Office for
Budget Responsibility

Annual report and accounts 2025-26

HC 261

Office for Budget Responsibility: Annual report and accounts 2025-26

Annual report presented to Parliament pursuant to Paragraph 15, Schedule 1 of the Budget Responsibility and National Audit Act 2011

Accounts presented to Parliament pursuant to Paragraph 18, Schedule 1 of the Budget Responsibility and National Audit Act 2011

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Contents

Chapter 1 Performance report 1
Overview 1
Statement of performance and activities 5
Performance analysis 9
Operations 11

Chapter 2 Accountability report 15
Corporate governance report 15
Governance statement 19
Remuneration and staff report 27
Parliamentary accountability and audit report 35
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament 36

Chapter 3 Financial statements 43
Notes to the financial statements 46

1 Performance report

1.1 The performance report contains:

- the **overview**, which includes the Budget Responsibility Committee's message;
- the **statement of performance and activities**, which sets out how we have delivered our statutory duties over the past year;
- the **performance analysis**, which describes how we measure performance against our objectives; and
- an outline of the key elements of our **operations**.

Overview

Budget Responsibility Committee's message

1.2 Richard Hughes resigned as Chair of the Office for Budget Responsibility (OBR) on 1 December 2025 following the early access by external users to the November 2025 *Economic and fiscal outlook* (*EFO*). As a result we, the two remaining members of the Budget Responsibility Committee (BRC), have jointly led the OBR for the remainder of 2025-26. Tom Josephs was appointed as Interim Accounting Officer from the date of Richard's resignation and has therefore provided the required governance and assurance around these annual accounts. The Treasury is responsible for the recruitment of BRC members. The appointment of a new OBR Chair is ongoing at the time of publication.

1.3 The OBR was established in 2010 to provide independent and authoritative analysis of the UK's public finances. *The Budget Responsibility and National Audit Act 2011* states that "*it shall be the duty of the Office to examine and report on the sustainability of the public finances*". In practice we fulfil our remit by publishing a range of core publications and by engaging with domestic and international peers as widely as possible. In brief we carry this out by:

- Producing **five-year forecasts** for the economy and public finances twice a year, usually alongside the annual Budget, and a second forecast in the spring.
- Assessing the likely **costs or savings from individual tax and spending measures** announced in each fiscal statement, including the impact of any changes in behaviour they might prompt.

- Using our forecasts to assess the **Government's performance against its fiscal objectives**, which we now do once a year following recent changes to the legislation. We also assess the uncertainty around the chances of the Government meeting its fiscal objectives.

- Publishing analysis of the **public finance data** produced each month by the Office for National Statistics (ONS). We focus on how the evolution of the data through the year compares to monthly profiles that we publish, which are consistent with our most recent forecast.

- Assessing the **long-term outlook for and risks to the public finances**, drawing on 50-year projections of spending, receipts and the key fiscal aggregates, and alternative measures of fiscal sustainability. We also analyse a range of specific risks to the public finances over the medium and long term.

- Appearing before Parliamentary committees – including the Treasury Committee, the Lords Economic Affairs Committee, the Scottish Finance and Public Administration Committee and the Welsh Finance Committee – to **explain our forecast judgements and conclusions of our analytical work.**

- Holding regular **briefing events and interviews** alongside the publication of our major reports and contributing to wider discussion at external conferences and events, and in media appearances.

- Engaging with a range of **domestic and international counterparts** through speaking at and organising roundtables and seminars, participating in global networks for independent fiscal institutions, and sharing knowledge with similar organisations.

1.4 In setting about these tasks, our guiding principle is to undertake them in as transparent a way as possible – not just in terms of the outputs we produce, but also in the way we engage with government departments and agencies, and outside experts, in preparing them. People may agree or disagree with the analysis and conclusions we present, and no forecast ever proves to be entirely prescient – especially given the shocks experienced in recent years. But we want them to be confident that our forecasts are based on our best professional judgement and an impartial assessment of the available data, and not on political considerations or wishful thinking.

1.5 The November 2025 *EFO* was accessed early on Budget day, 26 November, due to a technical misconfiguration on the OBR's website that meant protections were not properly in place to stop those seeking premature access to the document. This seriously disrupted the delivery of the Budget statement, and we have expressed our profound apologies to the Government and Parliament for this. The non-executive members of the OBR's Oversight Board led a rapid investigation into this error, which provided recommendations for the OBR including commissioning a deeper investigation into past *EFO* publications that was completed by the National Cyber Security Centre (NCSC) and published in February 2026.

Following the NCSC's recommendations, the March 2026 *EFO* was – and future statutory and market-sensitive OBR publications will be – published on GOV.UK, the government-wide web publishing platform, rather than on the OBR's own website. This is because GOV.UK provides enhanced security and sequential publishing processes beyond the capability of the OBR's own website. Drawing on expert input from the digital and communications communities across government, plans are also underway to further develop the OBR's web presence. A report summarising the steps that have been taken in response to the November 2025 publication error has been published alongside this annual report.

1.6 Apart from this serious incident, the two forecasts we completed in 2025-26, presented in the November 2025 and March 2026 *EFO*s, largely proceeded smoothly. Both forecasts were commissioned by the Chancellor with the minimum 10 weeks' notice we require, and the working relationship with the Treasury and other departments was largely effective. The November 2025 forecast accompanying the Budget was a busy one for OBR staff and officials across government. We made a downward revision to our underlying productivity forecast following a comprehensive supply-side stocktake, and incorporated the largest-ever policy package at a fiscal event since the OBR's establishment. Given the unusual volume of speculation in the media on the evolution of the OBR's forecast prior to Budget day, the then-Chair took the unusual step of writing to the Commons Treasury Committee after the *EFO* had been published to set out some facts concerning the iteration of the OBR pre-measures forecast. We do not intend this to become standard practice as it is important in normal circumstances to protect the private space for the development of the pre-measures forecast before it is finalised. It is welcome that such speculation was vastly reduced during the March 2026 forecast process.

1.7 The March 2026 forecast was a shorter and less resource-intensive process. This was shaped by the fact that it was not accompanied by major policy announcements from the Government, and legislative changes meant that the OBR was not required to provide a formal assessment of performance against the fiscal rules alongside it. As such it served as an interim forecast update, while still providing the full details of our economy and fiscal forecasts with the usual levels of transparency. We were pleased to be able to use the space provided by these changes to place more emphasis in the *EFO* on the economic and fiscal context, longer-term fiscal sustainability, and the risks and uncertainties surrounding our central forecast. On the latter we took further steps, on top of developments in this direction in recent *EFO*s, to emphasise in our analysis the range of possible outcomes and to stress that a forecast is an assessment of a probability distribution of outcomes and never just a single path that can be considered a reliable and complete picture of the future. We plan to continue to emphasise these points in all our future forecasts.

1.8 Across our other statutory publications this year, we were pleased to be able to redevelop our *Forecast evaluation report*, drawing on the recommendations of our third external review, in order to make this a more holistic publication whose lessons can be fed more directly into forecasting and modelling improvements. And we were equally pleased to launch our annual *Fiscal risks and sustainability report* (*FRS*) outside of London for the first

time alongside a series of events in partnership with Liverpool City Council. The report presented in-depth analysis on the potential risks to fiscal sustainability from climate change, the UK pensions system, and the public sector balance sheet.

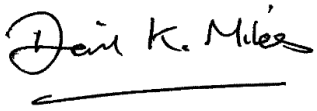
1.9 Following the June 2025 Spending Review it was confirmed that the OBR's budget will be maintained at the previously agreed 2025-26 level for the following two years on a flat-cash basis. This meets a recommendation of our recent external review that the OBR should have an un-ringfenced, rolling multi-year budget at least three years into the future. It has allowed us to plan our finances and longer-term staffing priorities for the years ahead to a greater degree than previously, including ways in which we can be more efficient in our use of resources while maintaining high levels of staff morale and engagement. On the latter, this year's staff survey results were very positive, with improvements in almost all areas taking scores above both civil service averages and OBR scores over recent years. We aspire to maintain, or further improve upon, this position in the year to come.

1.10 Notably, this was also the year in which the OBR reached its 15th birthday. This milestone, alongside other developments such as enhanced public scrutiny of the role of the OBR, prompted the launch of two parliamentary committee inquiries this year, partly or wholly focused on the role of the OBR. The House of Lords Economic Affairs Committee's Inquiry was published in April 2026 and was strongly supportive of the role of the OBR in promoting transparency and accountability and the importance of its continued independence. We look forward to the conclusions and recommendations of the House of Commons Treasury Committee's ongoing inquiry into the OBR.

1.11 At the end of another important, challenging, and productive year for the organisation, we would like to express our gratitude to the staff of the OBR for all their hard work and commitment. We are similarly grateful for the support and advice of our non-executive members, whose guidance we have drawn on particularly heavily this year in terms of delivering the initial rapid investigation in response to the *EFO* publication error in November, and around Richard's resignation as Chair. We are also grateful to the many officials in Government departments and agencies, and to our other outside stakeholders, for their time and patience in helping us fulfil our remit. We always welcome their suggestions for how we might do so more effectively.

1.12 In all the analysis we have undertaken this year, as in previous years, we have come under no pressure from government Ministers, political advisers or officials to change any of the analysis we have presented or the conclusions we have reached.

1.13 Finally, we and OBR staff would like to thank Richard Hughes for his leadership of the OBR over his five years in office. He brought huge expertise in the economy and public finances to the role and led the OBR with energy, independence of mind, and integrity. We hope to continue his commitment to rigour, objectivity, and transparency in all our work.





Professor David Miles CBE

Tom Josephs

19 June 2026

Statement of performance and activities

1.14 The Office for Budget Responsibility (OBR) provides independent and authoritative analysis of the UK's public finances. We are a non-departmental public body (NDPB) by virtue of the *Budget Responsibility and National Audit Act 2011*.

1.15 The *Act* requires the OBR to examine and report on the sustainability of the public finances. This is a broad remit that allows us to analyse the public finances from many angles. We have complete discretion to set our own work programme, subject to meeting the core requirements and guidance set out in the *Act* and the *accompanying Charter for Budget Responsibility*. Our core requirements, as set out in the February 2026 *Charter*, are:

- The production of at least two fiscal and economic forecasts, with the *Charter* setting out that the Government intends to adopt the OBR's forecasts as the official forecasts for the annual Budget.
- An annual assessment of the extent to which the Government's fiscal mandate has been, or is likely to be, achieved. The *Act* and *Charter* were amended over the course of the year to remove the requirement that the fiscal mandate is assessed twice per year and alongside each forecast.
- An annual assessment of the Government's performance against its cap on a subset of welfare spending, and a biennial report on trends in welfare spending.
- An annual assessment of the accuracy of our previous fiscal and economic forecasts.
- An annual report on the sustainability of the public finances and associated risks.
- A forecast of the receipts from taxes and spending on social security that are, or are intended to be, devolved to the Scottish and Welsh Governments. We also produce the official forecast of devolved Welsh taxes for the Welsh Government, as part of its annual budget process.

