

Treasury Committee

Oral evidence: Appointment of Andy King as Member of the Budget Responsibility Committee, OBR, HC 1340

Tuesday 10 July 2018

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[Watch the meeting](#)

Members present: Nicky Morgan (Chair); Mr Simon Clarke; Charlie Elphicke; Stephen Hammond; Mr Alister Jack; John Mann; Catherine McKinnell; Wes Streeting.

Questions 1 – 96

Witness

I: Andy King, Nominated member of the Budget Responsibility Committee, Office for Budget Responsibility.

Written evidence from witnesses:

[Andy King CV](#), [Andy King Questionnaire](#)

Examination of Witness

Witness: Andy King.

Q1 Chair: Good morning, Mr King. Thank you very much indeed for being here this morning for this pre-appointment hearing for a position on the Budget Responsibility Committee. Apologies for starting slightly late, thanks to the traffic around Westminster Abbey for the 100th anniversary of the RAF. I am going to ask you to introduce yourself, and then we have a series of questions for you.

Andy King: My name is Andy King. I am currently the chief of staff at the Office for Budget Responsibility and I have been nominated as the fiscal member of the Budget Responsibility Committee.

Q2 Chair: Thank you very much. In 2015, Sir Dave Ramsden told the previous Committee that work to find Graham Parker's replacement was underway. That was back in 2015. As the OBR's chief of staff, was that work you were involved in?

Andy King: I was not directly involved in it, but it was work I was certainly aware of, because I manage the relationship with the Treasury. This is a Treasury-led appointment process, so my involvement would have been in ensuring that I knew they were doing the work. For example, that might be developing the process or knowing that they were thinking about shortlists or longlists of potential candidates.

Q3 Chair: Were you involved in the longlisting process or scouting for candidates?

Andy King: I was not, no.

Q4 Chair: In general, you are a senior member of the OBR at the moment, and the OBR is a relatively new organisation but now has been established for a number of years. Were you surprised that after the search for candidates only six people ultimately came forward?

Andy King: I do not think I am surprised. On the Budget Responsibility Committee, the three posts are quite different. In particular, the fiscal post is a very niche, detail-driven post. Economy forecasting is something that happens in lots of institutions in the country, so there are many people who do it. Fiscal forecasting is really a Whitehall activity. I am not aware of who the other candidates were, so I cannot comment on that. But from my own perspective, I know that having been immersed in it for a long time is a key part of being ready to do the job.

Q5 Chair: Did you have any conversations with Robert Chote at any point? Obviously, you were working very closely with him about Graham Parker's replacement.

Andy King: As soon as I made the decision that I was going to apply, I wrote to him formally. I had spoken to him as well, but I wrote to him formally to say, "Look, I need to be cut out of this completely", so no.



HOUSE OF COMMONS

Q6 **Chair:** When did you make the decision that you were going to put your name in the frame?

Andy King: It was in February, around about the time it was advertised.

Q7 **Chair:** Before that, as Robert's chief of staff, did you have conversations with him about the process of finding a new Graham Parker?

Andy King: The only conversations I had with him were the same as I had with the Treasury about making sure the process started at a sensible time. I did not have a conversation with him about potential candidates.

Q8 **Chair:** How did the OBR cut you out of the process? When you asked to be removed from the process from February onwards, how did the OBR do that? Was somebody else put in charge to do what you otherwise would have done?

Andy King: Yes. I would not have had a huge role in it anyway, but anything I would have done Robert did, so Robert operated the process bilaterally with the senior official in the Treasury who was running it. One member of my staff did things like proofreading the candidate pack and that kind of stuff. It was those two people I told that I was going to apply: Robert, to make sure he handled everything that came from the Treasury; and the junior member of staff, to make sure he did not ask me any questions.

Q9 **Chair:** Talk us through the process of you deciding to apply. Were you approached by anybody who encouraged you to apply on the basis of the candidates they were seeing so far? Did anyone within the OBR, Robert Chote or anyone else, encourage you to put your name forward?

Andy King: No. The only conversation I had was to ask Robert whether he felt it would be acceptable for such an insider as me to make an application. That is the only conversation I had.

Q10 **Chair:** Robert was one of your referees; he was also on the interview panel. That is quite an unusual situation. I do not know who your other referees were and whether you have people from outside. How did that come about? Why was Robert chosen?

Andy King: Robert is my line manager, so, despite the fact that he was on the panel, he is the first referee I would put on any job application. My other referee was Sir Dave Ramsden, who was my line manager in my previous job.

Q11 **Chair:** You just described yourself as an "insider". Was that beneficial in terms of your application and the way you were able to conduct yourself in the interviews?

Andy King: Not in terms of the process, no, because I was very conscious of the fact that it could appear otherwise. In terms of the application or in terms of my ability to do the job, it is important, because it is such a "details" role. In terms of the fiscal forecast, when we listed



HOUSE OF COMMONS

all our forecast models, we came to 350 as the number that are in use. Obviously, you do not need to carry all that detail in your head, but being familiar with it is helpful. I am aware of the issues in the pipeline. I am aware of the issues that commonly come up in fiscal forecasting and costing scrutiny. In that sense, my job helps me be qualified for the role I have been nominated for.

- Q12 **Chair:** Moving on to the questionnaire that you very helpfully completed—so thank you for that—you were asked if you had any plans to return to the public sector after your time on the Budget Responsibility Committee. Do you foresee any potential conflicts of interest arising from a return to the Civil Service? Would you be aware of the risk of conflicts of interest once your term is over, depending on what you move to?

Andy King: I do not have any plans for what I would do next. Five years feels like a long time at the moment. I have no plans for my next step to be into a fiscally focused Treasury role, for example. Whether it was actual or perceived, I can see that conflict of interest would be a concern there. That is not part of my plan. As I say, I do not know. There is always the possibility of reappointment as another next step. That extends the timeframe even further.

Chair: Five minutes feels like quite a long time in Whitehall at the moment, so five years is certainly a long time.

Andy King: Yes, indeed.

- Q13 **Chair:** A key part of the OBR's job is to scrutinise and challenge the costings of Budget measures. These costings can make or break the Chancellor's Budget. Having been involved in this process, can you see how the prospect of a return to the Treasury, given the experience you would have gained on the BRC, could be attractive or, as you say, could be perceived by those outside as something you would logically move to? Would you rule out at this stage a return to the Treasury?

Andy King: As I say, I have no plans to return to the Treasury. I left the Treasury because I wanted to work at the OBR and I believe in what the OBR stands for and does. I have no plans to return, so hopefully that kind of question does not really come up.

