



House of Commons  
Treasury Committee

---

# **Reappointment of Robert Chote as Chair of the Office for Budget Responsibility**

---

**First Report of Session 2015–16**





House of Commons  
Treasury Committee

---

# Reappointment of Robert Chote as Chair of the Office for Budget Responsibility

---

**First Report of Session 2015–16**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons to be printed  
15 September 2015*

**HC 459**  
Published on 17 September 2015  
by authority of the House of Commons  
London: The Stationery Office Limited  
£0.00

## Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of HM Treasury, HM Revenue and Customs and associated public bodies.

### Current membership

[Rt Hon Andrew Tyrie MP](#) (Conservative, Chichester)

[Mr Steve Baker MP](#) (Conservative, Wycombe)

[Bill Esterson MP](#) (Labour, Sefton Central)

[Mark Garnier MP](#) (Conservative, Wyre Forest)

[Helen Goodman MP](#) (Labour, Bishop Auckland)

[Stephen Hammond MP](#) (Conservative, Wimbledon)

[George Kerevan MP](#) (SNP, East Lothian)

[John Mann MP](#) (Labour, Bassetlaw)

[Chris Philip MP](#) (Conservative, Croydon South)

[Mr Jacob Rees-Mogg MP](#) (Conservative, North East Somerset)

[Wes Streeting MP](#) (Labour, Ilford North)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

Committee reports are published on the Committee's website at [www.parliament.uk/treascom](http://www.parliament.uk/treascom) and by The Stationery Office by Order of the House.

Evidence relating to this report is published on the Committee's website at [www.parliament.uk/treascom](http://www.parliament.uk/treascom).

### Committee staff

The current staff of the Committee are James Rhys (Committee Clerk), Chloe Challender (Second Clerk), Adam Wales (Senior Economist), Gavin Thompson (Senior Economist), Laura Saks (Committee Specialist, on secondment from the FCA), Steven Price (Senior Committee Assistant), Amy Vistuer (Committee Assistant), Toby Coaker (Media Officer/Committee Specialist on secondment from the NAO).

### Contacts

All correspondence should be addressed to the Clerk of the Treasury Committee, House of Commons, London, SW1A 0AA. The telephone number for general enquiries is 020 7219 5769; the Committee's email address is [treascom@parliament.uk](mailto:treascom@parliament.uk).

# Contents

---

<b>1</b>	<b>Background</b>	<b>3</b>
	The Treasury Committee's role	3
	Mr Chote's nomination	3
	Relationship with Government officials	4
<b>2</b>	<b>Mr Chote's reappointment</b>	<b>5</b>
	Criteria for suitability	5
	Background on Robert Chote	5
	Our evidence	5
	<b>Robert Chote CV</b>	<b>7</b>
	Personal details	7
	Career	7
	Other responsibilities	8
	Education	8
	Other	8
	<b>Treasury Committee reappointment questionnaire</b>	<b>9</b>
	Personal background	9
	Accountability	9
	Other professional activities	10
	Performance of the role	10
	<b>Formal Minutes</b>	<b>14</b>
	<b>Witness</b>	<b>15</b>



# 1 Background

---

## The Treasury Committee's role

1. The Office for Budget Responsibility (OBR) is established under the Budget Responsibility and National Audit Act 2011 to examine and report on the sustainability of the public finances. Its leadership consists of three members of the Budget Responsibility Committee (BRC), who are responsible for the OBR's core functions and the judgements reached in its macroeconomic and fiscal forecasts.
2. At the start of the last Parliament, the previous Treasury Committee successfully argued for a 'veto' to be included in the Act on the appointment and dismissal of BRC members, including its Chair. Under the Act, the Committee must consent to any proposal from the Chancellor of the Exchequer to appoint or dismiss a BRC member. The Chair is appointed for a period of five years and can be reappointed on one occasion.
3. The current Chair of the OBR is Robert Chote. Since the previous Treasury Committee approved his appointment in September 2010,<sup>1</sup> it has heard from him after each Budget and Autumn Statement to scrutinise the OBR's macroeconomic and fiscal forecasts, and to seek assurances that he has had the support of Government Ministers and officials.