1.16 The *Charter* sets out that our forecasts should be based on all government policy decisions that have a material impact on the fiscal outlook and that can be quantified with reasonable accuracy. To this end, we also independently scrutinise and certify the Government's estimates of the cost of policy decisions. Importantly, the *Act* and *Charter* also specify that

we should not consider the effect of alternative policies or provide normative commentary on the merits of government policies.

1.17 Our independence is central to the effective delivery of our responsibilities, and to support this we are required by the *Act* to perform our duties objectively, transparently and impartially. A detailed *Memorandum of Understanding* between us and our main stakeholder departments sets out how the requirements of the *Act* and *Charter* are pursued in practice.

Performance summary – Achievements in 2025-26

Core responsibilities

1.18 In 2025-26, we fulfilled our statutory core responsibilities through the publication of the following reports:

- Our ***Forecast evaluation report*** (*FER*) was published in July 2025 and focused on the accuracy of various of our forecasts for 2023-24. This year we significantly revised the format and content of the *FER*, including looking not only at the accuracy of our one- and two-year ahead forecasts but also those five years ahead; comparing the accuracy of our forecasts with those of external forecasters; and more systematically feeding the lessons into improvements in our modelling infrastructure. The Covid, energy, and interest rates shocks provided important context for the forecasts we considered, which tended to overestimate real GDP growth up to 2023-24 and underestimate inflation. This led to us to significantly underestimate borrowing in our two- and five-year ahead forecasts for 2023-24.

- In July 2025 we published our fourth ***Fiscal risks and sustainability report***. We focused on three topics: the implications of demographics, savings, and other trends for the cost of the state pension, adequacy of future retirement incomes, and the structure of the gilt market; the public sector balance sheet, and in particular risks to the achievement of the Government's new public sector net financial liabilities target; and an update to our estimates of the fiscal costs of meeting the Government's net zero commitments and of climate change-related damage to the economy. We also provided our biennial update on the other risks in our fiscal risk register. We launched this *FRS* in Liverpool alongside a series of roundtables in partnership with the city council.

- The November 2025 ***Economic and fiscal outlook*** accompanied the Government's Budget. On the basis of a detailed supply-side stocktake over the summer we lowered our forecast for underlying productivity growth, but the consequent lower GDP growth forecast was counteracted from a fiscal perspective by higher forecast inflation and wages boosting tax receipts. When combined with higher spending by local authorities and on welfare and debt interest, the result was a modest deterioration in the pre-measures fiscal position. Against this backdrop, Budget policies delivered higher spending in every year and a backloaded increase in receipts across a range of taxes.

As detailed in the BRC's message above, inadvertent early access to this *EFO* on Budget day was possible due to a technical misconfiguration on our website. A report published alongside this annual report provides full details on the actions we have taken in response to this error.

- As part of our role producing the independent forecast of devolved Welsh taxes for the Welsh Government, we published our annual ***Welsh taxes outlook*** in January 2026, alongside the final Welsh Budget. This was preceded by an interim update, including new forecasts for land transaction tax and landfill disposals tax receipts, published alongside the draft Budget in October 2025.

- The March 2026 ***Economic and fiscal outlook*** again set out updated economic and fiscal forecasts. These were little changed relative to the November forecast, with GDP growth expected to average 1½ per cent over the forecast and borrowing to fall to around 1½ per cent of GDP in 2030-31. Legislative changes removed the requirement for this *EFO* to include an assessment of performance against the fiscal rules, and the forecast was not accompanied by major government policy announcements. These changes allowed us to devote more attention in this *EFO* to the economic and fiscal context, longer-term fiscal sustainability, and the significant risks and uncertainties around the central forecast. Following the recommendations of the NCSC this *EFO* was published on GOV.UK, with the Treasury doing so on the OBR's behalf on this occasion.

- Alongside both medium-term forecasts published this year we also published ***Devolved tax and spending forecasts*** for the tax and social security streams that have been devolved to the Scottish and Welsh governments.

Supplementary analysis

1.19 In pursuit of our aim to increase transparency and understanding of our forecasts and wider work, during 2025-26 we published the following supplementary analysis:

- *Briefing paper No.9:* ***Forecasting productivity,*** published in November 2025 alongside the *EFO*, summarised the analysis and conclusions of our supply-side review that resulted in a downward revision to our central forecast for underlying productivity growth from 1.3 per cent to 1.0 per cent. We explored the UK's recent productivity performance in historical and international context; used a range of angles and techniques to assess the productivity outlook, including time-series modelling and detailed assessment of structural factors like trade and the role of AI; and described the OBR's central underlying productivity forecast and scenarios around it.

- *Briefing paper No.10:* ***Accounting for the supply-side effects of policy,*** also published in November 2025 alongside the *EFO*, provided the conclusions of our review of the criteria for scoring supply-side policy effects that was recommended by our February 2025 external review. We set out our approach to and criteria for supply-side scoring; the findings of our review of the more transparent approach we had taken to supply-

side scoring over the preceding five forecasts; and conclusions and restated supply-side scoring criteria on this basis. These included a new definition of significance whereby for a policy's supply-side effects to be explicitly reflected in our forecast it should be estimated to increase or decrease potential output by at least 0.1 per cent by the final year.

- Our staff-authored **Articles** series included pieces providing more detail underpinning our judgement on the supply-side impact of planning reforms in the March 2025 forecast; explaining our forecasting process for the trend participation rate and the cohort model we use for that purpose; and setting out the ways in which we are developing our approach to scrutinising and assessing tax compliance policies.

- We continued the publication of '**monthly profiles**' for the public finances after each forecast, which set out in-year monthly forecasts for the main tax and spending categories and the key measures of debt. These are intended to facilitate the public's interpretation of regular fiscal data from the ONS, which is also supported by our '**monthly commentary**' on these data.

- We published an update to our '**ready reckoner**' tool in September 2025, which allows its user to obtain quick estimates of the impact that a particular change in one or more economic variables would have on fiscal variables.

- In July 2025 we published a **response and implementation plan for the OBR's third external review** that had been published in February 2025.

Communications and stakeholder engagement

1.20 In July 2025 we held the third annual meeting of our revised and expanded advisory panel, at which we discussed the recommendations of the third external review of the OBR, global trade policy developments, our ongoing supply-side stocktake, and ways of assessing the impact of welfare reforms on labour supply. We also held a meeting of a sub-group of the advisory panel in April 2025 at which we discussed the costing of capital tax policy measures and efforts to improve transparency in this area. We held our regular roundtables with a set of thinktanks in September 2025 and March 2026 to discuss both recent economic and fiscal developments and the OBR's upcoming work programme. And we conducted research interviews with a range of academic and private sector forecasters to inform our supply-side stocktake.

1.21 The BRC and OBR staff have undertaken a wide range of stakeholder engagement, delivering presentations and attending discussions and roundtables with a range of external audiences throughout the year. As well as meetings with relevant analysts in government departments, this year we have engaged with numerous external UK organisations and institutions including the Bank of England, the Office for National Statistics, the National Audit Office, the Migration Advisory Committee, the Government Economic Service, the Government Actuary's Department, UK Government Investments, the Institute for Government, the National Institute of Economic and Social Research, the Institute for Fiscal

Studies, the Resolution Foundation, the Society of Professional Economists, CenTax, the Enterprise Forum, the Confederation of British Industry, the Trades Union Congress, the Centre for Economics and Business Research, PolicyEngine, the National Housing Federation, the King's Fund, UBS, Jaguar Land Rover, the Society of Motor Manufacturers and Traders, the Association of British Insurers, the Green Alliance, Lane Clark & Peacock, Nest, the Pensions Policy Institute, the Pensions and Lifetime Savings Association, The Pensions Regulator, the Pension Protection Fund, the CEPR Research Policy Network on the Economics of Longevity and Ageing, the University of Oxford, the London Business School, the London School of Economics and Political Science, and the University of Cambridge. We detail our engagement with government and non-government institutions in the foreword of each publication.

1.22 We also regularly engage with partner institutions in the devolved nations: the Scottish Fiscal Commission, Welsh Government and Northern Ireland Fiscal Council. We contributed to the Interparliamentary Finance Network conference in January 2026, which brings these institutions together. We have also increased our regional activity again this year, in particular by launching the 2025 *FRS* in Liverpool in partnership with the city council, accompanied by roundtables with local public sector and business leaders, and local government officials. Other engagement across the country has included discussions and presentations at the Welsh Tax Conference in Cardiff, the Fraser of Allander Institute 50th anniversary conference in Glasgow, the Northern Ireland Fiscal Council annual conference in Belfast, the Darlington Economic Campus, and the Sheffield Policy Campus.

1.23 We also hosted or attended events and meetings with a variety of international organisations interested in the work of the OBR, including the International Monetary Fund (IMF), the OECD, the US Congressional Budget Office, the European Commission, the Official Monetary and Financial Institutions Forum, the African Network of Parliamentary Budget Offices, and the UK Embassy in Spain. We continue to engage with our international sister organisations via the OECD's Working Party of Parliamentary Budget Officials and Independent Fiscal Institutions and the EU Independent Fiscal Institutions network, which is run by its members.

1.24 The BRC and senior staff gave evidence to a range of Parliamentary committees, including the Lords Economic Affairs Committee, the Scottish Finance and Public Administration Committee and the Welsh Parliament Finance Committee. The BRC has also held press conferences and given evidence to the Treasury Committee alongside the publication of both forecasts and following the publication of the *FRS*.

Performance analysis

How we measure performance

1.25 Under Section 15 (2) of *the Budget Responsibility and National Audit Act 2011* the non-executive members of the OBR are required to assess the extent to which the OBR has performed its duties. This assessment appears in the *Accountability report* in Chapter 2.

1.26 This year we published the response to and implementation plan for the OBR's third external review that was published in February 2025. This external review continues to prove extremely valuable for reflecting on and improving our performance,[1] and we remain committed to addressing its 11 recommendations over the coming years.[2]

Forecasting

1.27 In terms of the performance of our forecasts, our latest *FER report* examined our forecasting performance for the 2023-24 financial year, with the report having undergone a substantial redesign in order to provide a more holistic look at our forecasting record and more direct lessons for our modelling infrastructure development. Building on *Working paper No.19: The OBR's forecast performance* published in August 2023, this *FER* showed that both our real GDP growth and borrowing forecasts have been similar to the average of external forecasters over the past 12 years. This pattern endured for the forecasts for 2023-24 evaluated in this *FER*, with both the OBR and the external average forecast overestimating real GDP growth and underestimating borrowing in their two- and five-year ahead forecasts.

