

EXECUTIVE SUMMARY

Investment in Places series

Framing a place-based investment strategy for Fermanagh & Omagh

EXECUTIVE SUMMARY

Authors:

Marianne Sensier

Joel Hoskins

Michael Francis

Kate Penney

Abhi Sharma

Philip McCann

Date:

February 2026

The Productivity Institute

Productivity Insights Paper No. 074

Summary

Regional inequalities in productivity and living standards across the UK are stark and have been increasing over time. We argue that a broad-based investment strategy across different types of “capital” is required in order to help to lift places out of low productivity traps and create better and lasting outcomes for their communities and businesses.

In this executive report, we present an overview of our results from the Investment in Productive Places study for Fermanagh and Omagh District Council (FODC) in Northern Ireland. The Fermanagh and Omagh district is primarily rural, located in the west of Northern Ireland. The district is the largest in land mass terms of the 11 council areas in Northern Ireland but the smallest in population terms. The district has limited physical infrastructure, is more dependent on primary and secondary industry, and has a business base mainly comprising of sole traders and micro-businesses. It shares a significant land border with the Republic of Ireland (and EU) which supports export trade.

In the main report, we present a mixed methods approach with key data on FODC, for various types of capital. Our qualitative analysis investigates how key stakeholders in Fermanagh and Omagh are thinking about their investment strategies with regard to the capitals, including a base-line survey, stakeholder workshop and semi-structured interviews.

In the quantitative part, we present an experimental data tool and include indicator variables representing various type of capital to be deployed, including physical, social, financial, human and natural capital for Northern Ireland’s Local Government Districts. When comparing the productivity levels and growth rates, we find that FODC outperforms the Northern Ireland average. Looking at the drivers of productivity, we find that export intensity in FODC is well above the average Northern Ireland level, with benefits from bordering the Republic of Ireland. FODC ranks in the UK top 15% of local authorities on social capital reflecting the strong community support network in the district. In terms of the other capitals, physical and natural capital rank in the top 60% of UK local authorities, while human capital ranks in the bottom 20% and financial capital ranks in the bottom 10%.

From our stakeholder analysis we find three key challenges for FODC namely: 1) weak infrastructure; 2) hidden poverty and economic inactivity; 3) low business dynamism in SMEs. Building on the key strengths of the local economy with a policy focus on confronting these challenges will help to develop an enduring investment strategy to benefit all.

An overview of our recommendations is provided in the table on the next page. We provide recommendations on targeting investments across a number of areas and make suggestions on how to act in the short, medium and long term to raise productivity and increase the district’s economic and social resilience.

Fermanagh and Omagh Capitals in Practice. Key to action: short term (within the next year); medium term (1-5 yrs); long-term (5-10yrs)

The recommendations cut across a number of different areas and need investment simultaneously to improve productivity.

Barriers to Productivity	What needs to be transformed	Recommendations	Capitals
Common purpose Political instability and the legacy of the region's history have created challenges in developing a cohesive narrative to attract investment, with divisions and changing government priorities hindering progress on key infrastructure and skills issues.	<ul style="list-style-type: none"> Resolve challenges of collaboration and partnership resulting from limited resources, rural context, and historical legacies. Overcome the limitations of the small scale of the Northern Ireland economy to raise the impact of actions. 	Short-term: Develop an investment proposition for the district. A cohesive narrative is needed emphasising the strong social and natural capital. Medium-term: A unified story of place and future direction will help share the narrative for long-term investment.	Social Human Institutional Natural
Economic outcomes <ul style="list-style-type: none"> Infrastructure is weak, including water & sewerage, transport and land access. Restricted public transport access is limiting life chances. Challenging and competitive funding environment. Digital connectivity levels – whilst improving – remain below the NI average. Access to finance for businesses limits business growth/scaling. 	<ul style="list-style-type: none"> Increase public transport access, into and within of the area. Articulate and quantify the needs and priorities of the local area and rebalance regional funding priorities. Improve digital connectivity across the district. 	Short-term: Lobby for improved public transport provision aligned with community needs, including access to employment, training opportunities and services. Encourage more cross-border co-operation and collaboration (for example, the Peace Plus and the Shared Island initiative). Medium-term: Pursue the Mid South West Economic Engine growth deal proposals. Encourage innovation investment to increase future jobs and better connectivity. Support green industries and renewables with progress to Net Zero. Attract high quality capital investment, particularly in infrastructure. Secure industrial land for business growth. Long-term: Support businesses to form partnerships with regional universities and the South West	Physical Human Intangible Financial Institutional Natural

