

# **BUDGET RESPONSIBILITY AND NATIONAL AUDIT ACT 2011**

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## **EXPLANATORY NOTES**

### **BACKGROUND AND SUMMARY**

#### **Part 1: Budget Responsibility**

##### **The Office for Budget Responsibility**

8. The remainder, and bulk, of Part 1 provides for the establishment of the Office on a statutory basis. *Section 3* establishes the Office as a body corporate. The Office will be led by a three-person Budget Responsibility Committee (BRC), appointed by the Chancellor with the consent of the Treasury Select Committee, and supported by at least two non-executive members.
9. *Section 4* describes the functions of the Office. Its main duty will be to examine and report on the sustainability of the public finances. In particular, the Office will produce economic and fiscal forecasts, which the Government intends to adopt as the “official” forecasts for the annual Budget. The Office will control the production of the forecasts and make all of the judgments that underpin them, independent of Ministers; it will no longer be the Chancellor of the day who is responsible for these judgments. The Office will also undertake broader research and analysis into a range of issues relating to fiscal sustainability. In particular, the Office will produce long-term fiscal projections and analysis relating to the public sector balance sheet.
10. The Office’s forecasting role supplants the forecast-auditing role of the NAO and so the provisions of FA 1998 relating to this role are repealed. The Office’s economic forecasting function also supersedes the duty on the Treasury to produce biannual economic forecasts in the Industry Act 1975, which is also repealed.