



HM TREASURY

HM Treasury,
1 Horse Guards Road,
London
SW1A 2HQ

www.hm-treasury.gov.uk

3 June 2011

Ms Kate Barker

Dear Kate,

I am writing to set out the terms on which you are appointed as a member of the Office for Budget Responsibility.

If you are happy with them, please can you sign and return the enclosed copy of this letter by way of agreement.

1. Appointment

1.1. You are appointed under paragraph 1(1)(c) of Schedule 1 to the Budget Responsibility and National Audit Act 2011 (“the Act”) to the office of member of the statutory Office for Budget Responsibility (“the OBR”) with effect from 21 June 2011. Your appointment is made by the Chancellor of the Exchequer (“the Chancellor”) after consultation with the Chair of the OBR. You and other members appointed under the same paragraph will form the Non-Executive Committee of the OBR under paragraph 9(2) of Schedule 1 to the Act. The terms and conditions of your appointment are at all times subject to the provisions of the Act and to determinations made under the Act.

2. Duration

2.1. Your appointment begins on 21 June 2011 and unless terminated earlier, will be for a fixed term of three years from this date. It will therefore last until 20 June 2014. Your appointment may be renewed by the Chancellor for one further three-year period. The Chancellor may only renew your appointment if you are nominated for re-appointment by the OBR.

3. Duties and status

- 3.1. You are appointed under paragraph 1(1)(c) of Schedule 1 to the Act to the office of member of the OBR. You and other members appointed under paragraph 1(1)(c) will form the Non-Executive Committee of the OBR (“the Non-Executive Committee”) under paragraph 9(2) of Schedule 1 to the Act.
- 3.2. The functions of the OBR are set out in the Act. The main duty of the OBR is to examine and report on the sustainability of the public finances.
- 3.3. The OBR must perform its duty objectively, transparently, impartially and on the basis of Government policy.
- 3.4. The OBR has a broad remit and, subject to its other statutory duties and the guidance in the Charter for Budget Responsibility, 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.
- 3.5. As a member of the Non-Executive Committee, your role is to provide support and constructive challenge to the other members of the OBR as well as safeguarding the independence of the OBR, through the capacity to advise and report from an external perspective.
- 3.6. The members of the Non-Executive Committee also have the following specific statutory duties:
 - to keep under review the way in which the OBR performs its duty under section 4 of the Act (see paragraph 13 of the Schedule to the Act);
 - to prepare an assessment, for inclusion in the OBR’s annual report, of the extent to which that duty has been performed, including an assessment of the extent to which it has been performed impartially, objectively and transparently and with complete discretion (see paragraph 15(2) of the Schedule to the Act); and
 - periodically, and at least every five years, to appoint an independent, expert reviewer to conduct a review of and report on all or any of the reports produced by the OBR in that period (see paragraph 16 of the Schedule to the Act).
- 3.7. The OBR’s Framework Document¹ states that the OBR oversight board must assure itself of the effectiveness of the internal control and risk management systems of the OBR. The intention of this appointment is that you will have lead responsibility for these audit committee functions, provided the oversight board and any audit committee of the OBR agree to this.
- 3.8. You are not an employee. Accordingly nothing in this letter shall be construed as, or taken to create, a contract of employment between yourself and HM Treasury (“the Treasury”).

4. Time commitment and location

¹ http://www.hm-treasury.gov.uk/d/obr_framework040411.pdf

- 4.1. Your time commitment for this office is anticipated to be around 1 day a month on average, working flexibly across the year according to the demands of the role.
- 4.2. You will be based at 20, Victoria Street, London SW1H 0NF, but you must attend meetings in such locations as may be required for the proper performance of your office. If in the future the OBR decides to change location you may be required to base yourself at its new premises, which could be anywhere in the UK.

5. Fees, benefits and expenses

- 5.1. You will not be remunerated for this role.
- 5.2. Necessary and proper travel and other expenses may be claimed in accordance with the applicable policy of the OBR. In addition you may claim necessary and proper expenses of travelling between your home and the OBR's location in the course of your work. You should submit your claim for expenses to the OBR Office Manager each quarter in arrears by letter, attaching all receipts.
- 5.3. It is probable that HMRC will treat you as an office-holder, but you should make your own enquiries of your own tax office about this. Payments made to you in respect of your expenses of travelling between your home and the OBR's location for this appointment are taxable as if you were an employee and also attract Class 1 National Insurance liability (but note that this is not likely to be the case for activities in relation to this appointment which take place away from the OBR's location). However, the intention of the OBR is that the amount you receive for travel and subsistence in these circumstances should be equivalent to the amount you actually spend. The OBR will operate PAYE in respect of these expenses.

6. Disclosure

- 6.1. Your expenses may be disclosed in annual accounts produced under the Act, in accordance with HM Treasury's guidance entitled Managing Public Money. By accepting this appointment you consent to this disclosure. The guidance is available at http://www.hm-treasury.gov.uk/psr_mpm_index.htm.
- 6.2. It may also be necessary for your expenses to be disclosed in accordance with Cabinet Office directions or guidance or in response to requests under the Freedom of Information Act 2000 or Parliamentary Questions. By accepting this appointment you consent to such disclosure. In deciding whether disclosure should be made the Department will take account of its obligations under the Data Protection Act 1998.
- 6.3. HM Treasury will publish this agreement and any extension to it, and you hereby consent to such publication.

