

EXPLANATORY NOTES

Northern Ireland Fiscal Council Act (Northern Ireland) 2026

Chapter 8

£8.90

These Notes refer to the Northern Ireland Fiscal Council Act (Northern Ireland) 2026 (c.8) which received Royal Assent on 7 October 2026

THE NORTHERN IRELAND FISCAL COUNCIL ACT (NORTHERN IRELAND) 2026

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes relate to the Northern Ireland Fiscal Council Act (Northern Ireland) 2026 which received Royal Assent on 7 October 2026. They have been prepared by the Department of Finance (the "Department") in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by the Assembly.

2. These Notes should be read in conjunction with the Act. They are not, and are not intended to be, a comprehensive description of the Act. Where a section, part of a section or schedule does not require explanation or comment, none is given.

BACKGROUND AND POLICY OBJECTIVES

3. The Northern Ireland Fiscal Council was established on a non-statutory basis in March 2021 following a commitment made in the New Decade New Approach[1] (NDNA) document.

4. The Northern Ireland Executive agreed to the formation of the Northern Ireland Fiscal Council on 11 March 2021, including the Chair, Membership and Terms of Reference[2]. The Minister of Finance announced the formation to the Northern Ireland Assembly on 12 March 2021.

5. The Northern Ireland Fiscal Council is set up to bring greater transparency and independent scrutiny to the current and future state of Northern Ireland's public finances. The Council was established based on the nine broad principles recommended by the Organisation for Economic Co-operation and Development (OECD) for Independent Fiscal Organisations[3].

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[1] 2020-01-08_a_new_decade__a_new_approach.pdf

[2] https://www.nifiscalcouncil.org/publications/initial-terms-reference

[3] https://read.oecd-ilibrary.org/governance/principles-for-independent-fiscal-institutions

6. In accordance with these principles and in line with international best practice, the Northern Ireland Fiscal Council Act (the 'Act') now establishes the Council on a statutory basis and provides a legislative framework to underpin its work. The Act sets out the functions of the Council, safeguards its independence and ensures its access to information. In addition, the Act deals with operational matters regarding annual reports, membership, finance and staffing.

7. The Council currently costs £616k per year (2025/26), funded from the Department of Finance. The secretariat, included in this funding, currently has 6.3 full-time equivalent staff to support the work of the Council.

OVERVIEW

8. This Act establishes the Northern Ireland Fiscal Council on a permanent, statutory basis, bringing it in line with international best practice, to underpin its work and safeguard its independence, and protect its scrutiny role as a result of the commitment made in the NDNA document[1]. The Act comprises of 9 Sections and 2 Schedules.

COMMENTARY ON SECTIONS

Section 1

Section 1 establishes a body corporate known as the Northern Ireland Fiscal Council (the Council).

Sections 2, 3 and 4

Sections 2,3 and 4 sets out its main functions, including the production of budget assessment reports and fiscal sustainability reports.

Sections 2, 3 and 4 set out the duties of the Council to examine and report on the public finances in Northern Ireland. Under these provisions, the Council is under a statutory duty to prepare and publish a budget assessment report for each financial year and a fiscal sustainability report yearly. The Council can also publish such other reports as it considers appropriate. All reports published by the Council will be laid before the Northern Ireland Assembly and sent to the Department.

The budget assessment report will include an assessment of the proposed budget and provide consideration of the extent to which public revenue in Northern Ireland is enough to meet planned expenditure.

The Act provides for two kinds of fiscal sustainability reports: "overall" reports and "thematic" reports. An overall fiscal sustainability report will consider, and provide commentary on: public revenue, public borrowing and accumulated debt, expenditure and other matters as the Council considers appropriate generally. In a thematic report, the

Council will choose to report on a particular topic. The thematic reports will consider the same matters as an overall report but will be limited as appropriate, depending on the topic being assessed. Given that the overall budget sustainability position may not change significantly year to year, the Council is required to deliver an overall report at least once every 5 years. A thematic report must be completed in the years when an overall report is not completed.

The fiscal sustainability reports will also include views on public services delivery regarding past and future delivery in Northern Ireland, delivery comparisons in other jurisdictions and other matters as the Council considers appropriate.

Section 5

Section 5 enables the Department to confer additional functions on the Council, or to alter or remove any of those additional functions by regulations. Any regulations will be made after consultation with the Council, and other persons as the Department considers appropriate and laid before the Northern Ireland Assembly for approval.

Section 6

Section 6 provides that the Council has complete discretion in carrying out the functions relating to its duty to deliver an annual budget assessment and a fiscal sustainability report under Section 2. In carrying out these main functions, it is not subject to the direction or control of various named parties. This section restates what the position would be in any case: as a statutory body its duty is to carry out the functions conferred on it by the Assembly; and general principles of administrative law require that statutory bodies are not subject to the direction or control of any other person. However, given the importance of the matters dealt with and the principles recommended by the OECD, it is thought appropriate to spell this out. This safeguards the operational independence of the Council, which is free to determine how it fulfils its main functions in the production of the assessments under Section 2.