		College to support and drive innovation and research collaborations, particularly in tradeable sectors.	
Well-being outcomes <ul style="list-style-type: none"> • Child poverty higher than Northern Ireland median. • Lower disposable incomes. • High levels of emissions in the district. • Underutilised natural capital. 	<ul style="list-style-type: none"> • Increase collaboration between groups. • Focus on developing innovative higher-wage jobs. • Utilise natural assets in an environmentally appropriate manner. • Transform tourism from consumer tourism towards regenerative tourism (where the aim is to leave an area in a better place than you found it). 	Short-term: Continue to advocate for investment in childcare provision through the introduction and delivery of the NI Early Learning and Childcare Strategy. Support the implementation of FODC's Pathways out of Poverty strategy, examine available and emerging data sources to inform decisions. Medium-term: Work with industry and other partners to develop and deliver low-carbon solutions. Recognise the strength of the natural assets and its suitability for regenerative tourism working with communities and link up people with opportunities across district. Long-term: FODC could share real-life business stories to inspire others and inform policy.	Social Human Financial Natural
Better welfare outcomes <ul style="list-style-type: none"> • Economic inactivity is a problem, particularly in female participation in the labour market. • District has a lower skills profile, with a high share of population with no qualifications. • Reduced access to services vis-a-vis other parts of NI. • Ageing population and workforce. 	<ul style="list-style-type: none"> • Improve the capacity of the local area to respond to business needs, support and engagement. • Address regional skills gap. • Increase the attractiveness of the district for young working age people. 	Short-term: Support female entrepreneur/ network programmes and increase childcare places. Provide apprenticeships in emerging industries and work in partnership with local businesses to support young people within the district offering better quality jobs (ongoing action). Medium-term: Improve life-time training offer. Long-term: Consider the role of social enterprise and the community and voluntary sector to support inclusive economic growth and community wellbeing.	Human Social Intangible

Overview

To lift places up in terms of better living standards, higher productivity is required from all resources invested in at the local level. Investments need to work together to create better outcomes. A broad-based investment strategy at a local level is therefore important. It especially requires a focus on measuring, tracking, monitoring and evaluating the creation of “capitals” at a local level and improve our understanding on how those capitals are connected.

This study assesses the six capitals set out by the former UK Government’s White Paper on Levelling Up from the Department of Levelling Up Housing and Communities (DLUHC, 2022). The capitals relate to the drivers of productivity (as set out by TPI’s Productivity Lab, see Garcia et al, 2024) and the present UK Government’s missions (HM Government, 2024). See Table 1 in the main report.

The DLUHC (2022) white paper included six capitals which were human, financial, social, physical, intangible and institutional capital, to which we add “natural” capital (the investment which supports environmental conservation, access to green space and contribute to net-zero targets by reducing CO₂ emissions). These capitals must be used as productively as possible, given the scarcity of resources and the urgent need to improve outcomes and reduce regional inequalities.

In the accompanying main report, we present our findings from the Investment in Productive Places Campaign (IPPC) in the Fermanagh and Omagh District Council¹ (FODC) area in Northern Ireland. The aim is to describe how a joined-up strategy for investment can help productivity to increase in places that have the potential to grow and fully leverage investment opportunities.

To better understand how some of the most abstract and hard-to-measure elements of the capitals’ framework are applied in practice, we use a mixed methods approach combining data analysis with qualitative insights. In addition to gaining insights into how the capitals are viewed across a range of stakeholders, we also at in the interdependencies between the capitals. Our approach aligns with the community capitals framework which has been applied in the US by also Losada-Rojas et al. (2024). They find that to build community resilience there is a need to increase active partnerships among education, non-profits, community foundations, businesses and government institutions.

Labour Productivity

Figure 1 compares the productivity levels versus the growth rate for Northern Ireland (NI) Local Government District areas². The chart’s axes are set at the Northern Ireland productivity level and growth rate between 2008 to 2022. The chart shows a four-type taxonomy to describe how the sub-region is progressing compared to the averages for Northern Ireland.

