

Office for Budget Responsibility and HM Treasury: framework document

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This framework document has been updated by HM Treasury ('the Treasury') in consultation with the Office for Budget Responsibility ('the OBR') following its original publication in 2011 and previous update in 2014. It sets out the broad governance and management framework within which the OBR operates. The document does not convey any legal powers or responsibilities. It is signed and dated by the Treasury and the OBR. Copies of the document and any subsequent amendments will be placed in the Libraries of both Houses of Parliament and made available to members of the public on the OBR and the Treasury websites.



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ISBN 978-1-912809-41-7
PU2233

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Chapter 1

Purpose of the Office of Budget Responsibility

- 1.1 The OBR is a non-departmental public body (NDPB) established under the Budget Responsibility and National Audit Act 2011 ('the Act') as a body corporate.
- 1.2 The OBR is a central part of the UK's fiscal framework, with a main duty ('main duty') to examine and report on the sustainability of the public finances. The OBR will perform this duty independently subject to its other statutory duties, and the guidance in the Charter for Budget Responsibility ('the Charter'), which provides greater clarity as to the OBR's duty.
- 1.3 The OBR provides essential analysis on which the government can base its fiscal and economic policy. This feeds directly into the Treasury's fiscal objective to deliver sound and sustainable public finances. The OBR must be independent and expert – and perceived as such – in order to provide credible fiscal and economic forecasts, and independent scrutiny of fiscal risks and the long-term sustainability of the public finances.
- 1.4 The OBR has a statutory duty to carry out a number of core functions ('core functions') within its main duty. 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
 - produce an analysis of the sustainability of the public finances at least once each financial year
 - provide forecasts for devolved taxes where they have a mandate to do so
 - provide an assessment of the government's performance against the welfare cap at the first budget or fiscal update of each new Parliament, and monitor welfare spending at each Budget and fiscal update in between the formal assessment against the cap
 - publish an annual report on trends in and drivers of welfare expenditure in scope of the cap
- 1.5 In January 2017 the government updated the Charter. This also requires the OBR to:

- produce long-term projections for the public finances and an assessment of the public sector balance sheet at least once every two years
 - produce a fiscal risks statement setting out the main risks to the public finances at least once every two years, to which the government must formally respond within a year of publication
- 1.6 In addition to the core functions specified in paragraphs 1.4 and 1.5, 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, 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. These will all continue to be determined independently and free from ministerial interference.
- 1.7 The OBR must perform its duty objectively, transparently, impartially and on the basis of government policy. This protects the independence of the OBR and ensures a clear separation between analysis (which is the role of the OBR) and policy-making (which is the responsibility of ministers).
- 1.8 To ensure the credibility of the fiscal framework and protect the independence of the OBR, it is vital for there to be the utmost transparency in the responsibilities of the OBR and the rest of government. To support and clarify the provisions of the Act, there are a number of documents that seek to achieve this.
- 1.9 This framework document sets out the broad governance and management framework within which the OBR operates, and the relationship the OBR will have with the Treasury as the sponsor department for the OBR.
- 1.10 The Charter provides guidance to the OBR in line with, and in support of, the provisions in the Act. This guidance helps to explain the role of the OBR within the fiscal framework and provide greater clarity as to the OBR's duty to independently examine and report on the sustainability of the public finances.
- 1.11 It is also important to be clear about how the OBR works together with the rest of government. For the OBR to perform its duties efficiently and effectively, close working with the rest of government is essential. A Memorandum of Understanding sets out a transparent framework for co-operation between the OBR, the Treasury and other parts of government it needs to work closely with to perform its forecasting and analytical duties.
- 1.12 The OBR also works closely with the Scottish Fiscal Commission, Scottish Government and Welsh Government in the production of forecasts for the Devolved Administrations. Specific governance documents set out a framework for co-operation between the OBR and these institutions on devolution-related forecasting and analytical duties.