- Q14 **Chair:** You are younger than Graham, whom you are replacing, and Charlie. You can see how you are probably in a new position for members of the BRC in terms of having a longer career trajectory ahead of you after this appointment than others. Is that something you thought about when you were going through the application process? Talk us through your career planning in terms of where you have been and what you anticipate doing afterwards.

Andy King: Graham was unique in the UK fiscal world, in that he had run the fiscal forecast for the best part of two decades. Replacing Graham like for like was simply not a possibility. I am not a great deal younger than Robert was when he took over as chairman. It is a different model to Graham's. Graham retired once and came back, and worked 60% of the



HOUSE OF COMMONS

year very much focused on the Budgets, the Autumn Statements and the Spring Statements. I intend to do the job much closer to full time and to use that to expand some of our publication work.

The staff team has expanded over the past few years, but over the past year I have been quite conscious of a bottleneck at the top, essentially at the chief of staff level, which limits the amount of their work that we can publish. The role has expanded anyway, through legislative changes, things in the Charter for Budget Responsibility, but also with the wider transparency role or our broad remit for transparency. There is more we can do there.

Taking you back through my career, I found my niche in about 2005 when I joined the macro-fiscal part of the Treasury. I have worked on the fiscal side; I have worked on the macro side. I have essentially done analytical roles, with policy advice as the second order to these analytical roles. I did a lot of stakeholder work in my last position. When the OBR was set up, I sought the chief of staff role first and was unsuccessful. I was thrilled to be chosen when the turnover happened five years ago.

Since then, I have been doing all I can to enhance what the OBR does. I am personally particularly focused on our documents, but I am also the first line of support for BRC members at the moment. If you want to picture it, I literally sit next to Graham through all the fiscal forecast meetings. We talk about any controversial costings; we exchange emails about other parts. That is what I have done to get here. As I say, I really do not have plans for what comes next.

Q15 **Stephen Hammond:** Good morning, Mr King. Thank you for coming this morning. Can I start by picking up some of your previous answer? Someone said that replacing Mr Parker was going to be difficult, and you have just rightly said, reflecting your written evidence, that you intend to do the role rather differently. Mr Parker was basically there 55% or 60% of his time; you intend to spend 90% of your time there. For clarity's sake, can you set out the areas, not only the legal areas but the areas around the publication of papers, in which you think there is a greater role that would take it up to 90% of someone's time rather than the previous time commitment?

Andy King: Yes, there is a list of extras. The items that we are legally required to do now that we were not when Graham's contract was set out include forecasting the devolved taxes, where that has grown and grown over time. Initially, it was a handful of taxes for Scotland; then Wales was added. The fiscal frameworks for the Scottish and Welsh Governments are now quite complicated, which just adds time to the process. The welfare cap and the welfare trends report are new activities that are quite large.

While the costings process has not changed in its legal structure, it has changed in the way we do it. In particular, we have put in a lot more infrastructure around how we describe the uncertainty in costings and we



HOUSE OF COMMONS

evaluate more costings. We explain how things are going in annexe A to our economic and fiscal outlooks. My gauging of the stakeholder reaction is that that is valued.

Doing that takes time. Graham is uniquely well placed, with the history of everything fiscal lodged in his mind, and he can get there immediately. I want to work with the staff in the early stages of preparing these things. That is the lion's share of why I feel the job needs to be done for more than 60%. I do not want to be too precise in the quantification, but let us say that gets you to 80%.

On top of that, I am conscious of the pipeline of work we have in terms of explaining things. When we produce briefing papers and website material, the feedback is positive; it helps in various debates. We are not there to give opinions on rights and wrongs, but it helps other people to think about those when we have done briefing material. That is the rest.

- Q16 **Stephen Hammond:** I have listened to that carefully. Is it your view, then, that the role of the fiscal expert, as opposed to the role of the economic expert, requires more time?

Andy King: Yes.

- Q17 **Stephen Hammond:** Does the role of the economics expert need to bring up the time commitment in proportion as well? Do they have as many transparency and paper issues?

Andy King: No, the time commitment of the fiscal expert is much greater. All our non-forecast reports are much more heavily fiscally focused than economically. When we are forecasting, the economic forecast is an in-house operation, whereas the fiscal forecast is a disaggregated and outsourced operation where we compile within. We do lots of meetings with producers of forecasts, and the costings process is led by the fiscal expert, not the economy expert. I think it is right. Charlie chose to do the job for slightly less of the year than Steve Nickell had done. I am of the view that it is necessary to do the fiscal job for quite a lot more time than Graham has done it.

- Q18 **Stephen Hammond:** We have heard about the expansion of legal responsibilities, but are there particular gaps in the pipeline of papers that you would be hoping to enhance over the next few years, given that you are going to have a greater time commitment?

Andy King: Yes, in particular the evaluation work we do on policy costings. We have done two working papers so far and some boxes in other documents. We have slightly more staff at the OBR; we have better established processes on this, so being able to corral that and get it into the public domain is a valuable addition.

- Q19 **Stephen Hammond:** I know some other colleagues are going to test you on methodology, so I shall leave that to them. I have one last question. The full-time salary is in the region of £122,000, which is roughly the role



HOUSE OF COMMONS

of a director-general in the Treasury. Is that the appropriate salary pro rata for the fiscal expert?

Andy King: The salary is a question for the Treasury.

Q20 **Chair:** In their levels of responsibility and seniority, are they on a par?

Andy King: In terms of management, no, clearly not. In terms of the importance of the decisions that are taken by the fiscal expert, yes, absolutely. The shape of Budgets is essentially determined by the judgments that are taken by all the members of the committee. The most important is generally the trend productivity judgment, which is an economy-side judgment, but, across tens of policy costings and dozens of lines of forecast, the judgments that the fiscal expert makes determine the fiscal space that the Government have. Yes, it is an extremely important role within the system.

Q21 **Chair:** If you think about the equivalence between OBR and Treasury levels, although I am no expert on Civil Service grades, it is two quite big steps up from where you are at the moment. If you had stayed at the Treasury, is this where you would have expected to be at this stage in your career, given your experience and what you were gaining at the Treasury?

Andy King: It is one step from where I am now. The chief of staff role is a director role. If you use salaries to bracket this as a DG, it is one step. Yes, I would hope I would have carried on making steps. This is quite a different role: a director-general has to be politically astute; I am here to be an impartial analyst of the issues that come forward. That is my strength. It is what I have been doing over the past five years and it is what I would like to continue doing. It is different, but it is entirely crucial to how Budgets come together.

Q22 **John Mann:** The working time issue has been covered, so let us put that to one side. What strengths do you bring that differentiate you from Mr Parker?

