











REQUEST FROM: FINANCE COMMITTEE – RESPONSE TO A SUBMISSION FROM OECD ON THE BILL


Point 3 – The Committee would request a formal response from the Department on an OECD submission to the Committee’s Call for Evidence on the Bill– these are detailed in the enclosed response.

The Department has reviewed the response to the Fiscal Council from the OECD. For convenience, and to assist Members, the Department has responded to those principles in the table provided which were not marked with a full green circle.

Principles for Independent Fiscal Institutions	Assessment of the NIFC Bill	Assessment	Departmental Response
2.2 Merit-based leadership		<p>Schedule 1, Part 2, (clause 5) provides for appointments by the Department of Finance but does not specify merit-based criteria. The Bill could be improved upon by specifying the qualifications in the legislation. To ensure non- partisanship, many OECD IFIs also have secondary approval for the selection of members by another authority, such as the parliamentary budget committee.</p>	<p>The EFM for the Bill states that appointments will be in line with the Code of Practice of the Commission for Public Appointments, as is the case for all public appointments. It states that all public appointments will be made on the basis of merit and by the relevant Minister. It is considered that including set qualifications in the legislation would reduce the flexibility of appointments, especially as the body evolves and may need a different skill set.</p> <p>Whilst the Department (the Minister as Head of the Department) will make the final appointments, these will follow a public appointments process as described above, in line with the Code of Practice for Public Appointments and overseen by the Commissioner. In relation to secondary approval by another authority, this would need further consideration due to the different arrangements here.</p>
2.3 Fixed terms and dismissal		<p>Schedule 1, Part 2 (clauses 6–11) sets out term limits, reappointment rules, and dismissal criteria. The Bill could be improved upon by specifying that appointments are done on a staggered basis to enable continuity of leadership over time.</p> <p>Recent experience among OECD IFIs suggests that it is helpful to have new</p>	<p>The Department recognises the importance of continuity of leadership. The number of members, in addition to the Chair, has been set from 2 to 5, which would allow this staggering and overlap of appointments.</p>

		appointments made before the incumbents' term ends.	
2.4 Remuneration and conflict of interest		Schedule 1, Part 2 (clause 7) addresses remuneration; conflict of interest is not explicitly detailed, and the full-time or part-time nature of appointments is not specified in the legislation. The Bill could be improved by detailing conflicts of interests and full-time nature of appointment.	The EFM for the Bill states that the terms of appointments will cover the areas of declaration of interests, political activity and public controversy which could compromise the work of the Council. The time commitment for the Chair and member appointments will also be set out in the Public Appointments competition notice.
2.5 Staffing autonomy		Schedule 1, Part 2 (clause 13) allows the Council to employ staff, but terms require Departmental approval. It is recommended that the Council have full autonomy over staffing decisions.	The sponsor Department's approval is generally required for staffing decisions involving pay and terms for ALBs. The approval process ensures consistency, affordability, and accountability across the public sector.
2.6 Merit-based staff selection		No mention of hiring requirements in legislation. The Bill could be improved upon by specifying the qualifications in the legislation.	Recruitment in the public sector is always based on merit using set skills and experience required for the post. The Department has been unable to identify any other legislation which includes qualifications required for staff and considers it highly unusual to do so.
3.3 Link to budget process		Clause 3(1) requires the budget assessment report to be produced annually follow the publication of the proposed budget. Given uncertainty in the budget process, the legislation might be improved by requiring outputs for each fiscal event rather than each financial year.	It is recognised that there can be some uncertainty in the budget process, however it is considered by the Department that an annual assessment of the Executive's budget is an important output from the Council.
4.1 Adequate and protected resources		Schedule 1, Part 6 provides for the Council's costs to be included in the Department's overall estimates. Establishing a distinct budget line would help protect the Council's financial autonomy.	Information previously provided to the Committee regarding this matter.

5.2 Role in legislative support		No provision for responding to requests from Assembly committees or members. Detailing the formal mechanism for the Council to respond to requests and support legislative committee scrutiny would be an improvement.	The NI Act 1998, section 44 provides the power to summon witnesses and request documents to support its scrutiny and oversight functions. Therefore, the NIFC must respond to requests from all/any committees in relation to the discharge of its functions. It is also anticipated that the requirement to consider requests from the Executive, Ministers or the Assembly would be included in the Partnership Agreement.
6.2 Limits and safeguards to information		Schedule 1, Part 4 (clause 19(3)) acknowledges legal limits but lacks detailed safeguards. Including escalation mechanisms in the legislation would be an improvement.	The legislation enables the Council the right to access all government information which it requires for the purpose of the performance of its functions. Memorandum of Understandings (MoU) were signed between the Council and all Departments and the NIO. These set out the arrangements for the regular exchange of information including information requests throughout all parts of the Departments. The MoUs will be reviewed once the Council is in statute. Should Departments fail to comply with this access to information, this will be escalated within the organisation and to the Departmental Minister, if necessary. Non-compliance by any Department of this statutory remit can be raised by the Council to the Permanent Secretary and/or Minister of that Department and further to the Executive/Assembly, if required. There will also be Committee scrutiny and the option of the Council taking a judicial review (a well-established process).
7.3 Timely release of reports		Clause 3(1) requires timely publication of budget assessment reports.	As outlined in 3.3 above, there can be some uncertainty in the budget process however this Clause ensures the timely publication of reports.

<p>8.1 Communication with stakeholders</p>		<p>The Bill does not include provisions for public or media engagement. Including such provisions would be an improvement.</p>	<p>Whilst the Bill does not explicitly state that public or media engagement is required, the Council is required to publish reports and maintain transparency and so to achieve this, media and stakeholder engagement and communication is an important part of their work.</p>
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