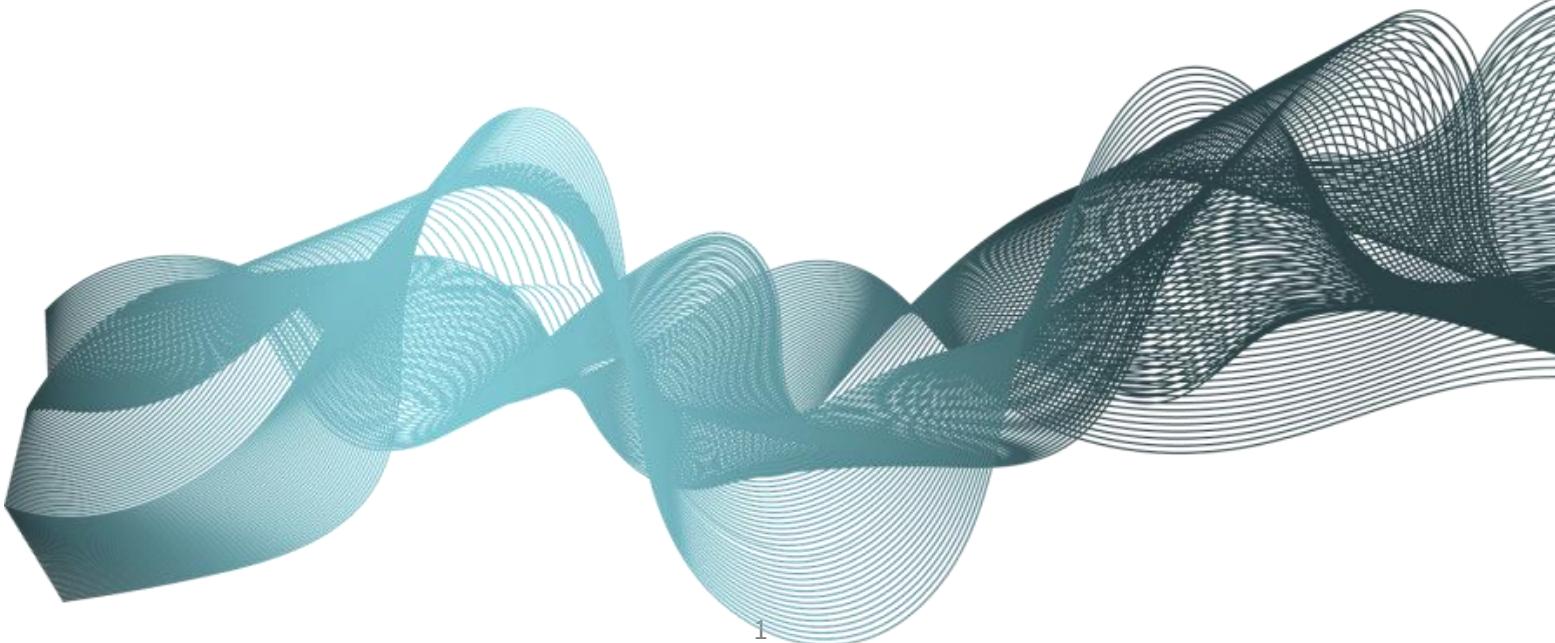




**Irish Fiscal
Advisory Council**

Draft Strategic Plan

2026–2028



Introduction

The Fiscal Responsibility Act 2012 established the Irish Fiscal Advisory Council (“the Fiscal Council”) as an independent state body. The Fiscal Council is often referred to as Ireland’s budgetary watchdog. This is the Fiscal Council’s fourth strategic plan.

Mission

The Fiscal Council’s mission is to support the effectiveness of fiscal policy in the near and medium-term through delivery on each element of its mandate as an independent fiscal institution. The Council aims to enhance the public discourse and awareness of fiscal policy issues.

Vision

The Fiscal Council’s vision is for a society with broadly based growth in incomes and employment, aided by sustainable macroeconomic and fiscal policies.

Values

The key values of the Fiscal Council are:

- Independence and integrity.
- High quality analytical output.
- Openness, objectivity and transparency.
- Highest ethical standards.

