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HOUSE OF COMMONS
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Robert Chote
Chairman, Office for Budget Responsibility
20 Victoria Street
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22

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Dear Robert

Over the last three years the Office for Budget Responsibility has become an established part of the framework of British economic policy with broad-based and cross-party support.

I believe it is vital that the OBR's impartiality and independence is preserved. This was a point made by all sides of the House when the OBR was established and it is why there remains a consensus – reflected in the Budget Responsibility and National Audit Act – that the OBR should not be drawn into party politics by commenting on the merits of individual policies or examining alternative policy scenarios.

However, fully consistent with that consensus, I believe now is the right time to take a further step forward to enhance the role of the OBR and, by doing so, enhance trust in British economic policy making.

The OBR's Charter states that:

"The Government is responsible for all policy decisions and for policy costings, i.e. quantifying the direct impact of policy decisions on the public finances. Subject to receiving sufficient information from the Treasury to do so, the OBR will provide independent scrutiny and certification of the Government's policy costings. The OBR will state whether it agrees or disagrees with the Government's costings, or whether it has been given insufficient time or information to reach a judgement."

I propose that the OBR now play that role not just for the current government but for prospective governments. At the time of the establishment of the OBR, the Chair of the Treasury Select Committee said he believed this could be done within the existing legislation.

The reform I am proposing would mean the Opposition would submit costings for proposed manifesto commitments on spending and tax – obtained from, for example, the House of Commons Library, Parliamentary Questions or the Institute for Fiscal Studies – and the OBR would 'provide independent scrutiny and certification' of those costings.

I look forward to discussing this proposal with you further.

Yours sincerely,

Ed Balls MP