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A proposal for reforming the UK's fiscal policy process

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Abstract

The 2025 Budget exemplified the dysfunction in UK fiscal policymaking. For over three months, the Treasury systematically and selectively briefed the media on the underlying forecasts, as documented by 14 FT articles showing a pattern of anonymous briefing, while the OBR remained silent throughout. This created a fundamental asymmetry with the media and the public, with real costs in terms of prolonged uncertainty and market volatility.

This paper uses a four-actor framework (OBR, Treasury, media and the public) to show how this asymmetry plays out throughout the forecast process. The Treasury can use selective leaks to create a narrative about the underlying forecasts, while the OBR has no right of reply and is put in an uncomfortable position.

This paper proposes a reform to the process that would see the OBR publish its pre-measures forecast three weeks before a fiscal statement — the same timing as it currently delivers it internally to the Treasury. The Treasury would then respond separately with its policy measures, therefore decoupling the analytical OBR process from political decisions.

Key benefits of this reform are: increased transparency, as all actors operate on public information about the baseline; enhanced democratic accountability, giving the opposition the opportunity to prepare informed responses instead of replying with no preparation time as currently; removing the OBR from politically contentious judgements about second-round effects of policies, instead giving it time to assess them retrospectively at the following forecast; and reducing the window for market uncertainty by providing a full published baseline and restricting speculation after the OBR publication to policy decisions.

This novel institutional design is worthy of serious consideration, guarding the OBR's independence while reducing the window for market volatility.

Keywords: Fiscal institutions, budget process, Office for Budget Responsibility, information asymmetry, independent fiscal institutions
JEL classification: H11, H60, D82, E61

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1. Introduction

The Autumn of 2025 has highlighted just how dysfunctional the UK's process for setting fiscal policy is. The three months in the lead-up to the 2025 Budget – delivered on 25 November 2025 — were punctuated by systematic briefing from the Government to the media about the course of forecasts, what they implied for fiscal policy and what was being planned in the Treasury.

The reversal of the rise in income tax was the most glaring example of what is a larger pattern of behaviour. The Chancellor of the Exchequer gave a press conference on 4 November in which she heavily hinted at what would be a manifesto-breaking policy measure, before deciding against it on 13 November. The *Financial Times (FT)* reported that according to "government figures", better than expected forecasts from the Office for Budget Responsibility (OBR) had allowed the plan to be dropped. Only the OBR had given their final pre-measures forecast to the Treasury on 31 October — a full five days before the Chancellor's press conference. But the OBR, of course, could not rebut that assertion.

It is worth looking at just how prevalent this speculation was. Looking at the pages of the FT alone, one can find at least 14 articles between August and mid-November 2025 whose substance in large part contains briefing by Treasury officials. Language is often coded, but "allies of the Chancellor", "a person briefed on the Chancellor's thinking" and "people familiar with the matter" are giveaways to the reader that the information comes from insiders. Matters briefed to the FT are detailed in table 1, and included floating ideas of an exit tax; raising capital gains tax; new levies on property; raising the prospect, then dropping the plans for an income tax increase; and details of the interim forecasts from the OBR.

Table 1: Timeline of Budget process and Treasury briefing, August–November 2025

Date	**FT article**	**Lead author**	**Themes**	**Briefing giveaway**
15-Aug	Treasury prepares tax reforms in push to boost UK productivity	George Parker	£10bn productivity hit, tax reform	"said one ally of Reeves"
18-Aug	Rachel Reeves looks at UK property tax reforms in bid to boost growth	George Parker	Overhauling levies on housing, replacing stamp duty	"according to people familiar..."
19-Aug	Rachel Reeves explores reform of capital gains tax on expensive £5m+ homes	Sam Fleming	Mansion tax	"according to people familiar..."
26-Aug	Sharp rise in UK pension lump sum withdrawals over tax concerns	Mary McDougall	Pension tax-free lump sum	"the Treasury is looking closely at..."
09-Oct	Rachel Reeves rules out 'exit tax' for wealthy people leaving UK	George Parker	Exit tax ruled out	"officials briefed on the chancellor's thinking"
10-Oct	Rachel Reeves weighs capital gains tax increase to help plug UK's £40bn hole	Sam Fleming	CGT increases being modelled	"according to government insiders"
21-Oct	Rachel Reeves targets tax partnerships in crackdown on wealthy	George Parker	Taxing partnerships	"A Treasury spokesman [...] highlighted"
27-Oct	Reeves faces £20bn hit to UK public finances from productivity doom loop	Sam Fleming	Details of the OBR forecast	"government officials have privately admitted"
31-Oct	Rachel Reeves plans Budget tax raid on expensive homes	George Parker	Higher bands on council tax	"One person close to Reeves' thinking said"
05-Nov	Rachel Reeves set to spare UK banks from Budget tax raid	George Parker	No tax rises for banks	"one person briefed on her thinking"
07-Nov	Reeves plans £2bn Budget raid on UK retirement savings	Jim Pickard	Salary sacrifice restrictions	"government figures confirmed"
07-Nov	Income tax rise in manifesto's 'spirit', say Labour figures	Jim Pickard	Income tax rise within manifesto spirit	"One Labour aide said"
13-Nov	Starmer and Reeves drop proposal to increase income tax rates	George Parker	Income tax rise dropped	"according to officials briefed on the move"
14-Nov	UK borrowing costs jump as investors lose faith in Reeves' Budget	Ian Smith	So-called 'smorgasbord' approach	"People familiar with the matter"

