The OBR: 15 years on

Resolution Foundation response to the Treasury Select Committee's inquiry

19 February 2026

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In December 2025, the Treasury Select Committee (TSC) launched an inquiry into the Office for Budget Responsibility (OBR) to assess the organisation's performance over the past 15 years, and to input on possible reforms to the OBR's role, remit, and how it works with the Treasury. In this spotlight, we set out our response to the inquiry. We highlight the vital role that the OBR plays in producing independent forecasts and assessing policies and Budgets against the Government's fiscal rules. Evidence shows having Independent Fiscal Institutions (IFIs) like the OBR helps to reduce government borrowing costs: applying estimates from academic studies to current UK debt levels implies a cash saving of £37-55 billion a year.

That said, although the OBR has broadly the right responsibilities, three improvements can, and should, be made to deliver a more transparent and smooth forecast process. First, the OBR should be given more resource to reflect its broad remit, with its budget set separately from the Treasury's own budget. Second, the Budget Responsibility Committee (BRC) should include additional members to oversee key assumptions, and responsibility for running the organisation should be delegated to a CEO or COO. And third, the pre-measures forecast should be published *ahead* of the Budget, ensuring fair access to information and informed public debate and reducing speculation in the run up to a fiscal event.

The OBR and the fiscal rules are central to our economic policy making

The OBR is a crucial part of the UK's economic-policy framework, providing scrutiny to the process and substance of the government's fiscal-policy decisions. The centrality of its role means that it plays a key part in the successful functioning of the wider economy and, ultimately, in all our living standards.

Likewise, much-maligned fiscal rules also play an important role. They are designed to solve the 'time-consistency' problem – whereby incumbent governments have a political incentive to tax less or spend more than is necessary – inherent in fiscal policy making.[1] Unlike monetary policy, fiscal policy cannot be simply delegated to an independent body without losing vital democratic accountability. Setting clear, medium-term rules raises the political cost of opportunistic fiscal behaviour and provides a commitment device for sticking to preannounced plans. To achieve that, rules tend to be forward looking. So implementing them requires unbiased forecasts and policy costings. In this context, Independent Fiscal Institutions (IFIs), such as the OBR, play a critical role, bolstering credibility by removing the temptation for governments to meddle in the enforcement of the rules.[2] They also provide the bond market with a transparent and trusted account of a country's economic and/or fiscal outlook.

There is substantial evidence that this approach improves fiscal-policy outcomes and reduces the cost of sovereign borrowing. Indeed, the UK's current setup is informed by experience across many countries and is in line with best practice. There is evidence that having effective fiscal rules monitored by an IFI improves compliance with fiscal rules and reduces government borrowing costs by 1.2-1.8 percentage points on average.[3] For the UK, these estimates imply a saving of £37-55 billion a year in cash terms at current debt levels.[4] There is also strong evidence that they improve the accuracy of forecasting. Our view, in line with others, is that this evidence is strongly supported by the experience of the so-called mini-budget in 2022, during which the OBR was excluded from the policy-making process.

More than anything, those who lay the blame for our fiscal woes at the door of the OBR are fundamentally misattributing the problem.[5] Sharp trade-offs and struggles to meet self-imposed rules are not a result of the role of the OBR. This is analogous to blaming referees for the poor state of football: yes, decisions by a referee can have an influence on a given match or situation, but the involvement of a referee provides credibility that is essential for the game itself. Indeed, it's unfortunate when a match is so close that a referee's decision is crucial; the best way to avoid that situation is simply to play better! Instead the underlying problem here is low growth and rising demands on the state: if growth had continued at pre-financial-crisis levels, tax revenues would be in the order of £400 billion higher than they are today.[6]

