



Northern Ireland
Fiscal Council

Bringing transparency to NI's public finances

Stakeholder engagement and forward work plan:

Engagements carried out
March – October 2021

February 2022

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Foreword

The formation of the NI Fiscal Council was agreed by the Executive on 11 March 2021 and announced to the Assembly a day later. We began our work by asking a range of stakeholders for their assessment of the strengths and weaknesses of public finance management, reporting and scrutiny in Northern Ireland. Also, how best we could fulfil both the specific requirements placed upon us in our Terms of Reference (ToR) and our broader mission to bring greater transparency and independent scrutiny to the region's public finances. I would like to thank everyone who met us, and invite others with an interest to get in touch directly or via our website.

The ToR, drawing on the New Decade New Approach (NDNA) agreement¹, place two specific requirements on the Council in addition to our overarching mission. Namely to:

- *“prepare an annual assessment of the Executive’s revenue streams and spending proposals and how these allow the Executive to balance their budget”*; and
- *“prepare a further annual report on the sustainability of the Executive’s public finances, including the implications of spending policy and the effectiveness of long-term efficiency measures”*.

Key themes

Over the course of our initial engagements, we met over 30 different organisations and individuals. We asked stakeholders about six topics where we felt contributions would be particularly valuable. But the discussions were by no means constrained to these issues, and many stakeholders raised other matters. We have summarised in this report the answers to our questions as well as other topics and views which were most regularly or repeatedly expressed by stakeholders. Three key themes recurred in our meetings:

- **Independence:** Stakeholders want to be confident that the Council will resist any political pressure it comes under from the Executive or the UK Government. Guarantees in legislation around appointments, funding, rights to information and rights to publish will all be important here, but at the end of the day fiscal institutions earn their reputations for independence from the way in which they conduct themselves in practice.
- **Education:** Stakeholders believe that educating the public (and even MLAs and others with day-to-day involvement in the subject) about how NI's public finances work is just as important as the publications specified by the NDNA agreement and the ToR. As regards the publications, stakeholders had plenty of suggestions for topics to be covered by the 'sustainability' report, but they were less clear exactly what the 'balancing the budget' document might have been intended to cover.

¹ [2020-01-08_a_new_decade_a_new_approach.pdf \(publishing.service.gov.uk\)](#)

- **Process:** Stakeholders expressed frustration with the Executive's budget process, notably in terms of the inadequacy, irregularity and unpredictability of periods of notice and consultation, and the difficulty of reallocating resources in the multi-party system when policy priorities change. A further frustration was that the Programme for Government and other strategies are not currently costed and linked clearly to specific budget allocations. While recognising that the Council is primarily a scrutiny body, rather than an advice-giving body, they hoped that it would highlight potential process improvements.

Terms of Reference and legislation

As regards the ToR², stakeholders raised few objections to the draft version published by the Department of Finance when the Council was set up, to the extent that they were familiar with what it would mean in practice. We too do not see any particularly urgent need to change that draft – not least because the ToR will be superseded when the Assembly legislates to put the Council on a statutory footing. Any additions or changes to the ToR will naturally be part of the debate.

When the time comes to legislate, it will of course be for the Executive rather than the Council to put forward draft legislation for the Assembly to consider. But we will be happy to comment on it and to offer any assistance or advice we can to the Finance Committee or other MLAs if that would be helpful. At this preliminary stage there are a few points perhaps worth making:

- The legislation (as with our ToR) needs to reinforce both the substance and appearance of the Council's independence from potential political pressure, either from the Executive or from the UK Government. This will need to be reflected in: the procedures for the appointment and dismissal of Council members; the stability and transparency of the Council's budget; the right of the Council to examine any issue that it believes would have an impact on the Executive's finances (including the impact of UK Government decisions); and the right of the Council to issue publications without vetting by the Executive or the UK Government. (On this last point, the Council may well wish to share draft material for fact checking and be content to provide early access to facilitate ministerial statements in the Assembly.)
- Some stakeholders believe it would be desirable for the Council to publish macro-economic forecasts for Northern Ireland, to inform public debate and policy decisions. We are certainly not currently resourced to do this in the first instance and it is far from clear that this would contribute to our core task of assessing the Executive's finances. Pending any further devolution of tax-raising powers, or more radical departures from parity in the operation of the welfare system, developments in the NI economy have a relatively weak relationship to the Executive's income and spending so the need for a forecast is less obvious for that purpose. That said, some discussion of the economic context for near- and longer-term Budget decisions might well be worthwhile and could draw on existing forecasts and analysis produced by

² [Initial Terms of Reference | NI Fiscal Council](#)

academics and/or the private sector. There may of course be wider arguments for an official NI forecast and in the longer term the Council might be a potential provider.