Communication

1.28 We assess the effectiveness of our communications through a range of quantitative indicators across our digital channels, including reach, engagement, and audience growth. These metrics help us understand how widely our content is accessed and how audiences interact with our outputs over time.

1.29 We collect website traffic data to monitor how and when our outputs are accessed. During 2025-26, we achieved over 2.6 million total hits across the year, 44 per cent more than our previous record in 2024-25. Much of this was driven by the increased interest around our November 2025 *EFO* which recorded over 450,000 website hits, compared to a previous high of 208,000 in October 2024. This uplift was likely connected to the publicity around the early access to the EFO, discussed above.

1.30 We carry out quarterly accessibility reviews – as recommended by Cabinet Office – on the website by running automated and manual tests on a sample of pages. Over the course of 2025-26 the accessibility index rating of the website fell slightly from 89 to 85 per cent, which is still a 'great' ranking according to Silktide.[3] We will continue to seek improvements, and address reasons for the fall, over the coming year by targeting the high-priority recommendations of our internal quarterly reviews, as part of our broader work considering our future web presence following the November 2025 *EFO* publication error.

1.31 We also monitor social media analytics to inform our communications strategy for core publications. Our number of X (formerly known as Twitter) followers had reached 24,200 by the end of 2025-26, which is a modest boost of 7 per cent, similar to last year's growth of 6 per cent. In 2025-26 we continued a pattern of high levels of social media engagement

[1] van Geest, L., *External Review of the Office for Budget Responsibility*, February 2025.
[2] OBR, *Third external review: Response and implementation plan*, July 2025.
[3] Silktide produces a monthly UK Central Government Index.

around our *FRS* content. The 2025 *FRS* achieved more than double the reach and quadruple the number of likes of our 2024 report, making it our most successful *FRS* publication.

Financial performance and sustainability

1.32 The OBR is committed to the central government target of paying valid invoices within five days of receipt. In the reporting period, 93.79 per cent invoices (86 per cent in 2024-25) that we have received have been within the target time of five days.

1.33 The OBR's trade creditor days for the period, calculated as the proportion that is the aggregate amount owed to trade creditors at 31 March 2026 compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days when compared with the period of account, was zero days (2024-25: zero days).

1.34 We lease office space from the Government Property Agency, along with other public bodies at 102 Petty France. We contribute to its environmental and sustainability agenda through the building facilities committee and through policies implemented throughout the government estate.

Operations

1.35 Our financial management and oversight arrangements are established in the *Framework document*, which was most recently updated in March 2019.[4] Key elements of the arrangements are described in the governance statement. We are funded via a delegated budget from our sponsor department HM Treasury.

1.36 Our delegated budget was set at the 2025 Spending Review at £6,372,000 for the three years from 2025-26 to 2027-28. The statement of comprehensive net expenditure in this year's accounts puts our total spending for the 2025-26 at £5,990,000.

1.37 Our funding is delegated from the main Treasury Estimate so we work closely with the finance and sponsor teams to identify pressures across the year. We also use Treasury services for the management of our finances and accounts. Tom Josephs has been designated as the Interim Accounting Officer responsible for the effective management of public funds.

Service agreements

1.38 We share our workspace and accommodation at 102 Petty France, which is managed by the Government Property Agency. As part of this arrangement, we pay a share of the building rent and rates, and a share of the cost of the Ministry of Justice's (MoJ's) service contracts (as the largest central government tenant) for security and facilities management.

[4] HM Treasury and OBR, *Office for Budget Responsibility and HM Treasury: framework document*, March 2019.

1.39 In December 2023 we transferred our IT infrastructure and maintenance to the Treasury's TrIS network, which is also used by other Treasury arm's-length bodies. Our internal filing systems are segmented from other organisations on the TrIS network. The move to the TrIS network aligns the security, software and other IT requirements of the OBR to HM Treasury, which offers a better match of functionality and maintenance requirements for our operations than previous agreements with other government departments.

1.40 As a small organisation, we achieve greater value for money for contracting administrative human resources, finance, accounting, procurement and payroll services from HM Treasury, rather than employing our own staff to deliver those functions.

Going concern

1.41 The OBR is a statutory corporate body established under the Budget Responsibility and National Audit Act 2011, which came into force on 4 April 2011 under SI 892 (2011). This legislation provides the basis for the creation and continued operation of the OBR. The OBR is funded annually by Parliament through Grant-in-Aid financed from the Treasury supply estimate. A multi-year budget settlement from the Treasury sets out funding to 2027-28.

1.42 The OBR's statement of financial position at 31 March 2026 shows net liabilities of £382,000 which includes accrued payments for staff costs and performance-related staff bonuses for 2025-26. This reflects the inclusion of liabilities falling due in 2025-26 which, insofar as the OBR is unable to meet them from its other sources of income, would fall, in the last resort, to be met by Grant-in-Aid from central government. Under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need, but there is no reason to believe that, if required, grant funding and parliamentary approval would not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for these financial statements.

Business model

1.43 The OBR's two overarching business objectives that guide our work are:

- to fulfil our duties under the Act and Charter to examine and report on the sustainability of the public finances; and
- to ensure our governance and operational arrangements are fit for purpose and allow us to operate as a responsible, effective and transparent NDPB, while meeting statutory and other requirements.

Risk management

1.44 The main risks faced by the OBR relate to the successful delivery of our core responsibility to produce independent and authoritative analysis of the sustainability of the public finances. We produce high-profile outputs that are central to fiscal management in the UK and in particular to the delivery of the Government's annual Budget. One of our key operational

risks, related to information security, crystallised during the financial year when the November 2025 *EFO* was accessed early, due to a technical misconfiguration on the OBR's website that meant protections were not properly in place to stop those seeking premature access to the document. This has led us to directly address the specifics of this risk, as described above, as well as to review our risk management framework to better mitigate other sources of risk. Beyond these key areas, the operational and financial risks that we face are relatively less significant as the OBR is a small organisation with a small budget that is primarily spent on staff and office costs. Our risk management approach is described in the governance statement in the accountability report.



Tom Josephs

Interim Accounting Officer

19 June 2026

2 Accountability report

2.1 The accountability report contains:

- the **corporate governance report**, which includes the non-executive members' assessment of the OBR's delivery against its legal duties, the statement of Accounting Officer's responsibilities, the governance statement and the risk management strategy;
- **the remuneration and staff report**, which details the pay, pension arrangements and staffing structure of the office; and
- **the parliamentary accountability and audit report**, which details audit arrangements and contains the certificate and report of the Comptroller and Auditor General.

Corporate governance report

Non-executive members' assessment

2.2 The Budget Responsibility and National Audit Act 2011 requires the OBR's non-executive members to keep under review the way the Office performs its main duties – to prepare its key reports objectively, transparently, and impartially. We fulfil this responsibility through the Oversight Board (Chair, Baroness Hogg) and the Audit and Risk Committee (Chair, Dame Susan Rice), which have both had four formal meetings in the past year, plus one extra meeting of the Board; and through a number of other meetings with the Budget Responsibility Committee (BRC) and other OBR staff. As usual, after a far from usual year, this part of the Annual Report gives the conclusions of the non-executive members on the OBR's performance.

2.3 This year – its 15th – was a difficult year for the OBR. Fiscal constraints left the Government with little room for manoeuvre, so even the smallest changes in economic and hence fiscal forecasts attracted a great deal of attention. However, discussions over the Government's intention to reduce fiscal events from two to one a year concluded that the OBR should continue to publish two *Economic and fiscal outlooks* (*EFO*s).

2.4 The need to review the OBR's productivity assumptions before the publication of the November 2025 *EFO* also attracted a good deal of attention, leading to much media speculation and a number of misconceptions. These were left unchallenged by the OBR in the run up to publication but had to be corrected after the Budget in a letter to the Chair of the Treasury Committee of the House of Commons. This was done by providing more information than usual about the evolution of the OBR's forecasts, and it is to be hoped that

this will not need to be repeated with subsequent Budgets. The Treasury subsequently conducted a Budget Information Security Review which sought to identify the sources of leaks during the run-up to November 2025, and to tighten procedures for the future.

2.5 These events had meanwhile been followed by the disruption that took place on Budget day itself. On 26 November, some outsiders secured premature access to the OBR's forecasts. Owing to a technical misconfiguration, the contents of the *EFO* became accessible a couple of hours in advance of the normal moment of release, which is when the Chancellor concludes her Budget speech and the accompanying Treasury Red Book is also published.

2.6 We were immediately asked by the Chair of the OBR, Richard Hughes, to conduct an urgent preliminary inquiry into the OBR's failure to prevent this access. We completed this, with the aid of Professor Ciaran Martin (to whom we remain enormously grateful), on 1 December. While our report was, as we said at the time, necessarily incomplete and subject to correction, its key points were confirmed in the report of the longer inquiry by the National Cyber Security Centre (NCSC), published in February 2026. This identified a far larger number of successful attempts to secure premature access than it had been possible to identify during the brief period of the preliminary investigation, but concurred with this investigation's conclusions as to the cause.

2.7 While we were reassured to learn that there was no evidence of intentional early release by anyone in the OBR, and no evidence of malign forces at work, the vulnerability in the OBR's publication arrangements led, as we said in our report, to the worst failure in its 15-year history. Richard Hughes, who had already apologised to the Chancellor, took full responsibility for the shortcomings identified in the report, and resigned the Chair. We wish to record our immense gratitude to him for his achievements during his first five-year term and can only regret that these events should have led to his second term being so swiftly cut short.

2.8 As well as the external report conducted by the NCSC, an internal review of our publications process has been taking place, led by Dame Susan Rice as Chair of the Audit Committee. In particular, it has been reviewing whether it continues to be appropriate for the OBR to maintain a website outside the government umbrella.

2.9 When the OBR was founded, this was deemed important, both to demonstrate and secure independence, but the increased sophistication of those who seek to penetrate its defence, coupled with the fact that it is not cost-efficient for a small organisation to deploy equally sophisticated resources, has somewhat changed the debate. For the *EFO* published in the spring of 2026, release was handled by the Treasury under an agreed protocol while this debate continues. Both the Treasury and the OBR have also been reviewing other aspects of digital security, and we are clear that greater resources will have to be devoted to the management of such risks in the future, even with a closer alignment with government publication practices.

2.10 In his resignation letter, Richard expressed the hope that his resignation would help the OBR to move on. His hope has been fulfilled, in that his former colleagues rose to the challenge, with David Miles and Tom Josephs delivering impressive joint leadership of the BRC. The process leading up to publication of the spring *EFO* proceeded smoothly. The Chancellor's resolve not to co-announce policy measures on this occasion, sticking to the principle of 'one fiscal event a year', clearly made this a much less demanding process than in past years. However, we note with satisfaction that the process of engagement with the Treasury that still remained necessary took place within a relationship of trust.