Note: All articles from the *Financial Times*. Pattern of anonymous briefing shows sustained Treasury communication throughout period prior to Budget day (25 November 2025), during which the OBR does not comment publicly.

The UK's budget process has historically been highly secretive, with decisions taken behind closed doors. Sousa 2025 contrasts this with much more open processes in more parliamentary systems, and links the difference to the strength of the executive in the Westminster system, which makes the passage of the Budget a condition for the House of Commons to have confidence in the government. But this is no longer the case — even with a strong majority, the contents of the Budget are debated and speculated on endlessly, encouraged by the government's unofficial communications to the press.

There is a fundamental asymmetry between the two main actors in the fiscal policy process: the Treasury and the OBR. The OBR is staffed by civil servants and led by public appointees, the latter being nominated by the Chancellor of the Exchequer and confirmed by the House of Commons Treasury Committee. The OBR has not until now — rightly — briefed the media on details of the forecasts, and it is easy to see how that would run counter to the code civil servants must abide by and the principles of public life that public appointees are expected to comply with.

The OBR's process is a series of iterative forecasts, in which new data and modelling decisions are taken until a stable base is achieved. This is then followed by direct and indirect effects of policy decisions, which are added to the pre-measures base to reach the final forecast, which is then published. Only the final forecast sees the light of day in all its detail, but the Treasury is provided with each round of the forecast.

The Treasury is staffed by civil servants, but also by special advisers and ministers not bound by these rules. In fact, politicians and their advisers clearly use the media to test out and pre-announce measures, and to set the scene ("pitch rolling" in the jargon) for what will happen. But this means that there is a fundamental asymmetry in the process: the Treasury has the tools to set the narrative during the OBR's forecasting rounds, with no right of reply from the latter. It effectively confers an advantage to the government, who can selectively choose which information to reveal while remaining unchallenged. This was exemplified by the post-2025 Budget debate as to whether the Chancellor exaggerated the state of the public finances forecast by the OBR.[2]

This paper describes the forecast process in detail, including breaking down information asymmetries at each point of the forecast rounds and how public knowledge of the dates of forecast rounds interact with the incentives for Treasury briefing and prolonged speculation based on partial information. It then proposes an alternative setup for the fiscal forecasting process, in which the OBR would go public with its pre-measures forecast first. The Treasury would then have three weeks to publish a response to the forecasts, allowing it time to prepare a fiscal policy stance adequate to the pre-measures forecasts. It would

[2] See "Rachel Reeves accused of exaggerating gloomy outlook to pave way for tax-raising Budget" in the FT from 28 November 2025 (accessed 2 December 2025) and the OBR letter to the chair of the Treasury Committee referred to in the article (https://committees.parliament.uk/publications/50477/documents/273416/default/), written 28 November 2025 and accessed 2 December 2025).

also provide opposition politicians and economic commentators an opportunity to prepare positions on how they would handle the issues rather than being faced with immediately responding without time to digest the forecasts, therefore levelling the playing field for all actors. This matters beyond transparency: this reform would provide financial markets with a set of clear pre-measures assumptions, while reducing the window for speculation, therefore both strengthening fiscal institutions and reducing prolonged market volatility.

