

Minutes of the Office for Budget Responsibility Oversight Board and Audit Committee

20 June 2019

Oversight Board

Attending

Members: Sir Christopher Kelly, Bronwyn Curtis, Robert Chote, Sir Charles Bean, Andy King. Staff: Steve Farrington (Chief of Staff), Shaun Butcher (Deputy Chief of Staff), Mark Dembowicz (Head of Strategy, Operations and Communications).

1. Procedures

The board reviewed and discussed the risk register and agreed some refinements for future iterations. Some specific risks and mitigation strategies were discussed in detail. The re-structuring at staff level and turnover in the Budget Responsibility Committee has helped mitigate a number of risks.

2. Update on OBR activity

The Board discussed a summary of the OBR's recent outputs, stakeholder engagement, management issues and priorities. In relation to our outputs, the following issues were discussed:

- On 13 March we published our latest Economic and Fiscal Outlook. Our forecasts for the economy and public finances were broadly unchanged from November. Slowing UK and global growth led us to revised down our near-term GDP forecast. But tax receipts performed better than expected, which combined with lower debt interest spending from falling market interest rates, to deliver a modest improvement in the public finances.
- On 5th April we published a revised Memorandum of Understanding; Terms of Reference; and Financial Framework documents between the Welsh Government and OBR. These documents underpin and set out our new responsibilities to the Welsh Government from April 2019 to publish independent forecasts of devolved Welsh tax revenues for the 2019-20 Welsh Government Budget onwards, in accordance with the Welsh Government's fiscal framework.
- We continue to produce our monthly commentary on the public finances. The April data included a second estimate for public sector net borrowing in 2018-19, which at £23.5bn is now just £0.7 billion above our estimate in the March EFO.

The Board also discussed our engagement with Government and other stakeholders including:

- We again failed to receive the required 10 week's notification of the Spring Statement date, which was eventually confirmed almost 4 weeks late on 29 January. This hampered early planning and absorbed significant amounts of senior staff time. Once the date was confirmed things ran relatively smoothly with mutually agreed improvements from the Autumn put into effect.
- Engagement with the Welsh administration regarding our role in forecasting devolved taxes has stepped-up recently given our new responsibilities for forecasting Welsh taxes for the Welsh Government.
- International stakeholder engagement, including an IMF technical mission and contributing to the external review of the Lithuanian fiscal council.

Staff and office management developments discussed include:

- Management of staff turnover and temporary funding for additional post for Brexit related analysis.
- Recruitment processes for analysts across the OBR.

3. External review

The Board discussed progress on the External Review and issues raised as part of the process that commenced in May.

4. Pay remit

It was agreed that the pay remit would be approved by correspondence.

5. Finances and accounts

The Board discussed the financial position at the end of 2018-19, which will be incorporated into the *Annual report and accounts* due to be published in July.

Scott Dore and Peter Kitson (NAO) attended for item 6.

6. Annual report and accounts

The Board reviewed the *Annual report and accounts* which were approved for publication.

Audit Committee

Attending

Attendees: Sir Chris Kelly, Robert Chote, Mark Dembowicz, Kate Ivers, Scott Dore (National Audit Office), Neil Chapman (Government Internal Audit Agency)

1. NAO Audit Completion Report 2018-19

The NAO presented the Audit Report, which proposed a clear audit opinion. The Report was considered and agreed by the Audit Committee, which was invited to review the findings set out in the report, including the letters of representation and audit certificate. No material issues were raised.

2. Internal audit plan for 2018-19

The Government Internal Audit Agency presented the Internal Audit Plan for 2019-20, which was agreed by the Board.