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Chair
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OBR Funding: 2011-12 to 2014-15

Following Wednesday's announcement on the Spending Review, I am pleased to write to confirm our agreement on the level of funding for the Office for Budget Responsibility (OBR) for the Spending review period.

As we agreed, your funding allocation is £1.75 million per annum. Reflecting your desire for a multi-year settlement, this settlement provides the OBR with certainty as to the level of funding over the full Spending Review period. At flat cash for the period, the growth rate is substantially better than the overall Treasury Group settlement of -33 per cent.

Once the OBR is on a statutory footing I expect to write to designate you formally as Accounting Officer, consistent with the OBR's status as an independent body. As the Accounting Officer you will be responsible for managing costs and risks to operation of the OBR. Should you find that you are unable to manage within the constraints of this allocation, please raise this with me at the earliest opportunity.

It is important for there to be transparency in the provision of funding for and expenditure by the OBR. The statutory OBR will prepare its own accounts, and the OBR's annual budget expenditure will be separately identified on the face of the Treasury's Estimate.

N I Macpherson