Chapter 2

Accountability

- 2.1 The OBR is accountable to Parliament and to the Chancellor for the analysis it produces and for the way it uses public funds.
- 2.2 The OBR accounts directly to Parliament for its analytical reports. The OBR will lay the reports it produces in performing its main duty directly before Parliament and will make itself available to discuss them with the relevant Parliamentary Committees.
- 2.3 The Chancellor is responsible for determining the fiscal framework of which the OBR is a central part and the OBR is accountable to the Chancellor for producing essential analysis on which the government can base its fiscal and economic policy.
- 2.4 The OBR is a part of the Treasury Group and the Chancellor accounts for the OBR's business in Parliament, other than the contents of the reports the OBR produces in performing its main duty. The Chancellor is accountable in Parliament for the overall effectiveness and efficiency of the OBR. The Chancellor may delegate some or all of his or her responsibilities to the Exchequer Secretary to the Treasury, who is also responsible for laying OBR reports in Parliament.
- 2.5 The OBR's annual report and accounts should be sent to the Treasury for laying in Parliament as part of the wider Treasury Group. The OBR will make itself available to discuss these directly with the relevant Parliamentary Committees.

Communications and the Treasury sponsor team

- 2.6 Communications between the OBR and the Chancellor are normally through the Chair of the OBR. Both the Chancellor and the Chair of the OBR have the right to request a meeting with the other, giving reasonable notice, to discuss issues of significance to either party in performing the OBR's statutory duties, or any issues arising in the relationship between the Treasury and the OBR. Communications between the Chancellor and the Chair of the OBR will not seek to influence the OBR's judgements or methodology for producing its forecasts, assessments and analysis, which are determined independently and free from ministerial interference.
- 2.7 The Fiscal Statistics and Policy team (FSP) in the Treasury is the sponsor team for the OBR. The sponsor team is the primary source of advice to the Chancellor on the discharge of his or her responsibilities with respect to the OBR, and the primary point of contact for the OBR in dealing with the

Treasury. FSP also supports the Treasury's Principal Accounting Officer in his or her duties with respect to the OBR.

Chapter 3

Governance and structure

- 3.1 The OBR comprises the Chair of the OBR and the two other members of the Budget Responsibility Committee (BRC), and at least two non-executive members (collectively 'the Members'). The OBR is supported by a civil service staff. The Chair of the OBR is responsible for representing the views of the OBR to the general public.

The Budget Responsibility Committee

- 3.2 The BRC has executive responsibility for carrying out the core functions within the main duty of the OBR, and the responsibility for those core functions is non-delegable.

The non-executive members

- 3.3 Non-executive members of the OBR will ensure that the executive members of the OBR are supported and constructively challenged in their role. Their statutory responsibilities are to:
- assess if the OBR has been able to perform its main duty with complete discretion and in line with its three principles (impartiality, objectivity and transparency); and report on this in the OBR's annual report
 - review regularly that the OBR has appropriate processes in place to ensure it produces a high standard of work
 - periodically, and at least every five years, appoint independent, expert reviewers, to conduct a review to consider the quality of all the reports produced by the OBR in that period

Oversight Board

- 3.4 The Members of the OBR are accountable for the governance and operations of the OBR. In order to ensure effective governance consistent with best practice, an Oversight Board has responsibility for ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board consists of the Chair of the OBR and the two other members of the BRC and the non-executive members of the OBR.
- 3.5 The Oversight Board is specifically responsible for:
- establishing and taking forward the strategic aims of the OBR, consistent with its statutory framework, guidance provided in the Charter, and the role the OBR performs in the fiscal framework

- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that it operates within the limits of its statutory and delegated authorities set by the Treasury (Annex A), and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by the Treasury
 - ensuring that it receives and reviews regular financial information concerning the management of the OBR; and processes are in place to facilitate the sharing of any concerns about the activities of the OBR
 - ensuring the OBR demonstrates high standards of corporate governance at all times
 - ensuring that a suitably rigorous appraisal process is in place for all Members of the Board
 - overseeing the remuneration of the OBR Members (as determined by the Treasury), and HR policies for OBR staff, including pay, that are consistent with sections 4.8-4.18 of this document
 - assuring itself of the effectiveness of the internal control and risk management systems of the OBR, by establishing an Audit and Risk Assurance Committee function
- 3.6 The Oversight Board is supported in fulfilling its responsibilities by the OBR's Chief of Staff. The OBR Financial Adviser will also attend Oversight Board meetings, as necessary, to advise the board.