2.11 Meanwhile both the staff survey and our subsequent annual conversations with all levels of staff showed an improvement in morale from the previous spring; key factors were a sense of gratitude to Richard for his prompt actions following the November event, and a determination to get on with the job to the highest possible standards. Much credit goes to David and Tom for this positive approach. The OBR needs to attract economists of the highest quality, while paying salaries that cannot match the private sector's, from a relatively small pool of people with the right skillset, and strong morale in the organisation is essential to that task.

2.12 Two parliamentary select committees, one of the House of Commons and one of the House of Lords, have been reviewing the role and performance of the OBR. The first to publish, from the House of Lords, demonstrated firm support for the stated role of the OBR while offering helpful suggestions for improvement. Meanwhile well before the events of last November, the OBR's position had been made more secure by an agreement with the Treasury as to a multi-year Budget for the organisation, meeting a recommendation of last year's external review and making forward planning easier.

2.13 The Treasury launched the recruitment process for Richard's successor on 20 February, with applications closing at the end of March and interviews of the shortlist taking place in May. It is to be hoped that a decision will be announced as soon as possible, as new economic challenges – notably the effect of the war between Iran and the United States – are likely to place even more demands on both the Treasury and the OBR, making it important to decide on the OBR's new leadership before the preparations for the next Budget and *EFO* get underway.

2.14 Last year we noted a number of examples of the growing output of the OBR, notably within its reports on fiscal risks and sustainability and welfare trends. This year the OBR has further developed its statutory published outputs by revamping its *Forecast evaluation report* to broaden the assessment of forecast performance and provide clearer lessons for forecasting and modelling improvements. These developments are in response to a recommendation of last year's external review. Together with increased requests for work on supply-side factors and their impact on growth, these developments demonstrate that demands on the OBR continue to grow. The presentation of its forecasts in a way that helps to explain the variability in outcomes also continues to demand attention, together with the need for the OBR to continue to play its part in explaining fiscal choices to society in a neutral and

apolitical fashion. As non-executive members, it is our responsibility to make sure that additional demands do not place undue strain on the organisation or drain resources from its primary task.

2.15 Our term as non-executive members ended on 19 June and the OBR will begin the search for new non-executives as soon as possible. As Chair of the Oversight Board, Sarah Hogg has agreed to remain on the Board for a further year in order to maintain continuity, ensure the Board is quorate meanwhile, and achieve a staged appointment of non-executive members for the future. She and all other members of the Board wish to record their immense gratitude for the invaluable contribution Susan Rice has made to the OBR over the past three years.

2.16 A priority for the new Chair will be to set and maintain priorities while continuing the process of rebuilding trust with the Treasury, without compromising the OBR's separate identity and function. Its primary purpose is to sustain the credibility of fiscal policymaking by reassuring the markets that its underlying economic and fiscal forecasts are not merely as reliable as can reasonably be expected in a fast-changing world, but have been conducted independently. This is a supporting rather than an opposing role and it remains vital that both sides see it as such.



Baroness Hogg Dame Susan Rice

Non-executive members of the Office for Budget Responsibility, 10 June 2025

Statement of Accounting Officer's responsibilities

2.17 Under Paragraph 18, Schedule 1 of the *Budget Responsibility and National Audit Act 2011*, HM Treasury has directed the OBR to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

2.18 The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OBR and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

2.19 In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;

- prepare the accounts on a going concern basis; and

- confirm that the *Annual report and accounts* as a whole is fair, balanced and understandable and take personal responsibility for the *Annual report and accounts* and the judgements required for determining that it is fair, balanced and understandable.

2.20 The Accounting Officer of HM Treasury has designated Tom Josephs, as a member of the Office for Budget Responsibility as Interim Accounting Officer of the OBR. The Accounting Officer is responsible for ensuring that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer is required to take all steps to ensure he is aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

2.21 As the Interim Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Office for Budget Responsibility's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

2.22 I confirm that the *Annual report and accounts* as a whole is fair, balanced and understandable and take personal responsibility for the *Annual report and accounts* and the judgements required for determining that it is fair, balanced and understandable.

2.23 The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OBR's assets, are set out in *Managing Public Money*, published by HM Treasury.

Governance statement

2.24 As Interim Accounting Officer, I have responsibility for reviewing the effectiveness of our governance arrangements and risk management. My review is informed by the work of the non-executive members of our Oversight Board, HM Treasury as providers of our HR and finance systems, our internal and external auditors, and the staff within the organisation who have responsibility for the development and maintenance of internal processes.

2.25 The Board reflects on the quality of the support received from the Board secretariat throughout the year. No concerns have been raised about the quality of the support or information provided.

Governance structures

2.26 Corporate governance structures within the OBR are framed by the requirements of the *Budget Responsibility and National Audit Act 2011*, which sets out the legal duties of the OBR, its functions and broad governance structure. In support of the primary legislation, the *Office for Budget Responsibility and HM Treasury Framework Document*, updated in March 2019 and available on our website, describes how we are accountable to Parliament and the Chancellor, our governance structures, my responsibilities as Interim Accounting Officer, our audit arrangements, and our management and budgeting processes.

2.27 Our governance structure has been designed, where relevant, to be consistent with the principles of the *Corporate Governance Code of Good Practice for Central Government Departments*, published by HM Treasury. Smaller non-ministerial bodies, such as the OBR, are encouraged to adopt the practices set out in this *Code*, which is primarily aimed at ministerial departments.

Members of the Office for Budget Responsibility

2.28 The OBR comprised four members at end-March 2026: the Budget Responsibility Committee – Tom Josephs and Professor David Miles CBE; and two non-executive members – Baroness Sarah Hogg and Dame Susan Rice. The position of Chair of the OBR has been vacant since 1 December 2025, following the resignation of Richard Hughes. Since that date, Tom Josephs and David Miles have jointly led the OBR in the absence of a Chair.

2.29 Appointments to the BRC are made by the Chancellor of the Exchequer, with the agreement of the House of Commons Treasury Committee. The Chancellor is required to consult the Chair of the BRC about appointments of the two other members of the BRC. The non-executive members are nominated by the OBR and appointed by the Chancellor. BRC appointments are usually for a period of five years and may be renewed once. Non-executive members' appointments are typically for three years and may also be renewed once.

2.30 As at 31 March 2026 the OBR employed a staff of 55 to provide analytical and corporate support, led by the Chief of Staff, Laura Gardiner (SCS2), and the Deputy Directors, Rosanna Colthorpe and James Ebdon (SCS1).

2.31 The BRC is solely accountable for the delivery of the OBR's core responsibilities. The non-executive members are required to keep the OBR's performance under review and, together with the BRC, form the OBR's Oversight Board.

2.32 The OBR is subject to Business Appointment Rules regulation and as such, ensures that staff are aware of their responsibility to check the appropriateness of any appointments on leaving the OBR. We have not had any instances of application in relation to the Business Appointment Rules in the reporting, or preceding year. Following his resignation, Richard Hughes followed his contractual requirement to seek approval from the Permanent Secretary at HM Treasury prior to taking up employment.

The Budget Responsibility Committee

Tom Josephs, Member of the Budget Responsibility Committee



After starting his career in a private sector consultancy, Tom worked in HM Treasury from 2000 to 2010 in a range of roles covering macroeconomics, Budget policy coordination, and fiscal analysis and forecasting. In 2010 he was appointed to the OBR as its first Chief of Staff and led the establishment and development of the organisation in its early years. In 2013, Tom joined the International Monetary Fund as a Senior Economist in the Fiscal Affairs Department providing advice on fiscal policy, analysis and institutions in a range of countries in Africa, the Middle East and Europe.

He returned to the UK civil service in 2016, first as Director of Trade Policy at the Department for International Trade, then from 2019 as Director of Fiscal Group leading HM Treasury's work on fiscal policy and government financing through Covid, and then from 2022 at the Department for Work and Pensions as Director for Private Pensions. He holds undergraduate and master's degrees from the University of Manchester. He is a Visting Professor at the University of Sheffield.

Professor David Miles CBE, Member of the Budget Responsibility Committee



David Miles joined the Budget Responsibility Committee in January 2022. He retains a part-time Professorship of Financial Economics at Imperial College, London. He has had previous academic positions at Birkbeck College, London and at Oxford University. He has undergraduate and master's degrees from Oxford University and a PhD from the University of London.

David is a member of the Commission of the Central Bank of Ireland. He was a member of the Monetary Policy Committee at the Bank of England between May 2009 and September 2015, and Chief UK Economist at Morgan Stanley from October 2004 to May 2009.

As an economist he has focused on the interaction between financial markets and the wider economy. He has worked on issues of demographics, government debt, financing, housing markets and monetary policy. In 2004 he led a government review on the UK mortgage market. In 2018 he completed a review for the UK Treasury on reference prices of UK government bonds. He has recently been an advisor to the International Monetary Fund and to the Reserve Bank of New Zealand. He is a research fellow of the Centre of Economic Policy Research and at the CESIFO research institute Munich. He stepped down as Chair of trustees of the Institute for Fiscal Studies upon joining the OBR. David was awarded a CBE in January 2016.

Richard Hughes, Chair (resigned on 1 December 2025)



Richard Hughes began his five-year term as Chair of the Office for Budget Responsibility in October 2020. He started his career at HM Treasury in 2000 where he worked on a range of domestic and international macroeconomic issues and led the 2007 Comprehensive Spending Review. Following a brief secondment to the French Ministry of Finance in 2007, he joined the International Monetary Fund in 2008 where he headed the Fiscal Affairs Department's Public Finance Division and worked on fiscal reform in a range of advanced, emerging, and developing countries.

Richard returned to HM Treasury between 2016 and 2019 as Director of Fiscal Policy where he oversaw the government's fiscal strategy, debt management, and treasury operations and served as Acting Chief Economist. In the year leading up to his appointment, Richard worked as a Research Associate at the Resolution Foundation where he published papers on fiscal rules, public investment, and the economic and fiscal implications of coronavirus. He also served as Senior Counsellor to the Haut Conseil des Finances Publiques (High Council on Public Finance) in France, Lecturer at Sciences Po in Paris, Visiting Fellow at the Blavatnik School of Government in Oxford.

Non-executive members

Baroness Sarah Hogg



Baroness Hogg (Sarah) is a former Chairman of the Financial Reporting Council, Frontier Economics and 3i Group plc. She has served on the boards of several FTSE 100 companies, and a number of public sector institutions, including the Financial Conduct Authority, the Takeover Panel, the BBC and HM Treasury. She was Head of the Prime Minister's Policy Unit from 1990 to 1995. She started her career with *The Economist*, and was later the Economics Editor for a number of national publications.

Dame Susan Rice



The first woman to head a UK clearing bank, Dame Susan Rice was founding Chair of the Scottish Fiscal Commission, Scotland's independent economic and fiscal forecaster, a Director of the Bank of England, a member of the First Minister's Council of Economic Advisors in Scotland and President of the Scottish Council for Development and Industry. Her executive career spanned finance, medical research and higher education.

