



Treasury Committee

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Rt Hon Kwasi Kwarteng MP
Chancellor of the Exchequer
HM Treasury
Via email

29 September 2022

Dear Kwasi,

Growth Plan 2022 and OBR Forecast

Your Growth Plan is amongst the largest fiscal interventions of modern times and one that has resulted in various significant and concerning reactions in the markets. The yield on 10-year gilts rose from 3.5 per cent to 4.2 per cent in the two days following your statement, exceeding any movement during the global financial crisis or the pandemic. Yesterday the Bank of England had to intervene in the gilt market on financial stability grounds given “a material risk to UK financial stability”.¹

The fiscal impact of your Growth Plan significantly exceeds that of a typical Budget and yet there was no OBR forecast to accompany it. It is hard to conclude other than that an absence of a forecast has in some part driven the lack of confidence in the markets. Some have formed the unfortunate impression that the Government may be seeking to avoid scrutiny, possibly on account of expecting the OBR forecast to be unsupportive of the achievement of the economic outcomes the Government expects from the Growth Plan, including 2.5% trend growth in the medium term. Independent forecasts are an essential component of both accountability and demonstrating fiscal credibility to markets and the public.

As you know, I pressed you and your predecessor well in advance of your 23 September statement to publish an OBR forecast alongside it. The OBR assured me in a letter of 26 August that they would be able to produce a forecast to that timescale meeting all legislative requirements, and that they had commenced preparatory work to enable them to do so on 29 July.² The OBR was standing by ready to provide a meaningful forecast alongside the 23 September statement had the Treasury requested it. No such request was received. Instead, the waters appear to have been muddied by suggestions that because there is a legal requirement for two forecasts a year and that that requirement will be met in due course, and that there was not the usual 10 week period available for the OBR to create the forecast, then a forecast should or indeed perhaps even could not be provided. Our exchange of correspondence over the forecast only adds to the sense of the avoidance scrutiny.³

Shortly after you had concluded your Statement on 23 September, I asked you on the floor of House if you would publish the initial baseline OBR Economic and Fiscal Forecast which was provided to you on your arrival in office. As you know this forecast would have informed us as to how the outlook had changed since the last full OBR forecast (23 March) given the deteriorating economic conditions and policy interventions prior to your appointment. I did not receive an answer on that point.⁴ **Please could you confirm that you will make public that forecast immediately?**

You have stated that a full OBR forecast will be provided alongside your Medium-Term Fiscal Plan (MTFP) on 23 November. As a follow up to my earlier correspondence with the OBR, Richard Hughes

¹ <https://www.bankofengland.co.uk/news/2022/september/bank-of-england-announces-gilt-market-operation>

² [Letter from Richard Hughes](#), 26 August 2022

³ [Letter to the Chancellor](#), 20 September, and [reply](#) of 22 September

⁴ [HC Deb 23 September 2022 col 942](#)

has this afternoon provided me with confirmation that the next iteration of the full forecast will be with you on Friday 7 October and that he will shortly publish the timetable for the whole process involved in producing the full forecast. It is clear from this and my earlier correspondence with him that a full forecast can therefore be provided by the end of October, and a meaningful forecast prior to then. Given the continued uncertainty within markets, there would be a clear advantage to moving the MTFP statement and the release of the OBR forecast to as early a date as possible. In particular, the MPC will benefit from clarity around your fiscal plans and access to an independent OBR forecast before their key meeting on 3 November when they will be taking a critical decision around the level of base rate which will in turn have significant implications for the economy and for millions of people and businesses across the UK. **Please could you therefore confirm that it would be possible to provide an earlier forecast and fiscal announcement and what the earliest date for that announcement might be?**

Oral evidence

As you know the Committee has requested that you appear before us shortly after the return of the House from recess. Given the above it is therefore disappointing that you have declined the Committee's invitation to give oral evidence on your Growth Plan and have asked to postpone your appearance until after your planned 23 November statement.

Your predecessors have been aware of the importance of select committee scrutiny, routinely appearing before the Committee to explain their approach following fiscal events and at times of great economic difficulty. For example, the then Chancellor, Alastair Darling, appeared five times before the Committee in 2008.⁵ **I would be grateful if you would reconsider our invitation to appear before the Committee shortly after the conference recess.**

I would be grateful for a prompt response and no later than end of business Monday 3 October please. I will publish this letter shortly and will publish your response in due course.

Kind regards,



Rt Hon Mel Stride MP
Chair of the Treasury Committee

⁵ 10 January, 19 March, 4 June, 3 November, 10 December, [Treasury Committee formal minutes](#)