Management committee

- 3.7 A management committee, chaired by the Chair of the OBR, will have executive responsibility for the overall management of the OBR. The management committee will be responsible for implementing strategic decisions taken by the Oversight Board, and for making any necessary and appropriate decisions relating to the day-to-day performance of the OBR's business.

Chairmanship of the Oversight Board

- 3.8 Whereas the Chair of the OBR retains executive responsibility for the management of the OBR, the Oversight Board will be chaired by a non-executive member, in line with best practice in corporate governance. The non-executive chair of the Oversight Board will have responsibility for:
- facilitating Board meetings, formulating the Board's strategy and setting the Board's agenda
 - promoting the efficient and effective use of staff and other resources
 - ensuring that systems are in place to provide Board members with accurate and timely information of good quality to allow the Board to consider properly all matters before it
 - ensuring that the work of the Board and its individual members are reviewed and are working effectively

- ensuring Board members are fully briefed on their terms of appointment, duties, rights and responsibilities
- ensuring that there is a Code of Conduct for Board Members in place consistent with the Cabinet Office model Code
- ensuring that the Chancellor is informed of the OBR's needs when Board vacancies arise

Individual Board members' responsibilities

3.9 Individual Oversight Board members should:

- comply at all times with the Board Members' Code of Conduct and with the rules relating to the use of public funds and to conflicts of interest
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the Board's rules on the acceptance of gifts and hospitality
- act in good faith and in the best interests of the OBR

Chapter 4

OBR members and OBR staff

OBR members

- 4.1 Appointments to the BRC will be made by the Chancellor, subject to the consent of the Treasury Select Committee (TSC). The Chancellor will consult the Chair of the OBR when appointing the two other members of the BRC.
- 4.2 The members of the BRC will be appointed for a fixed term of 5 years. With the agreement of the Chancellor and the consent of the TSC, the Chair of the OBR and members of the BRC may serve a maximum of two terms.
- 4.3 Appointments to the BRC and as non-executive members of the OBR are not regulated by the Commissioner for Public Appointments. As far as possible, these appointments will be made in accordance with the guidance and principles set by the Commissioner.
- 4.4 The Chancellor appoints the non-executive members of the OBR. For appointments of non-executive members, the recruitment process will be conducted by the OBR, with members appointed by the Chancellor from individuals nominated by the OBR. The interview panel for this recruitment process will be chaired by a non-executive member of the OBR and will include a Treasury official.
- 4.5 Non-executive members will normally be appointed for once-renewable terms of 3 years.
- 4.6 Appointments of the members will be made through an open and transparent recruitment process, and positions will be publicly advertised.
- 4.7 The travel expenses of the members will be tied to the rates allowed to senior staff in the Treasury. Reasonable actual costs will be reimbursed.

Broad responsibilities for OBR staff

- 4.8 The OBR staff are civil servants. Within the arrangements approved by the Minister for the Civil Service, and in line with the Civil Service Management Code, the OBR will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
 - the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age

- the level and structure of its staffing including grading and staff numbers are appropriate to its functions and the requirements of economy, efficiency and effectiveness
 - the performance of its staff at all levels is satisfactorily appraised and the OBR performance measurement systems are reviewed from time to time
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the OBR's objectives
 - proper consultation with staff takes place on the key issues affecting them
 - adequate grievance and disciplinary procedures are in place
 - whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place
- 4.9 The OBR will ensure that in its responsibilities to its staff, it complies with the Civil Service Management Code, and that staff are bound by the Civil Service Code.