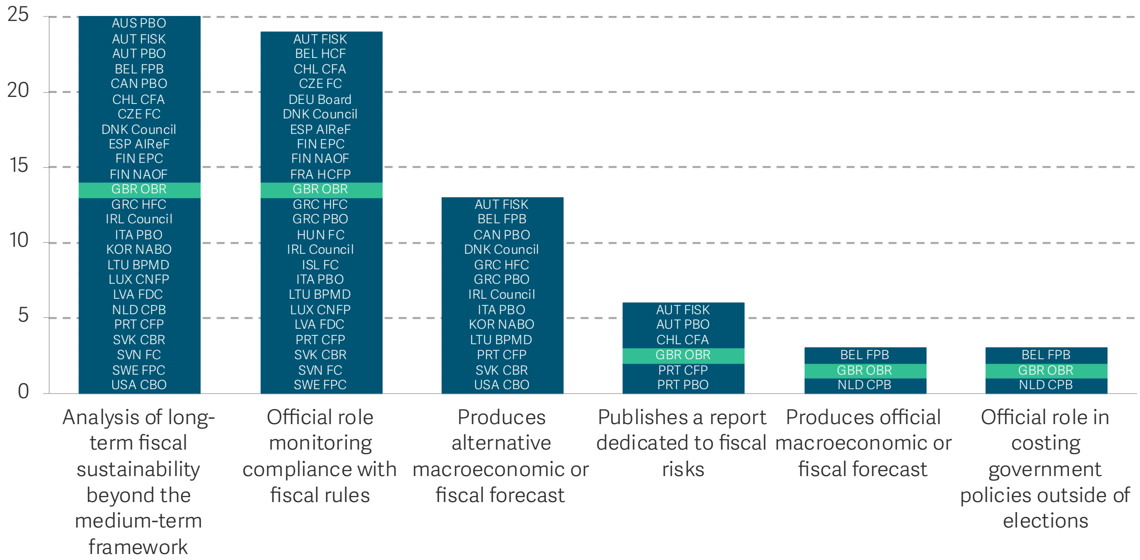
But there are ways in which the design of the OBR could be improved

Nonetheless, design choices taken in 2010 at the inception of the OBR shouldn't be seen as set in stone; we should learn from experience and reflect best practice elsewhere.[7] There are three key dimensions to the design of any IFI, which boil down to: the breadth of what it's asked to do, how independent it is, and the extent of its accountability. Below we argue that the OBR has broadly the right responsibilities but would benefit from changes to its governance and resourcing.

When it was founded, the OBR had a relatively broad mandate. This included production of the government's official macroeconomic and fiscal forecasts, costing of government policy measures, assessment of the government's performance against its fiscal rules, and analysis of issues relevant to the sustainability of the public finances. As Figure 1 shows, the OBR is the only IFI in the OECD with such broad responsibilities. However, this breadth is well aligned with its purpose. Forecast and policy-evaluation responsibilities rightly remove the temptation for politicians to directly influence the forecast process. In any case, returning forecasting back to the Treasury represents a retrograde step that would undo changes that have been shown to improve forecasting performance and increase the credibility of the process.[8]

Figure 1 **The OBR has more responsibilities than any other IFI in the OECD**

Number of IFIs with stated analytical activity or function: OECD, 2021



Notes: OBR is highlighted in green. Shows a selection of the activities and functions that form the analytical focus dimension, but not all of the variables covered by the dimension. There are 35 national IFIs in the OECD (in 29 countries). 3 IFIs do not do any of the activities or functions listed.
Source: RF analysis of OECD, Independent Fiscal Institutions Database (Version 2.0), 2021.