Background

Mandate of the Fiscal Council

The Fiscal Council has five legally mandated functions.

1. **To assess the official forecasts** produced by the Department of Finance and published in the Annual Progress Report and in the Budget.
2. **To assess the fiscal stance** of Government, and specifically whether it is conducive to prudent economic and budgetary management, with reference to the EU Stability and Growth Pact.

3. **To monitor and assess compliance with the Budgetary Rule.**¹
4. **To endorse the official macroeconomic forecasts** prepared by the Department of Finance in relation to each Budget and Annual Progress Report. This follows revised European requirements to have national medium-term fiscal plans and draft budgets based on independent macroeconomic forecasts, which means macroeconomic forecasts produced or endorsed by an independent body. A joint Memorandum of Understanding between the Fiscal Council and the Department of Finance underpins the endorsement process.²
5. **To assess if there has been or is likely to be a deterioration in the economic or fiscal position of the State.** The Fiscal Council is required to submit a report to the Minister for Finance prior to September 30th. This report provides the Council's view as to whether contributions to the Future Ireland Fund and/or the Infrastructure Climate and Nature Fund should be reduced or stopped.

The first three were assigned in the *Fiscal Responsibility Act 2012*.³ The fourth function (endorsement) was assigned to the Fiscal Council in July 2013.⁴ The fifth function was assigned to the Fiscal Council in 2024.⁵

¹ The budgetary rule requires that the budgetary position of the general government is in balance or in surplus, or is moving at a satisfactory pace towards that position. The Council must also assess whether any non-compliance is a result of 'exceptional circumstances'. This could mean a severe economic downturn and/or an unusual event outside the control of Government which may have a major impact on the budgetary position.

² The Memorandum of Understanding was most recently revised in 2025 and can be accessed here: <https://www.fiscalcouncil.ie/wp-content/uploads/2025/06/MoU-2025-signed.pdf>

³ See Fiscal Responsibility Act 2012 available at: <http://www.irishstatutebook.ie/eli/2012/act/39/enacted/en/pdf>

⁴ See Ministers and Secretaries (Amendment) Act 2013 available at: <http://www.irishstatutebook.ie/pdf/2013/en.act.2013.0029.pdf>.

⁵ See Future Ireland Fund and Infrastructure, Climate and Nature Fund Act 2024, available at: <https://www.irishstatutebook.ie/eli/2024/act/16/enacted/en/html>

The Fiscal Council produces biannual Fiscal Assessment Reports as well as an annual Pre-Budget Statement. Reports are submitted to the Minister for Finance and subsequently published within ten days. The Fiscal Council also submits its Annual Report to the Minister who arranges to lay the Report before each House of the Oireachtas. The Council chairperson may also be required to appear before the Oireachtas in relation to its activities.

In relation to the endorsement function, the Council is required to provide a formal letter to the Secretary General of the Department of Finance at least five working days before the Department publishes the Budget and Annual Progress Report.⁶ If the Council were to conclude that it had significant reservations about the preliminary or “provisional final” macroeconomic forecasts, it would immediately communicate these informally to the Department. If, following further discussions, the Council were still not in a position to endorse the macroeconomic forecasts underlying the Budget or Annual Progress Report, the Chair would write to the Secretary General explaining why this was the case, at least five working days before the Department publishes the Budget or Annual Progress Report.

The Council provides a letter to the Minister for Finance detailing the Council’s assessment of the economic and fiscal position of the State. This letter is provided to the Minister for Finance no later than 30th September. The Council also states if it deems it appropriate to reduce or stop contributions to the Future Ireland Fund and/or the Infrastructure Climate and Nature Fund.

To support the Fiscal Council’s delivery of its mandate, the Fiscal Council also produces *ad hoc* reports including Analytical Notes, Working Papers and blog posts on the Irish economy, macroeconomic forecasting, and fiscal policy.