Staff costs

- 4.10 Subject to its delegated authorities, the OBR will ensure that the creation of any additional posts does not incur forward commitments that will exceed the OBR's ability to pay for them.

Staff pay and conditions of service

- 4.11 In accordance with the Civil Service pay guidance issued by the Treasury, the OBR will submit the OBR staff pay remit to be approved by the Treasury as part of the normal Treasury Group pay remit approval process. Approval of the pay remit of the OBR applies to the remit as a whole and not any individual's pay, which is a decision for the OBR once the remit is approved.
- 4.12 The terms and conditions of the OBR's staff will be in accordance with Civil Service Management Code except where prior approval has been given by the Treasury and the Minister for the Civil Service.
- 4.13 The OBR shall operate a performance related pay scheme that shall form part of the annual aggregate pay remit approved by the Treasury.
- 4.14 The travel expenses of Board members shall be tied to the rates allowed to senior staff in the Treasury. Reasonable actual costs shall be reimbursed.
- 4.15 The OBR shall comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

Staff pensions, redundancy and compensation

- 4.16 The OBR's staff will have access to a pension provided by MyCSP and Civil Service Pensions. In normal practice staff are automatically enrolled in a Civil Service Pension scheme; however staff retain the right to opt out. Any proposal by the OBR to move from its existing pension arrangements will require the prior approval of the Minister for the Civil Service and the Treasury.

4.17 Any redundancy and voluntary exits payments are managed in accordance with the Civil Service Compensation Scheme, unless otherwise agreed by the Minister for the Civil Service and the Treasury.

Chapter 5

Accounting Officer responsibilities

Responsibilities and accountabilities of the Treasury's Principal Accounting Officer

5.1 The Treasury's Principal Accounting Officer (PAO):

- appoints an individual (currently the Chair of the OBR) as its Accounting Officer (AO)
- is responsible for providing agreed resources to the OBR through the Treasury Estimate
- is accountable to Parliament for the issue of any grant-in-aid to the OBR
- agrees an appropriate budget for the OBR in the light of the Treasury's overall public expenditure priorities, advising the responsible minister as necessary
- advises the responsible minister how well the OBR is achieving its strategic objectives and whether it is delivering value for money

5.2 Respecting the complete discretion of the OBR in performing its main duty, the PAO is responsible for ensuring that arrangements are in place in order to:

- monitor the OBR's activities as necessary to provide assurance in his or her role as PAO
- address significant problems in the OBR, should they arise, making such interventions as are judged necessary
- periodically carry out an assessment of the risks both to the Treasury and OBR's objectives and activities
- inform the OBR of relevant government policy in a timely manner
- bring concerns about the activities of the OBR to the full OBR Oversight Board, requiring explanations and assurances that appropriate action has been taken

Responsibilities and accountabilities of the OBR Accounting Officer

5.3 The OBR Accounting Officer is personally responsible for:

- safeguarding the public funds for which he or she has charge

- ensuring propriety, regularity, value for money and feasibility in the handling of those public funds
- the day-to-day operations and management of the OBR
- ensuring that the OBR is run on the basis of the standards of governance, decision making and financial management that are set out in Box 3.1 of 'Managing Public Money'

5.4 The OBR Accounting Officer's responsibilities for accounting to Parliament include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Chancellor
- signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts
- signing a Governance Statement regarding the system of internal control, for inclusion in the annual report and accounts
- giving evidence when summoned before the Committee of Public Accounts (PAC) on the OBR's stewardship of public funds
- ensuring that effective procedures for handling complaints about the OBR are established and made widely known within the OBR
- acting in accordance with the terms of this document, 'Managing Public Money' and other instructions and guidance issued from time to time by the Treasury and the Cabinet Office

5.5 The OBR Accounting Officer is responsible to the Treasury for, in particular:

- establishing in agreement with the Treasury, the OBR's corporate and business plans
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Treasury
- that the Treasury is notified promptly if over- or under-spends are likely and that corrective action is taken
- that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Treasury in a timely fashion

5.6 The OBR Accounting Officer is responsible to the OBR's Oversight Board for:

- advising on the discharge of the Board's responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the Board on the OBR's performance compared with its aims and objectives

- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed

5.7 The OBR Accounting Officer may take action as set out in paragraph 3.8 'Managing Public Money' should the need arise.

