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I am writing to request an opportunity to discuss the outlook for the UK economy and public finances, at a date of your convenience following the Autumn Statement.

I also wanted to highlight a growing concern about the interpretation of the OBR forecast. This rests on the fact that the five year fiscal forecast in reality comprises two distinct periods. The first period covers years for which concrete spending decisions have been taken – for example, the forecast for 2015/16 is based on the 2013 Spending Round which covers that year. The second period covers years for which an “assumption” about the future path of spending is made, in lieu of specific spending decisions (2016/17 onwards).

I am concerned that the distinction between these two periods is insufficiently clear. The distinction is important because spending assumptions are very different to spending decisions: the former are indicative “placeholders” and are contingent on future government decisions about public spending, while the latter are definitive and highly unlikely to change. My observation of the broader public commentary on fiscal policy suggests that this important distinction is not well understood.

I believe that understanding would improve if this distinction were more clearly and explicitly drawn in the forecast report. One way to achieve this would be to demarcate decided-upon forecast numbers from the “assumed” numbers for later years, in the report’s data, charts and narrative, akin to the distinction drawn between forecast and outturn data.

I hope that you will consider this approach for the forthcoming *Economic and Fiscal Outlook*. I have copied this letter to the Chancellor and the Chief Secretary to the Treasury.

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Secretary of State for Business, Innovation and Skills