

FISCAL RESPONSIBILITY ACT 2010

EXPLANATORY NOTES

COMMENTARY ON SECTIONS AND SCHEDULES

Section 2: Subsequent duties for securing sound public finances

14. *Subsection (1)* provides that the Treasury may make an Order imposing further duties framed by reference to all or part of the same period as the duties established by section 1.
15. *Subsection (2)* requires the Treasury, no later than 31 March 2016, to make an Order imposing a subsequent duty or duties on the Treasury. This duty or duties must be referable to a later financial year. This subsection also places a duty on the Treasury, no later than each “relevant date” (defined in the following subsection), to make a further Order in relation to a later financial year.
16. *Subsection (3)* explains the phrase “relevant date” for the purpose of *subsection (2)*. The relevant date is the last day of the financial year specified in the first Order made under section 2(2) and the last day of the financial year specified in a subsequent Order imposing a duty or duties on the Treasury to secure sound public finances.
17. *Subsection (4)* provides that all duties imposed by virtue of section 2 must be for the purpose of securing sound public finances.
18. The effect of *subsections (2) to (4)* is that the Treasury must always have a duty or duties to secure sound public finances.
19. *Subsection (5)* provides that duties in Orders made under section 2 may be similar to the duties in section 1 or may be general duties relating to fiscal policy, as the Treasury consider appropriate.
20. *Subsection (6)* provides that Orders made under this section must be consistent with the key principles as applied by the code for fiscal stability. The key principles are set out in section 155(2) of the Finance Act 1998 as transparency, stability, responsibility, fairness and efficiency.
21. *Subsection (8)* sets out that Orders made under this section are subject to the affirmative procedure in the House of Commons.