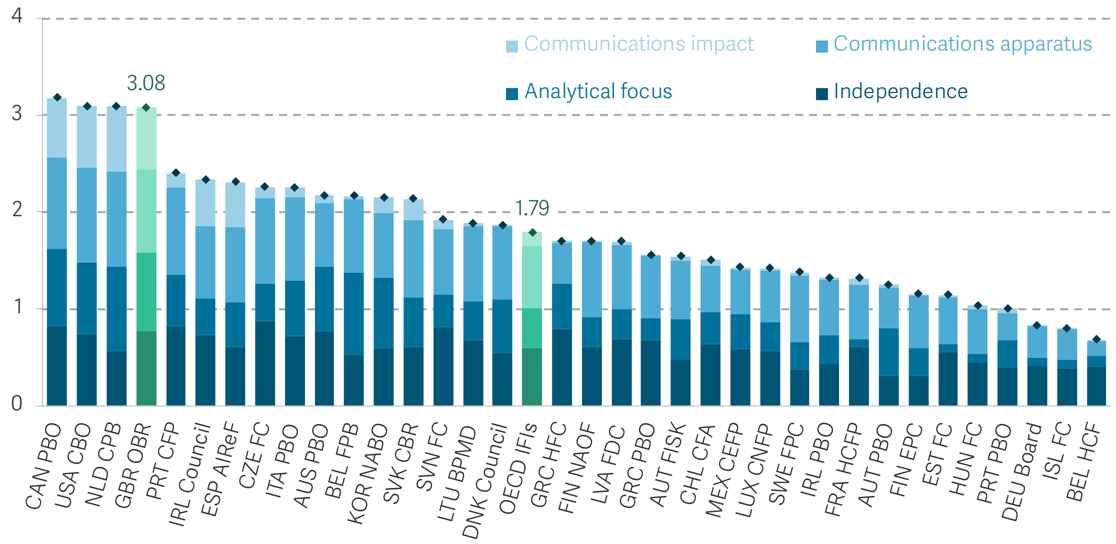
If we compare to elsewhere, delivering the official fiscal forecast is the least common of the OBR's responsibilities among other IFIs: it is one of three such institutions with official forecasting responsibilities (Figure 1). The OECD considers this best practice to enable IFIs to act as strong advocates for fiscal sustainability.[9] The OBR's remit differs with the other two – the Federal Planning Bureau (FPB) of Belgium and the Netherlands Bureau for Economic Policy Analysis (CPB) – as it also has the official role of monitoring compliance with fiscal rules, which sits with different public bodies in Belgium and the Netherlands. In the UK context, this institutional design aligns with purpose and supports good fiscal policy given synergies with broader considerations about fiscal risk.

The OBR should have more resources

The OECD Fiscal Advocacy Index (Figure 2) allows us to compare the OBR's operations and structure to other IFIs. The index measures the extent to which IFIs are set up to champion fiscal sustainability, assessing IFIs across four dimensions – independence, analytical focus, communications apparatus and impact. The OBR scores highly – 3.08 compared to the OECD average 1.79 – and is one of a handful of IFIs with high scores across all dimensions. Independence in particular is evaluated based on the extent to which IFIs can effectively provide impartial advice, and their leadership and operations are free from outside interference.[10] Again, the OBR scores higher than average here (0.77 compared to 0.60). This reflects the OBR's ability to deliver forecasting and policy assessments which balance independence and democratic accountability.

Figure 2 **The OBR is well designed to support fiscal sustainability compared to other OECD IFIs**

OECD Fiscal Advocacy Index: 2024



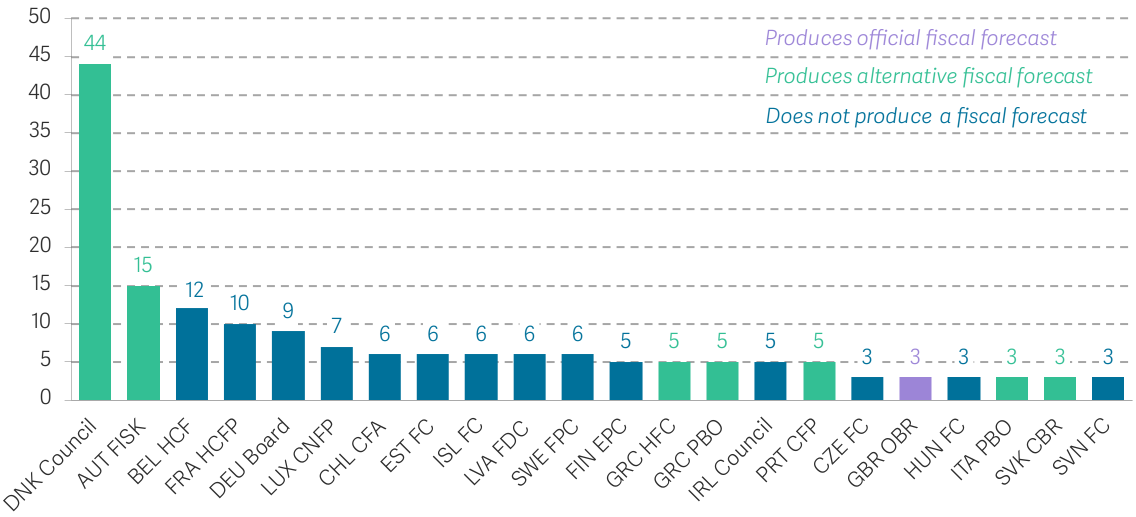
Notes: OBR and OECD average are highlighted in green. The markers indicate the score for each IFI out of a maximum possible value of 4. Data refer to 35 national IFIs in 29 OECD countries.
Source: OECD Fiscal Advocacy Index 2024, reproduced from OECD, Government at a Glance 2025, June 2025.

