

Lord Myners  
House of Lords  
London  
SW1A 0PW

1 April 2011  
Our ref: 4724LW 10/11

Robert Chote  
*Chairman*

20 Victoria Street  
London SW1H 0NF

Tel: +44 (0) 20 7271 2509

robert.chote@obr.gsi.gov.uk

budgetresponsibility.independent.gov.uk

*Dear Lord Myners*

**Re: Budget measures**

As Chair of the Budget Responsibility Committee of the Office for Budget Responsibility I have been asked to reply to your recent question,

**To ask Her Majesty's Government whether the Office for Budget Responsibility was given sufficient time to model and consider the full consequences of the tax and expenditure changes announced in the Budget. [HL8129]**

Six weeks in advance of the Budget, the Office for Budget Responsibility (OBR) agreed with HM Treasury a timetable for receiving information on Budget measures. The agreed deadline for receiving information on measures that could potentially affect the economy forecast was the 9<sup>th</sup> of March; and the deadline beyond which the Budget Responsibility Committee would not guarantee the certification of policy costings was the 11<sup>th</sup> of March.

The Office for Budget Responsibility (OBR) was given sufficient time to include in our March 2011 economy forecast all but two Budget measures, which were received after the agreed deadlines.

As mentioned in the March 2011 *Economic and fiscal outlook*, the OBR was notified of the 1p per litre reduction in fuel duty from April 2011 and the changes in of the rate of corporation tax on the 16<sup>th</sup> and the 17<sup>th</sup> of March, respectively - too late to include any potential second round effects in the economy forecast. Although we had insufficient time to undertake a full re-run of the forecast, we do not believe that there would have been a material impact on it if we had,

Also, the OBR has not certified the costing of increasing the time limit in the short life assets regime from four to eight years because of insufficient evidence presented, and after the deadline which would have allowed adequate scrutiny. The Budget Responsibility Committee has asked HM Treasury to carry further analysis on the costing of this measure. Once HM Treasury has produced new evidence, the revised costings will be scrutinised by the OBR.

The costings of the measures mentioned above were included in the OBR March fiscal forecast.

Yours sincerely,



**Robert Chote**  
Chairman