House of Commons
Treasury Committee

Re-appointment of Graham Parker to the Budget Responsibility Committee

Fifth Report of Session 2014–15

Report, together with formal minutes relating to the report

Evidence is available on the Committee’s website at www.parliament.uk/treascom.

Ordered by the House of Commons
to be printed 22 July 2014
The 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.

All publications of the Committee (including press notices) and further details can be found on the Committee’s web pages at www.parliament.uk/treascom.

Membership at time of the report

Mr Andrew Tyrie MP (Conservative, Chichester) (Chairman)
Steve Baker MP (Conservative, Wycombe)
Mark Garnier MP (Conservative, Wyre Forest)
Stewart Hosie MP (Scottish National Party, Dundee East)
Mr Andy Love MP (Labour, Edmonton)
John Mann MP (Labour, Bassetlaw)
Mr Pat McFadden MP (Labour, Wolverhampton South West)
Mr George Mudie MP (Labour, Leeds East)
Mr Brooks Newmark MP (Conservative, Braintree)
Jesse Norman MP (Conservative, Hereford and South Herefordshire)
Teresa Pearce MP (Labour, Erith and Thamesmead)
David Ruffley MP (Conservative, Bury St Edmunds)
John Thurso MP (Liberal Democrat, Caithness, Sutherland, and Easter Ross)

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.

Publication

Committee reports are published on the Committee’s website at 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.

Committee staff

The current staff of the Committee are Chris Stanton (Clerk), Anne–Marie Griffiths (Second Clerk), Adam Wales and Gavin Thompson (Senior Economists), Hansen Lu, Thomas Francis (on secondment from the FCA), Gregory Stevens (on secondment from the Bank of England), and Callum Saunders (on secondment from the NAO) (Committee Specialists), Steven Price (Senior Committee Assistant), and Alithea Williams and Paul Little (Committee Assistants).

Contacts

All correspondence should be addressed to the Clerk of the Treasury Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5769; the Committee’s email address is treascom@parliament.uk.
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1 Introduction

Background

1. The Treasury Committee held its first appointment hearing with Graham Parker in October 2010. At the time, we concluded that we were “satisfied that Graham Parker has the professional competence and personal independence to be a member of the Budget Responsibility Committee”. Since that hearing, Mr Parker has appeared regularly before us—alongside his Budget Responsibility Committee colleagues—as part of our Budget and Autumn Statement inquiries.

2. The Treasury Committee has a statutory role in appointments to the Budget Responsibility Committee: under the Budget Responsibility and National Audit Act 2011, such appointments can only be made with the consent of the Treasury Committee.

3. We took oral evidence from Graham Parker on Tuesday 22 July 2014. He provided a full CV and answered our questionnaire prior to giving oral evidence. We thank Mr Parker for his evidence. We have considered his re-appointment in line with our practice at the time of his original appointment hearing, using personal independence and professional competence as the criteria against which we assess his suitability.

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1 Treasury Committee, Fifth Report of Session 2010-11, Appointments to the Budget Responsibility Committee, HC 545-I, para 10

2 Budget Responsibility and National Audit Act 2011, Schedule 1

3 Treasury Committee, Fifth Report of Session 2010-11, Appointments to the Budget Responsibility Committee, HC 545-I, para 4
2 The re-appointment to the Budget Responsibility Committee of Graham Parker

Background on Graham Parker

4. Since May 2010 Mr Parker has been a Member of the interim, and then statutory, Budget Responsibility Committee of the Office for Budget Responsibility. Prior to joining the OBR, he was Head of the Public Sector Finance Team at HM Treasury from November 1999 to January 2009. Before joining HM Treasury, he worked at the Inland Revenue. Since July 2009 he has been a Member of the IMF Fiscal Affairs Department’s panel of technical experts. He is also currently a member of the UK Statistics Authority’s Deflator Review Steering Group. He was awarded a CBE for services to HM Treasury in 2008.

Our evidence

5. In oral evidence, we questioned Mr Parker on his suitability to be reappointed as a member of the Budget Responsibility Committee. We particularly focused on the work of the OBR in certifying the costings of policies, and his previous work at the OBR. Particular topics we questioned Mr Parker on included:

- His independence;
- The decision to create the OBR;
- The sale of the student loan book and the impact on the public finances;
- How changes to policy are accounted for between forecasts;
- How fixed-term Parliaments affect the work of the OBR;
- The risks from personnel changes;
- How star chambers work for policy costings;
- How much time is spent on policy costings that are dropped;
- How the OBR has improved the policy costing process;
- The OBR’s response to potential requests by the Chancellor to certify the cost of manifesto policies;
- Whether the resources should be allocated to allow the OBR to undertake costings rather than certifying costings;

4 Office for Budget Responsibility, http://budgetresponsibility.org.uk/about-the-obr/who-we-are/graham-parker/
• His view on the Treasury Committee’s recommendation to reduce the number of Fiscal Sustainability Reports;

• Why he will not serve his whole term;

• What work the OBR is doing on succession planning;

• Preparations the OBR is undertaking to prepare for its new responsibility reporting on the welfare cap;

• The value of Fiscal Sustainability Reports;

• The value of two forecasts a year separated by three to four months;

• The quality of the forecasts;

• A potential statutory duty to report interference;

• Whistleblowing arrangements at the OBR staff level; and

• Promoting public understanding of the uncertainty surrounding the forecasts.

**Conclusions**

6. We note that Mr Parker has said that he intends to serve for about another three years. We draw attention to the importance of high quality succession planning at the OBR in order to ensure that there is sufficient expertise among the three members of the Budget Responsibility Committee at all times.

7. Having considered his oral and written evidence, and taking into account his previous appearances before the Treasury Committee, we are satisfied that Graham Parker has the professional competence and personal independence to be reappointed as a member of the Budget Responsibility Committee. We therefore consent to his appointment. We wish him every success in his continuing role.
Formal Minutes

Tuesday 22 July 2014

Members present:

Andrew Tyrie, in the Chair

Steve Baker
Mr Pat McFadden
John Mann

George Mudie
John Thurso

Draft Report (Re-appointment of Graham Parker to the Budget Responsibility Committee), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 7 read and agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

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

Written evidence was ordered to be reported to the House for publication on the internet.

[Adjourned till Tuesday 2 September at 9.15 am]
Witness

Tuesday 22 July 2014

Graham Parker CBE, Member, Budget Responsibility Committee

Published written evidence

1. Graham Parker CBE: Responses to the Treasury Committee questionnaire
2. Graham Parker CBE: CV
List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee’s website at www.parliament.uk/treascom.

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<td>Third Report</td>
<td>Appointment of Dr Nemat Shafik as Deputy Governor of the Bank of England</td>
<td>HC 492</td>
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<td>Fourth Report</td>
<td>Appointment of Anthony Habgood as Chairman of the Court of the Bank of England</td>
<td>HC 451</td>
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<td>Fifth Report</td>
<td>Re-appointment of Graham Parker to the Budget Responsibility Committee</td>
<td>HC 580</td>
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