Andy King: What do you mean by “differentiate”?

John Mann: What new, additional skills do you bring?

Andy King: A lot of what I bring to the table is that I can continue the good work Graham has done. Graham is a very astute, quick analyst of issues. The role involves talking to literally hundreds of analysts who bring evidence to us about the state of the public finances or how a policy is likely to change the world. Graham is able to get to the crux of the issue very quickly. That is precisely what I am able to do as well. We have worked as a team over the past five years, identifying the key issues and looking into them.

This is the way I think about what we do. We are presented with numbers on the paper and a story is told by an analyst. We are there to judge



HOUSE OF COMMONS

quite quickly whether that tells a plausible story about what happens in the real world. If it does not, we need to start changing things.

Q23 John Mann: What is your key training need, then, if you go into this role?

Andy King: On the substance, I am as well placed as anyone to take over. There are things I have not done. As a civil servant, I have been very careful to make sure that I am behind the scenes. Things like this meeting today, talking to the media or talking to Parliament are things I have not done, and I have certainly never done them with my name attached. I have done them with an institution attached.

Q24 John Mann: Would it be fair to say that most of your work before you joined the OBR was macroeconomic analysis?

Andy King: Before joining the OBR, it was probably tilted to macro rather than fiscal, but I did both. In all the roles where "macroeconomic" was in my job title, I would have been acting as a bridge between the macro and the fiscal sides of the Treasury. In the early days it was all in one directorate, and more recently it is in two groups. But I have always played the role of bridging how we, when "we" was the Treasury, were putting together our analysis and presentation.

Over five years at the OBR, our work has been predominantly fiscal. Although given my background I have always enjoyed getting involved in our economy forecasting, the team does not need me; the team can work with the economy expert.

Q25 John Mann: Let us concentrate on your time before the OBR. At any time were you ever responsible for producing forecasts or costings for individual tax or welfare measures?

Andy King: I was not responsible for producing them, no. I ran the fiscal team for the June 2010 Budget, so I was responsible for the sum of the effects, but not the individual measures, no.

Q26 John Mann: Have you been responsible for producing forecasts for fixed fiscal aggregates?

Andy King: Yes, bringing them together was the responsibility of the fiscal team. In particular at that time it was the whole fiscal package that was being announced in June 2010.

Q27 John Mann: Can you give an example of an analytical position the BRC has taken on fiscally forecasting a policy cost that you have disagreed with?

Andy King: I have thought about this. It was certainly rare that I disagreed with Graham in the judgments he took. I could not think of anything that you would call material. The one that really stuck in my mind was the second round of pensions-flexibility measures, when the Treasury came up with a plan to create a market that would allow



HOUSE OF COMMONS

annuitants to sell their income stream back to the market and convert it back into a cash lump sum. The Treasury had done some groundwork to see whether this could be done. Graham felt it was sufficient to certify the costing. I just could not see how this market could price that risk at a price that was going to make it attractive for annuitants for sell.

The way we went around that was that Graham was responsible and therefore the measure was certified. He gave it a very high uncertainty rating. When we wrote it up in the EFO, I added a sentence that said, "The range of possible outcomes around this involves zero, if the market cannot be set up". That is an example that reflects well on me, because that is what happened. I am sure there are others where I disagreed and Graham was right.

Q28 **John Mann:** You need to convince us that you are a fiscal insider. You think that is important. The job description thinks that is important.

Andy King: I do think that is important.

Q29 **John Mann:** How are you a fiscal insider?

Andy King: In five years at the OBR, we have done—

Q30 **John Mann:** I mean pre-OBR.

Andy King: Pre-OBR, in terms of my fiscal insider-ness, I was one team removed from the public sector finances team, which is essentially the team that was moved into the OBR in 2010. I worked very closely with them. I was author of the 2005 edition of the *End of year fiscal report*, which is the less transparent version of the *Forecast evaluation report* we produce. I worked very closely on the economy and fiscal side of the updating of the economic cycle in Gordon Brown's era.

During 2010, I worked on the fiscal forecast and its implications for the coalition Government's new fiscal plan. But it is my time at the OBR that is really important here. As chief of staff, I have sat in roughly—I am guessing—500 challenge meetings. We cover everything: all aspects of the revenue side, all aspects of the spending side, all aspects of the balance sheet side. There is simply no part of our fiscal forecasting that I have not been closely involved in. As we go through the process, it is my responsibility to prepare the first drafts of executive summaries of reports and updates to the Chancellor through the process.

My understanding of how the forecasts are produced, how they change when we change our assumptions on the economy, how policy costings feed in and, indeed, my knowledge of the personnel who work on this throughout HMRC, DWP, MHCLG and the Treasury is as good as anyone in the system right now. I am as well placed as anyone.

Q31 **John Mann:** Yes, but does that equate to world-class expertise in fiscal analysis of public sector finances?



Andy King: It is as strong a background in public sector finances, forecasting and costings and as full an apprenticeship to the current role as you could hope to have. Five years of looking at all these things in a very detailed way gives you the experience and the examples to draw upon for what happens next. When the next surprise arrives, how do you analyse the problem? How do you get to whether HMRC's analysts or the Treasury's analysts are telling you everything? Maybe they are trying to tell you everything but they have missed something, because they do not have the institutional memory due to turnover there.

- Q32 **John Mann:** As a final question, does this not compound the problem highlighted by people on this Committee at the very beginning, when the OBR was formed, that it becomes an entity in itself? It is overused by us, but we were warning a lot about groupthink. If the insider's insider becomes the expert insider, is that not precisely what people on this Committee were warning about, when the OBR was conceived, as a danger that had to be avoided?

Andy King: The knowledge of an insider is very, very useful. The "poacher turned gamekeeper" analogy is right for the fiscal expert on the BRC. The BRC has worked well with a balance of professional backgrounds. Robert had a think tank and media background; Charlie and Steve Nickell before him had Bank of England and academic backgrounds; then the fiscal person is someone who actually knows all these spreadsheets, who has seen them and remembers the last time this happened, because it is so niche. That balance works well.

The other thing you are relying on is my professional integrity to do the job as is stipulated by Parliament. I feel very strongly about that. That is why I chose to join the OBR when I did. Indeed, it is why I tried to join earlier. It is why, having done five years of challenge meetings on the aggregates levy forecast, I want to do five more years of challenge meetings on that, because there is enormous value in what the OBR does, including in the information it is able to provide to this Committee. I want to continue to apply my expertise there. Essentially, we are trying to seek the right answer and explain it as clearly as possible.