Chapter 6

Annual report and accounts

- 6.1 The OBR must publish an annual report of its activities together with its audited accounts as soon as possible after the end of the financial year.
- 6.2 Before the end of each financial year, the OBR and the Treasury shall agree a timetable for the OBR to provide the Treasury its finalised (audited) accounts. This will be in sufficient time to enable the Treasury to meet its external reporting requirements and will also allow the OBR reasonable time to prepare the finalised (audited) accounts.
- 6.3 The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Treasury as well as the Financial Reporting Manual (FRM). Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts.
- 6.4 The OBR's annual report must:
 - cover any corporate, subsidiary or joint ventures under its control
 - comply with the FRM, outline main activities and performance during the previous financial year and set out forward plans in summary form
- 6.5 As is normal practice, a draft of the annual report should be submitted to the Treasury for information two weeks before the proposed publication date. The Treasury will lay the report and accounts before Parliament and the OBR must make these available on the OBR's website, in accordance with the guidance in the FRM.

Chapter 7

Audit

- 7.1 Arrangements should be made for the internal and external audit of the OBR.

Internal audit

- 7.2 Internal audit provides the OBR's Accounting Officer with an objective evaluation and opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The OBR shall:
- establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS)
 - ensure the Treasury is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS standards
 - forward the audit strategy, periodic audit plans and annual audit report, control and governance statement to the Treasury as soon as possible
 - keep records of, and prepare and forward to the Treasury an annual report on fraud and theft suffered by the OBR and notify the Treasury of any unusual or major incidents as soon as possible

External audit

- 7.3 The Comptroller & Auditor General (C&AG) audits the OBR's annual accounts. For the purpose of audit, the C&AG has a statutory right of access to relevant documents, as provided for by the Government Resources and Accounts Act 2000, including by virtue of any Order made under that Act.
- 7.4 The Treasury has an interest in the external audit of the OBR, in particular on issues impacting on the Treasury's responsibilities in relation to financial systems within the OBR. The C&AG will share with the Treasury information identified during the audit process and the audit report (together with any other outputs) at the end of the audit.

Right of access

- 7.5 As sponsor department, the Treasury and the Treasury's internal audit service have the following rights of access to information within the OBR. These rights of access do not undermine the complete discretion of the OBR in preparing its forecasts and other analysis:

- The Treasury's internal audit service has the right of access to all documents prepared by the OBR internal auditor, including where the service is contracted out. This is so the Treasury can be assured that effective internal audit arrangements are in place for the OBR.
- The Treasury has the right of access to OBR records and personnel for the purpose of providing assurance to the Treasury's Principal Accounting Officer on the exercise of his responsibilities in relation to the OBR. This includes records relevant to the Treasury's sponsoring function and operational investigations, but this explicitly excludes records pertaining to the main duty of the OBR.

Chapter 8

Management and financial responsibilities

- 8.1 The OBR shall follow the principles, rules, guidance and advice in 'Managing Public Money', referring any difficulties or potential bids for exceptions to the sponsor team in the Treasury, FSP, in the first instance. A list of guidance and instructions with which the OBR should comply is in Annex B.

