

Mr Jim McManus  
Finance Committee Clerk  
Northern Ireland Assembly  
Parliament Buildings  
Stormont  
Belfast BT4 3XX

Private Office  
2<sup>nd</sup> Floor  
Clare House  
303 Airport Road West  
BELFAST  
BT3 9ED  
Tel: 028 9081 6216  
Email: [private.office@finance-ni.gov.uk](mailto:private.office@finance-ni.gov.uk)

Our reference: GM-1757-2020  
Date: 26<sup>th</sup> November 2020

Dear Jim,

## **ROLE AND REMIT OF INDEPENDENT FISCAL INSTITUTIONS**

At its meeting on 11th November, the Finance Committee agreed to forward the Research and Information Service (RaISe) briefing paper on *the Role and Remit of Independent Fiscal Institutions* to the Department of Finance for information. In addition, the Committee has requested a response on the scrutiny points raised in the research paper.

The Finance Minister welcomes the report provided by RaISe on fiscal institutions and officials in the Department of Finance will be considering the report and its scrutiny points as they take forward further work in the considerations around the establishment of the Fiscal Council. The RaISe report very usefully highlights the broad range of functions and designs of Independent Fiscal Institutions across OECD countries, and the important role they can play in relation to the scrutiny and transparency of public finances.

The Finance Minister remains committed to the establishment of a Fiscal Council as envisaged in New Decade New Approach, and as you will be aware from the update provided to the Committee on 21 September 2020 (GM-1560-2020), officials are now actively refocussing on this matter. Consideration is being given to what the Council's terms of reference might be, and how members could be appointed. This work by officials continues to be ongoing and similar to the RaISe report, is drawing on arrangements of others bodies elsewhere, as well as consideration of OECD research and reports on fiscal institutions.

Many of the scrutiny points set out in the RaISe paper relate to the role, mandate and functions of the Fiscal Council here in the North. These will become clearer as the Terms of Reference are fully developed as will the decisions around funding and the establishment of the Council.

---

---

While it is unfortunate that the work to examine how a Fiscal Council could be established had to be paused earlier this year as the Department quite rightly had to focus on the COVID-19 response, it should also be recognised that a Fiscal Council will become more relevant when multi-year budgets are implemented by the Executive, accompanied by multi-year funding which the Department would like to see the Treasury commit to as agreed in NDNA.

Finally, the RalSe paper highlights that the Executive's fiscal powers are more limited than the Scottish Parliament, and you will be aware that the Finance Minister has indicated that he would like to establish a Fiscal Commission to examine what further tax powers the Executive might seek. This could in turn shape the role the Fiscal Council might play going forward. So it is important that any decisions taken now about establishing a Council are cognisant of that also.

Officials have committed previously to provide the Committee with substantive progress updates as this work continues to develop and will do so in due course.

Yours sincerely,

*Ciara McKay*

**CIARA MCKAY DEPARTMENTAL ASSEMBLY LIAISON OFFICER**

---