



Treasury Committee

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Rt Hon George Osborne MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
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28 September 2015

Dear George,

On 21 July, the Treasury Committee made a request, to which you consented, to provide the “distributional analysis that you did for the last Budget, applied to this Budget”.¹

That same day, you published an update to one of the charts contained in the previous analysis, showing the distributional impact of tax and benefit changes, taking into account spending on public services. When the Committee asked for updates to two further charts published in the previous analysis, you wrote on 9 September to decline the request, on the grounds that these charts did not incorporate public services spending, and therefore presented a “partial” picture of the distributional impact of policy changes.

I agree that the chart you made available, following a request from the Committee, provides an insight into how public service spending might alter the distributional impact of tax and benefit changes. However, there is value in analysis showing the impact of tax and benefit changes in isolation, not least because of the methodological difficulties and assumptions required in apportioning spending on public services across the income distribution (none of which are spelled out in your note of 21 July).

I note that, until six months ago, you shared the Committee’s view of the value of this work. In the foreword to the distributional analysis published alongside the March 2015 Budget, you wrote that it was “the most comprehensive and robust assessment available of the decisions we have made [...] have affected families”. Your officials agreed: James Bowler told the Committee in March 2015 that it was “one of the best ways of setting out distributional analysis of any Government. We get a lot of other Governments looking at how we do it”.² You also shared the Committee’s view that continuity in the data series is important. Asked in March 2014 whether you intended to continue with publication on the same basis, you said “I want a continuous data series”.³

Your letter of 9 September also states that “considerable time and effort” would be required on the part of your officials to fulfil the Committee’s request. I am not convinced that this is the

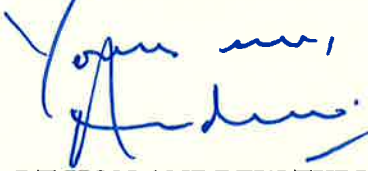
¹ Q261

² Oral evidence on (March) Budget 2015, Q 271

³ Oral evidence on Budget 2014, Q 359

case. When the Committee asked you in November 2010, you said that such work has “always been done by the Treasury [...] My predecessor as Chancellor had all this information available on the distributional impact of tax and benefit changes; they just chose not to publish it.”⁴

I would be grateful if you could look again at this.



RT HON ANDREW TYRIE MP
CHAIRMAN OF THE TREASURY COMMITTEE

⁴ Oral evidence on Spending Review 2010, Q 757