- The most frequent complaint from fiscal councils around the world is that they find it difficult to get access to information from within government departments and other public bodies with the quality, detail and timeliness that they require to fulfil their role properly. It is important not only that fiscal councils have a legal right of access to government information, but also that this has political backing from the ministers in question and that the analytical functions within departments are adequately resourced to provide the information and to assist in its use. This will be particularly important if the Council here is to demonstrate that it has the teeth to make a real difference.

Fiscal Council work programme

Introductory publication

One consistent theme from the stakeholder consultation was the need to increase understanding of the NI public finances, to inform both the public and even relatively sophisticated stakeholders, and to provide data and reference material that people can draw upon.

To that end, before turning to the ToR publications we first published an introductory guide to the Northern Ireland public finances³ that our other publications are able to build upon and refer back to. We intend to update this over time and draw upon it to produce outputs with wider or different appeal, for example via social media.

Budget publication

Our second report reacted to and commented on the Draft Budget. We concluded that the most substantive contribution could be made by our reacting to and commenting on the Draft Budget during the consultation period. This is also more consistent with the ToR/NDNA's instruction to report on the Executive's spending proposals. Consequently, in January 2022, the Council published its independent assessment of the choices made by the Executive in respect of income and expenditure, and our views on areas including borrowing, rates, and departmental bids and allocations.⁴ We intend in our annual budget reports to continue this approach of offering an independent commentary on the choices made by the Executive in respect of both income and expenditure.

Sustainability publication

Finally, in our initial sustainability report, planned to be published this summer, the Council intends to establish some general material that will be common to all its sustainability reports, but we also see value in including in each report a particular special topic. Throughout the consultation process, stakeholders had a clear and understandable focus on health, given the proportion of spending in this area and the impact of the pandemic. On this basis, health is an obvious contender to the first sustainability special topic.

³ [The public finances in NI: a comprehensive guide \(November 2021\) | NI Fiscal Council](#)

⁴ [The NI Executive's 2022-25 Draft Budget: an assessment | NI Fiscal Council](#)

Stakeholder engagement and forward work plan

In terms of the timing of this publication, generally stakeholders wanted as far as possible for the Council to place this annual report around 6 months away from our budget publication. We therefore expect to publish this report in late June or July 2022.

Sir Robert Chote

Chair of the NI Fiscal Council

List of consultation questions:

1. What do you see as the main strengths and weaknesses of current reporting and scrutiny of Northern Ireland's public finances? How might we expand or improve the public finances data that are currently available?
2. How should we assess "the Executive's revenue streams and spending proposals and how these allow the Executive to balance their budget"? When in the year (or during the budget process) would this be most useful?
3. How best can we assess "the sustainability of the Executive's public finances"? How would you interpret sustainability in this context? When would publication of this analysis be most useful?
4. Given the requirement placed on us to assess "the effectiveness of long-term efficiency measures", what sorts of measures should we aim to look at and should we try to quantify their effectiveness?
5. Are there any other ways in which you think we could increase public awareness and understanding of the public finances?
6. Do you have any suggestions regarding the long-term structure and role of the Fiscal Council that the Executive and Assembly should take into account when the time comes to prepare its underpinning legislation?

Summary of groups and individuals consulted

The Council is grateful to all the stakeholders that have taken the time to meet with our members.

Overall, the creation of the Council was very broadly welcomed by the stakeholders we met, regardless of their stance on the consultation questions. There was wide-ranging support for the mandate of the Council and the commitment to greater transparency.

