



House of Commons
Treasury Committee

Appointment of Richard Hughes as the Chair of the Office for Budget Responsibility

Third Report of Session 2019–21

*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 13 July 2020*

The Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of HM Treasury, HM Revenue and Customs and associated public bodies.

Current Membership

[Mel Stride MP](#) (Chair) (Conservative, Central Devon)

[Rushanara Ali MP](#) (Labour, Bethnal Green and Bow)

[Mr Steve Baker MP](#) (Conservative, Wycombe)

[Harriett Baldwin MP](#) (Conservative, West Worcestershire)

[Anthony Browne MP](#) (Conservative, South Cambridgeshire)

[Felicity Buchan MP](#) (Conservative, Kensington)

[Ms Angela Eagle MP](#) (Labour, Wallasey)

[Mike Hill MP](#) (Labour, Hartlepool)

[Julie Marson MP](#) (Conservative, Hertford and Stortford)

[Siobhain McDonagh MP](#) (Labour, Mitcham and Morden)

[Alison Thewliss MP](#) (Scottish National Party, Glasgow Central)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

Publication

© Parliamentary Copyright House of Commons 2020. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at www.parliament.uk/copyright/.

Committee reports are published on the Committee's website at <https://committees.parliament.uk/committee/158/treasury-committee/> and in print by Order of the House.

Committee staff

The current staff of the Committee are John-Paul Flaherty (Second Clerk), Rachel Kift (on secondment from the National Audit Office), Dan Lee (Senior Economist), Gosia McBride (Clerk), Cat Melvin (on secondment from Financial Conduct Authority), Aruni Muthumala (Senior Economist), Matt Panteli (Senior Media and Policy Officer), Baris Tufekci (Committee Support Assistant), Adam Wales (Chief Policy Adviser), Maciej Wenerski (Senior Committee Assistant), Marcus Wilton (Senior Economist), and Tony Verran (on secondment from HM Revenue & Customs).

Contacts

All correspondence should be addressed to the Clerk of the Treasury Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5769; the Committee's email address is treascom@parliament.uk.

You can follow the Committee on Twitter using [@commonstreasury](https://twitter.com/commonstreasury).

Contents

Introduction	3
1 The appointment of Richard Hughes	4
Background on Richard Hughes	4
Our evidence	4
Conclusion	5
Formal minutes	6
Witnesses	7
List of reports from the Committee during the current Parliament	8

Introduction

1. Schedule 1 of the Budget Responsibility and National Audit Act 2011 requires that the Chair of the Office for Budget Responsibility is appointed by the Chancellor of the Exchequer, with the consent of the Treasury Committee.
2. The Treasury announced Richard Hughes as its preferred Chair of the Office for Budget Responsibility (OBR) on 5 June 2020. The term for a Chair of the OBR is set out in legislation as lasting five years.¹
3. In this Report, we have considered the suitability of Mr Hughes for his appointment as Chair of the Office for Budget Responsibility against two criteria—personal independence and professional competence—in line with the practice of previous Treasury Committees.
4. We took evidence from Mr Hughes on 13 July 2020. He provided a full CV and answered our questionnaire prior to giving oral evidence. The Committee thanks him for his evidence, which is appended to this Report.

1 Budget Responsibility and National Audit Act 2011 [Schedule 1 Section 3](#)

1 The appointment of Richard Hughes

Background on Richard Hughes

5. Mr Hughes will be appointed for a five-year term starting on 4 October 2020.

6. Previously Mr Hughes was a Division Chief in the International Monetary Fund's (IMF's) Fiscal Affairs Department and has also been Director of the Fiscal Group and Acting Chief Economist in HM Treasury. More recently, he has worked as a Research Associate at the Resolution Foundation. He has also served as Senior Counsellor to France's independent High Council on Public Finance (Haut Conseil des Finances Publiques) and Lecturer at Sciences Po University in Paris.²