However, there are ways the OBR's independence is limited. Its budget is not ringfenced from the influence of politicians.[11] The OBR must negotiate from within the Treasury's own spending review allocation, generating conflicts of interest. Internationally, only a few IFIs are subject to the same budget procedures as other government departments, and none have as wide a remit as the OBR.[12] This is also particularly worrying given that the relative breadth of the OBR's responsibilities stand in contrast to its relative resources: the FPB has double the staff, the CPB around three times more (the other two IFIs with official forecasting responsibilities).[13] This discrepancy becomes even starker when you consider the UK's much larger population and economy.

Leadership structure is the area where the OBR arguably looks most out of step with practice elsewhere. More than half of OECD IFIs are governed by a council (with a chair) like the OBR's Budget Responsibility Committee (BRC) – but nearly three-quarters (73 per cent) have five or more members on the board, and the average is six.[14] In contrast, the BRC has three. While there are good reasons why the BRC should not be overly large, there is considerable evidence that broader committees make better decisions.[15] And it is useful to compare the BRC with the Bank of England's Monetary Policy Committee (MPC) which has nine members, four of whom are external to bring in outside expertise.

Figure 3 **Council leadership is common among OECD IFIs, but the majority have five or more members**

OECD IFIs with council leadership structure, by number of council members: OECD, 2021



Notes: The database distinguishes two types of leadership structure: collegial and individual. Collegial leadership is defined as governed by a council. The 13 IFIs not included here have an individual leadership structure (where there is only one head of the organisation).
Source: RF analysis of OECD, Independent Fiscal Institutions Database (Version 2.0), 2021.

Notably, the two IFIs with comparable responsibilities to the OBR, the FPB and CPB, have an individual leadership structure, with one head, deputies and department heads that form the management team. In light of the early release of the OBR's *Economic and Fiscal Outlook* (EFO) ahead of last year's Budget – which was clearly an operational issue – the Government should consider whether the day-to-day running of the OBR should be delegated to a Chief Executive or Chief Operating Officer, leaving the BRC with the sole focus of the substance of its forecast and scrutiny.

If the OBR's resources cannot be increased to reflect the breadth of its responsibilities, the alternative is to find other ways to streamline what it does. Closer alignment with the Bank of England – for example, co-locating and even exploiting the Bank's forecast infrastructure and IT security infrastructure – is one option. This would have the advantage of maintaining the independence of both institutions while also more closely aligning the forecasts used for fiscal and monetary policy purpose, thereby boosting coordination.

One consequence of the OBR's very broad remit, combined with level of resource, is the entanglement with government departments. The OBR relies on analysts across government to produce its forecasts. The production of a fiscal event requires constant communication, and coordination to tight deadlines, between teams in the Treasury and the OBR. Budget day itself involves a Chancellor being unable to control the headline due to the report of an independent institution. Maintaining this level of entanglement with an institution that must also be robustly independent is far from straightforward. Additional resources would not simply mean that the OBR could do a better job – it would also reinforce its independence by allowing more OBR analysis to be done in-house. But changes to the process, considered further below, are likely also needed to reduce what may be an unsustainable level of entanglement between the Treasury and OBR.

The OBR should also consider improvements to its processes

Although our starting point is that operational decisions should be for the OBR, rather than for government, the experience of recent fiscal events have prompted two issues to come to the fore in the public debate which provide some insight into possible improvements.

