

A lot rests on the budget

I find it strange that for weeks we can all read in the papers of a struggle between the Chancellor who wants to offer tax cuts, and the officials of the OBR and Treasury who do not want him to do that.

These arguments should take place in confidence. The Chancellor should make the judgement having heard all the arguments. Officials should cooperate with the decisions made.

This better way of working has been disrupted by creating a so called independent OBR and then doubling up by adopting a ludicrous control for policy based on their forecast of the debt and deficit in five years time. They themselves would agree that the only thing we can be sure about is their 5 year out forecast will be wrong. No one can give an accurate spot forecast for public borrowing that far distant. Their forecasts for the immediate year which could be more accurate have badly overstated borrowings in recent years.,

OBR forecasts are said to be independent but are formed in an iterative process with Treasury officials guiding them on government policy. If the forecast was genuinely independent there would be no need for the Chancellor to accept it or defend it. He might choose a different independent forecast from a reputable forecaster with a better track record. The insider's forecast lures the Chancellor into acceptance or submission, however bad it might be.

This budget would be best based around how much government plans to spend next year and how much it might have to borrow in that year. That after all is meant to be the idea of an annual budget. Debt interest will tumble with lower inflation taking maybe £30 bn off peak levels of inflation linked cost. Public sector productivity should be prodded to remove some of the £30 bn loss since 2019. Credit should be given for the planned cut of 300,000 in legal migration greatly reducing pressures on social housing and public service.

If the OBR insist on highlighting the 5 year debt figure then the Chancellor should cut back some of the unfunded spending increases pencilled in for that year.