the *1998 Agreement*, success will need leaders who show courage and can look beyond the short-term and sectional interests. This point has been summed up expertly in the recent House of Lords review of the operation of the *Protocol*:

*It is a matter of deep regret that, in the intervening twelve months, so little progress has been made towards achieving these aims. If anything, the situation has deteriorated still further. We therefore urge the UK and the EU, together with the political parties in Northern Ireland, Northern Ireland stakeholders and the Irish Government, to make a renewed commitment to work together to prioritise Northern Ireland's interests, participate together in constructive engagement, rebuild trust, and engage in effective relationship-building.*

*In the words of one of our witnesses, those who negotiated the Belfast/Good Friday Agreement “were able to do so because of their ability to appreciate the perspectives of others and willingness to work together and take risks to achieve a common goal despite historic differences. Such a courageous approach is needed now”.*<sup>24</sup>

Political progress will be elusive without this.

### **Northern Ireland badly needs a Programme for Government underpinned by a multi-year budget**

Resolving the *Protocol* impasse will be necessary but may not be a sufficient condition to form an effective Executive. There are other complex political issues to resolve beyond the scope of this paper. However, a quick resolution is essential for the good of public services and the people of NI, especially as the past 20 years have shown no credible alternative exists to the model of government, with all its imperfections, enshrined in the *1998 Agreement*.

The challenges outlined earlier in this paper will be quite an in-tray for the new First and deputy First Ministers when they return. Therefore, an early priority for the next Executive must be developing a Programme for Government (PfG) which addresses these many problems.

Governments need a clear statement of what they plan to do to improve their citizens’ lives. In the NI context, however, this is vital as the Executive usually comprises up to five political parties with very separate ideologies and priorities. Conversely, the next Executive may have, at most, four parties as the SDLP no longer qualify for a ministerial portfolio. It remains to be seen whether any other parties will join them in opposition.

Whatever the composition of the next Executive, the process of parties coming together to thrash out a common agenda is, based on experience, a useful and necessary step in finding and agreeing on common ground. The process is further enhanced if there is widespread engagement, co-design and co-production in the development of the PfG involving stakeholders across the community.

The last PfG agreed upon by an Executive was in March 2012. It covered the period from 2011 to 2015 and was published alongside economic and investment strategies. There was a measure of co-production in developing these linked strategies; however, ministers recognised there was scope for enhancement of this process. In 2014, they asked the Organisation for

Economic Cooperation and Development (OECD) to complete an assessment of the Executive's public reform agenda. The OECD published its report in 2016 and made multiple recommendations, including implementing a multi-year, outcomes-based PfG.

Developing an outcomes-based PfG requires the Executive to clearly understand the things that matter most to people and to know their aspirations. There was an intensive engagement period across civil society before and after the Executive's draft PfG was published in May 2016.<sup>25</sup> The draft PfG published in October 2016<sup>26</sup> retained the outcomes-based approach, which at its core, requires policy-makers and delivery organisations to ask three fundamental questions about the interventions they propose to make:

1. How much did we do?
2. How well did we do it?
3. Is anyone better off?

One month after the consultation closed on the draft PfG in January 2017, the Executive fell, and the Assembly no longer fully functioned, during a political hiatus lasting for three years. During this time, the NICS maintained the outcomes-based accountability (OBA) approach by publishing an Outcomes Delivery Plan (ODP) in 2018 and 2019,<sup>27</sup> which reflected the PfG at the point of the Executive's collapse. The NICS also published progress reports against the ODP.

In the *New Decade, New Approach* agreement of January 2020,<sup>28</sup> the parties agreed to a two-stage approach: first, developing a PfG that would continue to use OBA, and second, agreeing on a Priorities Plan of actions for the remainder of the 2019/20 financial year. The draft PfG framework contained nine strategic outcomes which, taken together, will set a clear direction of travel and provide a vision for the future of all citizens. The Executive wants this to focus on the things that matter most to people (health, happiness and life satisfaction) and uses that focus to design, shape and deliver public services that will achieve the best possible societal well-being.

The COVID-19 pandemic and Executive response delayed the development of the PfG, with a draft PfG framework only launched for consultation on 25 January 2021.<sup>29</sup> It seems unlikely that any response to this consultation will be published before the Executive is restored.

The OECD also recognised the importance of the Executive having multi-year budgets which underpin the multi-year PfGs. However, this has not happened for some time - the last multi-year budget agreed upon by an Executive was in 2011, partly because the Treasury has produced several one-year budgets in the run-up to the Chancellor's Autumn 2021 Spending Review (SR21). This has set multi-year spending limits for NI up to 2024-25.

The NI Finance Minister published a draft 2022-2025 budget on 13 December 2021 based on the SR21 outcome.<sup>30</sup> Incredibly, this had not been approved by the full Executive, though it was agreed it could go to consultation. Since the Executive and Assembly's collapse in February 2022, the whole PfG and budget processes have been in abeyance.

We know from the experience of the 2017-2020 period that political instability leads to paralysis in policy making and blunts the effective delivery of public services, especially where cross-cutting and collaborative action is needed. Moreover, the economic and social consequences will make it harder to deliver the fairer, healthier and more sustainable society the people of NI long for.

### **What needs to be done? Some concluding thoughts**

We need political stability in Northern Ireland to tackle our many deep-rooted socio-economic problems. The current impasse over the *Ireland/Northern Ireland Protocol* needs immediate attention at the governmental level. There are high levels of dissatisfaction, frustration and cynicism with politicians and government in NI.<sup>31</sup> While there seems no immediate threat of a return to the dark days of the past, our history shows the dangers that lurk when there is a political vacuum. Politics must be seen to work.

Borrowing the language of the House of Lords Committee: the UK and the EU, together with the political parties in NI and the Irish Government, urgently need to work together to prioritise NI's interests, participate together in constructive engagement, rebuild trust, and engage in effective relationship-building. This happened in the run-up to the *1998 Agreement* – it needs to happen again.

A new Executive must urgently agree on a PfG based on an outcomes-based accountability approach. There must be meaningful engagement with all community sectors in NI on holistic, long-term planning. There must be effective accountability, with policies and plans regularly reviewed through

an inclusive process and adjusted as circumstances change. A multi-year budget must underpin the PfG, allocating resources to priorities and developed in tandem with the PfG as a holistic process.

There are many obstacles to this: the PfG is probably the most critical element of the operation of the institutions agreed upon in 1998, but it is deeply challenging, as it depends on compromise, and hence a willingness on behalf of all parties to explain to their grassroots that some key policies, projects or interests are not proceeding. The initial step needed is to overcome the existential issues that were, or are, the reasons for disengagement, that requires the UK and Irish governments' brokerage as in January 2020 and many before.

In pursuit of the PfG outcomes, the new Executive must avoid the temptation to centralise and adopt the principle of subsidiarity, devolving power and responsibility to where it can be most effectively discharged. That will need a re-set of the relationship between central and local government and between government (central and local) and the business and third sectors with a greater sense of mutual respect, trust and collaboration as an underpinning principle.

The new Executive needs to look outward and learn from best practices elsewhere. We may think we are unique, but others have tackled similar problems to ours, and there are valuable lessons to be learned and adopted. Cooperation North-South, East-West, with the European regions and internationally will be more important than ever. Civil society is keen and willing to help and has ideas and experience that must be recognised and respected. But the most critical requirement now is for political leaders to come forward, show courage and vision and work together in the best interests of all the people of Northern Ireland.

## Endnotes

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