Risk management

- 8.2 The OBR shall ensure that the risks that it faces are dealt with in an appropriate manner, and develop a risk management strategy, in accordance with the Treasury guidance 'Management of Risk: Principles and Concepts'. It should adopt and implement policies and practices to safeguard itself against fraud and theft, and take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

Corporate and business plans

- 8.3 The OBR will prepare a corporate plan to cover three years ahead and this will be updated annually. The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall set out the OBR's overall budget and objectives for the year ahead. Subject to any commercial considerations, the corporate and business plans should be published by the OBR on its website and separately be made available to staff.
- 8.4 The OBR will independently determine the content of its corporate and business plans, subject to these being consistent with:
- the statutory framework establishing the OBR, guidance in the Charter, and the role of the OBR in the fiscal framework
 - the proper, efficient and regular use of public funds available
- 8.5 The OBR will consult with the Treasury on its draft corporate and business plans. The OBR will have regard to the Treasury's comments, but the OBR is not obliged to modify the plans to reflect the Treasury's comments except where the plans are inconsistent with paragraph 8.4. To allow for consultation, by the end of January each year, the OBR shall submit to the Treasury a draft of the corporate plan covering three years ahead and the business plan covering the year ahead. The Treasury will provide the OBR with any comments on these draft plans within two months of receipt.

Budgeting procedures

- 8.6 The Treasury has provided the OBR with a multi-year budget.
- 8.7 The OBR will have a separate line in the Treasury's Estimate which will show an estimate of budget expenditure. The OBR will itself be able to submit an additional Memorandum alongside that of the Treasury. This will protect the independence of the OBR and ensure transparency in the resources that are provided to the OBR.
- 8.8 The level of budgetary provision may be reviewed:
- at the request of the OBR's Accounting Officer with accompanying business case
 - at the point at which the Treasury's DEL is reviewed; or
 - following any changes to the OBR's remit
- 8.9 The annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the business plan for the year in question.

Grant-in-aid and any ring-fenced grants

- 8.10 Any grant-in-aid provided by the Treasury for the year in question will be voted in the Treasury's Supply Estimate and be subject to Parliamentary control.
- 8.11 The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The OBR will comply with the general principle applied across the NDPB sector, that there is no payment in advance of need. This principle ensures public funds are managed efficiently and does not affect the OBR's available budget. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the OBR. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the Treasury will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

Reporting performance and monitoring information

- 8.12 The OBR shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against its corporate and business plans. The OBR shall inform the Treasury of any changes that make achievement of objectives more or less difficult. The OBR shall report financial and non-financial performance, and the achievement of key objectives, to the Treasury, as sufficient to meet Treasury Group reporting requirements.

- 8.13 As a minimum, the OBR shall provide the Treasury with information monthly that will enable the Treasury satisfactorily to monitor:
- the OBR’s cash management
 - its draw-down of grant-in-aid
 - forecast outturn by resource headings
 - other data required for Online System for Central Accounting and Reporting (OSCAR)
- 8.14 Officials in the Treasury sponsor team (FSP) will ensure that arrangements are in place to liaise as necessary with OBR officials, to review the OBR’s financial and non-financial performance against plans, and OBR expenditure against its budgets. The OBR will provide regular financial monitoring information directly to Treasury Finance.

Delegated authorities

- 8.15 The OBR will have complete discretion in the performance of its statutory duties, and a duty to do so efficiently and cost-effectively. The OBR will have maximum discretion over the use of resources within the framework that applies to the proper, regular and efficient use of public funds. In order for the Treasury to meet its responsibilities within that framework, the OBR shall obtain the Treasury’s prior written approval before:
- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the OBR’s annual budget as approved by the Treasury
 - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications¹
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Treasury
 - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
 - carrying out policies that go against the principles, rules, guidance and advice in ‘Managing Public Money’

¹ Paragraph 2.2.12 in Annex 2 of Annex 2.2 ‘Managing Public Money’ explains the framework for approval of novel, contentious or repercussive resource commitments. Box A2.2C in ‘Managing Public Money’ gives examples of such transactions. Under the framework for the proper regular and efficient use of funds, Treasury approval is required for all such commitments, including those made by NDPBs.