- Q33 **Mr Jack:** Following on from Mr Mann's questions on the BRC, what particular expertise do you bring that Robert Chote and Sir Charles Bean do not possess?

Andy King: My particular expertise is in the nuts and bolts of the fiscal forecasts and the nuts and bolts of the policy costings. That is not to say that Professor Bean, with sufficient time, could not do this or, indeed, that Robert Chote, with sufficient time, could not do this. But my expertise complements theirs. I have demonstrated that over the past five years through what I have been able to bring. Obviously, it is difficult for me—

- Q34 **Mr Jack:** But you have been providing that anyway as chief of staff.

Andy King: Yes.



HOUSE OF COMMONS

Q35 **Mr Jack:** Will the new chief of staff not provide that?

Andy King: I do not know who the new chief of staff will be. With Graham not there, I can provide what Graham was able to provide, which is the in-depth fiscal expertise. I am not going to pretend—

Q36 **Mr Jack:** Did you say you can provide that?

Andy King: I can provide it.

Q37 **Mr Jack:** You said earlier that you were not replacing Graham with like for like.

Andy King: I am not going to pretend that I can match 20 years of fiscal forecasting and, indeed, his other background, but I am close as you can get right now, through the five years of working on this. I have worked through literally every line of every forecast many times. I have edited every word in all our publications. The depth of my fiscal expertise is the thing I bring to the committee to complete the picture, as it were.

Q38 **Mr Jack:** You say in your questionnaire, “I have sat alongside Graham Parker as he has carried out his role as the BRC’s fiscal expert”. You have just said what you have learnt from that, but how would you approach differently, then, the OBR’s core business of scrutinising and challenging the Government’s policy costings? What will you change? What will you intensify?

Andy King: I do not intend to make sweeping changes. As chief of staff I am currently responsible for the process. Whenever improvements can be made, they are made. I am not sitting on a list of things that I wish I had been able to do in my current role that I could not. I want to make the costings process slightly less intense so there is more time for consideration. Partly due to the 60% nature of Graham’s contract, and partly because he had done it for so long, he was able to do it very quickly. Things built up through to the final weeks of the process. I would like to spend longer doing that. But the fundamentals of analysing a costing, of working out whether the tax base is reasonable or whether the behavioural judgments are reasonable, is not something that will change. In a sense, that is a positive activity; it is an absolute. I will bring my own experience to it, but the fundamentals of it do not change.

Q39 **Mr Jack:** Can I just quote Robert Chote? In discussing Mr Parker’s successor, he said, “There is a value to having somebody who knows where the bodies are buried in some of these policies”. “The number of people outside Treasury, HMRC and DWP who would have that breadth of experience across those areas I would imagine is pretty small”. Do you agree with Mr Chote’s view?

Andy King: I do, yes. That is what I am saying. I am one of those people.

Q40 **Mr Jack:** Is it fair to say for the vast majority of your time at the Treasury you were analysing the macro economy rather than the public



HOUSE OF COMMONS

finances? Is that fair to say?

Andy King: I was analysing all manner of economic policy issues, but if your point is whether I was doing welfare costings or specific tax costings, no, I was not. My experience of those has been built over the past five years.

Q41 **Chair:** I was going to ask about your role as chief of staff and the workings of the BRC, which you might not be a part of yet but you will be aware of due to your position. Do you feel you will be able to bring an independence of thought and an ability to strongly challenge your current boss, Robert Chote, as and when necessary?

Andy King: Yes, I would be very comfortable doing that. I do it at the moment. The only difference will be that at the moment, if it comes to the end of the process and I have not convinced him, I defer. That would be different as a BRC member, but the BRC operates on a consensus basis. It makes sense because there are just so many hundreds of judgments to take. It is sensible to have the economy expert, the fiscal expert and the chairman there if, for any reason, something comes to a head. Yes, I would be more than comfortable doing that.

Q42 **Catherine McKinnell:** I am going to ask about Brexit, because we must in all Committee hearings. First of all, I was just looking at the number of applicants for the role. There were six men or women. I am just interested in the gender balance of the OBR. As chief of staff, what is the gender balance within the team that is reporting to you currently?

Andy King: It is roughly 25% women.

Q43 **Catherine McKinnell:** In terms of gender pay gap, do you have that figure?

Andy King: That figure is not meaningful in such a small team. It is high, but that is a reflection of something else we are concerned about, which is that 25% is too low a number for our female-to-male ratio, full stop. But that gender balance is also skewed. In the lower grades we are closer to 50/50; in the senior grades we have very low numbers. That is something we have been—

Q44 **Catherine McKinnell:** What do you mean by “very low”? What would they be? Given these are small numbers, you ought to know.

Andy King: In what we call the team leaders, which is grade 6 in Civil Service speak, there is one woman and five men. At grade 7 at the moment, the next rung down, there is again one woman.

Q45 **Catherine McKinnell:** There is one woman. How many men are there?

Andy King: It is eight or nine.

Q46 **Catherine McKinnell:** Is there an issue in the organisation with promoting women and bringing women through?



HOUSE OF COMMONS

Andy King: There absolutely is. It is something we have been working on particularly over the past two years. We have moved from less than 20 people to more than 30. As the organisation expanded, the gender balance worsened. We tend not to promote people within. That is often not how the organisation works. We tend to bring people in from outside, from other parts of the Civil Service. As the gender balance actually worsened through that process, we then undertook a full review of why this was happening.

The most striking thing was that, although we advertise the posts in a normal Civil Service way, word-of-mouth networks are very important in how people find out about them. Essentially, we found that friendship groups within particular institutions played a role. Once you come to the OBR, it is a fun place; we are nice people; we do fascinating work. People want to work there, but it is not something a lot of people know about. Once the network happens, there is a kind of path dependency, which has been very difficult for us to shift. We have been trying to tap into other networks, but we have a lot to do there. I have been very conscious of how, in a small organisation, you can take steps forward and then, for excellent reasons, excellent women who work at the OBR are promoted into other organisations, so you take steps back. It is difficult. It is a constant thing that we need to keep on top of.

Q47 **Catherine McKinnell:** Is there perhaps a concern with the Budget Responsibility Committee? You say that excellent women take up roles elsewhere. Have there been any women ever on the Budget Responsibility Committee?

Andy King: There have not.

Q48 **Catherine McKinnell:** Should that perhaps be a focus for the organisation?

Andy King: Absolutely, yes. Senior positions are one way of signalling that gender balance is an important thing and that it is working.

Q49 **Catherine McKinnell:** Who should be responsible for that?

