

## Minutes of the OBR Think Tank Roundtable

24 January 2024

### Attending:

Panel members: National Institute of Economic & Social Research, Resolution Foundation, Institute for Government, Institute for Fiscal Studies.

Budget Responsibility Committee: Richard Hughes, Tom Josephs and Prof. David Miles CBE.  
Staff of the OBR

### **1. Welcome and introduction**

This think tank roundtable was convened for the OBR to hear and discuss analysis on key forecast issues ahead of the Spring Statement 2024.

### **2. NIESR – inflation outlook and risks**

Analysts from the National Institute of Economic & Social Research (NIESR) presented on their baseline outlook and range of scenarios for UK inflation, alongside comparing previous years' outturns to their range of scenarios at the time. The presentation also covered key risks to the outlook, including wage settlements and Red Sea shipping disruptions.

Attendees posed questions on how the NIESR inflation outlook feeds into other areas of the economy, the scale of potential disruption from shipping risks, and how significant recent inflation outturns were for the outlook.

### **3. RF – household income and spending**

Analysts from the Resolution Foundation (RF) presented on the outlook for household income, saving and consumption. The presentation focused on how net interest had offered support to aggregate household incomes in recent quarters, and likely future trends. RF analysts also discussed the outlook for saving in the coming quarters, and the implications for consumption.

Attendees posed questions on how bank margins interact with household interest incomes, additional risks to consumption, real versus nominal dynamics and measurement problems in household income.

### **4. IfG – public sector productivity**

Analysts from the Institute for Government (IfG) presented on the fall in public sector productivity since the pandemic, alongside the prospects for future improvements. The presentation also covered potential reforms to fiscal policy processes.

Attendees posed questions on different fiscal policy processes, the distinction between cutting inputs and expanding output per unit of input, global comparisons, policy transparency and long-term incentives of fiscal rules.

## **5. IFS – local government finance**

Analysts from the Institute for Fiscal Studies (IFS) presented on local government spending power, services demand and wider financial pressures. The presentation covered the implications of current plans for these pressures, scenarios for the future of local government finances, the use of reserves and what this would mean for local services.

Attendees posed questions on best practice for reserves, trends on section 114 notices, how local government financing policy affects national redistribution and the key drivers of spending pressures.