



Northern Ireland
Fiscal Council

Bringing transparency to NI's public finances

2024 Conference Report:

Conference held on
22 October 2024

December 2024

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Foreword

The formation of the NI Fiscal Council was agreed by the Executive on 11 March 2021 – in the wake of the New Decade New Approach (NDNA) agreement – with the goal of bringing greater transparency and independent scrutiny to NI’s public finances¹.

In the absence of a functioning Executive over much of the intervening period, we tried at various (we hope helpful) points to describe and explain the financial position that confronted whoever was responsible for the budget at the time, how we got there and what choices decision-makers faced. During this period we also developed an assessment of NI’s relative need (of 124 per cent of that in England) based on the Holtham methodology.

Following the return of the Executive earlier this year, we assessed the accompanying financial support package from the UK Government as well as NI’s new Interim Fiscal Framework. We also provided additional sensitivity analysis and scenarios around our assessment of NI’s level of relative need.

Our work on these issues has somewhat delayed the publication of our next long-term sustainability report on infrastructure, with a focus on water and transport, which follows on from our previous report on health.

After the success of our first conference last year, for this year’s conference we wanted to bring together perspectives on the operation of fiscal frameworks across different jurisdictions as well as how public spending can be effectively scrutinised.

The Council would like to thank the expert speakers, local and from across the UK, who provided their insightful and frank perspectives. The resulting discussions were engaging and pertinent to the ongoing development of NI’s fiscal architecture, including legislation being drafted to specify the Council’s future remit in statute.

We are grateful to PwC for again generously hosting the conference at their Merchant Square Offices and all the help they provided in preparing for the event. We would also like to thank our small staff team for their work in putting together the programme.

We would like to recognise the contribution of our conference compere, Clodagh Rice, for her professionalism in chairing the conference and making the event accessible to what was a varied audience of stakeholders.

Finally, we appreciate the time and attention of all those who joined the conference and have continued to show interest in the work of the Council. We hope the event was as valuable for them as it has been for us.

Sir Robert Chote

Chair of the NI Fiscal Council

¹ <https://www.nifiscalcouncil.org/terms-reference>

Conference format

The NI Fiscal Council held its second annual conference in Belfast on Tuesday 22 October 2024. The event brought together a wide range of speakers from across NI and beyond to explore key themes around the NI public finances.

The goal was to build on the NIFC's work by inviting perspectives from experts with an informed interest in some of the themes we have been exploring and other aspects of the public finances. Participants and attendees varied in background from the public sector, the political world, academia, finance and other independent fiscal institutions.

The conference was designed to create an opportunity for ongoing conversations to deepen and broaden both our own and public understanding. These conversations are all the more important at a time when NI's Final Fiscal Framework is still being developed, following the return of the Executive.

The conference was opened by Caitriona McCusker, Regional Lead Partner at PwC, followed by remarks from the NIFC Chair, Sir Robert Chote, the Minister of Finance, Dr Caoimhe Archibald MLA, and the Finance Committee Chair, Matthew O'Toole MLA.

The remainder of the event was structured around two plenary sessions tackling two big questions related to NI's public finances:

- **The building blocks for fiscal sustainability.**
This session explored the experience of Scotland and Wales in relation to the implementation of their fiscal frameworks, relevant to NI as its fiscal framework is under development. We also heard an international perspective on what makes a good fiscal landscape.

Speakers:

- Julian Revell, Head of Fiscal Analysis at the Welsh Treasury
- Dr João Sousa, Deputy Director at the Fraser of Allander Institute
- Dr Joachim Wehner, Associate Professor in Public Policy at the London School of Economics and Political Science

- **The time is now!**
This session considered the tough decisions needed to improve NI's public finances and services. We looked at how important scrutiny and improved transparency are to get NI's public finances onto a more sustainable footing.

Speakers:

- Dorinnia Carville, Comptroller and Auditor General for NI
- Kenneth Gibson MSP, Convener of the Scottish Finance and Public Administration Committee
- Stuart Stevenson, Treasury Officer of Accounts at the Department of Finance

The agenda, full speaker bios and presentations for each of the two plenary sessions are available on the NIFC website.

Discussion points

Each panel's presentations were followed by sessions of Q&A with speakers taking questions from the floor and providing their views on a range of issues of interest. The main themes of these sessions are summarised below.

Perspectives on fiscal architectures

The first panel discussed the different UK devolved fiscal frameworks as well as international comparisons, and how independent fiscal institutions fit into these architectures.

The different degrees of Income Tax devolution between Scotland and Wales were described as reflecting different risk appetites, given that greater reliance on Block Grant funding provides some insurance against divergent developments in the tax base between devolved administrations and the rest of the UK. Such divergence influences the calculation of Block Grant adjustments.