She has extensive experience in corporate governance as chair or member of boards in a wide range of public and private sector organisations – including SSE, J Sainsbury's, Scottish Water. She chairs the Forth Green Freeport and GEFI, which delivers the Path to COP campaigns.

A long-term focus on net zero and sustainability, economic development and regeneration alongside finance and ethics in business runs throughout these roles. A Freeman of the City of London, she is a fellow of the RSE, the RSA and the CBIS.

Table 2.1: Members' term lengths and expiry dates

Member	Contract length	Contract expiry date
Prof. David Miles CBE	5 years	1 January 2027
Tom Josephs	5 years	18 September 2028
Dame Susan Rice	3 years	19 June 2026
Baroness Sarah Hogg	3 years	19 June 2027
Richard Hughes (resigned 1 December 2025)		

The Oversight Board

2.33 The *Act* requires the Office to appoint five members, the three executive members of the BRC and the two non-executive members. Two of these posts are currently vacant, the Chair and one non-executive member. A recruitment process is underway for the Chair position, led by HM Treasury as our sponsor department. The four members of the OBR that were in post in the reporting year established the OBR's Oversight Board, as required by the *Framework Document*. Consistent with best practice, the Oversight Board is chaired by one of the non-executive members, currently Baroness Hogg, who has been re-appointed by the Chancellor of the Exchequer for a second term. Dame Susan Rice had indicated her preference to not be considered for re-appointment at the end of her first term, which ended on 19 June. The OBR will initiate a recruitment process for the non-executive member role as soon as possible.

2.34 The Board's terms of reference are published on our website. The Board is responsible for establishing and taking forward the strategic aims of the OBR and for ensuring that effective governance arrangements are in place. It also provides assurance on internal risk management and controls.

2.35 All members in post at the time of each meeting attended all Oversight Board meetings during the reporting year. Minutes of each meeting are published on our website.

2.36 Details of company directorships and other significant interests held by members of the management board which may conflict with their management responsibilities have been disclosed. The Board members do not hold any directorships or have significant interests in organisations that might conflict with their management responsibilities.

The Audit and Risk Assurance Committee

2.37 The Audit and Risk Assurance Committee is a sub-committee of the Oversight Board. The Committee consists of the Chair of the OBR and the non-executive members. It has been chaired by Dame Susan Rice since October 2023. The terms of reference for the Committee are published on our website alongside those of the Oversight Board.

2.38 All members in post at the time of each scheduled meeting attended them during 2024-25. Minutes of each meeting are published with the Board minutes on our website.

Executive management

2.39 The two members of the BRC have led the OBR's management group in the absence of a Chair, which includes the OBR's Chief of Staff and Deputy Directors, and other staff as appropriate. This has responsibility for the overall management of the OBR. We are responsible for implementing strategic decisions taken by the Board, for making any necessary and appropriate decisions relating to the day-to-day performance of the OBR's business, and for the effective management of OBR staff.

Risk management

2.40 The main risks the OBR faces relate to the successful delivery of our core responsibility to produce independent and authoritative analysis of the sustainability of the public finances. We produce high-profile outputs that are central to fiscal management in the UK and, in particular, to the delivery of the Government's annual Budget. The financial risks that we face are relatively less significant as the OBR is a small organisation with a commensurately small budget that is primarily spent on staff and accommodation.

2.41 During the reporting year the November 2025 *EFO* was accessed early, due to a technical misconfiguration on the OBR's website that meant protections were not properly in place to stop those seeking premature access to the document. This seriously disrupted the delivery of the Budget statement, and we have expressed our profound apologies to the Government and Parliament for this. The non-executive members of the OBR's Oversight Board led a rapid investigation into this error, which provided recommendations for the OBR including commissioning a deeper investigation into past *EFO* publications that was completed by the National Cyber Security Centre (NCSC) and published in February 2026. Following the NCSC's recommendations, the March 2026 *EFO* was – and future statutory and market-sensitive OBR publications will be – published on GOV.UK, the government-wide web publishing platform, rather than on the OBR's own website. This is because GOV.UK provides enhanced security and sequential publishing processes beyond the capability of the OBR's own website. Drawing on expert input from the digital and communications communities across government, plans are also underway to further develop the OBR's web presence. A report summarising the steps that have been taken in response to the November 2025 publication error has been published alongside this annual report. The OBR is undertaking a process of reviewing risk monitoring and mitigation arrangements across the analytical and operational risks in the risk register.

2.42 The process for monitoring risk in recent years has been undertaken by staff at the OBR, who report to the BRC and Oversight Board on a regular basis. The register is discussed in detail at each Board meeting, and the Board is updated on emerging risks and mitigations for all identified risks at each meeting.

2.43 Ahead of the development of a refreshed risk management strategy, the risks below represent risks as identified during the reporting year, many of which we expect to remain relevant.

2.44 Our risk management strategy broadly complies with the main principles included within the *Orange Book* risk management guidance. It is an essential element of our governance and leadership processes and regularly refreshed and updated. We will continue to be mindful of the guidance as we refresh our approach.

Analytical risks

2.45 To deliver our objectives, it is important that OBR staff have appropriate skills and experience and that we are able to draw on relevant external analysis, while ensuring the judgements we take are solely those of the BRC. The potential loss of experienced staff, an increase in the demands placed on our staff without corresponding increases in resources, and the effective maintenance and development of the forecasting infrastructure, such as the macroeconomic model and various fiscal forecasting systems, are risks that the Board and management of the OBR are focused on mitigating.

2.46 The disaggregated nature of the public finances forecast means we also require close and effective working with experts across government. To mitigate the risks around this process we have agreed a *Memorandum of Understanding* (*MoU*) with the key government departments involved in our work that sets out roles and responsibilities, coordination of the forecast process, and the process for information sharing. The *MoU* was updated in November 2023 and will to be updated to reflect recent practice in due course. The members of the BRC chair a regular meeting of senior officials from the key departments to ensure effective working.

2.47 It is central to our objectives that our analysis and judgements are produced independently from Ministers and that they are perceived to be so by the public. The *MoU* provides a framework within which we can work with Government officials while retaining our independence. To mitigate risks around the perception of independence, we set out transparently our process for working with Government in each of our major reports and publish a log of contact with Ministers, special advisers and their private office officials. We have detailed the approach taken in each aspect of our forecast process in briefing papers available on our website. To date we have come under no pressure from Ministers, advisers or officials to change any of our conclusions.

2.48 We have also published a separate *Memorandum of Understanding* with HM Treasury covering the shared ownership of our macroeconomic model. This sets out governance arrangements for shared ownership, details the process for agreeing and implementing a rolling model development plan, and commits both parties to providing sufficient resources to meet these requirements. This helps address a key risk around the effective maintenance and development of our forecasting infrastructure.

Operational risks

2.49 Our budget is small and is primarily spent on staff and accommodation costs. The financial risks we face are therefore relatively low. Nevertheless, as Interim Accounting Officer I am responsible for safeguarding the public funds for which I have charge, and I have ensured we have robust processes in place to do so that are proportionate to our size and the level of financial risks we face.

2.50 We contract financial management services from HM Treasury, which reviews its controls, processes and systems regularly. The Treasury Group Director of Finance has provided assurance on the current processes.

2.51 As part of this agreement we have been provided with a finance business partner who assists in our financial management and its alignment to our requirements as part of the Treasury Group finances. The Treasury's Deputy Finance Director also attends our Board and Audit Committee meetings as a financial adviser (on OBR and wider Group issues and policies). This arrangement is operationally efficient and represents value-for-money given that the OBR contracts administrative finance services from HM Treasury.

2.52 We also contract HR and IT services from HM Treasury, which are regularly reviewed. As illustrated by the Investigation into the November 2025 *EFO* publication error, our website is exempt from GOV.UK and is therefore operated independently from HM Treasury and GOV.UK infrastructure.[5] We continue to investigate secure solutions for our future web publishing arrangements.

Opinion on effectiveness of governance arrangements

2.53 My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the OBR, who have been delegated responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their reports. On this basis, I consider the OBR's governance arrangements to be effective. I also confirm that I am satisfied with the effectiveness of the OBR's whistleblowing arrangements.

2.54 One of our key operational risks, related to information security, crystallised during the financial year when the November 2025 *EFO* was accessed early, due to a technical misconfiguration on the OBR's website that meant protections were not properly in place to stop those seeking premature access to the document. While our risk control framework did

[5] OBR, *Report of investigation into the November 2025 Economic and fiscal outlook publication error*, December 2025.

not identify this risk, I am nonetheless confident in the mitigations we have taken to date in this area, and have no concerns that our governance arrangements fall short in other areas, including financial management controls.

2.55 Our Head of Internal Audit, from the Government Internal Audit Agency (GIAA), has provided an annual opinion on the adequacy and effectiveness of the OBR's framework of governance, risk management and control to me, as the Interim Accounting Officer, and to the Audit and Risk Assurance Committee. The internal audit annual opinion is limited in scope to the work completed this year. GIAA's findings and agreed actions were not significant, reflecting a generally sound control environment, but did identify some improvements that will be implemented.

2.56 Our operational and governance arrangements take account of the requirements of government functional standards. In most cases the standards relate to areas where we have limited or no resource requirement. We aim to align with HM Treasury on the application of the analytical functional standard.



Tom Josephs

Interim Accounting Officer

19 June 2026

Remuneration and staff report

Members' remuneration

2.57 The table below reports the remuneration of each member of the Budget Responsibility Committee. Members' remuneration is set by HM Treasury on appointment. Current members' letters of appointment, which include detailed remuneration arrangements, are published on the OBR website.[6] As stipulated in the letters of appointment, BRC members are not entitled to any bonus payments. Salary includes gross salary only. These disclosures have been subject to external audit.

2.58 The non-executive members of the OBR do not receive any fees. Members of the BRC are subject to the deduction of appropriate taxes via the PAYE system. No benefits in kind have been paid to members of the BRC.

2.59 As part of their contractual terms, members of the BRC receive a payment equivalent to 20 per cent of their annual fee into a personal pension scheme, shown in Table 2.2.

[6] https://obr.uk/about-the-obr/who-we-are/

2.60 Members of the BRC are entitled to annual salary increases that are linked to the CPI inflation rate.

Table 2.2: Remuneration (salary, benefits-in-kind and pension) (audited)

	Salary (£		Pension benefits (£)		Total (£)	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Richard Hughes (to 1 December 2025)	125,384	180,863	24,640	36,172	150,024	217,035
Tom Josephs	147,356	143,294	29,471	28,860	176,827	172,154
Prof. David Miles CBE (0.8 FTE)	114,328	110,998	22,866	22,200	137,194	133,198

[1] Richard Hughes resigned on 1 December 2025 (full-year equivalent salary £189,318)

Pensions

Civil service pensions

2.61 Pension benefits are provided through the civil service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced, the Civil Servants and Others Pension Scheme (alpha), which provides benefits on a career-average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS), which has four sections: three final-salary schemes with a normal pension age of 60 (classic, premium, classic plus); and one providing benefits on a whole career basis with a normal pension age of 65 (nuvos).

