

Sir Robert Chote
Chairman

info@nifiscalcouncil.org

5th Floor
9 Lanyon Place
Belfast
BT1 3LP

Peter McCallion
Clerk to the Committee for Finance

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Dear Peter

Views of the NI Fiscal Council on the Financial Reporting (Departments and Public Bodies) Bill

Thank you very much for your letter of 25 June, in which you invited the Fiscal Council to provide a written response to the Finance Committee in respect of the Financial Reporting Bill, which is currently in Committee Stage. You sought feedback in respect of those clauses of the Bill that the Council considers to be relevant or which may require amendment.

The Council has also received briefing from DoF in relation to the Bill, and we discussed the Bill and the wider Review of Financial Processes (RoFP) at our meeting of 4 August 2021.

The Council agrees with the principles of both the Bill and the RoFP programme. The proposed improvements in transparency and consistency are worthwhile and should assist to some degree the stakeholders we have spoken to who are frustrated by the lack of clear line of sight from the Budgets agreed by the Executive to the Estimates presented to the Assembly.

It would not be appropriate for us to determine which policy or legislative changes represent the best course to deliver better alignment, but we are keen to see greater consistency between Budgets and Estimates across departments and bodies in NI, and as well with the UK. As a result, we support the Bill and are in favour of greater alignment in order to increase transparency and to help people better understand the budget processes.

In our work to date, we have in particular found a lack of transparency with regards to EU funding in both the Budget and Estimates. We have encountered similar opacity in the use of net spending (i.e. negative DEL). It would be worth ensuring that the Bill can address this.

The Council also agreed that NI Water requires a separate solution, either as part of this Bill or the next phase of RoFP, given the complexities with its accounting and budgetary treatments, and the significant level of funding it receives.

With best regards,

Sir Robert Chote

Chair of the NI Fiscal Council