The Council's engagement progressed in two phases, although these phases overlapped somewhat because of stakeholder availability: (1) technical discussions with those already working on the issues the Council is to consider, and (2) engaging those most likely to use the products of the Council, including political parties.

Phase 1 and expert workshop

The Council commenced its stakeholder engagement by meeting technical experts and those producing data relevant to the work of the Council. A key focus of this first stage was a technical workshop on 2 April 2021, where the Council met an expert group including academic and business economists and other commentators on fiscal matters. These experts led discussion on four themes of particular importance to the initial phase of the Council's work. The views and comments from the group responses at the workshop have been anonymised and summarised at Annex A.

Not all our expert stakeholders were able to attend the workshop, and the Council is also grateful to the following stakeholders who later supplemented our understanding in the first phase by providing responses to our consultation questions and other feedback: the Scottish Fiscal Commission, HMT, NIAO, NISRA, OECD, OBR, DoF, NIO, NI Fiscal Commission, The Fraser of Allander Institute, the Bank of England's Northern Ireland Network, NI Assembly, and ONS.

Phase 2 including political parties

The Council next met with those most likely to use the Council's work, including the Finance Minister, Finance Committee, and representatives from political parties: TUV, UUP, Alliance, SF, SDLP, Green Party, Claire Sugden, DUP, PBP.

Stakeholder feedback

Stakeholders were asked for their responses to our six consultation questions, but encouraged to offer views on other topics or issues that they think we should take an interest in. The views expressed are summarised below.

Question 1: What do you see as the main strengths and weaknesses of current reporting and scrutiny of Northern Ireland's public finances? How might we expand or improve the public finances data that are currently available?

1. Lack of multi-year budgeting:

Many stakeholders lamented the absence of multi-year budgeting by the Executive, while recognising that this was largely the consequence of the UK Government's failure to set out a multi-year Spending Review that would give clarity regarding its block grant income. The perceived detrimental impacts of single-year budgets included uncertainty for businesses and departments and greater difficulty for the Executive in addressing long-term, strategic challenges. Stakeholders noted that it was important for the Executive not to use the lack of a multi-year UK spending review as a justification for downplaying meaningful medium-term planning. The Council had called on the Executive to make the most of the multi-year SR settlement, but, given the absence of an agreed Budget before the end of this Mandate, the opportunities it presents will now await a new Executive following the May 2022 election.

2. Monitoring rounds:

Many stakeholders felt that the post-budget monitoring round process could be improved, even in the context of single-year budgets – where additional money may be allocated and then neither spent nor made available for future years. Some worried that by facilitating short term interventions at the end of the financial year, strategic problems went unaddressed and remained as a result.

3. Lack of end of year flexibility in spending:

The requirement for departmental underspends against budget to be 'handed back' to the UK Government (except in so far as the Treasury allows them to be carried forward to future years under its 'Budget Exchange' scheme) creates an incentive for departments to spend up to their limits even when this offers poor value for money. It was suggested that the Executive should be given the power to reschedule spending and funding within three-year periods.

4. Insufficient detail in Estimates:

The Executive is not sufficiently transparent when setting out spending plans for approval by the Assembly, because even large departments like Education have their spending allocations set out in only one or two categories rather than in detailed programme lines. (Some stakeholders said that this reflected the relative autonomy given to ministers to allocate funds within their departments under the multi-party coalition system.) Scrutiny of spending plans by the Assembly therefore tends to take place after allocation, at least for those committees whose departments provide adequate detail on budgets, planned expenditure and monitoring round returns. Generally stakeholders wanted to see greater consistency between departments on how budget issues are reported. Many stakeholders reported that the Estimates are hard to read and understand and that they are not something that the press and public engage with. Stakeholders also wanted to see more detail of the use of 'sole authority', under which

departments can rely on a Budget Act to allow spending on functions that there is no existing legislative approval for. In these instances stakeholders were keen to see the rationale for dependence on the Budget Act made transparent in the Estimates documents. The Council has made an initial set of recommendations to the Department and Finance Committee on improving the transparency of Estimates.