However, it was pointed out that social security devolution, while receiving less public attention, is probably just as consequential if not more so over the long run than Income Tax devolution.

There was agreement that institutional arrangements can easily become permanent once implemented. This has not only been the experience with aspects of devolution, but also the Barnett formula, which has proved much more long-lived than originally intended.

In this context, it was highlighted that that early policy-driven design choices are critical in ensuring the NI Fiscal Council can continue to add value in NI's fiscal architecture going forward as it is put on a statutory footing.

The role of effective scrutiny

The second panel developed this theme, also shared by the Finance Committee Chair's remarks at the start of the conference, and provided perspectives on how the effectiveness of public spending can be meaningfully scrutinised.

To enable this, there was broad agreement that spending should be clearly driven by overarching outcomes. In this context, some disappointment was voiced around the lack of a clear link between the current Draft Programme for Government and the Budget process.

It was highlighted that even in the absence of multi-year budgets, the Executive has regularly signed up to long-term spending commitments. Moving to multi-year budgeting may bring longer-term pressures into greater focus, however there would still be a requirement for 'milestones' along the way to ensure spending is on track to achieving its intended outcomes.

Another key point made was the need to go further in terms of partnership working across government and the wider public, private and business sectors when planning and

delivering public services as well as seriously incorporating lessons learned from past experiences.

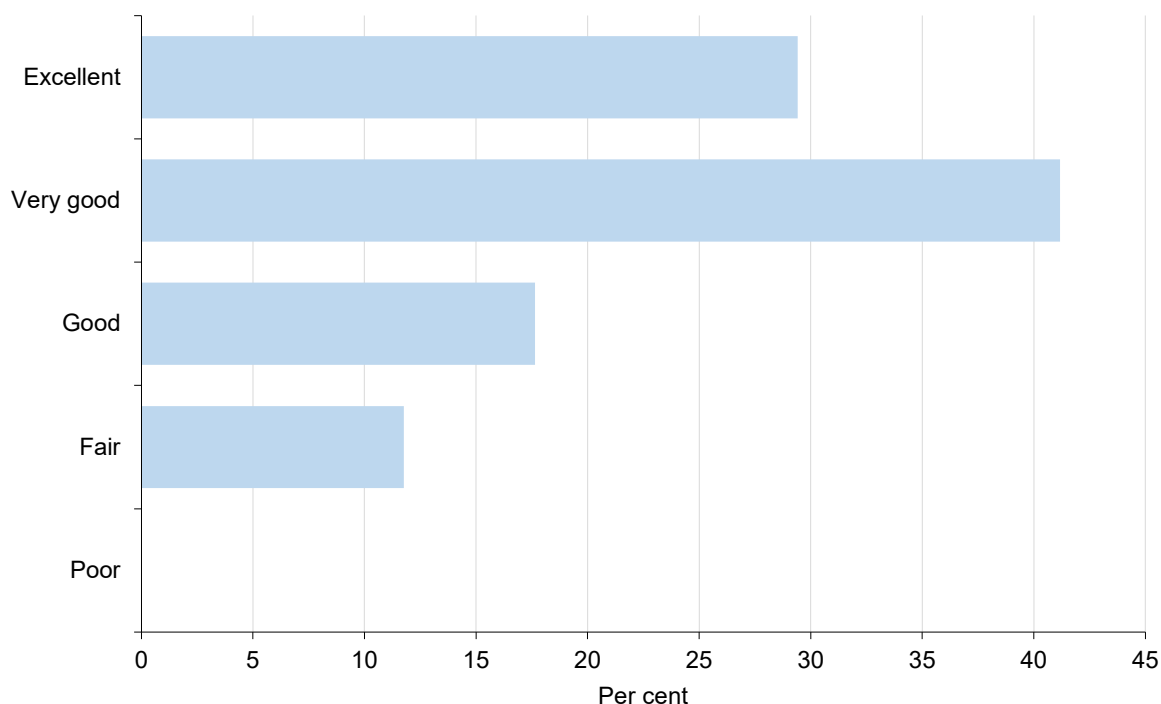
A key role for independent fiscal institutions, in Scotland as in NI, was identified as providing the evidence base on long-term spending pressures to enable meaningful scrutiny and debate.

Stakeholder feedback

We issued 66 surveys following the 2024 conference. The response rate was 26 per cent, which shows relatively high engagement from conference attendees.

The survey included five multiple-choice questions and four questions asking for free-text feedback. The multiple-choice results are summarised below, together with free-text feedback as it relates to them.