When performing its functions under Section 2, the Council may consider the likely effect of any published policy or proposed policy of a Northern Ireland department on the public finances, but it will not make any recommendations on that policy or any alternative policy.

The Council must carry out its functions objectively, transparently and impartially, free from any political perspective.

Section 7

Section 7 introduces Schedule 2, which makes consequential amendments.

Section 8

Section 8 provides definitions of the "Department", "a Minister" and "statutory provision" as used in the Act.

Section 9 *short title* –

The short title is given as the Northern Ireland Fiscal Council Act (Northern Ireland) 2026.

SCHEDULES TO THE ACT

Schedule 1 sets out details about the structure and operation of the Northern Ireland Fiscal Council. The Schedule has 7 Parts as follows:

Part 1: General

Part 1 details the status of the Council as an independent body, with the general power to do all things it needs to do in order to carry out its functions; and that its functions should be carried out in an efficient and cost-effective manner.

Part 2: Membership and staff of the Council

The membership consists of a Chairperson and no less than 2 and no more than 5 other Members. Appointments are made by the Department of Finance. This will be completed in line with the Code of Practice of the Commission for Public Appointments of Northern Ireland. The chair and members of the Council shall hold office for a maximum period of 5 years but shall be eligible for one re-appointment period.

The period of appointment and other terms of appointment, including remuneration and expenses are all to be detailed within the terms and conditions of the position within the Council as laid out in the appointments process. The terms of appointment will cover the areas of declarations of interests, political activity and public controversy which would compromise the work of the Council.

Paragraph 8 outlines the criteria on disqualification from appointment. This includes:

Paragraph 8(1)(d) which provides that a person is disqualified from appointment if within the last 10 years has been made bankrupt within the meaning of Article 9 of the Insolvency (Northern Ireland) Order 1989. Paragraph 8(2) provides that this includes being, or having been, the subject of an analogous arrangement anywhere in the world.

Paragraph 8(1)(b) provides that a person is disqualified from appointment to the Council if they are disqualified from being a member of the Assembly. This means a person is disqualified for membership of the Northern Ireland Assembly if they are a member of the House of Commons; holds any of the judicial offices; is employed in the civil service of the Crown; is a member of any of the regular armed forces of the Crown; is a member of

any police force; is a member of the Dàil Èireann; or is a member of the legislature of any country or territory outside the Commonwealth (see paragraph 8(3), which applies the Northern Ireland Assembly Disqualification Act 1975).

Paragraphs 9, 10, and 11 detail the criteria on automatic termination of appointment, termination of appointment by the Department and resignation.

The Council will put in place a secretariat and support staff headed by a Chief of Staff. Terms and conditions of employment are to be determined by the Council. It is expected that these will be in line with the Northern Ireland Civil Service arrangements.

Part 3: Committees, procedure and delegation

Part 3 specifies that the Council has authority to form committees if required. It also provides the Council with the flexibility to delegate functions to the chair, to other members, to committees or to members of staff. This does not include the primary functions in Section 2.

Part 4: Information and disclosure

Part 4 provides details of the Council's right of access to Northern Ireland government information required for the performance of the Council's functions. The Council will publish all the documents it produces and clearly set out the methodology and assumptions used.

The Council will publish at least once in each year a data statement regarding the quality of information and any gaps in the data, information or explanations which shall be laid before the Northern Ireland Assembly and sent to the Department.

Part 5: Reporting and review of performance

Part 5 sets out the reporting and review of performance duties for the Council. The Council must prepare and publish a report on the exercise of the Council's functions after each financial year and share with the Department and the Assembly.

It must also arrange for a suitable person or body to a review and report on the Council's performance in each review period, publish the report and share with the Department and the Assembly.

Part 6: Finance and funding arrangements

Part 6 details that the Council must keep proper accounts and submit them to the Department, copied to the Comptroller and Auditor General, who will examine them. The Council's running costs are to be included in the Department's overall estimate presented each year to the Assembly, as is the case with the existing non-statutory Council.

Part 7: Initial membership of the Council

Part 7 sets out that as the Council already exists on a non-statutory basis, the current Chair and Members will immediately become the first members of the statutory Council. The terms and conditions, including length of term, of appointment are carried over.

Schedule 2, Consequential Amendments is self-explanatory.

HANSARD REPORTS

9. The following table sets out the dates of the Hansard reports for each stage of the Act's passage through the Northern Ireland Assembly.

Stage	Date
Introduction	23 June 2025
Second Stage debate	1 July 2025
Consideration Stage	5 May 2026
Further Consideration Stage	26 May 2026
Final Stage	15 June 2026
Royal Assent	Received 7 October 2026

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Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Saul Nassé, Controller of His Majesty's Stationery Office, being the Government Printer for Northern Ireland and the officer appointed to print the Acts of the Northern Ireland Assembly.

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Published by TSO (The Stationery Office), part of Williams Lea, and available from:

Online
www.tsoshop.co.uk

Mail, Telephone & E-mail
TSO
PO Box 29, Norwich, NR3 1GN
Telephone orders/General enquiries: 0333 202 5070
E-mail: customer.services@tso.co.uk
Textphone: 0333 202 5077

ISBN 978-0-10-596802-3

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