5. Lack of linkage to the Programme for Government and of scope for cross-departmental prioritisation:

Stakeholders said that it was important for the Executive to make clear in its budgets how spending allocations would link to particular objectives and performance indicators in the Programme for Government (PfG). The current draft PfG is not synchronised with the budget at this stage and is therefore in effect not costed. Many stakeholders said it was hard to prioritise properly across the Executive without a costed PfG, especially given the tendency to perceive political winners and losers in departmental reallocations. Similar to the PfG, other Executive strategies being developed were mentioned as not properly costed or reviewed from a budgetary perspective. This also encouraged siloed working in the NI Civil Service.

6. Lack of comparable time-series data reporting:

Several stakeholders said that the transparency and scrutiny of the Executive's finances was hampered by the lack of consistent data showing how funding and spending evolves from year to year and within any given year from initial plans to final outturns.

Question 2: How should we assess “the Executive’s revenue streams and spending proposals and how these allow the Executive to balance their budget”? When in the year (or during the budget process) would this be most useful?

1. Limited control over revenue:

Stakeholders noted that the vast majority of funding for the Executive's spending comes from the block and AME grants from Westminster, with the Regional Rate being the only significant (but still much smaller) revenue stream under its own control. There was specific reference to the need for greater clarity and reporting around AME by a number of consultees. That said the Executive also foregoes revenue (and arguably impedes efficient service provision) by being reluctant to charge for water and other services that are paid for in this way in the rest of the UK. As a result, the Executive does not take meaningful decisions on revenue and spending in parallel, but rather allocates spending against a revenue (and very modest borrowing) constraint largely determined in Whitehall. This tends to focus political attention unhealthily on the adequacy or otherwise of UK government funding rather than policy choices in NI.

2. Timing of the Council's reports:

A common criticism from stakeholders was that the Executive should publish a Draft Budget in September rather than January-March as has sometimes been the case. They wished that the timetables for the publication and agreement of the Budget by the Executive and Assembly respectively were clearer, earlier and adhered to. A small number felt there was a potential role for the Council in ensuring compliance with deadlines in the budgetary process. Stakeholders thought the Council's report on the annual budget position would be a helpful contribution, especially if accompanied by proper departmental reporting to Assembly committees. Most stakeholders wanted the report to be published either in time to inform the Draft Budget or as soon after the Draft Budget as possible to inform the Final Budget. But they recognised the

challenge of delivering to a predictable timetable when it was hard to know when the Executive would agree a draft or final Budget in any given year. The Council's response this year has been to make our contribution during the consultation period, reacting to and commenting on the Draft Budget. This is more consistent with the ToR/NDNA's instruction to report on the Executive's spending proposals. This year, the Council reported on the 2022-25 Draft Budget despite the contents not having been agreed by the Executive – it was agreed only to consult on the document. We expect it will be important to continue to show flexibility in our budget reports in future years, especially when the gap between the Draft and Final Budget is a short one.

3. Transparency around the Block Grant and borrowing powers:

Several stakeholders highlighted the potential for greater transparency and education around the operation of the Block Grant. Stakeholders also wanted to see more transparency around the use of Reinvestment and Reform Initiative (RRI) borrowing (for capital spending), with some believing that more use could be made of that facility. Stakeholders were also interested in how effective the use of RRI had been in the past.

Question 3: How best can we assess “the sustainability of the Executive’s public finances”? How would you interpret sustainability in this context? When would publication of this analysis be most useful?

1. General and specific:

Stakeholders noted that there was scope to discuss the sustainability of Executive's finances both in general terms (for example the implications of different potential medium-term spending plans at the UK level for the Block Grant, or the impact of an aging population) and particular sources of potential spending pressure. So each report might combine general discussion with a particular special topic. The specific issues mentioned most frequently were: health, education, water (and service charging more generally), wider capital investment, lack of multi-year budgets, lack of longer-term planning, limited revenue-raising by the Executive and climate change.

2. Service delivery and reform:

Several stakeholders felt it would be desirable for the Council's consideration of sustainability to have “a broad definition” including service delivery. Several argued that while the Council should highlight particular sources of budget pressure, it should hesitate to advocate specific reforms in specific services. Many stakeholders argued that health services in NI would not be financially sustainable without major reforms, given the combination of long waiting lists with already relatively high spending. Education provision and the cost of duplicating provision for this and other services for different communities were also raised. Rationalisation in all sectors was seen to have been difficult and not to be delivering huge savings. Transformation overall was judged to be at a very slow pace.