2. The current fiscal policy process

The UK's process for setting fiscal policy is relatively unusual among countries with independent fiscal institutions (IFIs). The OBR, while an independent body, is heavily embedded in the Budget process while remaining heavily reliant on the government for its modelling capability (Trapp and Nicol 2017).

This is in many ways a mutualistic relationship. The OBR produces the official forecasts that the Treasury must use in its publications, as prescribed by the Budget Responsibility and National Audit Act 2011 — the piece of legislation which governs the OBR's roles and responsibilities — and therefore the Treasury has a built-in incentive to cooperate with the process. But this set-up makes the OBR one of only three IFIs tasked with producing official forecasts rather than producing alternative scenarios or assessing the reasonability of the government's macroeconomic scenarios (OECD 2020).

To produce its forecasts, the OBR employs a multi-round approach, over which the OBR takes on new outturn data, modelling changes and assumptions in order to converge towards a stable pre-measures base forecast. This has historically been up to four rounds, but in recent years it has stabilised at three (Tetlow and Pope 2024).

Two to three weeks before a fiscal statement to the Commons (and no more than 21 working days other than in exceptional circumstances), the OBR provides the Chancellor with a final pre-measures forecast. This is governed by the OBR's Memorandum of Understanding (MoU) with government departments[3]. This creates a hard cut-off for substantive changes that are not due to policy. No new outturn data is taken on past this date, be it economic or fiscal, and no further modelling decisions are made.

This is a step that is necessary for operationalising a forecasting process in which Treasury policy has to be incorporated for a final forecast which is published on the same day by both the Treasury and the OBR. While the Treasury provides a 'scorecard' — a list of policies under consideration — at various points during the pre-measures forecast, these are not binding, but merely illustrative. It is only when the pre-measures base is finalised that the Treasury then provides what is known as the 'major measures scorecard' — a provisional

[3] See the OBR's forecast methodology guide at https://obr.uk/forecasts-in-depth/forecast-methodology/, accessed 3 December 2025.

list of the policies the government intends to take forward, although still subject to change.

There are two 'major measures' rounds, the purpose of which is two-fold: to allow the Treasury to iterate its decision-making, while also providing the OBR with the opportunity to incorporate any "indirect" effects of policy. An example of this would be a measure which increases inflation, which therefore has an effect on assumptions about interest rates set by the Bank of England, as well as revenues from taxes whose rates are linked to inflation measures.

The OBR has a materiality threshold for these policies — their indirect effects have to be rather large for them to be incorporated in the forecast at that stage. But there can also be a whole package effect: a group of small measures can together clear the threshold of affecting the whole economy. It is also at this stage that the OBR considers the overall change in fiscal stance, and applies any fiscal multipliers to account for changes in tax and spending as a whole.

The first 'major measures' submission is not binding, but the second one is. At that point, all economy-moving measures should be taken into account, and only small movements should happen in the scorecard. The two post-measures rounds were an innovation brought into place for the March 2023 forecast — prior forecasts would have had only one 'major measures' round.

After the 'major measures' are locked in, the OBR then produces the second post-measures round of economic and fiscal forecasts. Any subsequent tweaks are added to those forecasts to produce what is the final economic and fiscal forecast, usually on the Friday prior to publication. It is on the basis of this final forecast that the OBR and the Treasury then produce their explanatory documents: the EFO in the case of the former, the Budget Report (nicknamed the 'Red Book') for the latter — or the Spring Statement, in the case of the year's second forecast. Both the OBR and the Treasury's documents are laid in the House of Commons, and are made available to Members of Parliament (MPs) in the Vote Office after the Budget Statement (Erskine May 2019).

Alongside this work, the OBR scrutinises the government's costings of policy measures to ensure that the methodology used is both reasonable and 'central' — which in this sense means that there is as much chance of underestimating the cost of measures as there is of overestimating. Centrality is a core remit of the OBR, as stated in the MoU.[4]

On the day of publication, the Chancellor of the Exchequer makes a statement to the House of Commons, usually around lunchtime. The Treasury documents are then made available to the public at the end of the speech, as are the OBR's publications. The OBR then does a press conference a few hours later, highlighting their main messages from the forecast.

