

Office for
**Budget
Responsibility**

Sir Nick Macpherson
Permanent Secretary
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

26 July 2010

Dear Nick

I am writing to place on record the arrangements relating to my departure.

We have agreed that I should step down as Chairman of the interim Office for Budget Responsibility (OBR) when my contract ends on 13 August. Up to that point I shall continue to be available for advice regarding the permanent OBR, the appointment of my successor and any other OBR-related issues that might arise.

We also discussed the timing of my return to work in relation to the three consultancies that had been suspended – Credit-Suisse, Brevan Howard and the Observatory Group. My arrangement with them was that the consultancies would be suspended for a short period during my engagement with the OBR. We agreed that all the market-sensitive information to which I had access before the Budget became public knowledge on 22 June. I visited the Bank of England on 5 July, alongside Treasury officials, to provide the MPC with their usual briefing on the Budget, but I have not had access to any market sensitive information held within the Bank or the Treasury in relation to the financial sector.

We had agreed that I could properly restart my consultancies at the beginning of September. I have considered this matter further and, in order to rule out any suspicion of impropriety, I have decided to postpone the re-start of my consultancies to 1 October and bear the cost of the resulting unpaid period.

As a consultant to HM Treasury, I am not subject to the Advisory Committee on Business Appointments requirements. But I hope you will agree that these arrangements are within the spirit of those rules, and similar to any

recommendation you would have made to the Committee were I subject to its requirements.

During the period between 13 August and 1 October I shall have the following engagements:

- Meetings related to the appointment of my successor; and
- A meeting of the Tax Law Review Committee (of which I am chairman) on 20 September

The Tax Law Review work is pro bono and is only concerned with information in the public domain.

Prior to my departure the OBR will publish its report on the effect on the public finances of changes in oil prices. I do not believe it uses any market-sensitive information.

I hope that you agree that these arrangements are satisfactory.

Yours ever,



SIR ALAN BUDD