3. Lack of long-term planning or scenario building:

Some stakeholders saw a role for the Council's sustainability report in encouraging the Executive to undertake more long-term planning, notwithstanding the problems created when the UK government has no medium-term spending review plans. This could be based on flat-cash assumptions or alternative scenarios for the UK spending path. But others pointed to the difficulty of longer-term planning because of differing policy positions across the 5-party coalition. It was recognised that long-term planning had been particularly difficult recently,

with the Executive only back in operation in January 2020 and then confronted almost immediately by the service challenges and financial uncertainty of the pandemic.

Question 4: Given the requirement placed on us to assess “the effectiveness of long-term efficiency measures”, what sorts of measures should we aim to look at and should we try to quantify their effectiveness?

1. Not spoilt for choice:

This question received the fewest and least detailed responses, as many stakeholders struggled to identify positive examples of long-term efficiency measures in the past or of current examples. Stakeholders felt that this had not been a priority area for the Executive. They noted the lack of data on departmental websites, and the fact that there were very few departmental or Executive-wide plans (with the exception of the Department of Finance’s initiative to reduce the number of Arms-Length Bodies, which was mentioned by a few). Even in Health, stakeholders pointed to a lack of recent serious work on efficiencies. Some speculated that the lack of interest might reflect the fact that the wage bill accounts for most spending in most departments.

Question 5: Are there any other ways in which you think we could increase public awareness and understanding of the public finances?

1. Education of fiscal fundamentals:

Most stakeholders felt that understanding of public finance issues was low, even on the basis of realistic expectations. Some argued that even among MLAs there was a lack of understanding of how the public expenditure system works. Some suggested that an explanatory publication or a Q&A on the Council’s website to explain to the public where expenditure went and how it was funded would be useful as a first step. Others said that the Council could usefully explain the Block Grant and Barnett formula, the AME/DEL distinction, the Executive’s borrowing powers and the Budget process in general.

2. Stakeholder engagement:

Several stakeholders said that social media should be a key tool to drive engagement and understanding. A lot of information had been developed at UK level, and even at the level of cities in GB, but the equivalent information had never been produced in the same way for NI audiences before. Positive examples included the breakdown of rates bills and tax returns to show where money goes and the Department of Health’s Covid dashboards. The latter were held up as an exemplar that had proved surprisingly effective in engaging the public with figures and statistics.

Question 6: Do you have any suggestions regarding the long-term structure and role of the Fiscal Council that the Executive and Assembly should take into account when the time comes to prepare its underpinning legislation?

1. Public confidence:

Stakeholders welcomed the creation of the Council and its membership (with one regretting the preponderance of economists). They felt that this sent a strong signal regarding independence

that the Council would have to sustain and build upon. Several said that the Council would need to be accountable and responsive to the Assembly and to ensure that the Executive could make good use of its reports.

2. Support to the Assembly:

Many stakeholders were interested to know what engagement the Council would have with the Finance Committee and the rest of the Assembly. Some asked whether the Council would provide reports to the public at the same time as to the Assembly, whether the Council would give evidence to the Finance Committee regularly, and whether it might help MLAs through briefing sessions. Many felt the Fiscal Council should support MLAs to scrutinise decisions about public finance and help MLAs have more informed conversations with the public on what spending decisions mean. There was a particular focus on the relationship between the Council and the Finance Committee, which was seen as a key stakeholder for the Council and its findings. Some felt accountability to the Assembly should be recognised in the underpinning legislation.

3. Legislation:

Stakeholders recognised the importance of giving the Council a firm legislative foundation to increase public confidence, to protect it from political pressure and to ensure that it is accountable and responsive. It was recognised that many fiscal councils have seen their remits change over time to reflect changes to devolution or other circumstances, which is sometimes reflected in secondary or (more rarely) primary legislation. Some stakeholders wanted the Council placed on a legislative footing as quickly as possible, while others were more relaxed. Some wanted the legislation to be very detailed across a range of issues, while others saw dangers in being too specific and therefore inflexible. Important priorities for the legislation included term limits and the mechanism for appointments; the timing of the Council's publications and; its right to information. It was noted that while a formal right of access to information is essential (including from the UK Government), the government entities involved also need to have the political will and adequate resources to provide the information requested and to advise on its use impartially.