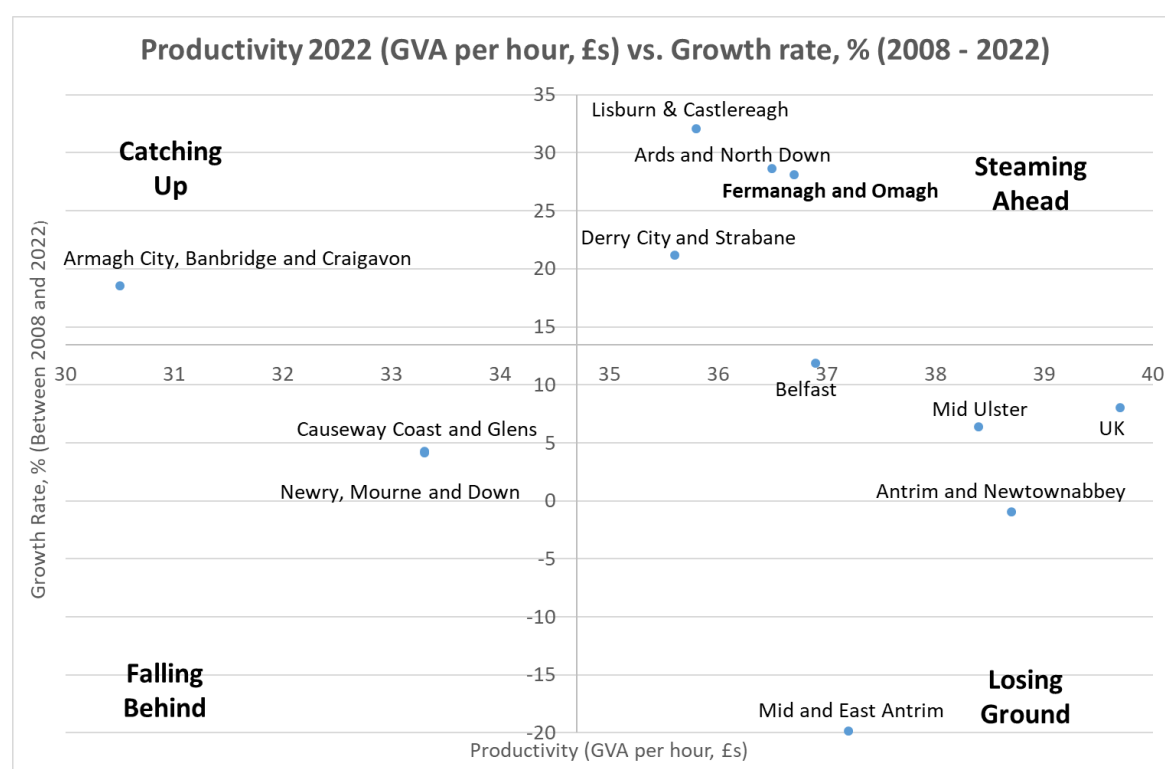
¹ See The Productivity Institute’s Investment in Productive Places Campaign web-site: <https://www.productivity.ac.uk/research/projects/investment-in-places/>.

² Please note that the ONS (2025c) have stated there are measurement issues with the Labour Force survey used in the productivity data (particularly at the lower levels of geography). This volatility in the ONS Labour Force survey is due to the low response rates during and since the COVID-19 pandemic. ONS also notes a reweighting of this series with 2021 Census population estimates, for more information on these issues see ONS (2025a).

Figure 1 shows Fermanagh and Omagh’s level of productivity (GVA per hour worked) at £36.70, which is above the Northern Ireland level of £34.70. Moreover, productivity improved by 28% between 2008 and 2022 (measured as the increases in GVA per hour adjusted for inflation), which was well above the 13.4% growth rate for Northern Ireland. This places FODC in the “steaming ahead” quadrant of the figure.

Within the Mid South West (MSW), of which FODC is part, Mid Ulster is in the “losing ground” quadrant with productivity at £38.40, above the NI level, but slower growth than NI at 6.4% between 2008-2022. The other MSW district, Armagh City, Banbridge and Craigavon has a lower productivity level than NI at £30.50 but faster growth at 18.5%, putting it in the “catching up” quadrant.

Figure 1: Northern Ireland Productivity Levels (n £) vs. Growth Rates (in real terms) (2008-2022)



Source: ONS (2024a), Table A3 for productivity levels and Table A5 for the growth rate calculation.