## Mr Chote's nomination

4. Mr Chote's term of office is due to expire on 3 October 2015. The Chancellor of the Exchequer announced on 3 September that he wished to see Mr Chote reappointed,<sup>2</sup> having previously informed the Treasury Committee that he would make a decision by 7 September<sup>3</sup>. The Treasury Committee wrote to Mr Chote with a questionnaire on the same day and took oral evidence from him on 15 September. This will be published shortly, together with Mr Chote's curriculum vitae.
5. The OBR has recently been the subject of two reviews. The first, required by statute, was an external review conducted by Professor Kevin Page, which reported on 3 September 2014<sup>4</sup>. The second was an internal review led by Sir David Ramsden, Chief Economic Adviser to HM Treasury, which reported on 3 September 2015<sup>5</sup>. Both reviews highlighted the importance of succession planning, to mitigate the risks related to the transition of the OBR's senior leadership.
6. **The Chancellor announced his preference for Mr Chote to be appointed just one month before his term of office was set to expire. The announcement coincided with the publication of the Treasury's review of the OBR, led by Sir David Ramsden. The Committee appreciates that the announcement was made before the Chancellor's 7 September deadline. However, were the Committee not to give its consent to the appointment, this would leave insufficient time for an alternative to be nominated and**

1 Treasury Committee, Third Report of Session 2010-12, [Appointment of Robert Chote as Chair of the Office for Budget Responsibility](#), HC 476-I

2 HM Treasury press release, [Chancellor backs Robert Chote as Chair of Office for Budget Responsibility](#), 3 September 2015

3 Oral evidence taken on [21 July 2015](#), HC (2015-16) 313, Q 149

4 [External review of the Office for Budget Responsibility](#), 3 September 2014

5 [HM Treasury review of the Office for Budget Responsibility](#), 3 September 2015

for his or her suitability to be assessed. Equally, had the Chancellor proposed a different candidate, who had not demonstrated his or her competence in office, the Committee may not have been able reach a view on their suitability in the time available.

7. The Chancellor's late decision could have left the OBR without a Chair, damaging its reputation and its ability to meet its statutory duties. In considering the timetable for future appointments to the BRC, the Chancellor needs to pay close attention to the time required by this Committee to approve his choice, and to the recommendations on continuity and succession planning made in the recent reviews of the OBR. Except in exceptional circumstances, nominations to the BRC should be proposed by the Chancellor at least four and a half months before the existing postholder's term of office expires, as suggested by Mr Chote himself.

### Relationship with Government officials

8. In producing its forecasts, the OBR relies on the work and expertise of officials in Government departments. Arrangements governing this relationship are set out in a Memorandum of Understanding between the OBR, HM Treasury, the Department for Work and Pensions and HM Revenue & Customs<sup>6</sup>. Among other things, the Memorandum makes provision for the OBR to share information from its publications with officials "if it requires factual comments on the presentation of analysis or forecasts that have been produced with the assistance of Treasury, DWP or HMRC officials"<sup>7</sup>.

9. Shortly before the Committee took evidence from Mr Chote, correspondence between the Treasury and the OBR came to light that could be interpreted as breaching the terms of the Memorandum of Understanding. Specifically, comments made in emails by a Treasury official on a pre-release version of the OBR's December 2014 Economic and Fiscal Outlook may not have been confined to purely factual matters. Moreover, the OBR appears to have made changes to the final version of the publication in response to these comments<sup>8</sup>.

10. The Committee has requested further information from Mr Chote and will take further evidence on this, including from Sir David Ramsden. It will report its view on compliance with the Memorandum of Understanding, the appropriateness of contact between Treasury officials and OBR staff and whether the content of OBR publications has been improperly influenced by Treasury officials, in due course.

---

6 [Memorandum of Understanding between Office for Budget Responsibility, HM Treasury, Department for Work and Pensions and HM Revenue & Customs, April 2011](#)

7 [Memorandum of Understanding between Office for Budget Responsibility, HM Treasury, Department for Work and Pensions and HM Revenue & Customs, April 2011, para 23](#)

8 [Correspondence between the Treasury and the OBR, published by The Times](#) on 14 September 2015

## 2 Mr Chote's reappointment

---

### Criteria for suitability

11. The previous Treasury Committee decided that personal independence and professional competence were the criteria that should be used in assessing the suitability of the proposed Chair of the OBR. It went on to conclude that:

Personal independence is particularly important in this post. The close association between the Government's budget and the work done by the OBR means that the integrity and independence of the Chair must be beyond question if the OBR is to fulfil its purpose of increasing confidence in the statistics produced by the government, and the economic analyses underlying policy decisions<sup>9</sup>.

12. **This Committee agrees with its predecessor that personal independence and professional competence are the appropriate criteria to judge the suitability of the Chair of the OBR.**

### Background on Robert Chote

13. Robert Chote has been Chairman of the Office for Budget Responsibility since October 2010. Previously, he served as Director of the Institute for Fiscal Studies from 2002 to 2010, as an advisor to senior management at the International Monetary Fund from 1999 to 2002, as Economics Editor of the Financial Times from 1995 to 1999 and as an economics and business writer on the Independent and Independent on Sunday from 1990 to 1994.