Andy King: When it comes to the Budget Responsibility Committee, the responsibility lies with the Treasury for appointments. In the one I have been successful in, there was no question there because of the gender balance of the applicants. If I look more broadly, it is a very good thing that the Government Economic Service is now run by two women who are excellent role models.

Q50 **Catherine McKinnell:** I am focusing particularly on the OBR and the Budget Responsibility Committee. As chief of staff, you talk in a very passive way about the gender balance within the organisation and the gender pay gap. You have tried to explain it, but the issue with the gender pay gap is that there are vastly more men in senior positions than there are women. As chief of staff, I would be interested to know what it is you have been doing to try to address that balance.



Andy King: I hope I have not spoken passively about the staff team. That is my responsibility and I take it very seriously.

Q51 **Catherine McKinnell:** How do you envisage that this is going to change?

Andy King: In the broader picture, my sense is that the gender balance in senior positions in the economics or analytical world is improving. That is the pool from which the OBR recruits. The thing we need to do more of is making sure that people understand it is a place where you can work from any background, from a diversity perspective.

Q52 **Catherine McKinnell:** And reach the top positions.

Andy King: Yes, absolutely.

Q53 **Catherine McKinnell:** We will move on to Brexit. In incorporating Brexit into its forecasts, the OBR has broadly used a set of assumptions that were established following the June 2016 referendum. Can you describe how, as an organisation, the OBR has scrutinised those assumptions and how they remain relevant to economic forecasting today?

Andy King: The broad-brush assumptions, as we have described them, relate to trade flows, migration and productivity. In terms of the trade judgment, they are drawn explicitly by averaging three studies that were produced before the referendum and that are, therefore, in some sense consistent with a variety of possible outcomes or the average of a variety of possible outcomes. In the way we have processed that, it affects our trade forecast but not our GDP forecast. It is symmetric on exports and imports.

We did not assume that trade openness had a dynamic effect via innovation on productivity growth. There are two ways of thinking. Trade openness clearly has a levels effect, an effect in terms of comparative advantage lost. Then there is a more debatable channel to growth rates like productivity growth through innovation. We have not done the second.

On migration, we took a fairly simple assumption that the profile of net migration up to the referendum was upward. We would have revised up our assumption had it not been for the referendum. We therefore did not. There is a gap between what we would have done and what we did. We then follow the data on that to see whether it is still appropriate. We have not, I think rightly, tried to finesse these as the winds change in the negotiation. We do not have a specific bottom-up set of assumptions about specific trade policies, specific migration policies and the intensity of their effects on the economy and public finances.

Q54 **Catherine McKinnell:** In terms of trade and the assumptions that have been relied upon, our future trade relationship with the EU is not counted into any of the current assumptions. Do you maintain that this is still a sustainable assumption?



HOUSE OF COMMONS

Andy King: What is factored in is an assumption that trade post-Brexit will be less open than it would have been in the absence of Brexit. Essentially, we assume that export and import growth will be slower for a period of adjustment. That period extends beyond the end of the forecast horizon and is calibrated on these external studies. There is an assumption that Brexit leads to lower flows of exports and imports than otherwise would have been the case.

Q55 **Catherine McKinnell:** But it does not affect productivity.

Andy King: In November 2016, we did not plug in the direct channel from trade to productivity. Instead, we looked at how we had revised our business-investment forecast and calibrated a change in the assumption about productivity growth through capital deepening, with less or shallower capital deepening, whatever the term is.

Q56 **Catherine McKinnell:** You maintain that this is still a realistic set of assumptions.

Andy King: They are a reasonable set of broad-brush assumptions to start from.

Q57 **Catherine McKinnell:** Are they realistic?

Andy King: I cannot say whether they are realistic for a specific Brexit outcome because we simply do not know what that outcome is going to be. When the time comes, when we have specifics that meet the requirements of firm policy as set out in the legislation that determines what we can put in our forecast, we will need to change the way we do it.

Q58 **Catherine McKinnell:** In terms of risk to public finance, which is the focus, in your response to the questionnaire you suggested that there is no possible way of saying whether there is an upside or a downside risk at the moment from Brexit. It would be interesting to know in what circumstances you think there would be an upside risk to Brexit.

Andy King: As for the way we have calibrated things, you can go back to the November 2016 forecast. Approximately, it took 2% off the level of GDP. The assumptions we had made, broad brush though they were, had done that. We simply do not know which policies—

Q59 **Catherine McKinnell:** In which circumstances could there be an upside risk? In effect, you have said that there could be.

Andy King: If the estimates of the actual precise form that the eventual trading relationship takes are smaller than the broad-brush assumptions, that is an upside risk to the forecast. That is the point I want to make.

Q60 **Catherine McKinnell:** You mean the forecast from current projections as opposed to from the current trading position.

Andy King: Exactly, that is right. We will always be explaining how things have changed relative to what is in our forecast.



HOUSE OF COMMONS

Q61 **Catherine McKinnell:** You mean less bad rather than actually good.

Andy King: Yes, but I am not saying it could not possibly be absolutely good. When I look at all the external pieces of work on Brexit, I am struck that they are really, really driven by the assumptions that are made on page 1, not the nature of the model they are put into or anything else. For those who think Brexit will be positive, the assumptions at the start are that the cost of leaving the EU will be relatively small and the gains from autonomy over future trade policy or anything else will be relatively large. You start from there, you work through the system and you get that answer.

Q62 **Catherine McKinnell:** In terms of the OBR's forecasting, are you suggesting that the OBR's forecast does not see any post-Brexit impact in terms of economic growth? You can see scenarios where there will be a greater negative impact on the economy or a less great negative impact on the economy, or do you foresee within your forecasting potential economic growth as a result of Brexit?

Andy King: The direct effects from leaving the EU in all conventional models are negative. In that sense, the question is whether it is more or less negative than has been put in the forecast. But the bigger question is one the OBR cannot address until the policy is—

Q63 **Catherine McKinnell:** In saying it is not clear that there will be an upside or a downside risk of Brexit—

Andy King: I mean relative to our forecast. I am sorry if I did not make that clear, but that is what I mean.

Q64 **Catherine McKinnell:** There is a suggestion that there is an upside to the economy from Brexit. There has been talk about a Brexit dividend. Do you foresee a circumstance where there is a Brexit dividend for the public finances?

Andy King: The definition there is very important. If you think about this holistically, as the OBR would, it is baked into our forecast that, because the economy is smaller over the five-year horizon we have looked at, the effect through weaker revenues is larger than any saving from contributions no longer made. Particularly over the five-year horizon we are talking about, the divorce settlement eats up the majority of that putative saving from not contributing to the EU budget. Over the five-year horizon of our forecast, the assumptions we have made about Brexit are clearly negative for the public finances.

