

Minutes of the Office for Budget Responsibility Oversight Board and Audit Committee – 7 December 2020

Oversight Board

Attending

Members:

Sir Chris Kelly, Bronwyn Curtis OBE, Richard Hughes, Sir Charlie Bean, Andy King

Staff:

Stephen Farrington (Chief of Staff), Shaun Butcher (Deputy Chief of Staff), Mark Dembowicz (Head of Strategy, Operations and Communications).

1. Procedures

The Board reviewed the minutes from the previous meeting and cleared them for publication.

2. Update on OBR activity

The Board discussed a summary of the OBR's recent outputs, stakeholder engagement, management issues and upcoming priorities, presented by the BRC. The following issues were discussed:

- On 14 July we published our latest *Fiscal sustainability report (FSR)*. The *FSR* usually focuses on long-term public finance projections using our most recent *Economic and fiscal outlook (EFO)* as the medium-term 'jumping-off point'. But the March 2020 *EFO* was finalised before the full impact of the pandemic became clear, so for this *FSR* we blended together elements of our *EFO*, *FSR* and *Fiscal Risks reports (FRR)*: we produced three scenarios for the medium term, assessed their implications for the long term, and revisited our assessment of fiscal risks in light of the pandemic.
- On 25 November we published our latest *EFO*. This *EFO* continued the use of scenarios, conditioned on different assumptions on the outlook for the virus, as well as a 'no deal' Brexit scenario. It was a significant analytical and logistical challenge, requiring new analytical tools, and different ways of working against a backdrop of a very volatile public health, economic, fiscal and policy environment.
- We continue to produce our monthly commentary on the public finances. These now include monthly profiles for our latest in-year forecast, which help us to provide public guidance on whether the latest data are positive or negative surprises to our forecast.

3. Interactions with Government and stakeholders

- The Board discussed the range of challenges that the OBR has faced in tracking policy developments over the course of the pandemic, which have become decoupled from forecast events. The OBR has switched to provide more of a running commentary approach throughout the summer and autumn.
- The process for managing the timetable for the November 2020 forecast was challenging, with the shortest formal notification we have received since establishment. The exceptional circumstances are understandable and we will need to return to the appropriate notice period in normal times.
- The lack of stability in the timing of the forecast gave us cause to de-scope and change the planned timing of the *Welfare trends* and *Forecast evaluation reports*. This is manageable in the circumstances, but we should again, seek to return to normal service in normal times.
- The OECD review of the work of the OBR was published on 24 September and launched at an event hosted by the Society of Professional Economists at which the current and former Chairman both spoke.
- The former Chairman's final appearance at the Welsh Finance Committee took place in his final week in office. The BRC also gave evidence to the Treasury Select Committee's 'Tax after Coronavirus' enquiry on 7 October.
- We launched a new roundtable event during the forecast process in order to engage more widely with a broader range of views amongst organisations with a close interest in our work. The first event was attended by the IFS, IfG and Resolution Foundation and we had a separate discussion with NIESR.
- We also engaged with a wide range of government public health experts and epidemiologists, to inform our forecast judgements and scenarios.

4. Impact of coronavirus

The Board discussed the logistical and staff well-being challenges that the pandemic is inflicting on the organisation. Whilst the remote office environment has worked well, we have identified welfare concerns with staff working excessive hours in order to develop new analytical tools, take on difficult and fast-moving policy changes and build new analytical tools in order to deliver a challenging forecast. We are actively managing the pressures and ensuring enough space in work plans to allow people to rest before the next forecast process begins.

The Board also discussed prospects and plans for returning to the office, when it is safe to do so.

5. Staff and office management

The Board discussed our approach to our Spending Review bid when we met informally in September and which was subsequently submitted to the Treasury. After the Treasury Group's SR settlement has been finalised we then normally engage in a

business planning round discussion with to conclude the OBR's funding settlement before April. But given the pressures on our resourcing we asked for the process to be expedited and for additional funding to be available immediately. This was agreed by HMT and will lead to a further permanent expansion in OBR staffing of around 10 FTE.

6. Upcoming outputs

The Board discussed the plan to pare back and reschedule the *Forecast evaluation* and *Welfare trends reports*. The Welsh taxes outlook was due to be published don 21 December.

7. Risk register

The Board reviewed risks identified in the risk register and discussed the updates that had been made since the previous meeting.

Tanya de Jager (Treasury Finance Director and OBR Finance Partner) attended for item 8.

8. Finances and accounts

The Board discussed the financial position for the year to date.

Audit Committee

Attending

Members:

Sir Chris Kelly, Bronwyn Curtis OBE, Richard Hughes

Staff:

Stephen Farrington (Chief of Staff), Shaun Butcher (Deputy Chief of Staff), Mark Dembowicz (Head of Strategy, Operations and Communications). Tanya de Jager (HMT finance), Heather Clifton (Government Internal Audit Agency).

1. Internal audit plan for 2020-21

The GIAA presented progress on the audit plan for 2020-21.