



Budget Responsibility and National Audit Act 2011

2011 CHAPTER 4

PART 1

BUDGET RESPONSIBILITY

1 Charter for Budget Responsibility

- (1) The Treasury must prepare a document, to be known as the Charter for Budget Responsibility, relating to the formulation and implementation of fiscal policy and policy for the management of the National Debt.
- (2) The Charter must in particular set out—
 - (a) the Treasury's objectives in relation to fiscal policy and policy for the management of the National Debt,
 - (b) the means by which the Treasury's objectives in relation to fiscal policy will be attained ("the fiscal mandate"), and
 - (c) matters to be included in a Financial Statement and Budget Report prepared under section 2.
- (3) The Charter may contain such other material as the Treasury considers appropriate (and see also section 6).
- (4) The Treasury must lay the Charter before Parliament.
- (5) The Treasury may from time to time modify the Charter.
- (6) When the Charter is modified the Treasury must lay the modified Charter before Parliament.
- (7) The Charter (or the modified Charter) does not come into force until it has been approved by a resolution of the House of Commons.

- (8) The Treasury must publish the Charter and any modified Charter once approved by the House of Commons.

2 Annual Budget documents

- (1) The Treasury must prepare a Financial Statement and Budget Report for each financial year.
- (2) The contents of a Financial Statement and Budget Report must conform to any provision set out in the Charter.
- (3) The Treasury must lay each Financial Statement and Budget Report before Parliament.
- (4) The Treasury must publish each Financial Statement and Budget Report.

3 Office for Budget Responsibility

- (1) There is to be a body corporate called the Office for Budget Responsibility.
- (2) Schedule 1 contains provision about the Office.

4 Main duty of Office

- (1) It is the duty of the Office to examine and report on the sustainability of the public finances.
- (2) The duty imposed by this section includes, in particular, the duties imposed by subsections (3) and (4).
- (3) The Office must, on at least two occasions for each financial year, prepare—
 - (a) fiscal and economic forecasts, and
 - (b) an assessment of the extent to which the fiscal mandate has been, or is likely to be, achieved.
- (4) It must also, on at least one occasion for each financial year, prepare—
 - (a) an assessment of the accuracy of fiscal and economic forecasts previously prepared by it, and
 - (b) an analysis of the sustainability of the public finances.
- (5) Any forecast, assessment or analysis prepared by the Office under subsection (3) or (4) must be included in a report.
- (6) Any report which the Office makes in pursuance of its duty under this section must include an explanation of the factors which the Office took into account when preparing the report, including (in particular)—
 - (a) the main assumptions made by the Office, and
 - (b) the main risks which the Office considered to be relevant.

5 How main duty is to be performed

- (1) The Office has complete discretion in the performance of its duty under section 4 (but subject to subsections (2) and (3) of this section and sections 6 and 7).
- (2) The Office must perform that duty objectively, transparently and impartially.

- (3) Where any Government policies are relevant to the performance of that duty, the Office—
- (a) must have regard to those policies, but
 - (b) may not consider what the effect of any alternative policies would be.

6 Guidance as to how main duty is to be performed

- (1) The Charter for Budget Responsibility may include guidance to the Office about how it should perform its duty under section 4, including (in particular) guidance about the time at which it is to prepare any forecast, assessment or analysis required to be prepared under subsection (3) or (4) of that section.
- (2) But the Charter must not make provision about the methods by which the Office is to make any such forecast, assessment or analysis.
- (3) The Office must, in the performance of its duty under section 4, act consistently with any guidance included in the Charter by virtue of this section.
- (4) If the Treasury proposes to modify the guidance included in the Charter by virtue of this section, a draft of the modified guidance must be published at least 28 days before the modified Charter is laid before Parliament under section 1(6).

7 Efficiency etc

The Office must aim to carry out its functions efficiently and cost-effectively.

8 Reports

- (1) This section applies to any report which the Office makes in pursuance of its duty under section 4.
- (2) The Office must—
 - (a) publish the report,
 - (b) lay it before Parliament, and
 - (c) send a copy of it to the Treasury.

9 Right to information

- (1) The Office has a right of access (at any reasonable time) to all Government information which it may reasonably require for the purpose of the performance of its duty under section 4.
- (2) The Office is entitled to require from any person holding or accountable for any Government information any assistance or explanation which the Office reasonably thinks necessary for that purpose.
- (3) “Government information” means information held by any Minister of the Crown or Government department.
- (4) This section is subject to any enactment or rule of law which operates to prohibit or restrict the disclosure of information or the giving of any assistance or explanation.

10 Superseded statutory provisions

The following are repealed in consequence of the preceding provisions of this Part—

- (a) section 27 of, and Schedule 5 to, the Industry Act 1975 (economic model and forecasting);
- (b) sections 155 to 157 of the Finance Act 1998 (fiscal stability);
- (c) the Fiscal Responsibility Act 2010.