⁶ The process of this function is outlined in the Memorandum of Understanding between the Fiscal Council and the Department of Finance, 2017 and can be accessed here:

http://www.fiscalcouncil.ie/wp-content/uploads/2011/07/IFAC_DoF_Forecasting_MoU_2017-FINAL.pdf

Current Position of the Council and Progress to Date

The Minister for Finance appointed the Council's five members based on their experience and competence in domestic and international macroeconomic and fiscal matters. The current Council has a strong international dimension with two members based outside of Ireland.

The Secretariat comprises a Chief Economist, two Senior Economists, two Economists, and an Administrator.

The Council was established in 2011 on an administrative basis and on statutory basis in 2012. To date, the Fiscal Council has published 29 Fiscal Assessment Reports, 11 Pre-Budget Statements, 26 endorsement letters, 21 Analytical Notes, 27 working papers and 5 blogs.

Two independent peer reviews of the Fiscal Council have been conducted. The first in June 2015, and the latest in February 2021 by the OECD. The latter concluded that:

"The Council has been an important institution in Ireland, helping to spread greater understanding around fiscal policy over a time period when there has been a drive for Ireland to improve fiscal management. The work of the Council is highly regarded by peers, and it is viewed as independent by those on all sides of the political spectrum."

However, the OECD (2021) review made recommendations to ensure the Council continues to perform well relative to international standards. These included aspects related to how its budget is set, legal underpinnings for access to information, and adjustments to leadership arrangements, such as advertising the Chair role as up to half-time instead of part-time. Some of these recommendations have been fully adopted. The outstanding recommendations help inform the Council's latest strategic plan.

Key Challenges, Risks and Opportunities in our Operating Environment

Key Challenges

- **Visibility:** To be effective, the Fiscal Council must maintain and enhance the visibility of its assessments. Although it has established a strong voice in domestic fiscal policy debates, it should continue raising awareness of its mandate and evaluations. This effort is crucial in a crowded public discourse, which must be balanced with maintaining its credibility.
- **Data access and informational asymmetries:** Government departments and bodies may have more granular information, which the Council often does not have access to when performing its analysis. The OECD peer review (2021) recommended that the Fiscal Council be granted a statutory right to access information. However, this is yet to be implemented and the Council still does not have a statutory right to data or information from government departments. A new EU Directive related to reforms of the budgetary frameworks of EU members states that Independent Fiscal Institutions should have adequate and timely access to information.
- **Capacity:** The Council's resources are small and it is now approaching its budget ceiling. This has limited the Council's ability to respond to changing circumstances or new analytical requirements. It has meant that the Council has not been able to maintain a staff position that was primarily involved in the area of long-term analytical work. This constraint could in the future impact the Council's ability to deliver its legal mandate. The OECD (2021) Review recommended changes to how the Council's budget is set, including linking it to changes in its main costs. The Council is involved in ongoing discussions with the Department of Finance to implement the OECD's recommendations in this regard.

Risks

- **Small size of Secretariat:** The Fiscal Council is at risk if staff were to suddenly leave or to take periods of extended absence. Due to the small staff size, there is limited scope for duplication of skill sets resulting in reliance on key personnel.
- **Independence:** Although the Fiscal Council's independence is underpinned by legislation, there is a possibility that these protections could be reduced in the future or other measures could be taken to undermine the Council.
- **Changing environment:** Wider changes to economic conditions, political changes, or developments in the EU and Irish institutional frameworks might limit or weaken the role of the Fiscal Council in contributing to appropriate and sustainable fiscal policy.
- **Reliance on goodwill:** The Fiscal Council is highly reliant on information from government departments and agencies, which is provided by goodwill rather than formal information-sharing arrangements. If this goodwill were to diminish, access to information could become more constrained. The OECD Review (2021) recommended that the Council should have a statutory right to information. However, efforts to establish a statutory right to information have proven unsuccessful so far.
- **Conflict with Government:** The Fiscal Council may be required to risk controversy by publishing criticisms of Government policy or unwelcome advice where the Council considers that it is warranted. This is in line with its independent role and mandate.
- **Organisational risks:** Disruption to existing service-level agreements could severely impede the functioning of the Council.⁷

⁷ The Council currently procures office space and a range of other services from the Economic and Social Research Institute (ESRI). These services are covered by a Service Level agreement with the ESRI.

