



# HM TREASURY

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London  
SW1A 2HQ

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[www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)

30 March 2011

Mr Robert Chote

Dear Robert,

I am writing to set out the terms on which you are appointed as the Chair of the Office for Budget Responsibility.

If you are happy with them, please can you sign and return the enclosed copy of this letter by way of agreement.

## **1. Appointment**

1.1. You are appointed under the Budget Responsibility and National Audit Act 2011 (“the Act”) by the Chancellor of the Exchequer (“the Chancellor”) to the office of Chair of the statutory Office for Budget Responsibility (“the OBR”) with effect from 4<sup>th</sup> April 2011. The terms and conditions on your appointment are at all times subject to the provisions of the Act and to determinations made under the Act

## **2. Duration**

2.1. Your appointment begins on 4th April 2011 and unless terminated earlier, will be for a fixed term of five years from the date you first became Chair of the pre-statutory OBR (4th October 2010). It will therefore last until 3rd October 2015. Your appointment may be renewed by the Chancellor for one further five-year period. Before renewing your appointment the Chancellor must obtain the consent of the Treasury Committee.

### **3. Duties and status**

- 3.1. You are appointed as the Chair of the OBR. You are a member of the Budget Responsibility Committee ('the BRC') of the OBR. Your duties are to chair the OBR and the Budget Responsibility Committee.
- 3.2. The functions of the OBR are set out in the Act. The main duty of the OBR is to examine and report on the sustainability of the public finances.
- 3.3. In particular, the OBR must:
  - produce fiscal and economic forecasts at least twice each financial year; including independent scrutiny of Government costings and any resultant impact on the economic forecast;
  - make an assessment of the extent to which the fiscal mandate has been, and is likely to be, achieved alongside those forecasts;
  - make an assessment of the accuracy of previous fiscal and economic forecasts at least once each financial year; and
  - produce an analysis of the sustainability of the public finances at least once each financial year.These duties must be performed by the BRC.
- 3.4. In addition to the functions specified in paragraph 3.3, the OBR may also undertake any other analysis in accordance with the Act. The OBR has a broad remit and, subject to its other statutory duties and the guidance in the Charter for Budget Responsibility, has complete discretion over how it is fulfilled. This extends to determining its judgements, selecting its methods and deciding the content of its analytical publications and work programme.
- 3.5. The OBR must perform its duty objectively, transparently, impartially and on the basis of Government policy.
- 3.6. You are not an employee. Accordingly nothing in this letter shall be construed as, or taken to create, a contract of employment between yourself and HM Treasury ("the Treasury").

### **4. Time commitment and location**

- 4.1. Your time commitment for this office is five days per week on average, working flexibly across the year according to the demands of the role.
- 4.2. You will be based at 20, Victoria Street, London SW1H 0NF, but you must attend meetings in such locations as may be required for the proper performance of your office. If in the future the OBR decides to change location you may be required to base yourself at its new premises, which could be anywhere in the UK.

## **5. Fees, benefits and expenses**

- 5.1. Your fee is determined by HM Treasury and paid by the OBR, and will be £11,833.33 per month, less statutory deductions as mentioned below. In addition the OBR will pay a sum equal to 20% of your monthly fee into your personal pension scheme each month, less statutory deductions if appropriate.
- 5.2. Your fee will be paid automatically each month, in arrears. Payment will be made by credit transfer to your bank or building society.
- 5.3. It is probable that the Inland Revenue will treat you as an office-holder, but you should make your own enquiries of your own tax office about this. Your fees will be subject to deduction of income tax and earnings-related National Insurance (ERNIC) at source under the PAYE scheme.
- 5.4. Necessary and proper travel and other expenses (not including travel between home and work) may be claimed in accordance with the applicable policy of the OBR as amended from time to time.
- 5.5. From 4th October 2012 your fees will be uprated by the twelve-month change in the Consumer Price Index in the preceding September. Thereafter your fees will be uprated annually on this basis.
- 5.6. You will be entitled to 32.5 days of paid leave per year. 2.5 of these days must be taken on Civil Service privilege days.
- 5.7. For the avoidance of doubt, it is hereby agreed that you will not be eligible for any bonus or any other additional remuneration besides the fees and pension contribution mentioned in this clause 5.
- 5.8. Please note that abatement rules apply to public board members' salaries where they are in receipt of other payments from the public sector.

## **6. Disclosure**

- 6.1. Your fees and any other benefits (possibly including your expenses) will be disclosed in annual accounts produced under the Act, in accordance with HM Treasury's guidance entitled Managing Public Money. By accepting this appointment you consent to this disclosure. The guidance is available at [http://www.hm-treasury.gov.uk/psr\\_mpm\\_index.htm](http://www.hm-treasury.gov.uk/psr_mpm_index.htm).
- 6.2. It may also be necessary for your fees, benefits and expenses to be disclosed in accordance with Cabinet Office directions or guidance or in response to requests under the Freedom of Information Act 2000 or Parliamentary Questions. By accepting this appointment you consent to such disclosure. In deciding whether disclosure should be made the Department will take account of its obligations under the Data Protection Act 1998.
- 6.3. HM Treasury will publish this agreement and any extension to it, and you hereby consent to such publication.