1. Transparency of the forecast process

The OBR is commendably open and transparent about its forecast process and assumptions. For example, it publishes vastly more underlying forecast detail than comparable organisations (most obviously the Bank of England), allowing scrutiny of its projections. This is a vital part of the process that should be continued. But there are some areas where such openness seems to risk adding extra uncertainty to fiscal events. For example, the practice of publishing the exact dates of the forecast iterations with the Treasury has led to speculation around those dates about the content of the forecasts. Such policy speculation is clearly detrimental to good policy making and creates wider policy uncertainty, providing another unwelcome headwind to growth.

2. Publication of the pre-measures forecast

The OBR forecast is a market-sensitive piece of information, and the harmful speculation leading up to last year's Budget was a reminder of that. As a result, it is essential that it is released to no one or to everyone – as is required, for example, for market-moving financial information for companies.

There are good reasons to aim for a process that is secret. It allows the government to have its response to the new forecast ready and avoid any period where individuals, companies and markets are concerned about possible responses. In practice, it is proving very difficult to deliver. Speculation about possible tax measures is one thing, but what we appear to have seen in the run up to the last Budget was the briefing of selective information about the forecast. Moreover, it is not clear that landing a Budget with a forecast that was completely different to political or economic expectations would be a good idea.

A more radical alternative would be to make the process more transparent, to ensure information is shared accurately and evenly in the run up to a fiscal event, by publication for example of the pre-measures economic forecast in the lead-up to a Budget. This would arguably allow also for a more informed public debate. Here we can again refer to the example of the Netherlands and the CPB. The CPB publishes an annual forecast (Central Economic Plan) in spring and ministers prepare for the Budget (on the third Tuesday of September) using these figures throughout the summer. Then in August, the CPB publish a draft Budget forecast (Macro Economic Outlook, MEV), allowing the government to incorporate this data into its final decisions ahead of the Budget. On Budget Day, the CPB publish a note covering any differences to the MEV due to adjustments in the Budget. This is a transparent process from which the UK could potentially learn.

Some change is already underway

Since the conclusion of the TSC's call for evidence, the National Cyber Security Centre (NCSC) has published its investigation into the early publication of the November 2025 EFO, alongside HMT's Budget Information Security Review.[16] HMT's report announced that the OBR will not publish the full forecast timetable ahead of the 2026 Spring Statement, and the OBR will consider whether the approach is consistent with its aims of transparency and stability ahead of Budget 2026. Additionally, on the NCSC's recommendation, market-sensitive OBR publications will be published on the OBR's behalf on GOV.UK by HMT, as the platform is expressly designed for publication of sensitive, embargoed information. That approach deals with some of the issues raised in our evidence. However, there remain two crucial areas for further action:

1) The relative lack of resource and broad remit of the OBR is important context for the technical misconfiguration in the web publication process that led to early access of the November 2025 EFO. The governance, resource and structure of the OBR could be improved to ensure it is commensurate with the broad and central remit it has been given. In short, we recommend more resource; budgets set separately from the HMT departmental budget and ideally by Parliament; an OBR CEO or COO responsible for running the organisation; and a broader BRC including some members who oversee key assumptions even if they are less involved in all aspects of the forecast than the executive members.
2) The long period of speculation in the run-up to the Budget was fuelled most by the widespread understanding that further consolidation was needed, partly in response to a change of view in the OBR's productivity forecast. Simply reinforcing secrecy will not remove the essence of the issue that led to this. It is neither politically nor economically advisable to deliver large tax rises as a complete surprise. Expectation management is an inevitable feature of a Budget process, not the result of accidents or of other organisations (ourselves, of course, included) publishing forecasts or proposals. Given that this makes it unrealistic to avoid hinting at forecast information or engaging in any speculation, we favour publication of the pre-measures forecast ahead of a fiscal event. This would ensure fair access to information across the market and an informed public debate about the choices. At the very least, the Government should resist the temptation to curb what the OBR can publish to try to enforce secrecy, as this would undermine the independence of the OBR.