Q65 **Catherine McKinnell:** You cannot foresee a circumstance where there is a Brexit dividend or a financial benefit to Brexit.

Andy King: On the expenditure side, as contributions to the EU are switched off, that is a large number. It is over £10 billion a year. In the first few years, particularly in the years that are covered by our forecast, the majority of that is used up in paying a financial settlement. There is then a list of things the Government have committed over different



HOUSE OF COMMONS

periods to cover, such as farm support, industrial support or paying to maintain access to certain regulators. Of course, there is the rhetorical hypothecation of this money to the NHS.

That is what I mean by the definition being important. If you are thinking about no longer paying contributions to the EU, that is a simple, direct effect, but it is not the whole story. If you then factor in what we feel has happened to the economy and therefore to revenues, that is a different story. There is no extra money in that way of defining things.

Q66 Catherine McKinnell: You set out in your response to the questionnaire the difference between an orderly and a disorderly Brexit. Could you clarify in what way you foresee a disorderly Brexit would impact on the OBR's current forecasts?

Andy King: We do not have any shock in our forecast. There is no quarter in the forecast where anything dramatic happens. It all happens smoothly.

Q67 Catherine McKinnell: I mean a no-deal scenario basically, where by the end of March 2019 we leave on WTO trading rules.

Andy King: If anything disruptive suddenly happened, that would result in a change in the forecast, because the forecast is smooth at the moment.

Q68 Catherine McKinnell: Presumably that would be a negative change to the forecast.

Andy King: Yes.

Q69 Stephen Hammond: In your response to Catherine about the Brexit divided, you were assuming that the economy grows at a constant state.

Andy King: I was assuming that the assumptions we have made in the forecast are reasonable central indications.

Q70 Stephen Hammond: On that basis, can you just remind the Committee what your growth numbers are for this year, next year and the year after?

Andy King: Our growth forecast is between 1.3% and 1.5% throughout the next five years. It is quite stable in real terms.

Q71 Stephen Hammond: Have you done any sensitivity analysis on how that number will go up or down depending on whether those numbers change?

Andy King: Do you mean a sensitivity analysis for how the economy would grow?

Q72 Stephen Hammond: Say the economy grew at only 0.7%. How much extra would we have to put into the economy?



HOUSE OF COMMONS

Andy King: I do not have the numbers in my head, but, yes, we do scenarios in each EFO. One of the things we have returned to a few times is productivity growth. If productivity growth were to continue at its post-crisis rate, which is not dissimilar to the scenario you are outlining, the deficit stops falling and so on. I can provide those numbers if they would be useful.

Q73 **Stephen Hammond:** It would be useful for the Committee to see those numbers specifically around the so-called Brexit dividend and how growth numbers affect that.

Andy King: I am not sure we can calculate it in that way. We can show the sensitivity of the public finances in general to changes in GDP growth and other things. This is the difficulty with anything Brexit-related: I know everyone will be interested in how what is going to happen relates to either no deal or no Brexit, but those are both worlds that do not exist. Generating assumptions for those counterfactuals is more difficult than generating forecasts about what is happening at the moment. There is huge uncertainty around all aspects of this.

Q74 **Stephen Hammond:** If you take your number of £10 billion, you must be able to give us what that covers in current expenditure. There must be an ability to say, "If the economy suddenly grows at 2.5%, there will be more money coming in", et cetera.

Andy King: Exactly, yes. We can tell you the sensitivity of the revenue forecast.

Stephen Hammond: That might be helpful. If you could try to pare it down around that number, it would be helpful as well.

Q75 **Charlie Elphicke:** Mr King, I recall you saying earlier that you were involved in the nuts and bolts of fiscal forecasts and policy costings. I also recall the OBR predicted, effectively, a Brexit drag on the UK economy of about 2.4% of growth over the next few years. That was driven mainly by assumptions of lower exports. Is that correct?

Andy King: The 2.4% is correct. It was driven mainly by assumptions about population growth, specifically migration, and productivity growth, which was explicitly linked to our judgments about business investment. As it happened, in the way we put the forecast together, while we did forecast slower export growth after the exit from the EU, that was not explicitly linked to the GDP forecast. It is more about migration and productivity.

Q76 **Charlie Elphicke:** In other words, the OBR predicted that the British Government would impose immigration controls, control the borders as to who came here and not just let people wander in on an uncontrolled basis, and the OBR said that would cause a hit on growth.

Andy King: We did not assume anything about migration controls. We looked at—



HOUSE OF COMMONS

Q77 **Charlie Elphicke:** You said there would be fewer migrants, did you not? You said there would be fewer people coming here.

Andy King: We did. We based that on what we see as pull factors. The fact that sterling fell meant that a wage you can earn in the UK when viewed in the currency of another European country is now less, so fewer people will be attracted to try to work in the UK. We would have used the ONS's high variant migration assumption; we stuck with the central assumption. That involves net inward migration falling from in the high 200,000s to about 185,000. This was not assuming net migration would stop, just that it would slow slightly. That takes tenths off the growth rate each year, which accumulates up and contributes to the number you mentioned.

Q78 **Charlie Elphicke:** What did you then predict would happen with wages? If there was less inward migration, what was your prediction of what would happen to labour market wages and wage inflation?

Andy King: In general, we take the view that migration contributes to both the supply and demand for labour and essentially those things net off, so there is no effect on wage growth. The migrant does not just arrive to do work; they also spend money, and therefore these things roughly equilibrate in the economy and wage growth is unaffected at the whole-economy level.

Q79 **Charlie Elphicke:** In effect, you thought leaving the European Union would mean less migration, and that was the reason for your lower growth forecast.

Andy King: That was less than half of the reason. The bigger reason was that we revised down our business investment forecast, and the contribution of that to productivity growth meant that we revised down our productivity forecast by about 0.2% a year, maybe a little more in the early years. That contributed significantly as well.

Q80 **Charlie Elphicke:** Looking at Brexit, you also assumed lower exports, and 7% of UK GDP goes on exports. If the assumption was that there would be mutual recognition and a free trade agreement with Europe that would not limit the ability of Britain to do trade deals around the world, would that potentially provide a stronger growth forecast outcome going forward?

Andy King: I would have to look at each thing individually and the evidence for it. To take one part of your question, on the scope to do better things with the rest of the world, that is a prime example of something the OBR cannot take into account until it has been set out. It falls under what in the legislation is termed an "alternative policy". Until the Government have specified it, we cannot look at it. That is not to say that we would not when that time came, and that its positive effects would not be included in the forecast if the evidence pointed that way. It is just something we cannot take into account until that time.