2.62 These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under all the above schemes are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt either for a defined benefit arrangement or a partnership pension account.

2.63 The following transition arrangements were put in place for the introduction of alpha:

- members within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015;

- members who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 were switched to alpha between 1 June 2015 and 1 April 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period; and

- all members who switch to alpha have their existing PCSPS benefits 'banked'. Any earlier final salary benefits members hold will be based on their final salary upon leaving alpha.

2.64 Further details of the schemes:

- Employee contributions are salary-related and range from 4.6 to 8.05 per cent of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha.

- Employer contributions were 28.97 per cent of pensionable earnings on 2025-26 (2024-25: 28.97 per cent). Scheme administration charges of 0.32 per cent are included in the employer monthly contributions. For 2025-26, employers' contributions of £871,810 were payable to the PCSPS (2025-26: £812,801), the increase reflecting both a rise in pay and the number of staff enrolled.

- Benefits for classic accrue at a rate of 1/80th of final pensionable earnings for each year of service; for premium, the rate is 1/60th. Classic plus is essentially a hybrid, with benefits calculated broadly as per classic in respect of service before 1 October 2002, and as per premium since that date. Benefits in nuvos are based on pensionable earnings during the period of scheme membership, with 2.3 per cent of members' pensionable earnings credited to their earned pension account at the end of each scheme year (31 March), and the accrued pension uprated in line with Pensions Increase legislation. 'alpha' is similar to nuvos, except the accrual rate is 2.32 per cent.

- A lump sum equivalent to three years' pension is payable on retirement for members of classic. For premium, there is no automatic lump sum. In all cases members may give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

2.65 The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2025-26 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. The Scheme Actuary valued the scheme as at 31 March 2020. Details can be found in the Civil Service Pension Scheme actuarial valuation.[7]

Expenses

2.66 The OBR has incurred costs of £708 (£535 in 2024-25) for Richard Hughes's travel and subsistence expenses in 2025-26. Tom Josephs's were £1,450 (£2,482 in 2024-25) and David Miles's were £346 (£293 in 2024-25).

[7] https://www.gov.uk/government/publications/2020-valuation-civil-service-pension-scheme

Staff summary

2.67 The OBR had 55 staff in post as at 31 March 2026 (49 in 2024-25), working across the economy, receipts and spending forecasts, sustainability and risks, devolved and policy costings analysis, indirect effects, and strategy, operations and communications teams. Members of staff are all civil servants and are primarily employees of the OBR, rather than seconded from other departments. Three members of staff are on short-term contracts or on secondment from other departments (in 2024-25 two members of staff were on short-term contracts). All staff report to the leadership of the OBR. Staff turnover in 2025-26 was 15.9 per cent (18.3 per cent in 2024-25).

Diversity

2.68 We collect data on the diversity of our workforce as part of our normal recruitment process. Recruitment of new staff at delegated grades is undertaken without knowledge of names, gender or ethnic diversity criteria of applicants, until the interview stage. We recognise that we have a responsibility to recruit staff on merit and to reflect contributions from a diverse range of backgrounds.

2.69 Table 2.3 details the gender balance of the members of the OBR, the senior civil service (SCS), and non-SCS staff as of 31 March 2026. Over recent years we have made changes to our recruitment processes intended to support increased recruitment of female staff to the OBR. Gender balance across OBR staff has remained broadly stable with female staff at around 40 per cent of the total since 2019-20, reaching a high of 45 per cent in 2024-25 (Table 2.4).

Table 2.3: Gender balance (as at 31 March 2026)

(as at 31 March)	Male	Female	Total
BRC and non-executive members	2	2	4
Senior civil servants	1	2	3
Non-SCS staff	31	21	52
Total	**34**	**25**	**59**
Memo: Staff grade E (senior analyst) and above (inc. SCS)	18	13	31

Table 2.4: Gender balance (staff)

	Per cent						
	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20
Female	42	45	38	42	41	43	41
Male	58	55	62	58	59	57	59

2.70 The OBR Board and management are determined to attract excellent female staff at all grades and to pay them fairly. Departments with fewer than 250 staff are not required to publish data on the gender pay gap, but we publish this information voluntarily. Given the size of the workforce at the OBR, raw pay differentials can be very volatile from year to year

as more or less experienced members of staff join or leave. Salaries are set within ranges that reflect the responsibilities of posts and the experience and expertise required.

2.71 While the overall gender pay gap at the OBR is negative (at -0.3 per cent), the most meaningful like-for-like comparison can be derived from looking at the gender pay gap for junior and senior analysts separately. As at the end of March 2026 these show a pay gap of 4.0 per cent (6.5 in 2024-25) for senior analysts, and minus 0.1 per cent for more junior posts (1.3 per cent in 2024-25). These are calculated on a mean basis using full-time equivalent salaries. The overall difference between the headline pay gap and those at analyst grades reflects that the most senior civil servant is female, again reflecting the fact that changes in individual posts can influence overall changes in this measure from year to year in a small organisation.

2.72 As set out in Table 2.5, we have a number of staff who have chosen not to disclose their ethnicity. Around a quarter of those that remain identify as being from a diverse ethnic background and the rest identify as white.

Table 2.5: Ethnicity (staff)

	Per cent			
	2025-26	2024-25	2023-24	2022-23
Diverse ethnic background	22	23	21	18
White	62	61	63	69
Prefer not to say	7	10	8	6
Unknown	9	6	8	7

2.73 The OBR is committed to equal opportunities for all staff, regardless of age, race, religion, gender, sexual orientation, disability or another determinate factor. We collect and monitor diversity information to assess how we can improve, including information on disability, sexuality and socioeconomic background, alongside the characteristics reported on above. Reporting in these other areas is currently disclosive given staff numbers, but we track progress internally. We have also made a concerted effort to improve the quality and completeness of this information for both new and existing staff, with disclosure increasing for all characteristics, enhancing our ability to monitor and improve.

2.74 We recognise we have further to go to maintain progress on staff diversity, and in particular to improve our recruitment and retention policies and practices to deliver a workforce that brings the greatest possible diversity of background, experience and thought. As such, in 2022-23 the Oversight Board committed to targets in relation to staff diversity. The initial targets relate to gender and ethnic background, reflecting our size and disclosure controls on the data we hold in relation to different protected characteristics, but do not preclude a broader commitment to promoting equal opportunities and improving the diversity of our staff in relation to a range of determinate factors. The initial date for the achievement of these targets was September 2025, and we report against them in our Annual Report each

year. The targets (broadly reflecting the diversity of the population in London and the South East), and our position as at the target date were:

- OBR staff identifying as female to fall within a 45-55 per cent range – this figure stood at 40 per cent on 30 September 2025 (and 42 per cent at the end of March 2026);
- OBR staff at 'Range E' level and above identifying as female to fall within a 45-55 per cent range – this figure stood at 38 per cent on 30 September 2025 (and 41 per cent at the end of March 2026); and
- OBR staff from diverse ethnic backgrounds to fall within a 20-30 per cent range (including those who prefer not to disclose) – this figure stood at 23 per cent on 30 September 2025 (and 22 per cent at the end of March 2026).

2.75 We will review/confirm appropriate diversity targets and future target dates with the new OBR Chair after their appointment.

2.76 The OBR aims to attract talented and skilled individuals from diverse backgrounds and values the different experiences that everyone brings to the workplace. As a Disability Confident Committed Employer, we are dedicated to giving full and fair consideration to applications made by disabled persons and to giving due regard to their aptitudes and abilities. We are committed to supporting staff with training, career development, workplace adjustments and employing measures to support their individual needs.

Remuneration (audited)

2.77 The OBR's staff are civil servants and pay arrangements are governed by the policy framework set out by the Cabinet Office and HM Treasury. Pay and performance-related bonus payments to SCS staff are subject to a civil service-wide process overseen by the Cabinet Office and operated in line with HM Treasury appraisal processes.

2.78 Total salary costs in 2025-26 were £3,547,000 (£3,406,000 in 2024-25).[8] This includes a pot of £51,060 for non-consolidated performance-related payments available to OBR staff (£51,780 in 2024-25). The Oversight Board is responsible for overseeing the pay remit for non-SCS OBR staff. The Oversight Board approves the remuneration and staff report.

2.79 The average remuneration in salary and allowances of staff was £60,372 in 2025-26, an increase of 7.0 per cent on a year earlier. The average bonus was £949, a fall of 9.3 per cent. The increase in average remuneration reflects the recruitment of a small number of new posts at higher grades, including an additional SCS staff member.

[8] Figures include members, SCS and non-SCS staff and are rounded to the nearest £1,000.

Staff numbers and related costs (audited)

Table 2.6: Staff costs

	£ 000's	
	2025-26	2024-25
Wages and salaries	3,547	3,406
Social security costs	488	401
Other pension costs	948	899
Total costs	**4,983**	**4,706**
Memo: per cent change on previous year	5.9	

Fair pay (audited)

2.80 Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median, 25th and 75th percentile of remuneration of the organisation's workforce.

2.81 In 2025-26, no permanent employees received remuneration in excess of the highest-paid director (nil in 2024-25). Remuneration ranged within a £30,000 to £35,000 band (£25,000 to £30,000 in 2024-25) to £147,356 (£180,863 year ended 31 March 2025) – the actual salary of the highest-paid director. The highest-paid director's salary was 18.5 per cent lower than the highest-paid director in the previous year, following the resignation of the Chair in December 2025 and subsequent vacancy. The ratios of remuneration relative to the highest-paid director for each percentile reported are lower than in the previous years as a result. These comparisons are calculated by comparing the salary of the highest-paid director relative to the pay of civil service staff that the OBR is responsible for setting. As a result, the relativity calculations do not incorporate the pay of members of the OBR, as salaries for these posts is set by HM Treasury.

Table 2.7: Fair pay

	£	
	2025-26	2024-25
Highest paid director remuneration	147,356	180,863
25th percentile remuneration of staff	45,684	45,792
Ratio of highest paid director to 25th percentile of staff	3.2	3.9
Median remuneration of staff	61,344	59,220
Ratio of highest paid director to median of staff	2.4	3.1
75th percentile remuneration of staff	71,918	68,444
Ratio of highest paid director to 75th percentile of staff	2.0	2.6

Note: remuneration includes basic pay, overtime, allowances, and bonuses for staff. The highest paid director is only entitled to basic salary of these elements of remuneration. SCS staff are not entitled to overtime payments.