Productivity Metrics and Drivers

Table 1 presents economic variables and drivers of productivity for Fermanagh and Omagh compared to Northern Ireland. These are based on the TPI’s Productivity Lab scorecards (Garcia et al, 2024), examining four regional productivity drivers: business performance, skills and training, health and well-being, and investment and infrastructure. The table presents the levels and changes over the short, medium and long-term where the underlying data is available.

Table 1: Scorecard for Drivers of Productivity, Fermanagh and Omagh's and Northern Ireland (between brackets)

Fermanagh and Omagh (NI)		Growth Rates (% , annual average)		
Economy	2022 Level	Short term (2021-2022)	Medium term (2017-2022)	Long term (2008-2022)
UK Productivity (GVA/hour)	39.7	0.1	0.7	0.6
Productivity, GVA/ hour (£)	36.7 (34.7)	-2.1 (-2.7)	2.6 (1.4)	2.2 (0.9)
Productivity, GVA/ filled job (£)	53,181.8 (55,364.4)	-1.2 (0.1)	3.0 (1.0)	1.7 (0.9)
GDP per capita (£)	26,414 (29,674)	1.7 (2.7)	1.2 (0.7)	1.0 (0.6)
GDHI per head (£)	18,127 (18,685)	-1.4 (-1.9)	0.5 (0.1)	0.6 (0.3)
Gross median weekly pay (£)	442.4 (499.2)	-3.4 (-1.5)	1.1 (1.1)	- (0.3)
Drivers of productivity				
Businesses Performance				
Export Intensity (%)	38.8 (25.3)	39.5 (24.3)	-	-
Rate of New Business (%)	7.6 (8.3)	-15 (-19.2)	-6.6 (-4.8)	-
Skills & employment				
High skilled (% RQF4+)	35 (38.8)	-13.6 (-7.8)	3.3 (3.9)	3.4 (3.3)
No Qualifications (%)	14.6 (13.6)	0.7 (14.3)	-0.2 (-3.4)	-3.7 (-3.6)
Employment Rate (%)	73.3 (71.9)	1.7 (2.4)	1.7 (0.8)	1.1 (0.8)
Health & wellbeing				
Activity Rate (%)	74.8 (73.7)	-0.1 (0.96)	1.5 (0.4)	1 (0.4)
Inactive due to illness (%)	45.6 (35.4)	19.3 (15)		
Working Age (%)	58.1 (61.2)	-1.5 (0.1)		
Investment, Infrastructure & Connectivity				
4G connected (%)	48.8 (71.6)	14.1 (8.5)		
Fibre connected (%)	71.2 (83.6)	98.3 (20.5)		
GFCF per job (£), 2020	10,287 (10,845)			
ICT per job (£), 2020	267 (277)			
Intangibles per job (£), 2020	1430 (2239)			

Note: Figures between brackets are the average for Northern Ireland.

Source: See Garcia et al (2024) Methods and Sources document. See Watson and Ortega-Argilés (2025) for the 2025 update.

While Fermanagh and Omagh has performed relatively well on productivity on a per-hour-worked-basis, the downside of that is that the district has experienced a relatively slow recovery in hours worked since the 2008 financial crisis.³ On other economic measures, such

³ For further details see Section 2 in the main report

as productivity on a per-filled-job basis⁴, Gross Domestic Product (GDP) per capita and Gross Disposable Household Income (GDHI) per head, Fermanagh and Omagh has lower levels in 2022 than the Northern Ireland average.

In terms of business performance, export intensity is an important productivity driver as firms competing in international markets tend to increase their productivity through process efficiencies, other innovations, and cost reductions. Export intensity for Fermanagh and Omagh is relatively high at 38% (share of exports to GDP) in 2022.⁵ This is mainly due to the large amount of good's exports (£1,068 million compared to £132 million export of services) with 73% of exports going to the EU in 2022. Fermanagh and Omagh's export intensity in 2021 was 27.8%, so the increase has been especially strong in 2022.

Entrepreneurship, firm dynamics and firm creation are other important drivers of regional productivity and local prosperity (Garcia et al., 2024). The rate of new businesses in FODC was below the 8.3% average for Northern Ireland in 2022. Business births have been falling over time, with a bigger decline over the medium term.