Chapter 9

Review and arrangement should the OBR be wound up

- 9.1 The OBR will be regularly reviewed in line with Cabinet Office guidance.
- 9.2 This framework document will be reviewed as necessary. Signatories of this document may request a review of its contents at any time, and it will be reviewed at a minimum once in every 3 years.
- 9.3 The OBR has been set up as a permanent statutory body. In the event that the OBR is wound up, the Treasury shall put in place arrangements to ensure the orderly dissolution of the OBR.

Chapter 10

List of annexes

Annex A: OBR budget delegation letter

Annex B: List of government-wide corporate guidance instructions

Signed for and on behalf of the Treasury:	
Name:	Signed by Tom Scholar
Signature:	
Date:	01/02/2019
Signed for and on behalf of the OBR:	
Name:	Signed by Robert Chote
Signature:	
Date:	01/02/2019

Annex A

OBR budget delegation letter

A.1 Please see the following pages for the OBR budget delegation letter.



HM Treasury

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Robert Chote
Chairman
Office for Budget Responsibility
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29 March 2018

Dear Robert,

**Office for Budget Responsibility Delegation of Financial Responsibilities
2018/19 to 2020/21**

This letter sets out the formal delegation for the Office for Budget Responsibility for 2018/19 through to 2020/21 effective from 1st April 2018. This letter is to be read alongside the OBR's Framework Document. The Framework Document was updated by HM Treasury and agreed with the OBR in May 2014, setting out the broad guidance and management framework within which the OBR operates.

As part of your role as Accounting Officer you will continue to seek to optimise the efficiency and effectiveness of the OBR and HM Treasury in accordance with your responsibilities to Parliament set out in *Managing Public Money*.

Setting a multi-annual funding commitment supports the OBR's independence and ability to manage its resources effectively in the medium term. This approach for independent fiscal institutions is consistent with international best practice, strengthening institutional independence through delegated budgetary autonomy.

As Spending Review 2015 only agreed departmental settlements up to 2019/20, this delegation comprises a commitment for the years 2018/19 through to 2019/20, with an indicative settlement for the year 2020/21.

A Spending Review has been announced for 2019. You will receive further information on your involvement in this process later in the year.

Additional funding has been allocated within this settlement to enable the organisation to deliver the recommendations of the HM Treasury review of the OBR led by Dave Ramsden which reported in September 2015¹.

In line with the previous settlement arrangements, for any spending (or income) outside the limits specified in this letter, the OBR will prepare a business case that HM Treasury will consider. Should any new policy proposals (or new information relating to existing policies) emerge which have a significant impact or potential significant impact on the Company's resources, they should be promptly communicated to HM Treasury Group Director of Finance and Commercial, **before** any commitments are made to or by Ministers or to third parties.

In-year monitoring of OBR budgets will be undertaken and you will receive further information on this process shortly.

Our Finance Director will be writing to you shortly with an update on Corporate Centre Group (CCG) services and fees for 2018/19.

As set out in legislation, the OBR has complete discretion in the performance of its statutory duties and a duty to do so efficiently and cost effectively. Within this budgetary delegation, and in line with the budgetary authority provided for by a multi-year settlement, the OBR has maximum discretion over the use of its resources. No further restrictions to the delegated authority provided to the OBR are specified beyond those required by guidance applying across government and the framework for the proper, regular and efficient use of public funds.

Please take time to review the contents of this delegation letter and formally acknowledge to me the delegations given by close on 20 April 2018. Thank you once again for your input.

Yours,
Tom.

Tom Scholar

1

http://budgetresponsibility.org.uk/docs/dlm_uploads/HM_Treasury_review_of_the_OBR_03092015.pdf

ANNEX A | Budget Allocation

	2018/19	2019/20	2020/21
Admin Expenditure	2,720,000	2,747,000	2,775,000
Brexit funded - Ringfenced	333,750		
Admin Income			
Net Admin	3,054,000	2,747,000	2,775,000
Net Programme			
Net Capital			
AME			

ANNEX B | Delegation framework and responsibilities

BUDGET HOLDER RESPONSIBILITIES

As a budget holder, you are responsible for living within budget and achieving value for money.