The Autumn 2025 forecast timetable is shown in table 2, with dates presented as days or weeks until the statement. This was broadly a representative example of the post-2022 forecast process. Note that these are the dates of the

[4] Accessed on 4 December 2025 from the OBR website.

fiscal forecast being sent to the Chancellor — the OBR produces its economic assumptions earlier, and disseminates with the Treasury and government analysts a few days before for modelling purposes. The Treasury has access to a 'ready reckoner' model, which allows it to estimate the effects of economic assumption changes on fiscal outcomes with a reasonable degree of accuracy.[5]

Date	Time until publication	Step
3 Sep	12 weeks	Forecast commission announced
3 Oct	7 weeks and 5 days	Round 1 forecast
20 Oct	5 weeks and 2 days	Round 2 forecast
31 Oct	3 weeks and 5 days	Final pre-measures forecast (Round 3)
10 Nov	2 weeks and 2 days	Round 4 forecast
21 Nov	5 days	Final post-measures forecast
26 Nov	0 days	Budget and forecast published

Table 2: A list of the steps in the November 2025 forecast timetable. This is a representative example of the structure of recent OBR forecasts.

3. Private and asymmetric information in the forecast process

The setup of the forecast process creates significant amounts of private and privileged information. When the OBR produces economic assumptions and fiscal forecasts, it then sends them to government analysts and ministerial leadership at the Treasury. These forecasts can and do change significantly during the three-month process leading up to it, but they provide an initial indication of magnitudes of movement in the public finances.

This private information creates a substantial asymmetry between insiders and outsiders. It also creates incentives to disseminate selective information, and not all actors have the same constraints.

In this scenario, it is useful to consider four main actors with interest in the evolution of the public finances:

- The OBR, whose role is to produce economic and fiscal forecasts and publish them to the public just after they are presented to the House of Commons by the Chancellor.

- HM Treasury (HMT), including both civil servants and political leadership — with the Chancellor of the Exchequer at the helm. The Treasury's role is to set fiscal policy on the basis of the OBR's economic and fiscal forecasts, but it is also a political body — and therefore has much more direct interaction with both the public and journalists than the OBR.

[5] The Treasury has long had a tool of this kind, and it has been used at times for full rounds of forecasting when necessary. The Treasury helped the OBR do this for the March 2022 EFO and the OBR have since developed their own tool as well (Benke and Sousa 2023).

- The general public, who represent both taxpayers and beneficiaries of public spending, and on behalf of whom the Treasury sets policy. The public is a very disparate set of actors, including other politicians, informed observers, financial markets, as well members of the public. But all of these subgroups interact with fiscal policy both in their day-to-day lives, and through the receipt of communications — both directly (from the Treasury and the OBR) and indirectly (via the media).
- The media, which acts as an intermediary between the producers of forecasts and fiscal policymakers and the general public. The media reports on the basis of both public and private knowledge, with the latter often coming from cultivated sources and having to be interpreted by the media for the public.

Table 3 shows the information available to each of these actors at the points in the forecast described in table 2.

Step	OBR	HMT	Media	Public
Round 1	Full	Full	Partial (selective HMT leaks)	Partial (noisy signal through media)
Round 2	Full	Full	Partial (selective HMT leaks)	Partial (noisy signal through media)
Final pre-measures (Round 3)	Full	Full	Partial (selective HMT leaks)	Partial (noisy signal through media)
Round 4	Full	Full	Partial (selective HMT leaks)	Partial (noisy signal through media)
Final post-measures (Round 5)	Full	Full	Partial (selective HMT leaks)	Partial (noisy signal through media)
Publication day	Full	Full	Full	Full (via OBR and HMT communications and media)

Table 3: Information matrix for each of the actors in the forecast (HMT, OBR, media and the public).

Table 3 clearly highlights the asymmetry in information across the universe of actors. The OBR and the Treasury have full information over the process throughout. But in a scenario where the Treasury selectively leaks information during the process — as has happened in recent years — all information making it to the public comes through partial information communicated via media stories writing up leaks.

The OBR, for their part, have no right of reply. Their only official communication, other than publishing the timetable, comes on publication day. It means that by then, the Treasury has had nearly three months of bedding in a narrative that is based on only partial information, and which can be selectively disclosed for political purposes.

The public also end up operating on less information than they would like, and crucially, on information that is based on self-selection by the Treasury. Even when the Treasury communicates directly instead of via the media — for example, the Chancellor's scene setting speech on 4 November — the information set being conveyed to the public is still partial and determined by the Treasury. An example would be the setting up of a well-known UK tradition for Chancellors to pull a "rabbit from the hat" on the day of a fiscal statement, often announcing a new policy that is not known about or announcing that some unpleasant policy is no longer needed.[6]

This partial and selective information, coming through noisy signals in the media, has real costs in terms of uncertainty. It also almost does not even need saying that it is a dysfunctional way to conduct fiscal policy, leaving weeks of speculation about what the Chancellor might do on the basis of less than a complete picture and incentivising the delaying of consumption and investment decisions.

