

Minutes of Irish Fiscal Advisory Council Meeting (24th – 25th September 2020)

Online

12.00pm-3.00pm, Thursday 24th September 2020

Present

Mr Sebastian Barnes (Chair)

Dr Martina Lawless

Dr Michael McMahon

Ms Dawn Holland

Attending

Dr Eddie Casey

Mr Niall Conroy

Mr Kevin Timoney

Mr Killian Carroll

Mr Elliott Jordan-Doak

Ms Karen Bonner

Proceedings

1. Admin/Financial

- **Declarations of interest:**

There were no declarations of interest.

- The Council **approved the minutes** of the meeting of the Council on 18th August 2020. Michael proposed and Dawn seconded them.

- **Matters arising**

There were no matters arising.

- **Peer Review**

Eddie provided an update on the peer review process.

- **2019 Annual Report**

The finalised 2019 Annual Report and Financial Statements, approved by Council on 21 September 2020 following OCAG final clearance, will be submitted to the Minister who will arrange to lay a copy before the Houses of the Oireachtas. In addition, the Annual Report will be published on the Fiscal Council's website.

- **2019 Chairperson's Comprehensive Report**

The final draft copy of the **Chairpersons' Comprehensive Report to the Minister** was agreed and signed for submission.

Standing items:

- **Purchases and Receipts book** The Council reviewed the Purchases and Receipts book for August 2020.
- **Management Accounts:** The Council reviewed the management accounts for Q2 2020, which were reviewed by the A&RC at its recent meeting.
- **Recruitment Update:**
Sebastian provided an update on the PAS process in respect of Council appointments.
- The Council received two **Parliamentary Question** since the last meeting.
- **FOI Update:** The Council received no FOI requests since the last meeting. It was confirmed that the FOI request notified to the Council at its meeting on 18 August 2020 was responded to.
- **Audit & Risk Committee Meetings:** Martina Lawless, Chairperson of the A&RC, reported on the meeting held on 16 September:
 - Tony Peteh & Imelda Lynch presented the OCAI interim report on the Fiscal Council 2019 audit. It was noted that there are no significant findings emerging from the 2019 audit and that the C&AG audit report was received on 22 September 2020.
 - The update on **Budget 2020** was reviewed which reflects expenditure reductions in certain cost centres primarily due to recruitment timing, remote working and the holding of virtual meetings over the past six months. There has been related expenditure increases in hardware and the

extension of the internship program. The Council noted the update on the 2020 Budget.

- The draft Budget for 2021 was reviewed and discussed. The A&RC recommends the draft Budget 2021 to the Council, but, advises that a moderate provision for consultancy be maintained and with a narrow budget gap to expenditure ceiling that the Council is mindful of the funding challenges which should be addressed.

The Council reviewed and discussed the draft **Budget 2021**. The Council included a provision for consultancy and with the contingency allowances, the 2021 budget gap is very narrow and nearing the current expenditure ceiling. The Council also discussed staffing levels - whilst provision has been made in the budget in respect of recruitment to fill the recently vacated Research Assistant post, due to budgetary constraints this or any additional full time hires cannot be committed too unless there is a change to the current funding structure. Section 9 of the FRA 2012 defines the Council's funding structure with the ceiling linked to HICP whereas wages are subject to incremental increases and expenditure grows in line with inflation. The Council adopted the draft 2021 budget.

- The A&RC reviewed a number of policies and the A&RC charter which the Council reviewed and approved as followed:-

- The **Charter and Terms of Reference of the Audit & Risk Committee** updated in respect of the composition of the A&RC.
 - The **Media Relations Policy**.
 - The **Social Media Policy**.
 - The reviewed and updated **Payment Procedures Policy**.
 - The reviewed and updated **Procurement Policy**.
- The A&RC reviewed the updates to the new **Remote Working Policy**. The policy was reviewed by the Council and a further revision expanding on points in relation to new employees and insurance obligations will be reviewed at the next meeting.
- The Council reviewed section 3 Financial of the **Risk Register**, 3.2 will be expanded to further explore the risk associated with the funding ceiling.
 - **Info Security/GDPR:** There were no matters to report. It was noted that an enhanced cloud solution backup has been procured and is in the process of being implemented.
 - **Recent and Forthcoming Meetings:**
 - Recent:**
 - Eddie is participating as a panellist on the Finnish IFI peer review.
 - Forthcoming:**
 - Sebastian will be participating in the EU IFI meeting on 6 October 2020.
 - The Oireachtas Budgetary Oversight Committee has requested to meet with the Council in early October.
 - Forthcoming Council Meetings: 23 October @ 9.30am.
 - Forthcoming Audit & Risk Meetings 2020: 18 November 2020 @ 9.30am.

2. Endorsement Preparations

The Council discussed the draft Budget 2021 forecasts received from the Department of Finance. As part of its decision-making process, it compared the Department's macroeconomic forecasts to the Council's Benchmark projections and other agencies forecasts; it considered the methodology used to produce the forecasts; and it reviewed past forecast errors for evidence of systematic bias.

3. Flash Budget Release plans

The Council discussed plans for its release of a visual summary of Budget 2021 shortly after the publication of the budget.

The meeting concluded at 3pm on Thursday 24 September and recommenced at 9.30am on Friday 25 September

4. Council discussion ahead of DoF presentation

The Council discussed some further aspects of the Department's forecasts.

5. DoF presentation

The Department presented its forecasts to the Council and responded to questions from the Council.

6. Council Endorsement discussion

The Council held further discussions related to the forecasts presented by the Department of Finance. The Council endorsed as within the range of appropriate forecasts the set of macroeconomic projections prepared by the Department of Finance for Budget 2021 for the years 2020 and 2021, emphasising that this endorsement comes at a time of exceptional uncertainty for the Irish economy.

7. Other releases: LTSR Methodology Report, BVAR Working Paper, Maq

There are a number of reports and working papers incorporating recent feedback which are now finalised and will be circulated prior to publication on the website:

- The LTSR Methodology Report.
- The working paper which develops a forecasting model of the Irish macroeconomy using a large Bayesian Vector Auto-Regression model.
- Reworked and updated paper on the role of Elasticities in Forecasting Irish Government Revenue.

Eddie will provide an update on "Maq": A Fiscal Stress Testing Model for Ireland at a future meeting.

8. AOB

There was no other business.

The next meeting will take place on Friday 23 October 2020 @ 9.30am.

Signed:

Sebastian Barnes (Chairperson)

Dated: _____