

Minutes of the Office for Budget Responsibility Oversight Board and Audit Committee
– 18 September 2014, 10.00-12.30

Oversight Board

Attending

Members: Lord Burns (Chair), Kate Barker, Robert Chote, Graham Parker, Steve Nickell
Andy King (Secretary), Mark Dembowicz

1. 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:

- The July 2014 *Fiscal sustainability report* - the fourth edition of the publication. External commentators focused on the revisions to projections of UK oil and gas revenues and their implications for the Scottish referendum debate then in progress;
- *Working paper No.7: Crisis and consolidation* in the public finances had been published in the week prior to the board meeting. The report was generally well received and was seen as a useful source of information on the evolution of the public finances since the financial crisis and beyond;
- The publication of the Annual Report in June 2014;
- Looking ahead, we will publish the first *Welfare trends report* alongside our fourth *Forecast evaluation report* on 16 October. The date of the Autumn Statement had also been announced and we will begin working to deliver the next *Economic and fiscal outlook* over the coming weeks. This would be the first forecast after the welfare cap had been set; and
- Updates to the OBR risk register, noting that a key risk relating to our budget had been mitigated for the time being with the agreement of a new multi-year settlement. External proposals for extensions to the OBR's remit and their possible implications were discussed.

2. The External review of the OBR

The Board discussed the processes, conclusions and recommendations of the External review, which had been published by Kevin Page on 3 September. The Board also discussed how to address each of the recommendations.

The Board were pleased to note that the overall conclusions of the review were very positive about the staff, leadership and output of the OBR. The review found that the OBR has *'laudably achieved the core duties of its mandate'* and *'succeeded in reducing perceptions of bias in fiscal and economic forecasting'*. It also notes that the core outputs of the OBR *'often surpass international standards.'* The Board were reassured that the OBR is seen as a professional, high performing fiscal institution.

Whilst the majority of recommendations will require action from the OBR, some were deemed to fall under the responsibilities of HM Treasury. Lord Burns will write to Sir Nicholas Macpherson (Permanent Secretary to HM Treasury) and Robert Chote (Chairman of the OBR) to invite them to respond to each of the recommendations.

3. Review of the work of the Oversight Board

The Board took stock of its activity over the previous year against its terms of reference and statutory responsibilities. It was felt that the Board had addressed all of its responsibilities under the terms of reference, with activity focused on the External review, Annual report and accounts and associated processes, BRC members' appraisal and the staff pay remit. The Board terms of reference had been refreshed following last year's review under this agenda item and were judged to remain appropriate.

Audit Committee

Attending

Members: Lord Burns, Kate Barker (Chair) Robert Chote (Chair of OBR) Andy King (Secretary), Andy Ginever (OBR financial manager) Kate Ivers (OBR financial adviser), Steve Young (NAO), Chris Wobschall and Pirjo Shaer (Internal Audit).

1. Internal audit progress report and plan for 2014-15

- The internal auditors presented their review of the OBR's forecast and projection spreadsheets.
- The Committee welcomed the report and opinion, and were reassured that the spreadsheets underlying some of the OBR's most important outputs stood up to the scrutiny of the internal auditors. Recommendations would be taken forward over the coming year, with timing of actions taking into account periods of peak workload among the OBR staff.
- The Committee also reviewed the 2014-15 progress report and discussed the new arrangements for internal audit which will come into effect in April 2015.