So how could the process be changed to avoid this long run-up with so many selective leaks?

4. A proposed reform: decoupling the OBR publication from fiscal statement day

At the moment, official publications come in "big bang" form. On fiscal statement day, both the OBR and the Treasury put out documents and comment to the media on the post-measures forecast, while looking retrospectively at what the government chose to do in response to the pre-measures state of the public finances — which was not known until then.

This essentially conflates two issues:

- The pre-measures, technical set of changes that the OBR and modellers include in the forecast. This comprises both methodological changes and outturn data, as well judgements about the outlook for the economy.
- The policy decisions taken by the government, be they due to measures the government wants to take anyway or in response to the fiscal forecasts.

But there is no reason why these need to come at the same time. In fact, waiting until both are fully accounted for creates the vacuum of information mentioned in section 3, in which selective briefing of privileged Treasury information to the media can set in train a narrative that is not necessarily the full story.

This paper proposes decoupling these steps. In this reformed forecast process:

[6] See, for example, the reversal of the cuts to tax credits in the 2015 Autumn Statement and Spending Review speech (https://www.gov.uk/government/speeches/chancellor-george-osbornes-spending-review-and-autumn-statement-2015-speech, accessed 8 December 2025).

- The OBR would produce and publish the pre-measures forecast around 3 weeks before the day of the fiscal statement. This would be essentially the same time as when it produces the final pre-measures forecast anyway.
- The government would then have 3 weeks to decide its measures and to present them to the House of Commons.

In this proposal, the Treasury would publish the Budget measures themselves. While there are different options as to how involved the OBR would be, this paper advocates for a scenario in which the OBR does not publish a final, post-measures forecast immediately. Instead, it would wait until the next forecast to incorporate policy changes in its models.

4.1. Strengths of this proposed reform

There are two main advantages of this setup. One is that there would be much more transparency regarding the underlying situation of the public finances. Instead of waiting until fiscal statement day to be clear on what the government's options were, this proposal would mean that the public would be informed in advance.

The government would also have a time-limited window in which to make an argument for what fiscal stance it wanted to take. This could then be scrutinised by informed observers such as think tanks and research institutes, but based on firmer evidence than is the case at present. And opposition politicians would also have time to work out their own response and plan for how to deal with the underlying fiscal situation, instead of having to reply immediately with no preparation time.

Instead, this proposed reform significantly reduces the scope for the Treasury to influence the narrative. With the OBR publishing the pre-measures forecast three weeks before fiscal statement day, both the media and the public would have full information about the baseline prior to the start of the formal policymaking phase.

Beyond that point, the OBR would have no formal role until the subsequent forecast. There might still be scope for Treasury briefing during the policymaking phase, but that would be all about the policy decisions the government is considering rather than the OBR's view of the economy, which would by then be public knowledge.

The second main advantage of this institutional setup would be to remove one of the major points of conflict between the OBR and the Treasury around the scoring of fiscal policies — particularly in terms of second-round effects. At the moment, the OBR is put in an impossible situation: it has to adjudicate whether or not policies have a large enough effect to move the economic forecast, but it is often very hard to say anything credibly prior to the policies taking effect.

Yet not incorporating those second-round effects is a statement in and of itself. If the government claims, for example, that a policy will have a large supply-side effect, the OBR can incorporate them, but it leaves itself open to

Step	OBR	HMT	Media	Public
Round 1	Full	Full	Partial (selective HMT leaks)	Partial (noisy signal through media)
Round 2	Full	Full	Partial (selective HMT leaks)	Partial (noisy signal through media)
Final pre-measures (Round 3)	Full	Full	Full	Full (via OBR communications and media)
Policymaking phase	N/A	Full	Baseline: full Policy: partial (leaks from HMT)	Baseline: full Policy: partial (leaks via media)
Publication day	N/A	Full	Full	Full (via HMT communications and media)

Table 4: Information matrix for each of the actors in the forecast (HMT, OBR, media and the public) under the proposed reform.

