

## More funny numbers from the OBR

So we learn that UK state borrowing was £11.3 bn less in the first four months of this financial year than the OBR forecast. Spending was up so the main reason for a further large error once again was understating tax revenues. Income tax was up by a massive 13% . the OBR often understates revenue when the economy grows a little.

I renew my question to Ministers. Why do you make the OBR five year forecast of the deficit the key control on your economic choices? As the OBR cannot get within £10 bn for the immediate year why believe the 5 year forecast? If the OBR model regularly understates tax revenue why accept advice to hike tax rates?

The numbers were further distorted by the transfer of £14 bn to the Bank of England to pay losses, taking the total to an astonishing £24 bn in just four months. The Bank's decision to sell bonds at the low prices it has driven them down to instead of holding them to repayment has added to the misery and inflated government ex Bank borrowing and spending.

Spending on benefits was up £11bn, on staff costs £8.2 bn and grants to Councils up £3 bn, making a total increase of £24 bn so far this year. If the government would introduce a freeze on public sector recruiting save for key personnel like medics and uniformed roles the government could start to control some of these outgoings.

Debt interest remains very elevated, More than half the stated costs do not entail any cash payments out or additional borrowing given the way the accounts treat indexation of some bonds.

The government needs to look through these confusing numbers and forecasts. The underlying reality is it could cut the rate of increase in spending, boost public sector productivity and cut some tax rates to grow the economy and revenues more.