Table 2.8: Fair pay – salary only

	£	
	2025-26	2024-25
Highest paid director salary	147,356	180,863
25th percentile salary of staff	45,364	44,843
Ratio of highest paid director to 25th percentile of staff	3.2	4.0
Median salary of staff	60,674	59,220
Ratio of highest paid director to median of staff	2.4	3.1
75th percentile salary of staff	71,273	67,444
Ratio of highest paid director to 75th percentile of staff	2.1	2.7

Note: remuneration includes basic pay, overtime and allowances for staff (excludes bonuses). The highest paid director is only entitled to basic salary of these elements of remuneration. SCS staff are not entitled to overtime payments.

Average number of persons employed (audited)

2.82 The average number of full-time equivalent persons employed during the year was 49.9 (2024-25: 48.2). The increase relates to an overall increase in the number of staff posts across the year.

Exit packages (audited)

2.83 The OBR did not incur any costs for exit packages (2024-25: nil).

Employee matters

2.84 During the period ending 31 March 2026, the average number of working days lost due to sickness absence was 2.9 days per full-time equivalent (FTE) (2024-25: 3.6 days).

2.85 There were no reported health and safety incidents in 2025-26. We work with the Ministry of Justice to monitor health and safety at 102 Petty France and offer first aid training to staff.

2.86 There were no off payroll arrangements, contingency labour or consultancy costs in 2025-26.



Tom Josephs

Interim Accounting Officer

19 June 2026

Parliamentary accountability and audit report

2.87 The accounts of the OBR are audited by the Comptroller and Auditor General under Paragraph 18 (4), Schedule 1 of *the Budget Responsibility and National Audit Act 2011*. The audit fee charged was £30,000 (£26,000 in 2024-25). The auditors received no fees for non-audit services.

2.88 All expenditure was applied to the purpose intended by Parliament (audited).

2.89 The OBR has no remote contingent liabilities (2024-25: none) (audited).

2.90 No losses or special payments above £300,000 have been incurred either individually or in total by the OBR in 2025-26 (2024-25: none) (audited).

Table 2.9: Expenditure and income

	£ 000's					
	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Expenditure	6,010	5,658	5,475	4,387	3,946	3,973
Income	(20)	(33)	(33)	(32)	(18)	(12)
Net expenditure	**5,990**	**5,625**	**5,442**	**4,355**	**3,928**	**3,961**



Tom Josephs

Interim Accounting Officer

19 June 2026

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Office for Budget Responsibility for the year ended 31 March 2026 under the Budget Responsibility and National Audit Act 2011

The financial statements comprise the Office for Budget Responsibility's

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes
- in Taxpayers' Equity for the year then ended 31 March 2026; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Office for Budget Responsibility's affairs as at 31 March
- 2026 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Budget Responsibility and National Audit Act 2011 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Office for Budget Responsibility in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK.

In applying the Ethical Standards, I have considered the potential implications for my audit arising from the extension of a loan staff arrangement with the Office for Value for Money within HM Treasury, to November 2025. The loan staff arrangement concerns one of my directors (unconnected with the audit for the Office for Budget Responsibility) and was for an initial period of 12 months from September 2024. The arrangement was extended by a further two months so that the secondee was able to support the completion of the Office for Value for Money's work.

I am satisfied that appropriate safeguards have been implemented to protect my and the NAO team's independence and objectivity throughout the audit. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Office for Budget Responsibility's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Office for Budget Responsibility's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Office for Budget Responsibility is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Performance Report and Accountability Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Budget Responsibility and National Audit Act 2011.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Budget Responsibility and National Audit Act 2011; and

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Office for Budget Responsibility and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Office for Budget Responsibility or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;

- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Office for Budget Responsibility from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- preparing financial statements which give a true and fair view in accordance with HM Treasury directions issued under the Budget Responsibility and National Audit Act 2011;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Budget Responsibility and National Audit Act 2011; and

- assessing the Office for Budget Responsibility's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the

services provided by the Office for Budget Responsibility will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Budget Responsibility and National Audit Act 2011.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Office for Budget Responsibility's accounting policies.
- inquired of management, the Office for Budget Responsibility's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Budget Responsibility's policies and procedures on:
    - identifying, evaluating and complying with laws and regulations;
    - detecting and responding to the risks of fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office for Budget

Responsibility's controls relating to the Office for Budget Responsibility's compliance with the Budget Responsibility and National Audit Act 2011, Budget Responsibility Act 2024 and Managing Public Money;

- inquired of management, the Office for Budget Responsibility's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Office for Budget Responsibility for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Office for Budget Responsibility's framework of authority and other legal and regulatory frameworks in which the Office for Budget Responsibility operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Office for Budget Responsibility. The key laws and regulations I considered in this context included the Budget Responsibility and National Audit Act 2011, Budget Responsibility Act 2024, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Oversight Board and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the

judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **19 June 2026**
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9S

3 Financial statements

Statement of Comprehensive Net Expenditure

for the period ended 31 March 2026

	Note	£ 000's 2025-26	2024-25
Expenditure			
Staff costs	2	4,983	4,706
Other expenditure	3	1,005	938
Total		5,988	5,644
Income			
Other income		(20)	(33)
Net expenditure		5,968	5,611
Finance expense		22	14
Net expenditure for the year		**5,990**	**5,625**

There were no items of other comprehensive expenditure.

The notes on pages 46 to 54 form part of these accounts.

Statement of Financial Position

as at 31 March 2026

	Note	£ 000's 2025-26	2024-25
Non-Current Assets			
Right of Use Assets	7.2	375	535
Total non-current assets		**375**	**535**
Current assets			
Receivables due within one year	5	50	32
Cash and cash equivalents	6	321	221
Total current assets		**371**	**253**
Total assets		**746**	**788**
Current liabilities			
Payables due within one year	9	(823)	(777)
Provision	10	(31)	(28)
Total current liabilities		**(854)**	**(805)**
Non-Current liabilities			
Payables due after one year	9	(274)	(425)
Total non-current liabilities		**(274)**	**(425)**
Total asset less total liabilties		**(382)**	**(442)**
Taxpayers' equity			
General fund		(382)	(442)
Total taxpayers' equity		**(382)**	**(442)**

The notes on pages 46 to 54 form part of these accounts.



Tom Josephs, Interim Accounting Officer

19 June 2026

Statement of Cash Flows

for the period ended 31 March 2026

	Note	£ 000's 2025-26	2024-25
Cash flows from operating activities			
Net operating cost		(5,968)	(5,611)
Adjustment for non-cash transactions	3	139	145
(Increase/decrease in trade and other receivables	5	(18)	64
Increase /(decrease) in trade and other payables	9	(105)	(21)
Adjustments for movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	9	145	(63)
Movement in provisions	10	3	13
Net cash outflow from operating activities		**(5,804)**	**(5,473)**
Cash flows from financing activities			
Grant-in-Aid from HM Treasury		6,050	5,640
Repayment of capital element of lease liability		(124)	(209)
Repayment of interest element of lease liability		(22)	(14)
Net financing		**5,904**	**5,417**
Net increase/(decrease) in cash and cash equivalents in the period		**100**	**(56)**
Cash and cash equivalents at the beginning of the period		221	277
Cash and cash equivalents at the end of the period	**6**	**321**	**221**

The notes on pages 46 to 54 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2026

	£ 000's General reserve
Balance at 1 April 2025	**(442)**
Grant-in-Aid from HM Treasury	6,050
Comprehensive expenditure for the year	(5,990)
Balance at 31 March 2026	**(382)**

	£ 000's General reserve
Balance at 1 April 2024	**(457)**
Grant-in-Aid from HM Treasury	5,640
Comprehensive expenditure for the year	(5,625)
Balance at 31 March 2025	**(422)**

The notes on pages 46 to 54 form part of these accounts.

Notes to the financial statements

Statement of accounting policies

These financial statements relate to the individual entity named the Office for Budget Responsibility (a body corporate established under Section 3 of the Budget Responsibility and National Audit Act 2011), which is not a group. The reporting period is 1 April 2025 to 31 March 2026 The presentation currency is the pound sterling and the level of rounding used in presenting amounts in the financial statements is thousands of pounds, unless otherwise indicated.

In accordance with paragraph 18 of Schedule 1 to the Budget Responsibility and National Audit Act 2011, HM Treasury has directed the OBR to prepare its financial statements in accordance with the Government Financial Reporting Manual (FReM), which adapts and interprets UK-adopted international accounting standards for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the circumstances of the OBR for the purpose of giving a true and fair view has been selected. The policies adopted by the OBR are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

1.1 Initial application of new IFRS and FReM changes

As per the FReM, these accounts apply UK adopted IFRS and Interpretations in place as at 1 January 2025.

IFRS 17 Insurance Contracts

IFRS 17, issued in May 2017, is effective for entities preparing FReM-compliant financial statements from 1 April 2025. The OBR has not issued, and does not plan to issue, insurance contracts. Therefore, IFRS 17 has had no impact on the OBR's financial statements in the current period, with no retrospective impact on prior periods.

Non-investment asset valuations

In December 2023, HM Treasury released an exposure draft on potential changes in valuing, and accounting for non-investment assets (such as property, plant and equipment; and intangible assets), which were included in the 2025-26 FReM for mandatory implementation.

The OBR has not recognised non-investment assets, other than right-of-use assets (valued under IFRS 16). Accordingly, these changes have had no impact on the OBR's financial statements in the current period, with no retrospective impact on prior period.

Social benefits

The 2025-26 FReM introduced new guidance on accounting for social benefits. As the OBR does not pay social benefits, these changes have had no impact on the current period financial statements, with no retrospective impact on prior periods.

1.2 IFRSs in issue but not yet effective

The OBR has not early-adopted any new or amended standards in preparing these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, issued in April 2024, applies to annual reporting periods beginning on or after 1 January 2027. The OBR does not intend to early adopt IFRS 18.

IFRS 18 introduces general and specific requirements for the presentation and disclosure of information in general purpose financial statements, aiming to improve comparability of financial performance between organisations applying IFRS. It will replace IAS 1 Presentation of Financial Statements. It is not possible to assess the impact on the OBR's financial statements until HM Treasury issues pronouncements on its adoption in the FReM.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19, issued in May 2024, applies to annual reporting periods beginning on or after 1 January 2027 (subject to UK endorsement).

IFRS 19 permits certain subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements, applying all recognition and measurement requirements of IFRS but substituting disclosure requirements with those in IFRS 19.

It is not possible to assess the impact on the OBR's financial statements until HM Treasury issues pronouncements on its adoption in the FReM. However, the Financial Reporting Advisory Board has indicated that, given the nature of public sector reporting, IFRS 19 is not expected to have a significant impact on the public sector.[9]

1.3 Accounting convention

These accounts have been prepared on accruals basis under the historical cost convention, modified to account for the initial recognition of certain financial instruments at fair value where required under applicable accounting standards.