Measures in skills and employment include the share of the population with high-level skills (Regulated Qualification Framework 4, equivalent of degree level, and above that can help drive productivity) and those with no qualifications. The share of high-level skills at 35% of the working population (aged 16-64 years) in Fermanagh and Omagh in 2022 is below the NI average level of 38.8%. Although this share has fallen over the last year, in the medium and long-term it has been increasing which will be helping productivity. The share of the working population with no qualifications is high in Fermanagh and Omagh at 14.6%. This is discussed further in the human capital section of the main report, with a large agricultural sector affecting this result. The employment rate in Fermanagh and Omagh is 73.2% in 2022 above the rate for Northern Ireland at 71.9%, this has been increasing over time.

Health and wellbeing indicators include the activity rate and the share of the population that is inactive due to illness. The activity rates are calculated as those that are active in the labour market (either employed or unemployed) as a share of the working age population (aged 16-64). The UK has seen an increase in inactivity following the pandemic. Fermanagh and Omagh has a higher activity rate at 74.8% compared to the Northern Ireland average of 73.7%. In the short-term it has fallen slightly but over the longer term the active share of the working population has increased, which has contributed to productivity. The working age population (i.e. those aged 16-64) is 58.1% of the population in Fermanagh and Omagh, compared to 61.2% in Northern Ireland. This has been falling over time as the population ages. The share of the inactive population in Fermanagh and Omagh who are inactive due to ill health is high

⁴ The ONS (2024b) state that output per hour is the preferred measure of labour productivity as it accounts for differences in working patterns. The ONS (2023) first released output per hour for Northern Ireland Councils in June 2023. The ONS notes that Northern Ireland hours data are calculated using the Annual Survey of Hours and Earnings (ASHE) survey. Earlier ONS sub-regional productivity releases only reported output per job for councils. ONS (2024b) state that a "job" refers to a specific position of employment, which could be full-time or part-time. If a single worker holds multiple jobs, each of those positions is counted separately.

⁵ Garcia et al. (2024) calculate export intensity by adding the nominal values of trade in good's exports and trade in service's exports and then dividing by nominal GDP (source: ONS, 2025b).

at 45.6% compared to 35.4% in Northern Ireland, this has also increased over the year by nearly 20%.

Table 2: Fermanagh and Omagh's Capital Variables Summary Findings

Capital	Summary
Physical	Physical capital flow (investment in buildings, equipment and machinery) has been falling but there has been an increase in private sector investment (up to 2020) in Fermanagh and Omagh. Housing affordability is close to the Northern Ireland ratio of 6x salary to house prices. The transport infrastructure of the area relies on A roads with no train line.
Intangible	Intangibles investment has increased over time in FODC. Investment in intangibles can help increase productivity over the longer-term.
Social	Relative child poverty is just above the NI median and this is a concern to FODC. Communities generally have strong bonding social capital reflected in the high levels of well-being survey scores.
Institutional	The stability of NI Executive is crucial for FODC's success, along with joining up long-term policy across the key institutions (councils, Invest NI, NI Audit Office, NISRA and ONS). Multi-year budgets are needed along with reform of public service delivery to help build trust with communities.
Financial	The business profile of the district includes a few large companies and then many small businesses and sole owners. The rate of new businesses and high growth businesses are lower than the NI median. The high share of firm's export intensity in the district will be instrumental in driving growth.
Human	There is lower educational attainment in FODC, in terms of mid and high-level skills. Also, larger share of those with low qualifications but this is due to the large agricultural sector in this rural region. Lower share of women active in the labour market, but professional and manager roles have higher shares of women.
Natural	FODC has many natural assets including the Fermanagh Lakelands, Marble Arch caves (UNESCO site) & Sperrin's Area of Outstanding Natural Beauty. Our experimental data tool for natural capital, utilising emissions per sector (scaled by area), shows that FODC is the best performing district in NI.

The final block in Table 1 notes information on connectivity in terms of 4G and broadband coverage, in Fermanagh and Omagh this is lower than the Northern Ireland average, due to the rural nature of the district. There has been a near doubling of fibre connected premises in FODC between 2021 and 2022. Investment and infrastructure are represented Gross Fixed Capital Formation (GFCF) per job and components of this representing investment in

Information and Communication Technology (ICT) and intangibles⁶. These are again lower than the Northern Ireland average. However, the section on physical and intangible capital in the main report presents these series over time and shows that investment increased steadily up to 2008 and then contracted, growing back to a lower peak in 2017, but not reaching the 2008 levels. The range of variables on capital we analyse in the main report are summarised in Table 2.

