

Pivotal comments on Budget: small-scale measures to help households

Today's UK Budget sees the Government offer some extra support to households amid the rising cost of living, an above-inflation rise in the national minimum wage, and a commitment to future increases in defence spending. Meanwhile the Northern Ireland Executive will have to decide whether to mirror GB commitments to cut rates for High Street businesses, build more housing and invest in energy infrastructure. Overshadowing all of this is the urgent need for the Executive to agree its own budget for 2026-27, according to independent think tank Pivotal.

Headline announcements that will apply in Northern Ireland include extension of the current 5p fuel duty cut, suspension of import tariffs on some household staples (including the 4% tariff on kerosene), and the new Pension Tax Allowance which means those with income up to the value of the full state pension do not pay tax.

In recognition of high energy costs, there will be a £100 payment for most households in GB, together with an end to gas 'standing charges' and an extension of the VAT cut on electricity bills. **It will be for the NI Executive to decide whether and how to deliver similar energy cost support in Northern Ireland.**

Announcements were made in a number of devolved policy areas, meaning these changes will not necessarily apply in Northern Ireland. It will be up to the Executive whether it implements similar changes. These include extension of rates reliefs for some high street businesses, more funding for social and affordable housing, and long-term investment in energy infrastructure.

Decisions about welfare spending are postponed until the upcoming publication of the Milburn Review on young people not in education, employment or training, and the Timms Review on Personal Independence Payment (PIP). A White Paper on welfare is expected next year.

Increases in defence spending have also been delayed until next year's Spending Review. The Chancellor said that the Defence Investment Plan will be fully funded and announced closer working with the private sector. This may result in some new opportunities for Northern Ireland firms in the defence sector.

Specific investments in Northern Ireland include £7.5 million of new funding for Queen's University Belfast's CSIT Cyber AI Hub and £1 million new funding for a Northern Ireland Investment Summit.

The stark context for his budget is underlined by the Office of Budget Responsibility's lower than expected growth forecasts for the economy over the next two years, and its projection of essentially stagnant real earnings due to inflation and higher taxes. With continuing global instability and these domestic forecasts, the government's own breathing space within its fiscal rules remains extremely tight.

Ann Watt, Director of the independent think tank Pivotal said, "This Budget offers some limited new support to households facing rising costs. While the changes are individually small-scale, the Government is hoping to make a difference through practical adjustments it thinks will make day to day life cheaper and simpler.

"Ultimately, the tight fiscal position means that it is far from a giveaway budget. Having raised taxes significantly in the last two budgets and given the combined constraint of low economic growth and the fiscal rules, the Chancellor was left without much room for manoeuvre.

"People in Northern Ireland will benefit from the higher national minimum wage, the continued cut to fuel duty, and the new Pension Tax Allowance. The Executive will have the responsibility of deciding whether and how it offers similar support with household energy costs as announced today for Great Britain.

"It will be up to the Executive to choose whether to mirror changes made in Westminster in devolved policy areas. Local businesses facing rising employment and energy costs will certainly be keen to see additional support coming their way – and will be concerned by another increase in the minimum wage – while there is also a lot of local support for investment in social and affordable housing.

"This Budget was lower key in terms of the amounts of new funding announced, so there is only an extra £270 million coming to Northern Ireland via the Barnett formula over three years. This includes an extra £131 million resource DEL in 2026-27.

"This is a small addition compared to the £1.6 billion shortfall the Executive says it faces this year alone but when combined with the extra funding

already offered in the UK Government's funding deal it might help push negotiations towards a conclusion.

“Regardless, Northern Ireland continues to face a broad range of challenges and even with some extra funding difficult decisions will need to be made about where to invest.

“It remains essential that the Northern Ireland Executive agrees its own Budget for 2026-27 as soon as possible. Today's announcement should act as a catalyst for both sides to bring a conclusion to the ongoing negotiations, not least to clarify the position about pay awards for NI's public sector staff this year.

“Pivotal continues to recommend that the Executive should agree a sustainable plan for how it will manage its finances in the coming years, to include taking on difficult but necessary decisions about efficiency savings, public service transformation, the size of the public sector and revenue raising.”

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Notes to Editors

Ann Watt is available for media interviews including pre-recordings. To arrange this, or for any other queries, 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 (Chair); Sarah Creighton; Judith Gillespie; Barry Byrne; 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, the Joseph Rowntree Reform Trust, NICVA, Queen's University Belfast, Ulster University
6. For further information about Pivotal see <https://www.pivotalpolicy.org/> or contact Pivotal's Director Ann Watt on 07932 043835
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