

Government proposes Robert Chote's reappointment as Chairman of the OBR and recommends deepening and widening its scrutiny of the public finances

The Office for Budget Responsibility was established in 2010. Parliament gave us a duty to examine and report on the sustainability of the public finances.

Since October 2010, the OBR has been led by Robert Chote as Chairman. The Chancellor has today announced his intention to reappoint Mr Chote for a second and final term. As with all appointments to the Budget Responsibility Committee, this is subject to the approval of the Treasury Select Committee.

Over the past year, the OBR's activities have been subject to extensive external review: first, for our non-executives, by Kevin Page, former Parliamentary Budget Officer in Canada; and now by the Treasury, led by Sir Dave Ramsden.

Both reviews concluded that the OBR had significantly increased the transparency of the UK public finances, delivering world-class outputs and helping to increase trust in official fiscal analysis. Reflecting these reviews, the Government has made a number of recommendations that would strengthen our existing work and allow us to provide deeper and broader scrutiny of its management of the public finances. In doing so, it aims to *"strengthen the OBR and enhance fiscal credibility in the UK"*.

Implementing these recommendations would require a substantial increase in the staffing and resources of the OBR. In an exchange of letters with Robert Chote, the Chancellor recognised that *"In order to deliver on these recommendations, the OBR will need to be adequately resourced to do so"*.¹ We will be working to secure the necessary resources in the coming weeks, as part of the Government's wider Spending Review. In line with international best practice for official fiscal watchdogs, agreeing and publishing a transparent

¹ Letter from the [Chancellor to Robert Chote](#) and the reply from [Robert Chote to the Chancellor](#)

multi-year budget will help underpin the OBR's independence and protect it from potential political pressure.²

Given adequate resources, we would be able to:

- enhance the public debate on fiscal risks by bringing together and expanding our analysis of risks and uncertainties in a single regular publication and associated online resources;
- increase transparency regarding the content, use and performance of fiscal forecasting models. We will also be able to engage more systematically and substantively with the departments responsible for these models to ensure they are well maintained and developed;
- publish more detailed analyses of specific issues related to fiscal sustainability, facilitated in part by the removal of the requirement on us to produce detailed bottom-up fiscal projections every year;
- provide more resources for the external fiscal community, including more comprehensive and user-friendly data, more ready reckoners and more non-technical guides to particular aspects of the public finances;
- meet the logistical and analytical demands created by greater fiscal devolution, which will mean that more decisions material to the UK public finances are in the hands of devolved administrations;
- strengthen our analysis of cash flows and debt dynamics, where greater use of asset sales and increased focus on the profile of debt have increased demands on our forecasting and costing scrutiny capacity;
- bolster our core staffing on the economy forecast, especially regarding wage distribution and labour market issues, which are relevant to both tax and spending forecasts and which are likely to become more challenging following the introduction of the National Living Wage;
- increase our capacity to scrutinise departmental and local authority spending, which will require even greater focus as the Spending Review 2015 settlements are implemented, with implications for departments' underspending and local authorities' management of their reserves. We will also be able to scrutinise public corporations more closely;

² Multi-year funding commitments are recommended in the OECD's *Principles for Independent Fiscal Institutions*.

- make a greater contribution to external research in economic and fiscal forecasting and fiscal risks, through greater capacity to engage with academia, think tanks and the broader fiscal community;
- undertake more systematic engagement with Parliament and Devolved Administrations to enhance understanding of the OBR's role and use of the OBR's output to hold the Government to account;
- engage with different stakeholder groups through more diverse communications approaches, including better use of the website and social media channels; and
- strengthen our senior staff management capacity, bringing it into line with the levels deemed necessary at the Treasury and elsewhere.

Robert Chote, Chairman of the OBR, commented:

"I am delighted to have been asked to continue as Chairman of the OBR, should the Treasury Committee wish me to do so. It has been an enormous privilege to succeed Sir Alan Budd and to lead the organisation through its first five years in operation. In doing so I hope that we have been able to shed light on the darker recesses of the public finances, helping Parliament and civil society to hold the Government to account for its management of fiscal policy.

Looking forward, I am very pleased that the Government has put forward an ambitious set of recommendations to strengthen our current operations and to widen and deepen our scrutiny of the public finances. I hope very much that the Government will provide us with the resources that we would need to deliver on them."

Notes

1. The Office for Budget Responsibility is the UK's independent fiscal watchdog – responsible for producing forecasts for the economy and the public finances, judging progress towards the Government's fiscal targets, and reporting on long-term fiscal sustainability.
2. Our documents are available here: <http://budgetresponsibility.org.uk/>
3. Questions should be sent to OBRpress@obr.gsi.gov.uk
4. The structure of the OBR is currently as follows:
 - Budget Responsibility Committee: 3 people
 - Non-executive board members (unremunerated): 2 people
 - Head of Staff: 1 person
 - Economic analysis and forecasting: 5 people
 - Fiscal forecasting and tax policy costing: 7 people
 - Welfare analysis, forecasting and policy costing: 3 people
 - Long-term sustainability, balance sheet and fiscal analysis: 2 people
 - Operations, finance, office management and coordination: 3 people