

ED BALLS MP
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HOUSE OF COMMONS
LONDON SW1A 0AA

Robert Chote
Chairman, Office for Budget Responsibility
20 Victoria Street
London
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14th

October 2013

Dear

Robert

Thank you for your letter of 23 September and for the helpful and constructive way you have engaged with my proposal that the OBR provides independent scrutiny and certification of costings of political parties' manifesto commitments on spending and tax, while ensuring the OBR is not drawn into party politics by commenting on the merits of individual policies or examining alternative policy scenarios.

While the Chair of the Treasury select committee has previously said he is not absolutely sure the current legislation necessarily rules out such a role, I understand the legal advice provided to you by the Treasury Solicitor's Department is that a change in the law is necessary to carry out this role and in order to develop a political consensus on this change and protect your independence.

As I said in Brighton, we would support any changes needed to the OBR's Charter and primary legislation and would seek to build cross-party consensus to achieve it.

In order to achieve that consensus, I am today publishing a draft amendment to the law which would enable the OBR to carry out the role I have proposed. The Clerks of the House of Commons inform us that, with the support of the Chancellor, one option available to us is to table this amendment to next year's Finance Bill so that the change could be made well in advance of the 2015 general election.

I am therefore writing to the Chancellor of the Exchequer and the Chair of the Treasury select committee asking for their support for this change.

I look forward to further discussions about the process and other practical issues for certifying the manifesto costings.

Yours sincerely,

Ed Balls MP

Proposed amendment

Office for Budget Responsibility

The Budget Responsibility and National Audit Act 2011 is amended as follows:

(a) after subsection 4(4) of the Budget Responsibility and National Audit Act 2011 insert –

“(4A) It shall also, before a General Election,

(a) provide independent scrutiny and certification of the policy costings of any political party which has at least 5 per cent of the seats in the House of Commons at the request of that political party, subject to receiving sufficient information from that political party,

(b) state whether it agrees or disagrees with the policy costings of the political party making a request, or whether it has been given insufficient time or information to reach a judgement, and

(c) publish details of the independent scrutiny and certification of policy costings conducted under subsection (a) on the Office website, and place a copy in the Library of the House of Commons.”

(b) omit subsection 5(3)(b) and insert –

“(b) may not consider what the effect of any alternative policies would be, except in the performance of the duty contained in subsection 4(4A) above.”