Opportunities

- **Deeper analysis/research:** The Council could develop richer analysis in areas related to long-term fiscal sustainability. The Council can build on its 2020 Long-term Sustainability Report. This is something that many stakeholders have called for including those participating in the OECD (2021) Review. However, budgetary constraints have meant the Council was unable to maintain a staff position primarily involved in the area of long-term analytical work. If budget constraints were eased, the Council could expand its work in this area.
- **Increased visibility:** The Council could continue to make its output more visible to relevant stakeholders. These include public bodies, the general public, and through greater outreach to universities. Continuing to run an annual conference provides a showcase for the work of the Fiscal Council and brings focus to medium-term budgetary issues.
- **The Introduction of a domestic fiscal framework.** Given EU rules are unlikely to be a good guide for fiscal policy in Ireland, a strong domestic fiscal framework is key to guide fiscal policy. This can be supported by other institutional measures and better long-term forecasting and planning. The Council's work and increasing its medium- and longer-term focus could help to achieve this
- **Greater role in relation to the fiscal governance:** The new European Fiscal framework sees an enhanced role for Fiscal Councils. Under the current EU directive, the Irish Fiscal Advisory Council will be tasked with assessing the consistency, coherence and effectiveness of the national budgetary framework in Ireland.
- **European and domestic agenda:** The Fiscal Council could continue to play a role in the European and domestic debate on fiscal rules, structures, and economic governance. This includes through its continued

active participation in the independent Network of EU
Independent Fiscal Institutions.

Strategic Goals

Central Goal: Deliver on all Elements of our Mandate

Goal	Outputs
Assessment of: <ul style="list-style-type: none"> • Fiscal Stance • Official Forecasts • Compliance with Budgetary Rule 	<p>The Fiscal Council will:</p> <p>Publish at least two Fiscal Assessment Reports, as well as a Pre-Budget Statement every year; with Fiscal Assessment Reports to be produced within 6 weeks of each Budget and within 8 weeks of the Annual Progress Report.</p> <p>Report systematically on official forecasts.</p> <p>Continue to develop an analytical approach to assessing the fiscal stance and compliance with the Domestic Budgetary Rule.</p> <p>Review each Fiscal Assessment Report and document changes/improvements for future reports.</p> <p>Document clearly the Government's compliance or non-compliance with the Domestic Budgetary Rule.</p>
Endorsement of: <ul style="list-style-type: none"> • Macroeconomic Forecasts 	<p>Finalise the "Benchmark projections" prepared by the Secretariat as an input in the Council's endorsement considerations.</p> <p>Document the Council's approach to each endorsement exercise in each Endorsement Note (released along side each Fiscal Assessment Report) including all relevant meetings, data and decisions.</p> <p>Provide an Endorsement Letter (or reasons for non endorsement) no later than five working days prior to each Budget and Annual Progress Report.</p> <p>Develop and refine short- and medium- term forecasting models.</p>

	Review, on an ongoing basis, the Memorandum of Understanding with the Department of Finance.
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Supporting Goal 1: Ensure Compliance with all Requirements for a Statutory Body

Goal	Outputs
Publication of annual report and a set of financial accounts.	<p>The Fiscal Council will:</p> <p>Publish its Annual Report and financial statements within one month of the Comptroller and Auditor General completing its audit of the financial statements, or within six months of the end of the financial year (whichever is earlier).</p> <p>Implement any recommendations following audit by the Comptroller and Auditor General.</p> <p>Review ongoing requirements for statutory bodies and update procedures as may be required.</p>
Independence and transparency.	<p>Publish dates of all Fiscal Council meetings.</p> <p>Publish all formal interactions with Government.</p> <p>Respond to all queries (including parliamentary questions) in relation to Fiscal Council activities.</p> <p>Ensure that the website is up to date and reflective of Fiscal Council work (meetings, decisions, reports, presentations).</p>
External review of Fiscal Council operations.	<p>The Council will implement as far as possible and as appropriate the recommendations of the OECD (2021) external peer review. Where there are changes required to legislation, it will work with other bodies to ensure the most complete implementation of the review recommendations. The Council will also initiate an external review of its operations in 2025/26 taking into account performance over the period since 2021.</p>

