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Dear Peter

FISCAL COUNCIL BILL - UPDATE

Thank you for your request following the 21 February meeting of the Finance Committee seeking an update on the development of the Fiscal Council Bill.

The NI Fiscal Council was set up as a permanent body, by the former Finance Minister, Conor Murphy MLA, in March 2021 to bring greater transparency and independent scrutiny to the current and future state of Northern Ireland's public finances.

In accordance with the Organisation for Economic Co-operation and Development principles for Independent Fiscal Organisations¹ and similar to other administrations, a Fiscal Council Bill is required to establish the Council on a statutory basis and provide a legislative framework to underpin its work. The Department is now taking forward work to develop and progress a Bill that will set out the functions of the Council, safeguard its independence and ensure its access to information. In addition, the Bill will deal with operational matters such as annual reports, membership, finance and staffing.

Significant preparatory work has already been undertaken in this regard. A policy document was previously drafted setting out the legislative framework for the Bill and this was approved by the former Finance Minister in August 2022. Had an Executive been in place at that time, its formal agreement and approval would have been sought on the policy document, prior to the legislative drafting process formally beginning by the Office of the Legislative Counsel (OLC). This unfortunately was not possible.

However, despite the absence of an Executive and to progress the preparatory work, the former Finance Minister circulated the draft policy document to caretaker

¹ <https://www.oecd.org/gov/budgeting/recommendation-on-principles-for-independent-fiscal-institutions.htm>

Ministerial colleagues and the Secretary of State (SoS) to seek their initial views. A number of comments were received and have been considered.

In a further effort to make progress, officials engaged with OLC who agreed to begin legislative drafting work, at risk, given this was a *New Decade, New Approach* commitment. Suggested amendments from OLC to the draft policy document are being considered in an updated version of the document. In addition, a draft of potential clauses and schedules have been compiled. OLC and officials continue to have discussions on these draft clauses.

Now the Executive has been restored, the Minister of Finance will be giving fresh consideration to progressing the Fiscal Council Bill with a view to approving and then bringing a revised policy document to the Executive for its agreement. This will enable the Department to instruct OLC to begin the formal drafting process. The policy document will be shared with the Finance Committee in due course and following consideration by the Finance Minister and the Executive.

Although significant preparatory work has already been undertaken on the Fiscal Bill, there remains much to do. The Committee will appreciate that the legislative programme has to be managed across the Executive as a whole and so specific timings need to be agreed. Appropriate resources are also being put in place to progress this work now the Executive has been restored.

The Department would like to assure the Committee that progressing the legislation to put the Fiscal Council on a statutory footing is an important priority, and it looks forward to the Committee's positive contribution to that through the legislative process. Officials will provide further updates once we have greater clarity on the legislative timeline.

Yours sincerely

DEPARTMENTAL ASSEMBLY LIAISON OFFICER