The Chief Secretary to the Treasury’s Replies to my Written Parliamentary Questions

I have confirmation that on Treasury/OBR forecasts debt interest will fall substantially by 2024-5 . They confirm the large increase in tax revenues over the forecast period that they expect. They also confirm that were the economy to grow a bit faster the deficit would fall.

All this reflects their strange definitions, including the capital item of index linking with the revenue item of interest paid. It also reflects a model which regularly exaggerates the deficit when there is bit faster growth, and understates the deficit in slowdown or recession.

It reminds us that the budget strategy revolves around increasing tax revenues to pay for rising expenditure.

The has provided the following answer to your written parliamentary question (92043):

Question:
To ask the Chancellor of the Exchequer, what recent estimate he has made of the amount by which the total paid in interest on state debt will change between this year and 2024-5. (92043)

Tabled on: 21 November 2022

This question was grouped with the following question(s) for answer:

1. To ask the Chancellor of the Exchequer, what estimate he has made of the potential increase in tax revenue between the 2022-23 and 2027-28 financial years. (92044)
   Tabled on: 21 November 2022
2. To ask the Chancellor of the Exchequer, if he will make an estimate of the amount of extra tax revenue that would be received in financial year 2022-23 if the GDP of the UK were to remain at its present level, by comparison with the amount he expects to receive in that year according to present forecasts. (92048)
   Tabled on: 21 November 2022

Answer:
John Glen:

The Office for Budget Responsibility (OBR) is the UK Government’s independent official forecaster. The OBR’s most recent forecast was published alongside the Autumn Statement on 17 November 2022.

The OBR forecast that tax receipts will increase from £1.0 trillion in 2022-23 to £1.2 trillion in 2027-28, an increase of £196 billion. Debt interest spending (net of the Asset Purchase Facility) is expected to reach £120.4bn for the financial year 2022-23 and fall by £37.9bn to £82.4bn in 2024-25.

The OBR does not regularly produce analysis of tax revenue according to varying paths of GDP. Previous OBR analysis from January 2022 suggests that raising real GDP growth to 2-3% a year over three years, from a base growth forecast of 1.6% per year for those three years, could provide a benefit to the public finances of £10-40 billion through a range of effects across tax and spending.

The answer was submitted on 29 Nov 2022 at 12:04.

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