7. Termination

- 7.1. You may resign from your office before the expiry of your appointment by giving written notice to the Chancellor. You agree to give three months' notice in writing of any resignation.

- 7.2. The Chancellor may terminate your appointment by written notice with immediate effect in the following circumstances:
- a) You have been absent from meetings of the OBR without the permission of the OBR for a period of more than 3 months;
 - b) You have become bankrupt or made an arrangement with your creditors;
 - c) Your estate has been sequestrated in Scotland, or you have entered into a debt arrangement programme under Part 1 of the Debt Arrangement and Attachment (Scotland) Act 2002 as the debtor, or you have, under Scots law, made a composition or arrangement with, or granted a trust deed for, your creditors;
 - d) You are unfit to continue the appointment because of misconduct;
 - e) You have failed to comply with the terms of the appointment;
 - f) You are otherwise unable, unfit or unwilling to carry out your functions.
- 7.3. You will receive no notice if this appointment is terminated early by mutual consent.
- 7.4. If the Chancellor proposes to terminate your appointment prior to the expiry of the fixed term, other than by mutual agreement, you will be notified of the proposal and the reasons for it and will be offered an opportunity to have a meeting with HM Treasury Permanent Secretary; if practicable this will be done before any final decision is taken. If your appointment is subsequently terminated you will receive notice in writing of this fact, which will contain a statement of the reasons for termination.

8. Standards in Public Life etc.

- 8.1. You will be required to act in accordance with the Nolan Principles (see Standards in Public Life: First Report of the Committee on Standards in Public Life. Volume 1: Report. CM 2850-I).
- 8.2. You will be required to comply with the OBR's code of practice for board members and applicable law and guidance on conduct generally, including concerning confidentiality of information, the Official Secrets Acts, gifts and hospitality, allowances, use and safeguarding of public funds, and conflicts of interest.
- 8.3. You should not accept any gifts or hospitality which might, or might reasonably appear to, compromise your judgement or place you under an improper obligation. You must never canvass or seek gifts or hospitality. You must comply with the rules set by the OBR on the acceptance of gifts and hospitality.

9. Conflicts of interest; other appointments

- 9.1. You must take appropriate steps to ensure that you are not placed in a position where there is or may be an actual conflict, or a potential conflict, between your personal or business interests (direct or indirect) and the duties you owe to the OBR. You will immediately disclose to the Chancellor full particulars of any conflict of interest which may or could arise, and you will thereupon follow any advice which the Chancellor may give you in relation to action required to deal with any conflict. This could include resignation if there is no other way to deal with the conflict.
- 9.2. In clause 9.1 “interests” includes any interests of your close family members and of people living in the same household as you or as your close family members.
- 9.3. You must inform the HM Treasury Permanent Secretary in advance of any new appointments that may impinge on your performance of your functions and obligations under this Agreement, or may lead to a conflict of interests or the reasonable perception of such a conflict.
- 9.4. It will be your responsibility to withdraw from any discussions where you have any interests that may influence your judgement or reasonably be perceived to do so.
- 9.5. All information on potential conflicts of interest will be held by the HM Treasury Permanent Secretary’s Office and could be disclosed to the public under the Freedom of Information Act (2000). By accepting this appointment you consent to such disclosure.
- 9.6. For six months after leaving the OBR you must obtain the consent of HM Treasury Permanent Secretary before taking any form of full-time, part-time, or fee-paid employment, whether in the United Kingdom or overseas, if such employment could lead to a conflict of interests, or the reasonable perception of such a conflict, or a reasonable suspicion of improper influence. Employment for these purposes has a wide meaning and includes consultancy or contracting work as a self-employed person.

10. Use of information

- 10.1. You must not misuse information gained in the course of your public service for personal gain or for political purpose. As well as breaching this agreement, office-holders who misuse information gained by virtue of their position may incur liability for breach of confidence and may commit a criminal offence under the insider-dealing legislation.
- 10.2. You must not disclose any information which is confidential in nature or which is provided in confidence, or use it for any purpose other than the proper performance of your duties.

10.3. The provisions of the Official Secrets Acts 1911 to 1989 apply to members of the OBR. Unauthorised disclosure of any information gained in the course of this appointment, or its use by you or others for personal gain or advancement, could result in the appointment being terminated under clause 7.2 and/or criminal prosecution.

11. Political activity

11.1. In your public role you should be, and be seen to be, politically impartial. You should not occupy a paid party-political post or hold a particularly sensitive or high-profile role in a political party. You should abstain from all controversial political activity.

12. Liability

12.1. The OBR does not issue any indemnity in respect of work as one of its members. However, members who have acted honestly, reasonably, in good faith and without negligence will not have to meet out of their own personal resources any personal civil liability that is incurred in the execution or purported execution of their functions.

Yours sincerely,

Signed for and on behalf of HM Treasury	
Name:	Nicholas Macpherson, Permanent Secretary
Signature:	Signed by Nicholas Macpherson
Date:	8 June 2011
Signed by Kate Barker	
Signature:	Signed by Kate Barker
Date:	6 June 2011