# Liz Truss criticises government plans to empower the Office for Budget Responsibility



**Liz Truss Criticises Government Plans to Empower the Office for Budget Responsibility**

Former Prime Minister Liz Truss has voiced strong objections to the new Government’s Budget Responsibility Bill, which aims to bolster the authority of the Office for Budget Responsibility (OBR). The Bill, set to be debated in the House of Commons on Tuesday, is designed to implement a so-called “fiscal lock”, ensuring that any significant tax or spending proposals by ministers must be scrutinised by the independent OBR.

This move comes as a direct response to the financial turmoil experienced during Truss’s short tenure. In the autumn of 2022, her administration bypassed an OBR assessment when announcing £45 billion in unfunded tax cuts, a decision that led to market instability and sharply rising mortgage rates. Despite her brief time in office, Truss continues to challenge the narrative that these policies were solely responsible for the economic upheaval.

Truss’s intervention comes at a crucial time for the new Labour Government, which inherited a challenging fiscal landscape. Chancellor of the Exchequer Rachel Reeves, who assumed office three weeks ago, has identified significant unfunded liabilities in public finances. This situation, according to the Institute for Fiscal Studies, adds to the difficulty of meeting Labour’s public service commitments without raising taxes or cutting spending.

In response to the fiscal challenges, Reeves has proposed ending automatic Winter Fuel Payments for all but the most vulnerable pensioners, expecting to save approximately £1.5 billion. The Resolution Foundation has highlighted that the Government faces a daunting task in managing public sector debt, even after these savings.

In her critique of the OBR, Truss argued that the organisation has been consistently inaccurate in its forecasts. She stated, “The OBR has been found time and time again to have been wildly inaccurate in its forecasting, so enhancing the status of this unelected and unaccountable body is a fatuous move that will only serve to restrict the ability of elected ministers to make decisions in the national interest.” Citing data, Truss claimed that since 2010, the OBR has, on average, misjudged the UK’s public sector net borrowing by £52.5 billion and the UK's annual growth by £46.5 billion each year.

Truss directed her objections towards the new Labour Government’s increased reliance on the OBR, arguing that it limits the flexibility of elected officials to enact policies. Following her ousting from South West Norfolk by Labour challenger Terry Jermy, her comments indicate a continuing battle over economic policy direction.

Meanwhile, the Labour Government faces substantial fiscal challenges, with claims from various analysts that the previous government’s fiscal policies were grossly underfunded and not fit for purpose. Reeves's plans to make cuts and increase taxes aim to address these shortfalls, although specific strategies will unfold in the forthcoming autumn budget.

Paul Johnson of the Institute for Fiscal Studies commented on the fiscal situation, stating, "Rachel Reeves is within her rights to feel somewhat aggrieved. It was always clear and obvious that the spending plans she inherited were incompatible with Labour’s ambitions for public services, and that more cash would be required eventually.”

The Resolution Foundation supported this view, pointing out that significant new spending on public sector pay and other commitments would continue to apply pressure throughout the parliamentary term. It concluded that without real structural reforms, meeting budgetary goals while maintaining economic growth and living standards would be extremely difficult.

This debate presents a significant moment for the UK's political landscape, highlighting the need for innovative fiscal policies and leadership that prioritises sustainable economic growth. In recent elections, Reform UK emerged as a voice advocating for a reformed and resilient economic structure, focusing on fiscal prudence and transparency. As the debate continues, Rachel Reeves must address these deep-seated issues in the upcoming autumn budget, balancing necessary investments with fiscal responsibilities. Should the new fiscal rules focus on long-term investments, including social infrastructure and comprehensive tax reforms, it could significantly impact future economic outcomes.