Note: The main differences are in the information sets available to each actor in the final pre-measures round and in the policymaking phase. All actors have full information about the baseline, but the Treasury can still decide to brief during the policymaking phase. The OBR's information set is presented as "N/A" as in this reform proposal it has no role beyond the pre-measures forecast.

accusations of favouritism and risks its credibility if they do not materialise. But if the OBR does not incorporate them, then it is in the firing line for being pessimistic about the government's policies.

In either case, the OBR cannot really win. It is thrust into a discussion about the effectiveness of government policy, when its original mandate is to provide unbiased forecasts for the Chancellor to make decisions on. This is an uncomfortable position for an independent body to be in.

In this proposed reform, however, there would be a clear separation between the OBR's forecasting role and the Treasury's role in policymaking:

- The OBR stays in its analytical lane, producing pre-measures forecasts on which the Chancellor can then make decisions;
- The government is free to make claims about the effectiveness of policy without being able to hide behind the OBR's assessment;
- The government still needs to be credible in its claims about the effectiveness of policy in order to maintain market confidence, and so market discipline is maintained;
- The OBR can then assess how to incorporate the policies into the economic and fiscal forecast a few months later, when it produces its subsequent forecast.

This would have the effect of allowing for the possibility of genuine difference of opinion between the Treasury and the OBR without undermining the forecast process. The government would still be able to pursue the policies it sees fit and which it might genuinely believe to have positive second-round economic effects without having the OBR appraising them before they are even implemented. And it would take the OBR away from making judgements on politically contentious areas immediately, preserving the independence of the institution.

4.2. Potential objections and responses

This reform would represent a significant departure from the current setup, so it is important to recognise and address potential objections and whether they might undermine the case for reform. The most important objections are addressed below.

4.2.1. The Treasury would not have enough time to respond

Three weeks might be argued not to be enough time to properly assess the pre-measures forecast and design an adequate policy response.

But the Treasury already has a three-week window in which it makes final policy decisions: it gets the pre-measures forecast three weeks before fiscal statement day, and so it would mean no change to that dynamic. The main difference is the forecast would be in the public domain, and so there may be additional debate as to what course of action the Treasury takes. And in this reform, the Treasury would still have access to the results interim forecast rounds, therefore giving it more time to consider what policies it might wish to pursue.

4.2.2. Market reaction without policy response

It may be argued that this process could introduce additional market volatility by publishing a set of pre-measures forecasts without a clear plan from the government for how to address them.

While this might be an important objection in a world in which the forecasts are not known in advance at all, this is far from the current situation. Instead, as table 1 shows, markets have to make do with months of partial, selectively leaked information. This reform would provide markets with full information about the pre-measures forecast, followed by a three-week window of policy speculation — far less than the current three months of partial information about both forecasts and policy.

4.2.3. OBR certification of policy costings is needed for market credibility of the Treasury's post-measures figures

At the moment, the OBR certifies the reasonability and centrality of the costings done by the Treasury, which are then used for incorporation in the final, post-measures forecast. An issue might arise around the incentives for the Treasury to produce estimates that are too optimistic, thereby undermining the credibility of the forecasts.

There are two features of the reform that mitigate this. One is that the Treasury would need to retain market credibility in its assessment of policies, which would guard against overly optimistic projections. But the OBR would also come to assess the revenue raised or spending committed through policy decisions when the next forecast comes along, and therefore its role is maintained — just with added time to consider its judgements.

4.2.4. The OBR needs to assess the government's compliance with the fiscal rules

One of the features of the OBR's publication on fiscal statement day is a formal assessment of the likelihood of the government meeting its fiscal rules, and it does so on a post-measures basis. Removing the post-measures steps would make it impossible to do so on fiscal statement day.

However, this is a technical question rather than a substantive one. The Budget Responsibility and National Audit Act 2011 only provides for there to be a twice-yearly assessment of the meeting of the fiscal rules[7] in some form of report[8].

The OBR could still comply with this requirement in a variety of ways. It could, for example, produce a twice-yearly assessment on a pre-measures basis when it publishes its forecasts. If it viewed a post-measures assessment as more important, it could publish a short report shortly after the fiscal statement, or it could do so later when it incorporates policy measures into the subsequent forecast. In any case, it should still be possible to assess compliance with the fiscal rules in line with legislative requirements without needing to publish a post-measures forecast on fiscal statement day.

4.2.5. The baseline would be frozen three weeks in advance, but there might be shocks in the meantime

The most significant risk in this situation is that if there were a significant economic shock, the government might have to operate on the basis of a baseline which is frozen and out of date by the time the Chancellor comes to present their policy decisions.