4. Resources:

Stakeholders noted that while the Executive is smaller than the UK and Scottish Governments – and that its fiscal council might therefore be expected to be smaller than theirs – there would be a minimum level of staffing and other resources required for it to do a proper job. By way of comparison, the Scottish Fiscal Commission has resources of around £2 million p.a., the OBR around £2.7 million and the NI Fiscal Council around £0.5 million. Most stakeholders felt that more resources would be required over time than the Council currently has available (even if its remit does not expand) and they welcomed the Department of Finance's commitment to provide resources as needed. The Council may not have to undertake economic and fiscal forecasts or engage in ex ante policy scrutiny, but it will still require significant analytical resources, both in-house and able to be commissioned from outside. If a decision is made to add to the Council's remit, that will have further resourcing implications. Similarly, any decision in the medium to longer term to add to the Executive's fiscal powers (e.g. through devolving additional tax varying powers) would have similar resource implications.

Future Work programme

Budget publication

Timing: during the consultation on the Executive's Draft Budget each year

The Council's conclusion is that we can achieve the most substantive contribution by reacting to and commenting on the Draft Budget as early as possible during the consultation period. This is also more consistent with the ToR/NDNA's instruction to report on the Executive's spending proposals.

Consequently, we intend to publish our budget reports in future years in a similar manner as this year, albeit the Draft Budget this year was not of the usual form, and does not appear likely to become a Final Budget until after the May 2022 election. It will be important for us to continue show flexibility here in future years, especially when the gap between the Draft and Final Budget is a short one.

As regards the content, the Council intends that our budget reports will offer an independent commentary on the choices made by the Executive in respect of both income and expenditure.

Sustainability publication

Timing: in the summer of each year

The Council intends each year to publish a sustainability report composed of two parts: first, an analysis and discussion of the Executive's finances in general terms, illustrating and measuring changes in sustainability year on year; and a special topic or theme each year that will be selected by the Council for its relevance to the Executive's long-term fiscal sustainability.

For the reasons discussed above, Health has been chosen as our first sustainability special topic, and the Council has engaged the Nuffield Trust to assist us gathering and analysing data on the NI Health sector for our report later this year.

In terms of the timing of this publication, generally stakeholders wanted as far as possible for us to place this annual report around 6 months away from our budget publication. This was for a number of reasons including: bandwidth, in particular within political parties whose resources to consider these issues are constrained; to avoid adding to the existing complexity of both the administrative and legal budget processes; and so that the sustainability report is published at a time when it can best influence the setting of the next Executive budget. We therefore intend to publish our first sustainability report in late June or July 2022.

Annex: anonymised comments from the expert stakeholder group

Theme 1: set-up and some early process questions

- “Independence and being seen to be independent are both important. There may be some initial scepticism about the Council. It will need to work hard at the start to make clear it is independent and not an arm of the Executive”.
- “The Council needs to be properly staffed and kept at arms-length. It should be able to challenge NICS, but also to be independent of the Committee.”
- “The Council should not sit within in any department. Better for it to report to the Assembly as whole rather than any individual department.”
- “In terms of transparency and data, the current situation is like a jigsaw with half the pieces missing. Budget figures are extremely difficult to follow year on year. Figures, statistics and their explanations should be easy to understand.”
- “The knowledge gradient between insider and outsider on the NI Budget is too steep, following it is an almost impossible task, even for ex Civil Servants who have worked in that area previously.”
- “A useful public service the Council could provide would be to encourage reliable and consistent numbers, and for departments to properly explain changes from their opening budget positions.”
- “Currently the available information tends to be in snapshots, not timeseries. Trend data is missing. Expenditure comes in at times in new packages (NDNA etc) but it is very difficult to analyse the underlying trend.”