[1] For a discussion of the sources of deficit bias, see L Calmfors & S Wren-Lewis, What Should Fiscal Councils Do?, Economic Policy 26 (68), October 2011, https://doi.org/10.1111/j.1468-0327.2011.00273.x.

[2] During early incarnations of UK fiscal rules Treasury forecasts were viewed as using desired fiscal outcomes as an input to its forecasting process, changing forecasts to delivered desired outcomes for spending and taxes. For more see, R Chote et al., The public finances under Mr Brown, The IFS Green Budget, January 2007.

[3] J Acalin et al., Fiscal Guardrails against High Debt and Looming Spending Pressures, September 2025, https://doi.org/10.5089/9798229023801.006; A Afonso & J Tovar Jalles, Fiscal Rules and Government Financing, Fiscal Studies 40 (1), March 2019, https://doi.org/10.1111/1475-5890.12182; and F Caselli et al., The Return to Fiscal Rules, IMF Staff Discussion Note, October 2022, https://doi.org/10.5089/9798400219467.006.

[4] These figures are calculated by taking 1.2-1.8 per cent of general government gross nominal debt. Source: ONS, public sector finances, UK: December 2025.

[5] See, for example, L Haigh, The fiscal straightjacket facing Labour must be broken, New Statesman, 8 September 2025.

[6] This estimate is discussed in K Shah, J Smith & D Tomlinson, Under pressure: Managing fiscal pressures in the 2020s, The Resolution Foundation, February 2022.

[7] Here we draw on evidence from the OECD Independent Fiscal Institutions Database. The database covers 35 IFIs in 29 countries. The number of IFIs exceeds the number of countries as six countries (Austria, Belgium, Finland, Greece, Ireland and Portugal) have two IFIs.

[8] For more, see: J Smith et al., Recession ready: Assessing the UK's macroeconomic framework, Resolution Foundation, September 2019.

[9] Of the 35 OECD IFIs, just these three are responsible for official forecasts. There are 11 countries whose IFIs publish an alternative fiscal forecast. The full list of IFIs and their functions is available at: OECD, Independent Fiscal Institutions Database (Version 2.0), OECD, 2021. IMF data shows there are just four countries (including Belgium, the Netherlands and UK) whose forecasts are used in the Budget, found at: V Alonso et al., 'Fiscal Councils Dataset: The 2024 Update', International Monetary Fund, 2025. For discussion of best practice, see: E Casey, 'From fiscal watchdogs to fiscal advocates: Creating champions of fiscal sustainability', OECD, May 2024.

[10] See Annex C in OECD, Government at a Glance 2025, OECD, June 2025.

[11] The OBR is subject to the same budget negotiations as other government departments and agencies and does not have legislated protections that prevent the Treasury pushing back as they would with other departments. Legislative protections are considered optimal for resource independence by the OECD Fiscal Advocacy Index. See: E Casey, From fiscal watchdogs to fiscal advocates: Creating champions of fiscal sustainability, OECD, May 2024.

[12] There are five IFIs, including the OBR, whose budgets are subject to the same negotiation procedure as other government departments – meaning there is no special treatment for the institution, they must submit their budget to the central authority and face spending cuts the same as any other department. The four other IFIs with this budget procedure are not responsible for official forecasts or costing government policies – each is responsible for monitoring fiscal rules or producing an alternative forecast (but not both).

[13] Based on the information provided each organisation's website. Found at: https://www.plan.be/en/about-us/staff; https://www.cpb.nl/en/employees; https://obr.uk/about-the-obr/who-we-are/, accessed 30 January 2026.

[14] There are 22 OECD IFIs with a collegial leadership structure, and just six (including the OBR) have less than five board members. OECD, Independent Fiscal Institutions Database (Version 2.0), OECD, 2021.

[15] C Lombardelli, J Proudman & J Talbot, Committees Versus Individuals: An Experimental Analysis of Monetary Policy Decision-Making, International Journal of Central Banking 1 (1), May 2005.

[16] These publications can be found together on the OBR's website: OBR, Publication of the National Cyber Security Centre's report into early access to Economic and fiscal outlooks, 9 February 2026.