

Minutes of the Office for Budget Responsibility Oversight Board and Audit Committee
14 February 2020

Oversight Board

Attending

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 the minutes from the previous meeting and cleared them for publication. The Board reviewed the risk register and discussed the updates that had been made since the previous meeting.

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.

Shortly after the last Board meeting in December we published an unusually large number of reports and commentaries:

- On 13 December we published our *Restated March 2019 forecast*. This release was postponed from 7 November following the Cabinet Secretary's advice that publication in the pre-election period would not be consistent with the Cabinet Office General Election Guidance. The document received limited coverage when it was published.
- On 16 December we published our inaugural *Welsh taxes outlook (Rhagolwg trethi Cymreig)* to accompany the Welsh Government's 2019/20 Draft Budget. The report set out our new role and forecasts for devolved Welsh tax revenues (Welsh rate of income tax, land transaction tax and landfill disposals tax).
- On 19 December we published our annual *Forecast evaluation report (FER)*. The *FER* revisited the accuracy of our post-referendum November 2016 forecasts. On the data vintage available for the report, our forecast for 11.5 per cent nominal GDP growth (2016Q2-2091Q3) was correct to one decimal place. But our fiscal forecast was too pessimistic, because the public finances in 2016-17 were in a better starting position than the data indicated at the time.

- On 19 December we published our annual *Welfare trends report* (WTR). The report looked at whether the July 2015 Budget welfare cuts delivered the proposed saving of £12bn. That forecast was overshoot by £3.5bn in 2018-19, mostly due to higher disability benefit spending and the cost of policy reversals (abandoning the cuts to tax credits).
- We continue to produce our monthly commentary on the public finances (including on 20 December). Our latest release in January noted that borrowing has risen by less this year than anticipated in our restated March forecasts, largely due to downward revisions to estimates of in-year central government spending.

The board discussed plans for the production of a second forecast in 20-19-20, as required by legislation, following the cancellation of the autumn Budget.

The board discussed the process that the Treasury would undertake to replace the Chair of the OBR for the first time, and the re-appointment of Sir Chris Kelly. Robert Chote's term as chair comes to an end in October and Chris Kelly's first term ends in June.

Robert Chote and Andy King gave evidence to Welsh Government Finance Committee on 9 January. Staff also attended the 12th meeting of the EU Network of Independent Fiscal Institutions on Brussels.

Tanya de Jager (OBR financial adviser) and Sandra Powell (OBR office manager) attended for item 3.

3. Finances and accounts

The Board discussed the financial position for the year to date, progress on the budget delegation for 2020-21 and the plan for the *Annual report and accounts*.

Audit Committee

Attending

Attendees: Sir Christopher Kelly, Bronwyn Curtis, Robert Chote, Steve Farrington, Mark Dembowicz, Kate Ivers, Andy Ginever, Neil Chapman (Government Internal Audit Agency), Corinne Tanner (NAO), Roxanna Rudalescu (NAO).

1. Internal audit progress report 2018-19 and plan for 2019-20

GIAA presented a progress report for the internal audit on knowledge management and the actions outstanding.

2. NAO audit plan

The NAO presented the audit plan for the 2019-20 *Annual report and accounts*.