Supporting Goal 2: Promote Awareness of Fiscal Policy issues

Goal	Outputs
Two Fiscal Assessment Reports and a Pre-Budget Statement every year.	<p>Ensure that reports are presented in a clear manner to the highest possible professional standards.</p> <p>Ensure that queries on reports are responded to in a timely manner.</p>
Analytical Notes, Working papers, and Blogs.	<p>Publish key analytical work undertaken in relation to its mandate outside of the bi-annual assessment reports.</p> <p>Seek to present such work at relevant conferences/seminars.</p> <p>Raise awareness on fiscal issues and activities of the Fiscal Council outside of the Fiscal Assessment Report cycle (see section on external communications and awareness below).</p> <p>Produce blog posts which present work from the Secretariat in a user-friendly manner.</p>
External communications and awareness of the Fiscal Council.	<p>When invited, appear before Oireachtas Committees in relation to the Fiscal Council's work.</p> <p>Host media briefings prior to the publication of each Fiscal Assessment Report and Pre-Budget Statement.</p> <p>Use a variety of social media platforms to disseminate the Council's output and assessments.</p> <p>Publish press briefings (including presentations).</p>

	<p>Organise a “Path for the Public Finances” conference every year, to bring focus to long-term public finance issues relevant for Ireland, with each year’s conference focusing on a particular theme.</p> <p>Participate in domestic and international conferences and seminars of relevance to the Fiscal Council’s mandate.</p> <p>Respond in a timely manner to all queries in relation to its activities.</p> <p>Make greater use of the Fiscal Council’s website and social media accounts, to establish the Fiscal Council as the authoritative source on fiscal policy and fiscal stance in Ireland.</p> <p>Communicate report messages in a clear manner.</p>
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Achieving Our Goals

Goal	Outputs
<p>Economic Forecasting:</p> <ul style="list-style-type: none"> • Short-term and medium-term forecasting. • Long-term forecasting. 	<p>Continue to develop the Secretariat's short-term (2 year), medium-term (3-5 year), and long-term (5+year) forecasting capabilities through training, recruitment and reviewing Benchmark projections.</p> <p>Document and publish its approaches to forecasting.</p> <p>Make key databases or links to data sources available on the Fiscal Council's website.</p> <p>Liaise with other institutions including the Central Bank of Ireland and the Economic and Social Research Institute on their approaches to modelling.</p>
Public Finances.	<p>Ensure staff are appropriately trained and informed on all issues relating to the public finances.</p> <p>Document clearly the Government's compliance or non-compliance with the domestic Budgetary Rule.</p> <p>Further develop analysis of revisions to public finance projections relative to plans.</p> <p>Develop understanding of key drivers of public expenditure forecasts.</p>

	<p>Publish updated long-term fiscal projections.</p> <p>Publish datasets used by the Fiscal Council for use by other researchers.</p>
Fiscal Rules.	<p>Ensure staff are appropriately trained and informed on all issues relating to the fiscal rules.</p>
Full-time six-person Secretariat.	<p>Train Secretariat on an ongoing basis where appropriate.</p> <p>Regularly review Secretariat output.</p> <p>Foster a supportive work environment.</p> <p>Ensure that there are clear work plans and goals in place for staff.</p> <p>Liaise with service providers to ease administrative burden on staff (to include an annual review of any Shared Service Agreement(s)).</p>
Stakeholders.	<p>Periodically meet with key stakeholders of the Fiscal Council to hear their views on economic issues and work related to the Fiscal Council. To include:</p> <p>Committees to Houses of the Oireachtas, Central Statistics Office, Department of Finance, Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, ESRI, PBO, private economic forecasting agencies, other international fiscal councils.</p>

	<p>Participate in international fiscal council forums, including:</p> <ul style="list-style-type: none">○ Network of EU Independent Fiscal Institutions (EUIFI)○ EU Network of Independent Fiscal Institutions (EUNIFI)○ OECD Network of Parliamentary Budget Officials and Independent Fiscal Institutions○ Inter-Parliamentary Financial Information Network
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