

**Minutes of the Office for Budget Responsibility Oversight Board and Audit Committee
25 May 2016, 10.00-13.00**

Oversight Board

Attending

Members: Lord Burns (Chair), Dame Kate Barker, Robert Chote, Graham Parker CBE, Sir Stephen Nickell, Andy King (Board Secretary), Mark Dembowicz

1. Procedures

The board reviewed and discussed the risk register and agreed that operational risks to the OBR would evolve over the next six months as a result of the move to new accommodation. The board agreed that the risk register should be reviewed in consultation with all staff and discussed at the October 2016 meeting.

2. Update on OBR activity

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

- On 16 March, we published our latest *Economic and fiscal outlook (EFO)*, our fifth in 15 months. We revised down our assumption for trend productivity growth in light of significant weakness at the end of 2015, which suggested the pick-up in mid-2015 may have been another false dawn. That led to a significant downward revision to our receipts forecast and meant our pre-policy-measures forecast showed all the Government's legislated fiscal targets being missed. The effect of Budget policy measures meant our final forecast showed the Government's surplus target being met, while the debt target and welfare cap continued to be missed. We also published an annex that analysed our fiscal forecast revisions since 2010, which reaffirmed the importance of changes in nominal GDP as the main driver of changes in the fiscal forecast.
- We continue to produce our monthly commentary on the public finances, with one recent focus being to describe the potential sources of revision to early estimates of receipts and, in particular, spending data.
- We launched our new website design in January and used it to deliver new features alongside the *EFO*.

The Board also discussed forthcoming priorities including:

- the staffing structure, following the latest budget settlement;
- the review of the memorandum of understanding between the OBR, HM Treasury, HMRC and DWP;
- the BRC recruitment process ahead of Sir Stephen Nickell stepping down from the BRC at the end of the year; and
- the office relocation.

3. Pay remit

The Board discussed a paper summarising the OBR's proposed 2016-17 pay remit. The following points were made:

- the ongoing strictures of the Cabinet Office guidance limiting average basic pay increases across the civil service to 1 per cent meant that in a small organisation like the OBR it was appropriate to award all staff the same basic pay award; and
- recruitment and retention of specialist staff given the limited overall staff pay budget would remain a continuing challenge.

The Board approved the proposed pay remit.

4. Finances and accounts

The Board discussed the financial position at the end of 2015-16, which showed an underspend of £128,000. That underspend has been carried forward to 2016-17 via the Budget Exchange process, which would help to meet some of the one-off costs associated with the forthcoming office move.

Scott Dore and Elle Saitch (NAO) attended for item 5.

5. Annual report and accounts

The Board reviewed the *Annual report and accounts* and the *Business plan*, making some amendments. The reports were approved for publication.

Audit Committee

Attending

Members: Lord Burns, Kate Barker (Chair), Robert Chote, Andy King, Mark Dembowicz, Andy Ginever (OBR financial manager), Kate Ivers (OBR finance adviser), Scott Dore, Elle Saitch (NAO), Neil Chapman (GIAA).

1. NAO Audit Completion Report

The NAO presented the Audit Report which proposed a clear audit opinion. The Report was considered and agreed by the Audit Committee. The Audit Committee was

invited to review the findings set out in the report, including the letters of representation and audit certificate. No material issues were raised.

2. Internal audit progress report and plan for 2016-17

The Government Internal Audit Agency presented the Internal Audit Report for 2015-16. The following points were discussed:

- the progress report included the internal audit 2015-16 'annual opinion' providing reasonable assurance on the adequacy and effectiveness of the OBR's framework of governance, risk management, and control;
- the appropriate level and focus of audit activity in future years; and
- the internal audit of the OBR's knowledge management practices and the associated actions had been completed.

The Committee reviewed the internal audit plan for 2016-17 and agreed on the areas of focus.