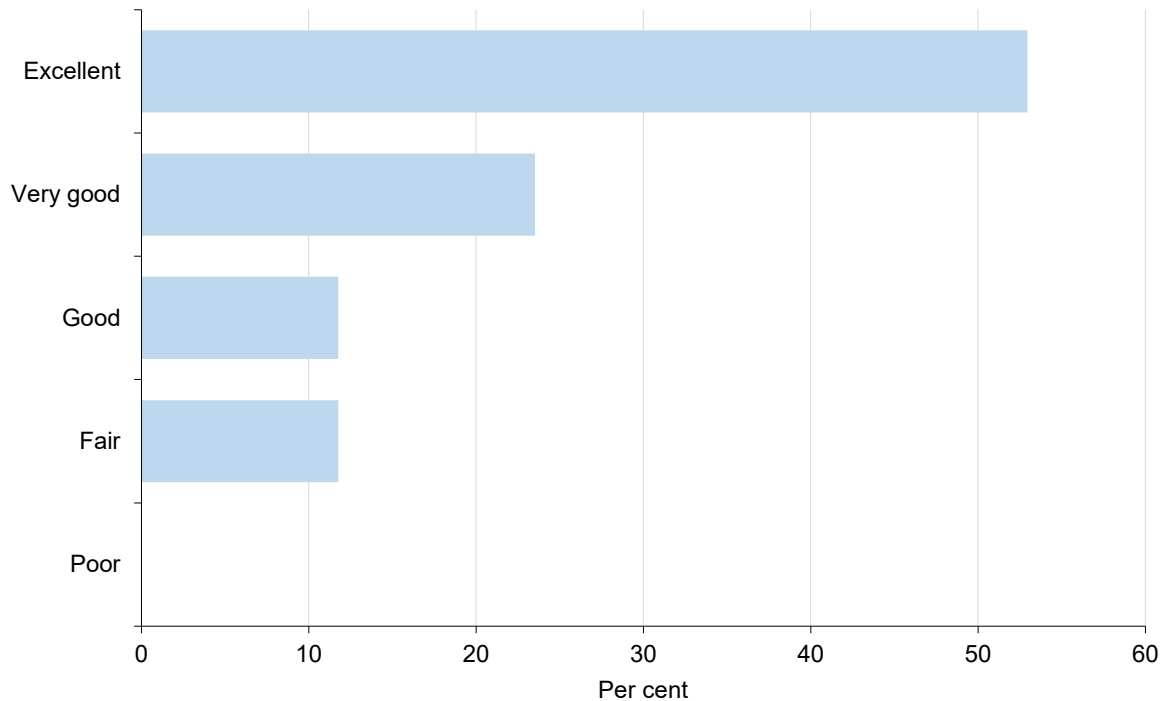
Question 1: How satisfied were you overall with the event?



88 per cent of respondents rated the conference as good or better. While a good result, it underperforms the 100 per cent achieved last year, when results were also more heavily skewed towards 'excellent' (55 per cent last year versus 29 per cent this year).

Unfortunately the respondents who rated the conference as only fair did not respond to the free-text survey questions, making it difficult to gauge what weighed the overall conference down in their eyes.

Question 2: How satisfied were you with the venue and catering?



88 per cent of respondents rated the venue and catering as good or better. This is a similar result to last year (90 per cent), and it is more heavily skewed towards 'excellent' (53 per cent this year versus 36 per cent last year).