### Our evidence

14. In oral evidence, we questioned Mr Chote about his personal suitability for the post, the issues facing the OBR over the coming five years and the implications of the recent reviews into the OBR's work. Topics we questioned Mr Chote about included:

- the independence of the OBR
- the relationship between the OBR and government departments
- the relationship between Mr Chote and senior officials
- public understanding of the OBR's work, especially its forecasts
- the challenges of economic forecasting
- the quality of economic data produced by the Office for National Statistics
- the timing of the Chancellor's announcement on Mr Chote's reappointment

---

<sup>9</sup> Treasury Committee, Third Report of Session 2010-12, [Appointment of Robert Chote as Chair of the Office for Budget Responsibility](#), HC 476-I, para 6

- OBR work on revenue-maximising tax rates
- the difficulties of finding a successor to Graham Parker on the Budget Responsibility Committee
- the availability to the public of macroeconomic models
- proposals for the OBR to undertake additional work and the resources it would need to do so
- the working environment at the OBR
- risks arising from sickness absences
- the reliance of the OBR on the Government's economic and fiscal models
- the use of spreadsheets by the OBR
- the OBR's priorities for the development of the UK macroeconomic model
- estimating the size of the output gap
- the OBR's priorities for improvements to economic data
- the merits, difficulties and practicalities of the OBR costing opposition parties' policies ahead of general elections
- the OBR's estimates of devolved tax revenues and the implications of further fiscal devolution for its work
- the Government's new fiscal rules and the implications of a significant slowdown in GDP growth

15. We are satisfied that Robert Chote has the professional competence and personal independence to be Chair of the OBR. We congratulate him on his success to date and look forward to scrutinising his work over the coming Parliament.

**16. The success of the OBR in its first five years has been inextricably linked to its leadership. In the coming five years, the OBR will see changes to its leadership that will test its institutional strength. We expect Mr Chote and his colleagues to work on succession planning to ensure that the integrity and reputation of the OBR is protected as the BRC is replaced with new members.**

# Appendix 1: Robert Chote CV

---

Born 24 January 1968

Married to Sharon White, Chief Executive, Ofcom

## Career

### **2010-present Chairman, Office for Budget Responsibility, London**

Head of the UK's official independent fiscal watchdog. Responsible for producing regular economic and fiscal forecasts, assessing the Government's progress towards its fiscal targets, and monitoring long-term fiscal sustainability and the health of the public sector balance sheet. Appointed by the Chancellor of the Exchequer, with the endorsement of the House of Commons Treasury Select Committee.

### **2002-2010 Director, Institute for Fiscal Studies, London**

Head of the UK's leading microeconomic and public finance research institute. Responsible for overall management and strategy of the institute, plus ensuring the quality and effective communication of its research. Also responsible for leading the institute's engagement with policymakers, the media and other stakeholders in areas of the institute's expertise.

### **1999-2002 Speechwriter/adviser to First Deputy Managing Director, International Monetary Fund, Washington DC.**

Drafting and editing speeches and articles on issues including reform of the international financial system, globalisation and national/regional/global economic developments for Stanley Fischer (199-2001) and Anne Krueger (2001-2002). Member of Sovereign Debt Restructuring Taskforce. Plus advising on the IMF's external relations strategy and other writing projects.

### **1995-1999 Economics Editor, Financial Times, London**

Responsible for news and analytical coverage of the UK and world economies. Leader of 4 person reporting team. Occasional editorial writing.

### **1993-1994 Economics Correspondent and Columnist, The Independent and Independent on Sunday**

Weekly economics column for the Independent on Sunday, plus responsibility for news and analytical coverage of the UK economy in both the daily and Sunday titles. Occasional editorial writing. Named Young Financial Journalist of the Year by the Harold Wincott Foundation in 1993.

### **1990-1993 City and financial reporter, The Independent**

Corporate, financial and economic news. Occasional editing.

## Other responsibilities

**2010-present Member, Finance Committee, University of Cambridge**

1998-1999 Member, Statistics Advisory Committee, Office of National Statistics

## Education

**2001-2002 Paul H Nitze School of Advanced International Studies (SAIS), Johns Hopkins University, Washington DC**

Masters in International Public Policy (75% complete)

**1989-1990 City University, London**

Postgraduate Diploma in Newspaper Journalism

**1986-1989 Queens' College, Cambridge**

BA/MA Economics (Part 1: First, Part 2: Upper Second)

**1980-1986 St Mary's College, Southampton**

1 S level, 4 A levels and 14 O levels

## Other

**2015-present Honorary Fellow, Queens' College, Cambridge**

## Appendix 2: Treasury Committee reappointment questionnaire

---

### Personal background

1. Do you have any business or financial connections or other commitments which might give rise to a conflict of interest in carrying out your duties as Chairman of the OBR?

