



# HM Treasury

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Robert Chote  
Chair  
Office for Budget Responsibility  
20 Victoria Street  
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21 May 2014

*Dear Robert,*

## Delegation of Financial Responsibilities 2014-15 to 2017-18

This letter sets out the formal delegation for the Office for Budget Responsibility (OBR) for 2014-15 through to 2017-18, updated from the OBR's initial budget settlement agreed in 2011. This letter is to be read alongside the OBR's Framework Document. The Framework Document has been updated by HM Treasury and agreed with the OBR, setting out the broad guidance and management framework within which the OBR operates, consistent with the principles, rules, guidance and advice in *Managing Public Money*.

Your delegated budget is set out below:

	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	(indicative) £000s	(indicative) £000s
<b>Administration Costs</b>	2,075	2,146	2,167	2,188
<b>Programme Costs</b>	0	0	0	0
<b>Capital Costs</b>	0	0	0	0



Setting a multi-annual funding commitment supports the OBR's independence and ability to manage its resources effectively in the medium-term. This approach for independent fiscal institutions is consistent with international best practice, strengthening institutional independence through delegated budgetary autonomy.

As Spending Review 2013 only agreed departmental settlements for 2015-16, this delegation comprises a commitment for the years 2014-15 and 2015-16 with an indicative settlement for the years 2016-17 and 2017-18. Providing a multi-year spending commitment now will allow the OBR to plan and manage its resources effectively in the years ahead.

Additional funding has been allocated within this settlement to allow the OBR to accommodate additional workload associated with the introduction of the welfare cap policy and forecasting of devolved taxes for Scotland and Wales. For 2014-15, the budget allocation also includes one-off provision for the costs of the external review of OBR publications to be conducted within this financial year.

In line with the previous settlement arrangements, for any spending (or income) outside the limits specified in this letter, the OBR will prepare a business case that HM Treasury will consider.

As set out in legislation, the OBR has complete discretion in the performance of its statutory duties and a duty to so efficiently and cost effectively. Within this budgetary delegation, and in line with the budgetary authority provided for by a multi-year settlement, the OBR has maximum discretion over the use of its resources. No further restrictions to the delegated authority provided to the OBR are specified beyond those required by guidance applying across government and the framework for the proper, regular and efficient use of public funds.

Government and HM Treasury policies that apply across government and will apply to the OBR, surrounding your financial management responsibilities include:

- **the guidance set out in *Managing Public Money***: in particular, the OBR cannot incur expenditure for any purpose which is or might be considered novel or contentious, or be repercussive without HM Treasury approval. If the OBR wish to not follow this guidance, permission should first be sought from HM Treasury. Please see:  
<https://www.gov.uk/government/publications/managing-public-money>
- **cross-government expenditure limits**: a summary table of limits for expenditure in certain operational areas where HM Treasury will not normally approve spending without Cabinet Office agreement is provided below. The OBR will also be subject to Cabinet Office and HM Treasury expenditure controls on external recruitment and consultancy, which will be communicated accordingly along with any other amendments or additions to the limits below.

HM Treasury will not normally approve without Cabinet Office agreement	Spend over
Marketing and advertising	£100,000
ICT spend	£5,000,000
Leases	£100,000

- **cross-government transparency guidance:** please see: <http://www.nao.org.uk/wp-content/uploads/2012/04/10121833.pdf>
- **cross-government guidance** that departments and other public bodies should only use Government Banking Service Bank accounts and not commercial accounts.

This letter will be reviewed as necessary.

Please take time to review the contents of this delegation letter and acknowledge to me in writing the delegation given **by close on Friday 30 May**.

Yours  


**N I Macpherson**