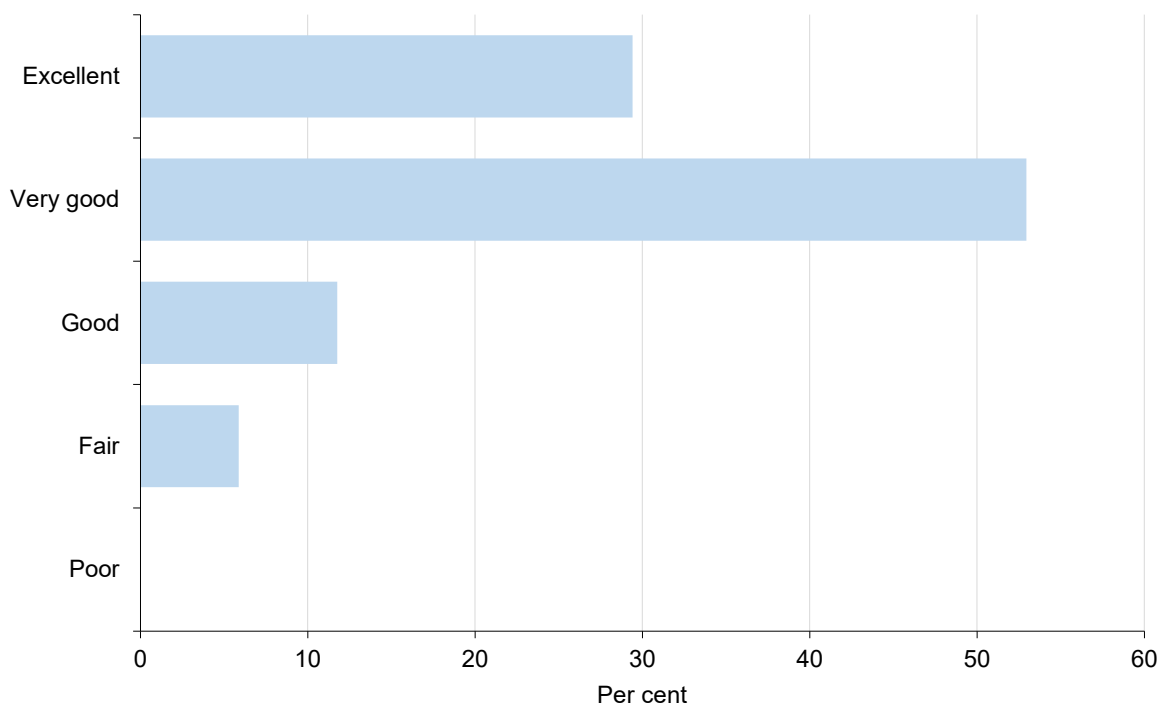
This improvement may be due to a number of changes implemented this year in response to feedback from last year's conference:

- Seating capacity was slightly reduced
- This allowed for an altered venue layout
- The change to the layout improved visibility of speakers and allowed us to display the slides at both ends of the room so that all attendees could see all of the PowerPoint presentations (where relevant)

The related negative feedback from last year's conference did not recur.

As with question 1, the respondents who gave a 'fair' rating did not provide additional free-text feedback, although we received two separate comments on the catering provided, one positive and one negative.

Question 3: How satisfied were you with the speakers and sessions?

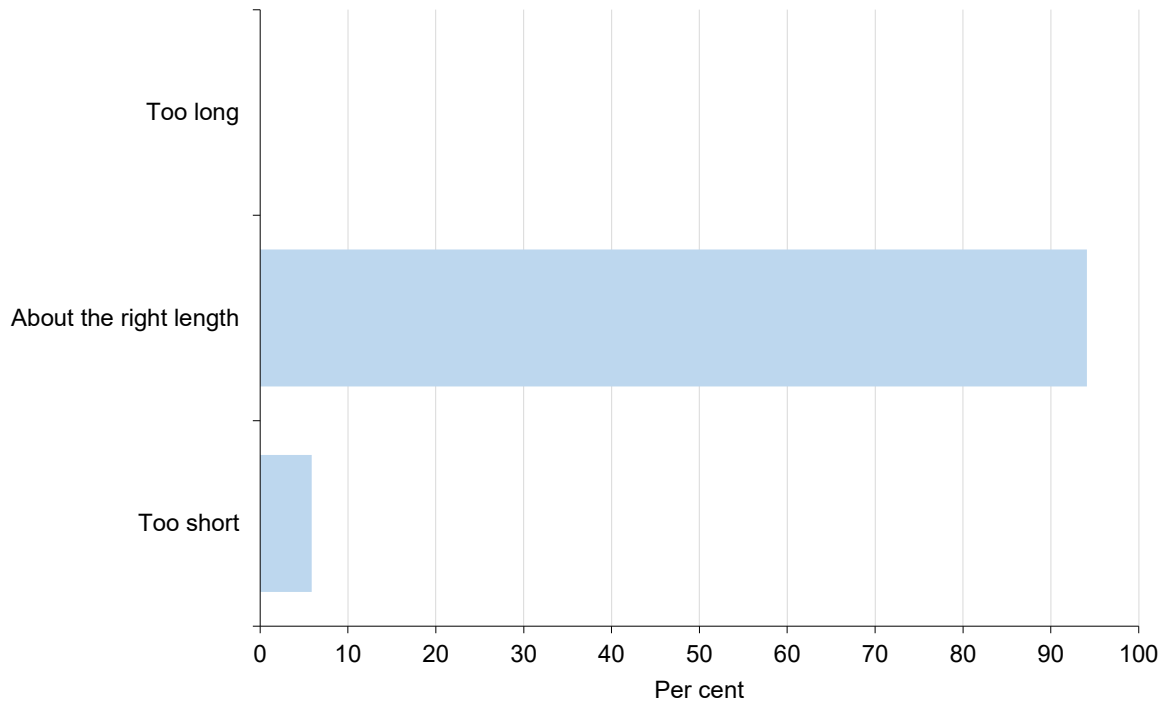


94 per cent of respondents rated the speakers and sessions as good or better. This is a similar result to last year (95 per cent), however last year's responses were more heavily skewed towards 'excellent' (64 per cent last year versus 29 per cent this year).