I am a member of the Finance Committee of the University of Cambridge, the Public Policy Committee of the British Academy, and the advisory committees of the ESRC Centre for Macroeconomics and the Oxford Institute of Economic Policy. I also chair the Royal Statistical Society's advisory group on public data literacy and am a Governor of the National Institute for Economic and Social Research (NIESR). Each involves a modest time commitment. I do not believe that they involve conflicts of interest with my role at the OBR.

2. Have you ever held any post or undertaken any activity that might cast doubt on your political impartiality?

Not since I was a member of university political societies as an undergraduate.

3. Do you intend to serve out the full term for which you have been appointed?

Yes, subject to the need to make a smooth transition between jobs.

### Accountability

4. At the time of your last appointment hearing, you expected to be judged primarily on the responsibilities set out by the Treasury, namely:

- Achieving the objectives of the OBR
- Communicating the OBR's decisions
- Providing strong and visible leadership of the OBR

Can you explain how you have fulfilled these responsibilities?

Achieving the objectives of the OBR: The Page and Ramsden Reviews conclude that the OBR has successfully fulfilled the requirements of the BRNA and the Charter for Budget Responsibility. The OBR has "laudably achieved the core duties of its mandate" and has "succeeded in reducing perceptions of bias in fiscal and economic forecasting and increased the transparency of its products. Confidence in the OBR's work is consistent across stakeholder groups... The quality of analysis and commitment to transparency often surpass those of its international peer group and the work done previously by HM Treasury" (Page). I take lead responsibility for ensuring that that the OBR achieves its objectives, but – needless to say – our perceived success here reflects the collective dedication and hard work of my BRC colleagues and the OBR staff,

notably our two successive Chiefs of Staff.

**Communicating the OBR's decisions:** I have placed high priority on the effective communication of our outputs, aiming to be responsive to stakeholders' questions and requests while avoiding the temptation to offer a running commentary on economic developments and the fiscal policy debate. I undertake most media engagements for the OBR and present the results of our core reports. Our flagship reports are lengthy and detailed publications covering a wide variety of topics, but the Page Review of six stakeholder groups found that more than 70% of each group rated them understandable. Our website is also popular among stakeholders (helped by keeping it out of the clutches of GOV.UK, with the help of the committee). But I agree with the Ramsden Review that given extra resources there is more we could do to make it accessible and comprehensive.

**Strong and visible leadership:** The interviews with and surveys of stakeholders carried out by the Page Review concluded that confidence in the OBR's products is "principally ascribed to the OBR's senior leadership team and the competence of its staff" and that "it is principally the competence of the OBR's analysts, followed by the Chairman, Robert Chote, that drives stakeholder confidence in the OBR". Strong leadership is also important in managing our relationship with departmental officials and ministers and in being willing to draw attention to misrepresentations of our views.

5. What criteria should be used to assess your next term in office?

As in question 4, with particular reference to the management of any extension of our responsibilities and activities following the Ramsden Review and the Spending Review.

## Other professional activities

6. What other professional activities do you expect to continue/undertake in addition to your position on the OBR and how do you intend reconciling these activities with your position as OBR chair?

I would intend to continue with the sorts of activities listed in answer 1, perhaps consolidating them. I would not undertake any activity where I saw a conflict of interest with my OBR role.

## Performance of the role

7. What will be your priorities as Chair of the OBR in your next term?

At a high level, my priorities would be the same as those that I set out in 2010, namely:

"to establish and maintain public confidence in the OBR as a source of analytically rigorous, empirically sound and effectively communicated medium and long-term analysis of the public finances. This will provide a solid basis upon which the Government can take its tax and spending decisions and will give the

public the information it needs to judge the Government's commitment to its fiscal objectives and to the broader goal of long-term fiscal sustainability. In all this I would ensure that the OBR is seen as independent and unbiased, yet that it works closely and effectively with officials in the Treasury, HMRC, DWP and elsewhere.

I would make transparency the guiding principle of the OBR's work, as this is the surest way to demonstrate the quality and impartiality of its analysis on an ongoing basis. This means explaining rigorously, and comprehensibly, why we reach the judgements that we do. It also means being honest about the considerable uncertainty that will lie around many of those judgements. Just as important as setting out a central view of the outlook for the economy and the public finances is to explain how things might turn out differently and what impact this might have on long-term fiscal sustainability and the achievement of the Government's medium term goals."