1.4 Basis of preparation

The FReM's interpretation of going concern for the public sector context for non-trading entities provides that the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern, and that sponsored entities whose statements of financial position show total net liabilities should prepare their financial statements on a going concern basis unless, after discussion with their sponsors, the going concern basis is deemed inappropriate.

[9] Financial Reporting Advisory Board paper 154 (11): Overview and work plan on IFRS 18 and IFRS 19 (November 2024).

The OBR's financial statements have accordingly been prepared on a going concern basis, since its services are anticipated to continue to be provided in the future and no matters have arisen which would cause the OBR or HM Treasury to deem the going concern basis inappropriate.

1.5 Significant judgements and estimates

In determining whether an arrangement contains a lease, as required by IFRS 16, there is significant judgement in determining whether the arrangement conveys the right to control the use of an identified asset, and in determining the lease term. For the OBR, this is particularly pertinent in respect of the OBR's assessment of the likelihood of exercise of early termination options. Note 7.1 describes the OBR's leasing arrangements and the judgements taken in respect of the lease term.

1.6 Financing

The OBR is financed via grant-in-aid from HM Treasury. Grant-in-aid receipts are credited to the General Fund in the year in which they are received.

1.7 Property, plant and equipment

The threshold for capitalising non-current assets is £5,000. The OBR does not currently hold any property, plant or equipment as it rents office space and leases IT equipment.

1.8 Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Other Pension Scheme or alpha, which are described in the Remuneration and Staff Report, cover the majority of past and present employees. The PCSPS and alpha are contributory defined benefit plans and are administered by MyCSP on behalf of the Cabinet Office. As one of many participating organisations, the OBR is not able to identify its share of any liability for making future pension payments to members. In accordance with the FReM's interpretation of IAS 19, the OBR accounts for its employees' membership of the PCSPS and alpha as defined contribution plans.

The OBR's employer contributions to the PCSPS and alpha in the next annual reporting period are expected to be similar to the current year 'Other pension costs' amounts disclosed in Note 2. The actual outturn will depend on any changes in staff remuneration and employer contribution rates set by the scheme administrators during the period.

As an indication of the OBR's level of participation in the PCSPS and alpha compared to other participating entities, less than 0.01% of employer contributions to the Civil Service pension arrangements are paid by the OBR.

1.9 Employee benefits

The OBR accrues for the cost of the outstanding employee paid holiday entitlement, which is calculated based on pay and Employers' National Insurance Contributions.

1.10 Financial instruments

Trade receivables and payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.11 Cash

Cash and cash equivalents comprise cash at bank.

1.12 Leases

The OBR has a lease for office space in 102 Petty France (Note 7), in respect of which it recognises a right of use asset and corresponding lease. The right-of-use asset is measured using a cost model (calculated as the present value of future lease payments) as a proxy for current value in existing use, because the valuation produced by using a cost model is not expected to be materially different from the valuation which would be produced by a revaluation model. The OBR cannot readily determine the interest rate implicit in the lease, so the future lease payments due are discounted using the HM Treasury lease discount rate applicable at the time the lease liability was last remeasured.

The OBR holds leases for IT equipment for which the underlying assets are of low value. Utilising the recognition exemption in IFRS 16, the OBR has elected to recognise the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

1.13 Provisions

Provisions are recognised in accordance with IAS 37. The OBR recognises a provision for estimated dilapidations on its leased office space.

1.14 Domicile, legal form and nature, and group membership disclosures

The OBR is a body corporate and non-departmental public body established under Section 3 of the Budget Responsibility and National Audit Act 2011 and is domiciled in the United Kingdom. The main duty of the OBR is to examine and report on the sustainability of the public finances.

The OBR's office address is 14T, 102 Petty France, London SW1H 9AJ. The OBR's sponsor department is HM Treasury, whose main office address is 1 Horse Guards Road, London SW1A 2HQ.

The OBR's results are included in the group accounts of HM Treasury and the Whole of Government Accounts – copies of both are available online from gov.uk/official-documents.

2. Staff costs

2.1 Analysis of total staff costs

	£ 000's	
	Permanent staff	
	2025-26	2024-25
Wages and salaries	3,075	2,900
Social security costs	426	339
Other pension costs	852	796
Total costs	**4,353**	**4,035**

	£ 000's	
	BRC members	
	2025-26	2024-25
Wages and salaries	387	435
Social security costs	56	56
Other pension costs	77	87
Total costs	**520**	**578**

	£ 000's	
	Other staff	
	2025-26	2024-25
Wages and salaries	85	71
Social security costs	6	6
Other pension costs	19	16
Total costs	**110**	**93**

Additional disclosures are included in the Remuneration and Staff Report.

3. Other operating expenditure

	£ 000's	
	2025-26	2024-25
Accommodation costs	236	197
Subscriptions, printing and office services	159	156
IT costs	326	339
External auditor's remuneration	30	26
Legal and consultancy costs	23	0
Bank charges	1	1
Staff support and staff-related costs, including training and travel	91	74
Depreciation	139	145
Total	1,005	938

The OBR did not purchase any non-audit services from its external auditor during 2025-26 (2024-25: £nil).

4. Financial instruments

As the cash requirements of the OBR are met through grant-in-aid provided by HM Treasury, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the OBR's expected purchase and usage requirements and the OBR is therefore exposed to little credit, liquidity or market risk.

5. Trade receivables, financial and other assets

	£ 000's	
	2025-26	2024-25
Amounts falling due within one year		
Accrued income	0	5
VAT receivable	35	14
Other trade receivables	15	13
Total falling due within one year	**50**	**32**

6. Cash and cash equivalents

	£ 000's	
	2025-26	2024-25
Balance at 1 April	221	277
Net change in cash balances – inflow/(outflow)	100	(56)
Balance at 31 March	**321**	**221**

All cash balances are held with the Government Banking Service.

7. Leases

7.1 Leasing arrangements

The OBR held a single lease during 2025-26, for office space within the 102 Petty France building in London, under a Memorandum of Terms of Occupation (MOTO) with the Government Property Agency (GPA). The current MOTO commenced on 30 September 2022.

Until September 2024, the OBR measured the lease liability based on a lease term ending in December 2026, on the basis that the GPA was reasonably certain to exercise a break clause in the head lease at that point.

At the end of September 2024, the GPA informed 102 Petty France tenants, including the OBR, that it no longer intended to exercise the break clause, and occupation would continue until the lease expiry in December 2028. This was a significant event which made the OBR reasonably certain not to exercise the break clause option previously included in its determination of the lease term, resulting in an additional two years of lease payments until the end of the revised lease term.

During 2024-25, the OBR accordingly remeasured the lease liability (and correspondingly adjusted the carrying value of the right-of-use asset) by discounting the revised lease payments using a revised discount rate.

During 2025-26, the Government Property Agency (GPA) renegotiated the rent payable under the headlease and passed savings on to the OBR by providing a credit against previous lease payments and reducing future lease payments.

The OBR accordingly undertook a second remeasurement of the lease liability (with a corresponding adjustment to the carrying value of the right-of-use asset), discounting the revised lease payments using an unchanged discount rate.

7.2 Quantitative disclosures in respect of right-of-use assets and lease liabilities

	£ '000's	
	2025-26	2024-25
Cost		
At 1 April	976	704
Remeasurement - existing leases	(21)	272
At 31 March	**955**	**976**
Depreciation		
At 1 April	(441)	(296)
Depreciation charged in year	(139)	(145)
At 31 March	**(580)**	**(441)**
Net book value at 31 March	**375**	**535**

	2025-26
	£'000's
Obligations under leases comprise:	
Not later than one year	155
Later than obe year and not later than five years	287
Less: interest element	(30)
Present value of obligations	**412**

The interest expense on lease liabilities is presented in the Statement of Comprehensive Net Expenditure (the finance expense line item relates entirely to the 102 Petty France lease liability).

Cash outflows for leases are presented as separate line items (capital and interest elements) within financing activities in the Statement of Cash Flows.

There were immaterial expenses relating to leases of low-value IT equipment assets, which are recognised as other operating expenditure (Note 3). There were no short-term leases or sale and leaseback transactions during 2025-26 (2024-25: £nil).

8. Other financial commitments

The OBR has entered into non-cancellable contracts with the Government Property Agency (which are not leases or PFI contracts or other service concession arrangements) for office services associated with the OBR's occupation of office premises at 102 Petty France. The commitments disclosed below relate to the non-lease components of the contract (i.e., costs other than rent).

	£ '000's	
	2025-26	2024-25
Office services (excluding lease rental payments)		
Not later than one year	79	87
Later than one year and not later than five years	143	248
Total other financial commitments	**222**	**335**

9. Trade payables and other current liabilities

	£ 000's	
	2025-26	2024-25
Amounts falling due within one year		
Taxation and social security	101	101
Trade and other payables	187	167
Current lease liability	138	132
Accruals	397	377
Total falling due within one year	**823**	**777**
Non-current lease liability	274	425
Total falling due later than one year	**274**	**425**

10. Provisions

	£ 000's	
	2025-26	2024-25
Balance at 1 April 2025	28	15
Provided during the year	3	13
Utilised during the year	0	0
Balance at 31 March 2026	**31**	**28**
Not later than one year	0	0
Later than one year and not later than five years	31	28

Under the agreement covering of leased offices at 102 Petty France, the OBR has an obligation to pay a pro-rata share of dilapidation costs chargeable to the landlord by the freeholder that arises on cessation of the head lease.

11. Related party transactions

The OBR is a non-departmental public body. The OBR's sponsor department is HM Treasury, which is regarded as a related party. During 2025-26, the OBR has had material transactions with the department, including grant-in-aid payments and the department's provision of HR, IT and financial services to the OBR.

The OBR has leased office space from the Government Property Agency (GPA) from 30 September 2022. The OBR has ongoing material transactions with the GPA in accordance with the Memorandum of Terms of Occupation through which the GPA recharges the OBR for the cost of accommodation and office services.

For accounting purposes, His Majesty's Government of the United Kingdom is the common parent entity of the OBR, HM Treasury and the GPA. Grant-in-aid payments from HM Treasury (as shown in the Statement of Changes in Taxpayers' Equity) were significant and represent the OBR's funding source. There were no individually significant transactions with HM Treasury and the GPA during 2025-26 (2024-25: nil). Payments to the GPA for rent and office services and recharges for services provided by HM Treasury were collectively but not individually significant – their extent is indicated by the 'payments in respect of leases' line items shown in the Statement of Cash Flows, along with smaller amounts included within 'Other operating expenditure' (Note 3).

Board member remuneration is disclosed in the Remuneration Report. No Board member, key manager or other related party has undertaken any other material transactions with the OBR during 2025-26 (2024-25: nil).

12. Events after the reporting period

There were no events after the reporting period requiring disclosure in the financial statements.

The financial statements were authorised for issue by the Accounting Officer on the date of the Certificate and Report of the Comptroller and Auditor General.

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