Our evidence

7. In oral evidence, we questioned Mr Hughes about his personal suitability for the post, the outlook for the economy, and the issues facing the OBR. Topics covered during the session included:

- the challenges of economic forecasting during the Coronavirus pandemic;
- the impact of the Coronavirus on the UK economy, including its sectoral impact, and the Government's fiscal policy response;
- the importance of providing a range of scenarios given the uncertainty around the future economic response to the Coronavirus;
- the relative merits of the Government's stimulus policy responses;
- the outlook for inflation as a result of the Coronavirus, the money supply within the economy, and the interchange between higher inflation and its impact on the National Debt;
- Mr Hughes' career at the Treasury, and his independence;
- Mr Hughes' international experience and external criticism of the Treasury;
- the risks from groupthink for economics and the range of views that exist within economics;
- the lack of gender diversity within the OBR, and how Mr Hughes will increase its diversity;
- female representation within economics;
- the importance of diversity within economic forecasting;
- the uncertainties around forecasting consumer spending as a result of the Coronavirus;

² Gov.uk, [Chancellor announces Richard Hughes as preferred Chair of the Office for Budget Responsibility](#), 5 June 2020

- how the OBR might incorporate Coronavirus loan write-offs within its forecast, and how it considers the Government's balance sheet;
- the corporate debt burden and its impact on investment;
- the timing of the unwinding of quantitative easing;
- fiscal modelling and dynamic behavioural effects;
- the economic impact of cuts to Value Added Tax and Stamp Duty Land Tax;
- the value of publishing OBR forecasts at the same time as the Treasury publishes its fiscal plans;
- the OBR's ability to choose to publish forecasts of its own volition;
- the potential to increase yields by cutting taxes, and how to incorporate these into its forecasts;
- Mr Hughes' ambition to lead the OBR and his experience in leading organisations;
- the shape of the UK's economic recovery from the impact of Coronavirus;
- the use of real time data in forecasting the impact of Coronavirus;
- who Mr Hughes sees as a role model for how he will lead the OBR;
- whether the OBR should cost opposition policies;
- the role of the OBR in censuring government;
- the OBR's relationship with the Government and Parliament;
- how to approach incorporating the uncertainty of the UK's relationship with the EU in its Autumn forecast;
- whether the OBR incorporate wider concerns such as climate change into its forecast; and
- how Mr Hughes will promote diversity across all protected characteristics within the OBR.

Conclusion

8. We are satisfied that Richard Hughes has the professional competence and personal independence to carry out his role, and we consent to him being appointed as Chair of the Office for Budget Responsibility. We wish him every success in his role.

Formal minutes

Monday 13 July 2020

Members present:

Mel Stride, in the Chair

Rushanara Ali	Ms Angela Eagle
Mr Steve Baker	Siobhain McDonagh
Anthony Browne	Alison Thewliss
Felicity Buchan	

Draft Report (*Appointment of Richard Hughes as the Chair of the Office for Budget Responsibility*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 8 read and agreed to.

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

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

[Adjourned till Wednesday 15 July 2020 at 2.00 p.m.]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 13 July 2020

Richard Hughes, HM Treasury's preferred candidate for Chair of the Office for Budget Responsibility

Published written evidence

The following written evidence was received and can be viewed on the [inquiry page of the Committee's website](#).

- 1 Richard Hughes' CV
- 2 Richard Hughes' appointment hearing questionnaire
- 3 Letter from the Chancellor of the Exchequer to the Chair of the Treasury Committee setting out the diversity of the applicants to the role of Chair of the OBR.

List of reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2019–21

First Report	Appointment of Andrew Bailey as Governor of the Bank of England	HC 122
Second Report	Economic impact of coronavirus: Gaps in support	HC 454
First Special Report	IT failures in the financial services sector: Government and Regulators Responses to the Committee's Second Report of Session 2019	HC 114
Second Special Report	Economic Crime: Consumer View: Government and Regulators' Responses to Committee's Third Report of Session 2019	HC 91