We responded to last year's feedback suggesting an earlier end time by condensing the format to two plenaries (down from four), which may have led to some respondents feeling the conference left certain topics underexplored.

The quality of speakers was generally remarked positively upon. A number of comments suggested at our next event we cover the mechanics of the Executive's funding (including potential representation from Treasury) as well as NI Budgets and fiscal sustainability in greater detail.

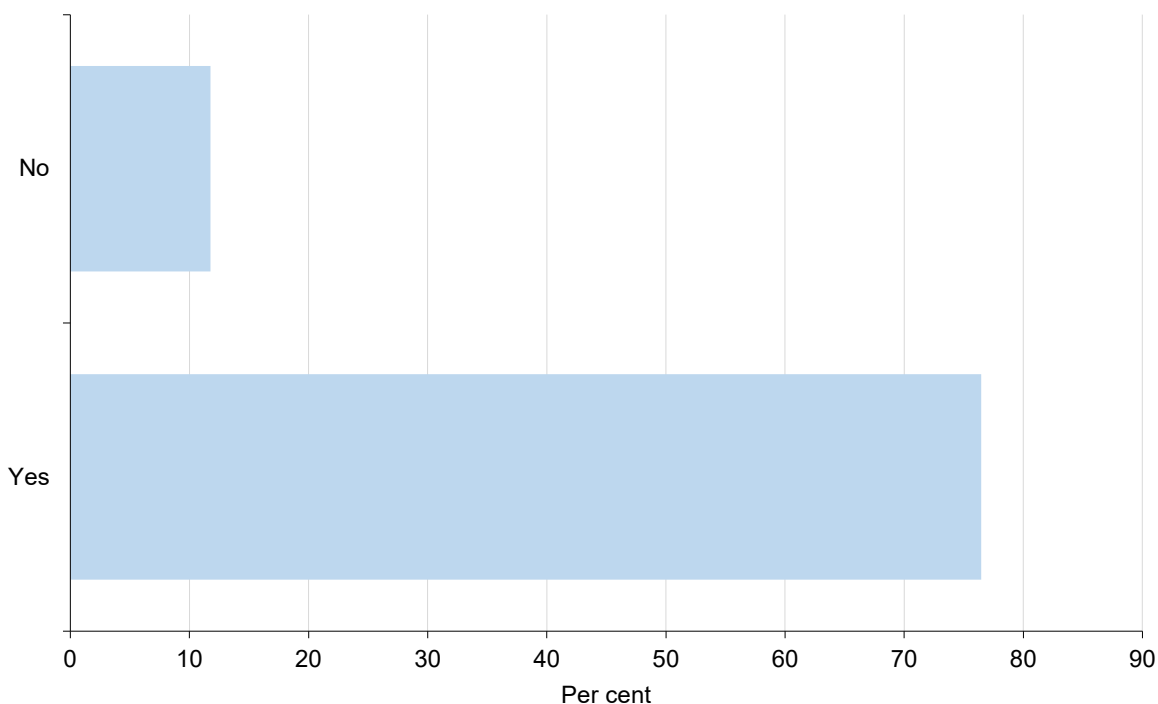
Question 4: Was the time for discussion during sessions appropriate?



Following last year's feedback, we allocated ten additional minutes to each panel discussion, which led to an improved result (94 per cent of respondents stating sessions were about the right length, versus 77 per cent last year). The free-text feedback highlighted the efficient chairing of the conference by our compere, Clodagh Rice.

One comment suggested that more interaction with the audience would have been desirable, with another suggesting a breakout session. Another respondent suggested keeping introductory speeches before the plenaries to a minimum.

Question 8: Are you likely to participate in one of our events in the future?



76 per cent of respondents stated they were likely to participate in future NIFC events. While this is down from 95 per cent last year, it is difficult to draw conclusions from these results, with one respondent unlikely to attend in the future having rated the conference as excellent, and two respondents skipping this question.

Reflections of the Council

The conference provided a very useful and timely opportunity to place the developments in NI's budget management and fiscal relationship with the UK Government in the context of the experience of Wales and Scotland.

The discussions prompted reflections on whether the fiscal architecture in NI is appropriate for a regional assembly compared to a national one and what might be the optimum fiscal architecture for the Council to sit within.