Theme 2: terms of reference particularly regarding consideration of the 'balancing' of the executive's budget

- “NI public spending is around £24-25bn per annum. The Executive has further charges it can use, of which rates are the most significant. Water charges are privatised in England, so here the equivalent cost is a charge on resource DEL. This is not a simple issue and is for policy reasons. Other possible revenue streams such as prescription charges, car parks – none are popular, and few bring in large amounts of money. The other option to balance the budget is taking a hard look at what money is being spent on, and reprioritise.”

- “Balancing the budget is to an extent a ‘balance of choices’ – balancing revenue with services the public want, and setting out those choices for the public to understand – if we don’t pay water charges what does this mean? Imbalances can be caused by difficult choices not being made.”
- “It is not for the Council to challenge the policy choices. For example, NI spends more per head on health than anywhere in the UK. In and of itself that is neither good or bad from the NIFC perspective, it’s a political choice - but NI has the worst health outcomes in the UK, that is obviously a poor result.”
- “Less attention is paid to AME in the NICS. There is a lack of incentivisation for savings, if any are secured on AME they tend to go back into the overall pot. For example with landfill tax and illegal waste, savings generally accrue to HMT rather than locally.”
- “RRI borrowing another important consideration, especially given there is not the same level of revenue available as to the national government.”
- “In terms of timing, Council reports must come out in time for the Executive to respond, i.e. before Final Budget. Either before the Draft Budget or during the consultation period would be recommended because this gives readers of the reports time to respond and influence the process.”
- “In NI, bringing transparency will be a key starting point for the Council. Endorsement of forecasting, or even doing its own forecasting, is likely to be useful only in certain instances. More pressing is a need to bring out the opportunity cost of choices, and illuminate the discussions of public finances.”

Theme 3: terms of reference particularly regarding sustainability and long-term efficiency measures

- “The starting point is that the finances are unsustainable. Expenditure is frequently underestimated, and revenue overestimated, society-wide.”
- “The strategy has long been to maximise the Block Grant, ignoring or at least not prioritising outcomes/outputs/vfm. There is a dependency or concentration risk on the Exchequer. NI is consumption-based. If seeking prosperity, this route will not achieve it. Some horizon scanning on the risks or a forecast here would be valuable.”
- “There isn’t a clear line of sight on the detail. For example are we under/overinvesting on capital? What is the share of capital investment as a share of GDP?”
- “If nothing is done to address the lack of sustainability, health spending will

eventually overwhelm the Block Grant. We have a system where Health cannot take cuts, nor Education. We have ring-fenced inefficiencies. How do we challenge the baselines?"

- "It would be useful to understand the sustainability and net cost of existing subsidised policies and schemes, e.g. business rates relief, welfare reform mitigations, free transport for over 65s – how much do these cost?"
- "Can the Council encourage transparency of revenue streams, including Regional Rates going forward. A 'where your money goes' explanation would be a good goal for NI, as well as where the money comes from."
- "The Council needs to be able to set out what the pressures are on welfare, agriculture, etc. Aim for simple numbers."
- "The Executive should forecast both DEL and AME over a 5 year period."
- "The public spending per head in NI is the highest in the UK – why? There are demographic reasons but also inefficiencies. Are we spending as efficiently and effectively as possible?"
- "On timing, keep the sustainability report as far away from the budget conversations as possible. I.e. aim to have discussion of the long term questions report 6 months away from the budget."

Theme 4: possible development of role

- "On communications the Council needs to have a detailed, technical level for expert audiences, but also needs to translate issues into day-to-day language."
- "Start with the remit already in place and do that really well before starting to consider obvious gaps. Build a solid reputation first."
- "Fiscal matters are a minority issue even among expert audiences. Even if the Council does not forecast, the Executive should forecast or have a 5 year plan."
- "The Council will need to tailor messages to audiences. There is a lack of awareness of the spending and scale per head in NI among the public. This is an opportunity to raise awareness and educate, from a current very low level."
- "On forecasting, the available data is not great, it would be easier to draw in expertise. But either way this should not be an immediate priority. On the production of in-house modelling, there is little data to go on, and some serious scepticism about what is there."

 www.nifiscalcouncil.org

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