

Labour warn of threat to public finances from climate change

The Shadow Chancellor will today warn of the cost implications of climate change on the public finances.

In a speech at the IPPR think tank in central London, he will call on the Government to include the fiscal risks posed by climate change in future fiscal forecasts.

He will lay out how under the next Labour government the Office of Budget Responsibility will be made truly independent of government, and asked to model for the effects of human-made climate change on the public finances.

Recent research has shown the potential loss to UK GDP from climate change and environmental degradation as much as £75bn a year by 2050.

John McDonnell MP, Labour's Shadow Chancellor, speaking today at the IPPR conference in London, is expected to say:

"The truth is that meeting the challenge of climate will require more than marginal adjustments. It will require a transformation of our institutions and how our economies are run.

"Over the last few years the Office for Budget Responsibility has established itself as an independent, authoritative voice on economic analysis. The next Labour government will guarantee and reinforce that independence by making the OBR report not to the Treasury but to Parliament.

"We want thorough and genuine oversight of our own fiscal plans. We want the public, whether businesses or voters, to be absolutely confident that the public finances are properly scrutinised and managed.

"And we want to ensure that the overwhelming challenge of climate change is addressed from the very centre of government. This includes the potential

losses to the public finances.

“The next Labour government will therefore ask the OBR to include the impact of climate change and environmental damage in its long-term forecasts. The public deserve to know what impacts we might expect on the national purse from the degradation of our environment. Sound, responsible economic management should already be accounting for this.

“We’ll make sure the OBR has the resources needed to deliver the best available modelling of the economic impacts of the environment. It will become a new centre of expertise for environmental macroeconomics.

“And we will make sure not just the next Labour government, but future governments, will be absolutely committed to addressing this, our greatest single public challenge.”