In terms of what might change more specifically, I set out some concrete objectives for things that we might achieve during the current Parliament in our response to the publication of the Ramsden Review, consistent with its recommendations. Of course, whether we can progress with these will depend on the outcome of the Spending Review for our staffing and other resources:

- enhance the public debate on fiscal risks by bringing together and expanding our analysis of risks and uncertainties in a single regular publication and associated online resources;
- increase transparency regarding the content, use and performance of fiscal forecasting models. We would engage more systematically and substantively with the departments responsible for these models to ensure they are well maintained and developed;
- publish more detailed analyses of specific issues related to fiscal sustainability, facilitated in part by the removal of the requirement on us to produce detailed bottom-up fiscal projections every year;
- provide more resources for the external fiscal community, including more comprehensive and user-friendly data, more ready reckoners and more non-technical guides to particular aspects of the public finances;
- meet the logistical and analytical demands created by greater fiscal devolution, which will mean that more decisions material to the UK public finances are in the hands of devolved administrations;
- strengthen our analysis of cash flows and debt dynamics, where greater use of asset sales and increased focus on the profile of debt have increased demands on our forecasting and costing scrutiny capacity;
- bolster our core staffing on the economy forecast, especially regarding wage distribution and labour market issues, which are relevant to both tax and spending forecasts and which are likely to become more challenging following the introduction of the National Living Wage;

- increase our capacity to scrutinise departmental and local authority spending, which will require even greater focus as the Spending Review 2015 settlements are implemented, with implications for departments' underspending and local authorities' management of their reserves. We will also be able to scrutinise public corporations more closely;
- make a greater contribution to external research in economic and fiscal forecasting and fiscal risks, through greater capacity to engage with academia, think tanks and the broader fiscal community;
- undertake more systematic engagement with Parliament and Devolved Administrations to enhance understanding of the OBR's role and use of the OBR's output to hold the Government to account;
- engage with different stakeholder groups through more diverse communications approaches, including better use of the website and social media channels; and
- strengthen our senior staff management capacity, bringing it into line with the levels deemed necessary at the Treasury and elsewhere.

#### 8. What risks do you identify to the OBR achieving its aims over your next term?

The OBR maintains a risk register which we review at each meeting of our oversight board, with staff actions and an assessment of the degree of mitigation identified for each risk. The risks include:

- Loss of experienced staff
- External questioning of our independence
- Pressure on resources from additional forecasts and other demands
- Impact on quality of adequate internal and external challenge
- Reliance on complex and technical data systems
- Different development priorities for macroeconomic model
- Loss and/or leak of sensitive or confidential information
- Loss of key staff or access to building and IT at key forecast times
- Loss of data from shared drive system
- Failure to stick within agreed budget
- Financial and logistical risks from end of current office lease

Thinking more specifically about the the coming Parliament, our ability to achieve the aims I have set out above, consistent with the recommendations of the Ramsden Review, would be at risk if the Treasury did not provide us with adequate additional resources.

I also see risks to our ability to recruit and retain high quality staff from a further lengthy period of pay restraint in the civil service (whatever the merits of that restraint may be). This is likely to mean that the remuneration we can offer will become increasingly uncompetitive relative to the Bank of England and the private sector, for individuals of comparative age and experience.

Operationally, I think there also potential risks from the expansion of devolution, in terms of the additional tasks and stakeholder engagement that we will have to undertake. How extensive and challenging this will be is hard to predict in advance.

# Formal Minutes

---

**Tuesday 15 September 2015**

Members present:

The Rt Hon Mr Andrew Tyrie, in the Chair

Mr Steve Baker	George Kerevan
Bill Esterson	John Mann
Mark Garnier	Chris Philp
Helen Goodman	Jacob Rees-Mogg
Stephen Hammond	Wes Streeting

### **3. Re-appointment of Robert Chote as Chair of the Office for Budget Responsibility**

Draft Report (*Reappointment of Robert Chote as Chair of the Office for Budget Responsibility*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 16 read and agreed to.

Papers were appended to the Report as Appendix.

*Resolved*, That the Report be the First Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

[Adjourned till Wednesday 16 September at 2pm]

## Witness

---

The following witness gave evidence. The transcript can be viewed on the Committee's inquiry page at [www.parliament.uk/treascom](http://www.parliament.uk/treascom).

**Tuesday 15 September 2015**

*Question number*

**Robert Chote**, Chair, Office of Budget Responsibility

[Q1-25](#)