HOUSE OF COMMONS

Q81 **Charlie Elphicke:** That makes it pretty inevitable, then, that you will have to price in the downside risk but not be able to price in the upside opportunities when analysing Brexit. It leads to that inevitability, does it not?

Andy King: Take something like regulatory divergence. If you look across the studies of Brexit that people have done, some people see a very large upside from being able to regulate the economy in a different way; others see very little. The spectrum of possible policy changes is quite great. We at the OBR are simply not allowed to speculate on them until they have been set out by the Government.

Q82 **Charlie Elphicke:** To be clear, you cannot, then, take into account the upside of positive trade deals around the world and embracing the globe; you cannot take into account the upside of taking control of our regulations and being able to make our economy more competitive with a more competitive tax system. You cannot take into account these upside opportunities because they would be alternative scenarios. Is that broadly the case?

Andy King: We cannot take into account any future policies. Similarly, one might say the broad-brush assumption on migration could be too high or too low, depending on how the migratory regime is set out. It is the same for trade: it could be too high or too low, depending on how things pan out with the exit from the EU and future trade deals with the rest of the world.

Q83 **Charlie Elphicke:** Let us now look at tax forecasting. The OBR predicted oil revenues for 2016-17 at £2.4 billion. That was a figure seized on by the SNP to say that Scotland would do jolly well if it left the United Kingdom. Thankfully, the people of Scotland thought otherwise, because the actual revenues were £600 million. Why were they so far adrift?

Andy King: If you were to go back just a couple of years earlier before the oil price fell, you would find some forecasts with double figures of billions in them. The North Sea forecast, I think, is the most volatile of all our forecasts. It certainly was at one point. If you think about the regime there, you are talking about very large revenues and very large expenses. Therefore, the profit that is taxed is a small difference between two large numbers, which is a common problem in fiscal forecasting.

The tax regime itself also means that it matters a great deal whether the money earned in the North Sea is earned by companies with a tax history that means they are paying tax or a tax history that means they can offset their earnings against past losses. Relatively small movements in the oil price can lead to quite big percentage changes in the revenue forecast. If you think back to around that time, the oil price fell quite sharply from above \$100 down to \$80 or even lower. Then there was another step down to around \$50. I am not sure where we are now; it is \$75 or so. Errors in forecasting the oil price, which the academic evidence



HOUSE OF COMMONS

says is essentially unforecastable, are the kinds of things that feed into the North Sea revenue forecast.

Q84 **Charlie Elphicke:** Let us move from offshore corporation tax to onshore corporation tax. In 2013, the OBR said that corporation tax receipts for 2016-17 would fall to £38.2 billion. In fact, they were 30% higher. That is off the fan chart, is it not? What happened there?

Andy King: In my written answers, I highlighted that the onshore corporation tax forecast is one that we are reviewing quite closely. It has been systematically beating forecasts. The specific number you have there is the largest of the forecast errors. As ever in forecasting there is one statistical quirk that explains part of this. The ONS changed the accruals methodology, which brought forward when things score. That is a number of billions, but it is not the biggest part of the story. You also have the fact that, in general, profit growth has been a little stronger than we expected. As we dig deeper, most of what is going on here is in the guts of the model, the assumptions that are made about things like trends in group relief that offset large-company profits, and the amount of capital allowances used for a given investment forecast.

As a forecaster, when you get down into the individual bits, you are always seeking a central forecast. You hope your errors will at least be partly offsetting. In onshore corporation tax, it looks like all these things have been adding up. We produced a breakdown of not that specific year's forecast combination, but another one, in a publication recently. There was a series of things that are a billion pounds or so contributing to the error. Therefore, it is at the top of our list for reviewing how all those things are modelled. We know how the tax system works; we know how the ONS data on the economy look. They do not map on to each other. We have to make the best use we can of the economic data to forecast the tax receipts. Large errors or one-sided errors are things that put things at the top of our list for review.

Q85 **Charlie Elphicke:** Let us move on. In 2014, the OBR said inflation would be about 2% in 2015 and 2016, and it was in fact 0% in 2015 and 0.9% in 2016. Why was that?

Andy King: That is a story of oil forecasting. When we produce our inflation forecast, we feed in an assumption drawn from market prices, including forward oil prices. While the oil forward curve is never precisely flat, it rarely moves massively from the current price. Therefore, when the oil price falls sharply—it perhaps fell 30% or 40%—it means that part of our inflation forecast will be wrong.

Q86 **Charlie Elphicke:** A chap called Paul Ormerod writes in *City A.M.* saying, "Based on how wrong past forecasts have been, the next five years could see a cumulative fall in GDP of over 5%, or a cumulative rise of over 20%. The OBR's forecasts should be taken not just with a pinch of salt, but with the contents of an entire mine". He has a point, does he not? In 2013, they said that in 2014 growth would be 1.8%. It turned out to be



3.1%. In November 2016, the OBR predicted 1.4% growth of GDP; it was actually higher, at 1.8%. It consistently seems to be doing a bit better. How do you explain that?

Andy King: The thing that forecasters in general have a challenge in presenting is that, while the central forecasting is the one that we talk about and is naturally the focus because it is a specific number, forecasting is not about the centre of the forecast; it is about a distribution of possible outcomes. We have a fan chart. I suspect the first stat you quoted there was created by taking the bottom and top of the fan chart and accumulating those.

There is a distribution of possible outcomes. We think the risks around the forecast are evenly balanced at a specific number, but there is a reasonably high probability that, if we say 1.4%, 1.8% will be the right answer. You would say there is a reasonably low probability that, if we say cumulative growth is going to be 12%, it will actually be minus 5%. That would be at the extreme. Forecasting is a distributional activity. There is a range of possible outcomes, although we have to specify the central forecast in great detail, because that is how the fiscal targets are monitored. That is a general issue that we try to explain and that we cover at some length in our documentation. It is not the most exciting bit of the book. That is the table with the central forecasts in.

As for taking forecasts with a pinch of salt, you should take the central forecast with a pinch of salt, definitely. That pinch of salt should be informed by what we say about the range of what could happen round it. Yes, I agree that forecasts should be taken with a pinch of salt. There is, however, value in forecasts. Apart from anything else, they give you something to be surprised relative to. If you did not know we had forecast 1.4%, you might not be pleased to find out that 1.8% was the answer.

The other thing that you are allowed to fall back on as a forecaster is the fact that the statistics you have available at the time you make the forecast are rarely the statistics that are available now. Taking it a couple years further back to my final years in the Treasury, we had spent a very long time working out how to support the economy because the ONS numbers were in the doldrums.