## **7. Termination**

- 7.1. You may resign from your office before the expiry of your appointment by giving written notice to the Chancellor. You agree to give three months' notice in writing of any resignation.
- 7.2. The Chancellor may, with the consent of the Treasury Committee, terminate your appointment by written notice with immediate effect in the following circumstances:
  - a) You have been absent from meetings of the OBR without the permission of the OBR for a period of more than 3 months;
  - b) You have become bankrupt or made an arrangement with your creditors;
  - c) Your estate has been sequestrated in Scotland, or you have entered into a debt arrangement programme under Part 1 of the Debt Arrangement and Attachment (Scotland) Act 2002 as the debtor, or you have, under Scots law, made a composition or arrangement with, or granted a trust deed for, your creditors;
  - d) You are unfit to continue the appointment because of misconduct;
  - e) You have failed to comply with the terms of the appointment;
  - f) You are otherwise unable, unfit or unwilling to carry out your functions.
- 7.3. You will receive no notice if this appointment is terminated early by mutual consent.
- 7.4. If the Chancellor proposes to terminate your appointment prior to the expiry of the fixed term, other than by mutual agreement, you will be notified of the proposal and the reasons for it and will be offered an opportunity to have a meeting with HM Treasury Permanent Secretary; if practicable this will be done before any final decision is taken. If your appointment is subsequently terminated you will receive notice in writing of this fact, which will contain a statement of the reasons for termination.

## **8. Standards in Public Life**

- 8.1. You will be required to act in accordance with the Nolan Principles (see Standards in Public Life: First Report of the Committee on Standards in Public Life. Volume 1: Report. CM 2850-I).
- 8.2. You will be required to comply with the OBR's code of practice for board members and applicable law and guidance on conduct generally, including concerning confidentiality of information, the Official Secrets Acts, gifts and hospitality, allowances, use and safeguarding of public funds, and conflicts of interest.
- 8.3. You should not accept any gifts or hospitality which might, or might reasonably appear to, compromise your judgement or place you under an improper obligation. You must never canvass or seek gifts or hospitality. You must comply with the rules set by the OBR on the acceptance of gifts and hospitality.

## **9. Conflicts of interest; other appointments**

- 9.1. You must take appropriate steps to ensure that you are not placed in a position where there is or may be an actual conflict, or a potential conflict, between your personal interests and the duties you owe to the OBR. You will immediately disclose to the Chancellor full particulars of any conflict of interest which may or could arise, and you will thereupon follow any advice which the Chancellor may give you in relation to action required to deal with any conflict. This could include resignation if there is no other way to deal with the conflict.
- 9.2. During your appointment under this Agreement, you will not be entitled to accept any other appointment, employment or other duties without the consent of the Chancellor. The Chancellor may refuse to give consent if he decides that such appointment, employment or other duties would or could lead to a conflict of interest or duties with your responsibilities under this Agreement. Requests for consent should be in writing, give all relevant details, including the time commitment required, and be sent to the Chancellor.
- 9.3. For six months after leaving the OBR you must obtain the consent of HM Treasury Permanent Secretary before taking any form of full-time, part-time, or fee-paid employment, whether in the United Kingdom or overseas. Employment for these purposes has a wide meaning and includes consultancy or contracting work as a self-employed person. If during your appointment with the OBR you consider any approach from an outside employer offering employment for which consent would be required under this clause, you must report the approach to HM Treasury Permanent Secretary.

## **10. Use of information**

- 10.1. You must not misuse information gained in the course of your public service for personal gain or for political purpose. As well as breaching this agreement, office-holders who misuse information gained by virtue of their position may incur liability for breach of confidence and may commit a criminal offence under the insider-dealing legislation.
- 10.2. You must not disclose any information which is confidential in nature or which is provided in confidence, or use it for any purpose other than the proper performance of your duties.
- 10.3. The provisions of the Official Secrets Acts 1911 to 1989 apply to members of the OBR. Unauthorised disclosure of any information gained in the course of this appointment, or its use by you or others for personal gain or advancement, could result in the appointment being terminated under clause 7.2 and/or criminal prosecution.

## **11. Political activity**

- 11.1. In your public role you should be, and be seen to be, politically impartial. You should not occupy a paid party-political post or hold a particularly sensitive or high-profile role in a political party. You should abstain from all controversial political activity.

## 12. Liability

12.1. The OBR does not issue any indemnity in respect of work as one of its members. However, members who have acted honestly, reasonably, in good faith and without negligence will not have to meet out of their own personal resources any personal civil liability that is incurred in the execution or purported execution of their functions.

## 13. Meaning of “Treasury Committee”

13.1. References in this agreement to the Treasury Committee shall mean the Treasury Committee of the House of Commons and shall include the same Committee under a new name, and if the Treasury Committee’s functions become functions of a different Committee of the House of Commons, shall include that different Committee.

Yours sincerely,

Signed for and on behalf of <b>HM Treasury</b>	
Name:	Nicholas Macpherson
Signature:	Signed by Nicholas Macpherson
Date:	1 April 2011
Signed by <b>Robert Chote</b>	
Signature:	Signed by Robert Chote
Date:	31 March 2011