You are responsible for ensuring that all spend is in accordance with the principles of Managing Public Money: <https://www.gov.uk/government/publications/managing-public-money>

Routine expenditure should be incurred and authorised following the OBR framework document. There are certain types of expenditure that are non-routine and are subject to additional Cabinet Office/Efficiency & Reform Group Spending Controls and transparency requirements. The approval process for such expenditure must comply with the Crown Commercial Service (CCS: formerly Treasury Group commercial) guidance. This guidance may be updated from time to time.

The following is a list of expenditure types that are subject to controls:

- Advertising, marketing and communications
- Strategic supplier management
- Commercial models
- ICT
- Digital service delivery
- External recruitment

- Consultancy, and Legal services
- Redundancy and compensation
- Any novel and/or contentious spend

Any expenditure over which you have uncertainty about should be discussed with HMT Head of Finance in the Business and CCS. Guidance and forms for approval of spend resulting from these discussions can be obtained from HMT Head of Finance in the Business or CCS.

The list above could be varied over time, but any amendments to the list or updates to the guidance, in so far as they affect OBR expenditure, will be developed in conjunction with you.

GOVERNMENT TRANSPARENCY AGENDA

All opportunities with an estimated value £10k+ (excl VAT) must be advertised on the Cabinet Office Portal: Contracts Finder (www.contractsfinder.businesslink.gov.uk).

The Crown Commercial Service will coordinate publication on behalf of the Department.

If you delegate authority to approve spend below these amounts, you need to ensure that the person is competent and the delegation is documented (if in any doubt, please speak to Group Finance).

Suppliers should not start work until a valid contract and purchase order is in place. You should actively monitor when goods and services are received and ensure that Invoices received in respect of these are duly authorised to enable the department meet its prompt payment target of 3 days as directed by Ministers.

You (or a delegate) are required to engage with HMT Finance during monthly forecasting exercises to ensure that Finance are kept up to date with your planned expenditure over the course of the financial year.

You are also responsible for ensuring that operational/policy proposals which will impact on HMT's resources/balance sheet (including things that are novel or contentious) are signed off by the appropriate routes (who will clear with Treasury Officer of Accounts where that is appropriate) before submitting advice to the Permanent Secretary or Ministers.

CORPORATE RESPONSIBILITIES

Your corporate responsibilities are defined by:

- The OBR Framework Document
- Your Accounting Officer appointment letter (and any subsequent supplementary letters)
- Managing Public Money

Annex B

List of government-wide corporate guidance instructions

- B.1 The OBR shall comply with the following general guidance documents and instructions:
- this framework document
 - appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf
 - Managing Public Money (MPM):
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/686462/MPM_2018.pdf
 - Public Sector Internal Audit Standards:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/641252/PSAIS_1_April_2017.pdf
 - Management of Risk: Principles and Concepts ('The Orange Book'):
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220647/orange_book.pdf
 - Government Financial Reporting Manual (FRoM):
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/669344/2017-18_Government_Financial_Reporting_Manual.pdf
 - relevant Dear Accounting Officer letters:
<https://www.gov.uk/government/collections/dao-letters>
 - the Parliamentary Ombudsman's Principles of Good Administration:
<https://www.ombudsman.org.uk/about-us/our-principles/principles-good-administration>
 - relevant Freedom of Information Act guidance and instructions (Ministry of Justice):
<http://webarchive.nationalarchives.gov.uk/20150603171202/https://www.justice.gov.uk/information-access-rights/foi-guidance-for-practitioners>
 - other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts:
<https://www.gov.uk/government/collections/whole-of-government-accounts>

- other relevant instructions and guidance issued by the central departments
- specific instructions and guidance issued by the sponsor department
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority that have been accepted by the government and relevant to the OBR

HM Treasury contacts

This document can be downloaded from
www.gov.uk

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