Q87 **Charlie Elphicke:** You mean they were wrong, or subject to constant revision.

Andy King: They were subject to constant revision, but largely upward revision. I remember a summer when I worked myself into the ground trying to come up with options for the Chancellor to choose. It turns out that the economy was doing rather well. The latest estimates for 2014 have a 3% growth rate. If we had known that at the time, we might not have done what we did. As a forecaster, it is wrong to blame statistics because measuring the economy is probably a more difficult task than forecasting it, given that. There is an old Denis Healey quote about how



HOUSE OF COMMONS

forecasting is taking poor knowledge about history and no knowledge about now and using it to project the unknowable future.

Q88 **Charlie Elphicke:** I often tend to find that the forecasting in *City A.M.* seems to be more reliable than that from the ONS or the Bank of England.

Andy King: I am not sure. I have not studied it.

Chair: The man from the OBR is going to decline to comment on that.

Andy King: I have not studied that particular source in detail.

Q89 **Chair:** I have a few final questions that pick up, in a way, what you were talking about in answer to Charlie about the Treasury and your experience there. Your CV described your role as the lead author of the economy chapter of Budgets and pre-Budget reports between August 2006 and May 2009. The March 2008 Budget economy chapter refers 10 times to the resilience of the UK economy. Note I said "March 2008". Obviously that assessment was not borne out by subsequent events. Was the view that the economy was resilient, or did you face pressure from Ministers to talk about resilience when there were internal concerns about whether the economy was as resilient as everyone wanted to believe?

Andy King: When I look back to the many chapters I was responsible for, there is more than one hubristic statement. The resilience box is one I remember well. That time, particularly in early 2008, was a peculiar one, because around about that time you also had the Bank of England's *Financial Stability Report* essentially saying that we were out of the woods, and the IMF beginning to make positive sounds in the WEO.

We were conscious of uncertainty. There was a pretty wide range of views in the first half of 2008. As the second half of 2008 evolved and the big shocks of the September started to happen, the team leader of the team I was in at that time, who was the Graham Parker equivalent of economic forecasting, was very quickly aware that GDP was likely to fall 3%, 4% or 5% the following year, much more quickly than the consensus forecast was moving. We were then very quickly working out how to factor that into a forecast and, in particular, how to take judgments about potential output when actual was going to fall that far and how lasting an effect it would be. Although it did not prove to be a big enough judgment change, the one we made in the PBR at the end of 2008 was at least in the right direction and quite early relative to some other forecasters taking those judgments.

Q90 **Chair:** Somewhere in your questionnaire—I cannot find it now—you talked about how the one thing the OBR has not done is forecast through a recession, particularly in relation to a financial crisis. You have had the experience of seeing the financial crisis unfolding from the Treasury. Perhaps picking up what Charlie was saying about forecasting and the fiscal side of things, how would that potentially shape the way you would forecast and look ahead, on the basis that nobody ever quite knows when



a financial crisis is brewing?

Andy King: You could take a regular recession or a financial crisis. It is difficult to get the timing right, and it is difficult to get the magnitude of the fall in the bad moments. During the financial crisis I remember it being described as the “vertical phase” of the downturn. Working out what was going to happen—“Is 2% enough? Is 1% enough?”—is very difficult. I learnt through the process that crisis-style recessions in particular can be very abrupt. The type of recession where policymakers are squeezing inflation out of the system builds up, but shocks, oil shocks and financial crises are very abrupt.

On the economy side, Professor Bean has seen more than one recession. I would be confident of the judgments he made. On the fiscal side, we learnt a lot of lessons, particularly about a recession when inflation is relatively low. There are lots of rigidities in the public spending system or nominal things that are fixed relative to inflation or in cash. Particularly if nominal GDP falls, they can push the deficit up very quickly.

There are two things on the stocks of OBR publications that help to say how I would approach it. One is a working paper we did a few years ago looking at the March 2008 forecast relative to outturn and learning the lessons about sticking to departmental spending plans when nominal GDP is 10% smaller than you expect and you get 4% of GDP more public spending. We also learned how the ebbs and flows of inflation push through the welfare system. There were lots of useful lessons.

The other thing is the stress test we did in the *Fiscal risks report* last year, where we ran a stress test through all the fiscal models. We particularly learnt things about how inflation affects the debt stock now we have such a large stock of inflation-linked debt in the system. We also learnt that a couple of our models cannot cope with shocks that size, so professional judgment has to override the coefficients in the models. The capital gains tax model came out with very negative revenues, which is not what happened. That is a moment when you have to think more carefully about what actually would happen.

Q91 **Wes Streeting:** In your CV you describe your experience in the Treasury’s macroeconomic co-ordination and strategy group, writing, “I was responsible [...] for leading the March 2013 review of the monetary policy framework that delivered the first material changes to the Bank of England’s remit since it was granted operational independence in 1997”. The Bank’s remit has been changed and expanded through several Acts of Parliament since 1997. Was it the Bank of England’s remit you were referring to or did you mean the MPC specifically?

Andy King: I am afraid I meant the MPC, yes.

Q92 **Wes Streeting:** In December 2003, the MPC’s price stability remit was changed from 2.5% on the RPIX measure to 2.2% on the CPI measure. Was that not a material change?



HOUSE OF COMMONS

Andy King: It was. It was designed to have as little impact as possible, as 2% CPI was thought to be equivalent to 2.5% RPIX. Perhaps I should have said “the second material change” or “a material change” to the MPC’s remit.

Q93 **Chair:** Finally, I just want to return to this issue about gender and gender diversity, which Catherine raised. Assuming that we approve your appointment, there will have to be a new OBR chief of staff. Who runs the campaign for that replacement for you?

Andy King: That is an OBR responsibility. As I said at the start, the line manager of the chief of staff is the chairman of the OBR.

Q94 **Chair:** Would it be a good idea for us to tackle Robert Chote about the need for gender diversity in any replacements he might appoint?

Andy King: I am sure he would welcome that. He is as seized of the issue as I am.

Q95 **Chair:** You said in your questionnaire that one of the future risks to the OBR is the need to find a replacement for him when his final term is over. Would you agree that this senior appointment is another opportunity to remember not only gender diversity but diversity generally?

Andy King: Absolutely, yes. That would be a Treasury responsibility but, absolutely, yes.

Q96 **Chair:** We remind the Treasury very regularly of its responsibilities in this particular area.

Andy King: I have been following your correspondence.

Chair: Lovely. Thank you very much indeed for your time this morning. We are going to discuss the report that the Committee will write, but we are very grateful to you for being here this morning. Thank you.