

HM Treasury

27 March 2019

Financial Framework document – Agreement of the financial settlement between the Welsh Government and the Office for Budget Responsibility

1. The Office for Budget Responsibility (OBR) will prepare and publish independent forecasts of devolved Welsh tax revenues for the 2019-20 Welsh Government Budget onwards. This will be consistent with the arrangement set out in the Terms of Reference and in accordance with the Welsh Government's fiscal framework.
2. This document sets out the details of the financial settlement between the Welsh Government and the OBR which will cover the cost of the OBR's provision of Welsh tax forecasts for the Welsh Government. It takes effect from 1 April 2019.

Detail

3. The Welsh Government has agreed to fund the OBR for the cost of producing Welsh tax forecasts, for preparing reports in English and Welsh that will be published at times dictated by the Welsh Budget timetable, and for increasing its presence in Wales.
4. The OBR has estimated that it will require approximately £100,000 per year in additional funding from the Welsh Government. The precise cost in each financial year will be agreed between the OBR and the Welsh Government prior to the year commencing
5. The Welsh Government's funding of the OBR will be undertaken via a Budget Cover Transfer each year. As the OBR is an arm's length body of HM Treasury, the agreed amount will be transferred by the Welsh Government to HM Treasury and will then be passed on to the OBR, ahead of the start of the financial year, as part of the Main Estimates process. The transfer will be recorded as a separate line in the OBR Budget estimate.
6. In addition to this document, the Chair of the OBR will write annually to the Minister for Finance & Trefnydd, the Welsh Government, and the Chair of the Senedd Finance Committee, detailing how the funding from the Welsh Government has been used by the OBR to deliver the requirements of the Terms of Reference.
7. This financial framework will be reviewed periodically as required and at the request of the Welsh Government or the OBR.