

Sir Robert Chote
Chairman

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Matthew O'Toole MLA
Chairperson
Committee for Finance

19 September 2025

Dear Matthew,

Views of the NI Fiscal Council on the NI Fiscal Council Bill

Thank you very much for your letter of 22 July, in which you invited the Fiscal Council to provide a written response to the Finance Committee in respect of the NI Fiscal Council Bill, which is currently in Committee Stage.

At the outset, we remind you of our Terms of Reference, which preclude us from commenting on the underlying policy to which the legislation is intended to give effect:

The Council should not however comment on the merits of individual policies, or examine alternative policy scenarios.

We therefore restrict our comments to the technicalities of the Bill and some observations we would like to make about the practical outworkings of the legislation on how the Council operates.

I also wish to note that on 9 July at his request, the Council met with Mr Eoin Tennyson, MLA in relation to the Bill.

Transparency is an important safeguard of the Council's independence. The Minister noted in his comments in Second Stage:

The Bill, therefore, has been drafted to provide the council with discretion to present its analysis with objectivity and free from the direction and control of others, including from a

political perspective. That safeguards the operational independence of the council, which is one of the nine OECD principles.¹

We welcome the recognition of the central importance of the Council's independence, now and in the future.

Turning to provisions of the Bill and the important themes picked up in Assembly debate on 1 July we believe there are four key issues about which we can appropriately comment:

1. Relationships with the Executive and legislature.

One important issue raised in debate, is to whom the Council reports. We consider the Council to be independent of both those arms of government, and it is our view that the Bill is compatible with how we have chosen to operate during the non-statutory period. It requires the Council to publish its reports, to lay them before the Assembly and to provide them to the Department of Finance.

While we report to the Department of Finance in respect of budget accountability, we view the Assembly generally, and the Committee for Finance specifically, as a key stakeholder. The Council has routinely briefed the Committee on our major reports as soon as practicable after their publication allowing for public scrutiny of our conclusions. It is our view that the provisions in Clause 2(4) are consistent with our current practice, with the small addition of a requirement for the Council to formally lay reports at the Assembly. This appears to us to be quite proper and part of the Council's accountability to the Assembly and the public.

2. Independence.

The Council has not hesitated to comment on controversial issues such as the funding NI Water, or at politically sensitive moments such as on NICS overspending or the UK Government funding package. We believe we have demonstrated independence and objectivity, and this has not, to date, been compromised by external influences.

But, as the Minister and MLAs noted in debate, this independence may require safeguards in the future. We therefore welcome the provisions in Clause 6 which we believe will continue to allow the Council to operate in future with the same freedom from influence that we have enjoyed and the Bill as drafted would not place any additional constraint on how we have interpreted our remit or delivered our functions.

3. Access to information.

I have openly noted in Committee briefing sessions that we have had very good working relationships with Executive departments. We have always been provided with the information we have requested where the department in question was able to provide it. However, we welcome a statutory underpinning as it futureproofs the role of the Council and it is international best practice for independent financial institutions to have these powers. We believe the provisions in paragraph 19 of the Schedule to the Bill are sufficiently broad to allow a future Council to seek whatever information and data it requires from Executive departments to discharge its duties.

4. Fiscal sustainability reports.

It has been our approach to date to produce reports on matters that seem to be important to stakeholders, and to do so at the time when we hope they will be most useful. While we

¹ <https://aims.niassembly.gov.uk/officialreport/report.aspx?&eveDate=2025/07/01&docID=444646#5052178>

recognise the importance of setting out a requirement for the frequency of reports in statute, we hope the Committee will be able to confirm that its understanding of the drafting in Clause 4 matches our own. Specifically we want to ensure that the legislation confers upon the Council a level of flexibility to produce each year either a 'general' Sustainability report (as our first report was), or a 'thematic' one (such as our recent Water report).

Clause 4(2) lists items that the Council must consider. And Clause 4(3) then says the report must include commentary on the items listed in 4(2). The use of 'consider' in 4(2) seems to confer discretion to:

- a. Report if there is anything valuable to say; or
- b. Not report if nothing much seems to have changed from the previous report

But the 'must' in Clause 4(3) might suggest less discretion.

Clauses 4(4) and 4(5) align with how we have operated to date in choosing our subject matter based on what might be most useful at the time. Clause 4(5) prevents the Council exclusively from producing thematic reports by requiring at least two general sustainability reports per decade. This seems reasonable from the Council's perspective given the relatively lengthy time-horizon over which demographics tend to shift significantly.

Sir Robert Chote

Chair of the NI Fiscal Council