Qualitative Analysis

In May 2024, the Investment in Productive Places Campaign (IPPC) project team held meetings with various public and private stakeholders to discuss each of the seven capitals in a group setting with separate workshops held in Enniskillen and Omagh. A Qualtrics survey on productivity and the capitals was completed by participants at the start of the workshops. We followed up the workshops with interviews on each of the capitals.

The themes that emerged from our analysis were as follows:

1. **Create a cohesive place-based identity** (capitals interplay: social and institutional). Recommendation: jointly create and share a narrative that has a common purpose.
2. **Balancing regional and national perspectives** (capitals interplay: financial, social and institutional). Recommendation: accelerate business support programmes (MSW growth deal).
3. **Economic expansion and trade development** (capitals interplay: financial and institutional). Recommendation: encourage more cross-border collaboration.

The qualitative analysis emphasises the commitment and pride of the key stakeholders in the area who are dedicated to collaborating for positive change. Fermanagh and Omagh have many strengths, including proactive institutions and abundant natural beauty. Despite facing governance challenges in recent years, local government officials and key partners remain focused on enhancing economic outcomes for residents and businesses. This is very positive.

There is a need to align local policies with national priorities, facilitated by the Department for the Economy (2024)'s Sub-regional Economic Plan, which aims to increase productivity, create more good jobs, foster regional balance and decarbonise the environment. However, overcoming investment concentration in Belfast is crucial.

Promoting cross-border collaboration, particularly through initiatives like Peace Plus and the Shared Island, presents valuable opportunities. Navigating political uncertainties related to the Windsor Framework requires strategic policy alignment and openness to cooperation, which are essential for stability and productivity.

⁶ Within intangibles are research and development; mineral exploration and evaluation; computer software and databases and entertainment, literary or artistic originals.

References

- Department for the Economy (2024). Sub-regional Economic Plan. Northern Ireland Executive. <https://www.economy-ni.gov.uk/publications/sub-regional-economic-plan>
- DLUHC (2022). Levelling Up the United Kingdom, Department for Levelling Up, Housing and Communities White Paper, from: <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>
- Garcia, F., Gouma, R., Menukhin, O., Ortega-Argiles, R., Sarsfield, W. and Watson, R. (2024) TPI ITL3 Regional Productivity Scorecards – 2024 Edition, The University of Manchester. Blog: <https://www.productivity.ac.uk/the-productivity-lab/the-2024-tpi-uk-itl3-productivity-scorecard-series/>.
- Losada-Rojas, Lisa L., Indraneel Kumar, Annie Cruz-Porter, Yue Ke, Andrey Zhalnin, Benjamin St. Germain, Konstantina Gkritza & Lionel J. Beaulieu (2024). “Community capitals and economic resilience: insights from the Great Lakes Region post-Great Recession”, Regional Studies, DOI: 10.1080/00343404.2024.2355987
- ONS (2023). Subregional productivity in the UK: June 2023. Released 20/6/23. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsubregionalproductivityintheuk/june2023>
- ONS (2024a). Regional and subregional labour productivity, UK: 2022. <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/bulletins/regionalandsubregionallabourproductivityuk/2022>
- ONS (2024b). Labour productivity Quality and methodology information (QMI), <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/methodologies/labourproductivityqmi>, released 15/11/24.
- ONS (2025a). Productivity trends in the UK: July to September 2024, released 29/1/25, <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/articles/productivitytrendsintheuk/julytoseptember2024>
- ONS (2025b). International trade in UK nations, regions and cities: 2022, 6/2/25, <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/bulletins/internationaltradeinuknationsregionsandcities/2022>
- ONS (2025c). Labour Force Survey quality update: May 2025, released 13/5/25, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/labourforcesurveyqualityupdate/may2025>
- Watson, R. and Ortega-Argilés, R. (2025). The 2025 TPI UK ITL3 Productivity Scorecard Series. The Productivity Institute Blog: <https://www.productivity.ac.uk/the-productivity-lab/the-2025-tpi-uk-itl3-productivity-scorecard-series/>