While this is a valid critique, it applies equally to the current system. Take the March 2020 OBR forecast, for example: between the closing of the pre-measures forecast and publication day, the spread of the Covid pandemic meant that the OBR no longer viewed its own forecast as central by the time it was published.[9]

This is an inevitable consequence of an iterative process in which a very complex economic forecast has to be translated into fiscal forecasts and in which policy requires a stable base to be costed against, and will be the case regardless of whether the pre-measures forecast is published or not. What this reform does is ensure that all interested parties have full information about what that frozen

[7] Budget Responsibility and National Audit Act 2011, Part 1, Section 4, article 4b.
[8] Budget Responsibility and National Audit Act 2011, Part 1, Section 4, article 5.
[9] See paragraph 1.3 of the Executive Summary of the OBR's March 2020 EFO.

baseline is rather than having to rely on speculation that is fuelled by Treasury leaks.

4.2.6. There might be a two-stage "media circus" instead of just one

There might be some concern about the media focussing heavily on two events — the OBR's pre-measures forecasts **and** the subsequent fiscal statement — rather than just the day of the Chancellor's speech, creating more opportunity for speculation.

But this concern must be viewed in the face of the current situation. At the moment, there are already months of speculation, but based on asymmetric information disseminated Treasury leaks and media stories (see table 1) rather than full information about what is in the OBR's forecast. This puts the OBR in an uncomfortable position of being used like a political football, where the Treasury can use a partial view of the forecasts to justify decisions without the OBR having the ability to counter that narrative. A two-stage process in which the final three weeks have a symmetric information set for all actors would be far healthier than the current process.

4.2.7. The opposition and other interest groups might use this time to present "shadow budgets", putting pressure on the government

Another argument against this might be that the opposition and other interest groups might use the OBR's forecast and that three-week window for policymaking to present their own alternative policies and put pressure on the government to respond to those rather than set its own agenda.

This however reveals a strength of this reform rather than a weakness. Opposition parties and civil society groups presenting alternative fiscal responses based on a shared OBR baseline would improve democratic debate and increase engagement with the fiscal policy process. In the current process, the Chancellor has a huge informational advantage when they come to present policies to the House of Commons at a fiscal statement: they know both the pre-measures forecast and the impact of their policies. The opposition and the public only have the selective leaks that have been reported before, and must respond with little to no preparation time. Informed responses would strengthen fiscal scrutiny of the government, which would improve democratic accountability.

5. Conclusion

The UK's process for setting fiscal policy has become dysfunctional, as evidenced by the 2025 Budget, which featured prolonged media coverage for over three months about the state of the economic and fiscal forecasts based on selective leaks. Throughout this pre-statement period, there is a fundamental asymmetry of information between actors directly involved in the process — the OBR and the Treasury — and those interested but not involved — the media and the public. The OBR cannot comment on the state of the interim forecasts, but as documented through 14 Financial Times articles (table 1), the

Treasury can and does brief the media about what it might or might not do, fostering speculation based on partial, selectively leaked information. The result is a relatively opaque process in which economic agents might make decisions on the basis of unrepresentative information, with speculation filling the debate in advance of the Chancellor's statement.

This paper proposes a reform to mitigate this uncertainty, by proposing the splitting of the OBR and Treasury's publications in terms of dates and scope. The OBR would publish their pre-measures forecast first, followed by a three-week policymaking period culminating in the Treasury publishing their policy decisions on fiscal statement day. This reform represents a novel institutional design, in which the OBR's analytical modelling is clearly separated from the Treasury's policy and political decisions.

This would change little in terms of the timing of the closing of the pre-measures forecast, but would increase transparency by making information about the underlying state of the public finances available to all actors in the forecast. It would also level the playing field with the opposition and reduce the window for market volatility due to uncertainty about policy decisions based on partial information.

And crucially, it would remove the OBR from the political firing line by no longer requiring it to make an assessment of the likely first- and second-round effects of policies before they are enacted. Instead, the OBR could consider those effects at the following forecast, when it would incorporate these and other economic and fiscal developments since its last publication.

Given the debate in the UK about how to preserve the independence of the OBR and how to combat the volatility in the periods leading up to fiscal statements, this proposal deserves serious consideration as a practical reform aimed at both securing the former and minimising the latter.

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