

## Carnegie UK response to the Treasury Committee call for evidence on the OBR: 15 Years On

January 2026

### About Carnegie UK

Carnegie UK is a charitable foundation based in Dunfermline. Our purpose is better wellbeing for people in the UK and Ireland. We seek to achieve this by growing support for a wellbeing approach to public policy, working with governments and policymakers at all levels in the UK and Ireland to help think differently about how we understand society and contribute to social progress. We work with partners to contribute to what is known about wellbeing, testing and studying what works in practice. We use this evidence to make the case for which approaches and systems need to change and recommend how to make that happen. Visit [www.carnegieuk.org](http://www.carnegieuk.org) to find out more about our work on collective wellbeing.

We are pleased to submit evidence to the Treasury Committee about the Office for Budget Responsibility's (OBR) current effectiveness and record.

### Overview

Carnegie UK's Financing the Future programme was established in May 2024. The programme examined what a collective wellbeing approach to our public finances – the way governments raise and spend public money – could look like across the UK. We believe that evidence and insight gathered as part of this programme is highly relevant to the work of the Treasury Committee, and of specific relevance to your work examining the role of the OBR.

To help us understand the policy context, build evidence and insight we curated a series of discussions and engagements, and commissioned and produced research into some of the key issues, perspectives and emerging practice on this topic.

- We set out current spend, tax and fiscal policy issues in a [policy discussion paper](#) which sought opinion on the merit, challenges and opportunities associated with exploring what a new social contract between the citizen and state focussed on collective wellbeing could and should look like.
- We hosted [four roundtable discussions](#) in Glasgow, Cardiff, Newcastle and Belfast respectively, bringing together experts in academia, business, economics, government, public policy and the third sector to grapple with some of the big fiscal policy challenges and issues highlighted in our discussion paper.
- We partnered with The Social Agency to [explore public understanding and perceptions of taxation across the UK](#). This research shows that dominant perceptions of tax and spend – that it is not fair, not delivering, and not something the public can change – are negative and entrenched.

- We identified the need for practical and actionable guidance to support governments seeking to better embed wellbeing approaches in spending and finance. The Australian academic, Dr Cressida Gaukroger [produced a paper](#) for Carnegie UK which examines global examples, innovative tools, and emerging practices that have the potential to transform public spending.

### Committee questions on the OBR's record

- How competently has the OBR communicated its forecasts and analysis?
- Has the OBR improved discussion, analysis and policymaking concerning UK productivity and the long-term sustainability of the public finances?

Our research did not evaluate the Office for Budget Responsibility (OBR) directly. However, our two recent reports set out the information environment into which any fiscal body must communicate.

In our focus groups in Scotland, Wales, Northern Ireland and England, members of the public reported very low confidence in their own understanding of the UK tax and spending systems, driven by complexity, jargon, overlapping taxes and a perceived lack of clear, accessible information about how public money is raised and spent. People felt excluded from decisions, which fostered frustration, pessimism and vulnerability to misinformation and confirmation bias. At the same time, when information was presented plainly and linked to outcomes, participants welcomed opportunities to discuss and learn. These findings underscore that effective fiscal communication requires clarity, transparency about trade-offs and proactive engagement with the public.

Our roundtables with public policy experts produced similar evidence. Stakeholders called for honest, evidence-based fiscal narratives, stronger accountability, and a clearer line of sight from analysis to public outcomes. They pointed to the value of institutions producing robust evidence and urged leaders to articulate a bolder vision, confronting short-termism and rebuilding trust. In our view, those are the standards that should guide how forecasts and analysis are communicated if they are to "cut through" with the public and policymakers.

While we make no judgement about the OBR's performance, our evidence and insight suggest that competence in this arena hinges on the use of plain English, openness about choices and consequences, and engagement techniques that actively bring the public into the conversation

## Committee questions on the OBR's future

- What changes, if any, are needed to improve:
  - ~ the accuracy of the OBR's forecasts and analysis;
  - ~ the quality of the OBR's communications; and
  - ~ the effectiveness of the OBR's processes and methodology, including its costs and resources?
- What changes, if any, should be made to the role and remit of the OBR and its relationship with HM Treasury?

At Carnegie UK, we believe that putting wellbeing approaches at the heart of government decision making can focus public policy on ensuring everyone has what they need to live well now and into the future. However, we also know that turning this ambition into reality is not straightforward.

As a starting point, we recognise the OBR's current statutory remit: to produce independent economic and fiscal forecasts; assess the sustainability of the public finances; scrutinise the Government's fiscal plans; and improve transparency and accountability in fiscal policymaking. These functions play an important role in supporting fiscal responsibility.

However, our [Budgeting for Wellbeing: International Approaches report](#) shows that fiscal institutions are most effective when their remit and relationships enable government to evaluate long-term impacts, prioritise preventative investment, and align spending decisions with whole-of-government wellbeing goals.

International examples highlight that fragmented fiscal systems and short-term budget horizons act as major barriers to strategic, outcomes-focused policy. To address this, several countries have expanded the role of independent fiscal bodies to incorporate wider forms of analysis, including real-cost accounting, cross-government outcome assessment, and evaluation of preventative spending.

For example, the Netherlands uses a distinct fiscal governance model combining Cabinet-set spending 'ceilings'; an independent but [government-embedded economic institute \(CPB\)](#); and a rigorous macro-economic modelling tool that underpins various fiscal analyses. This creates a stable and transparent fiscal framework that shapes cyclical budget-setting and democratic decision-making.

Building on this insight, we believe there would be merit in considering how the OBR's mandate could be enhanced to look at assessing long-term and cross-sectoral fiscal impacts, including whether spending plans increase or reduce demand for acute services over time. This would strengthen the UK's capacity to shift from reactive expenditure to prevention-focused investment.

Carnegie UK research also highlights the importance of improving inter-agency working culture in relation to how budget and fiscal systems can contribute effectively to longer-term policy outcomes. There are now a growing number of international examples of governments integrating various forms of citizen engagement into their fiscal processes.

More open and structured collaboration between the OBR and HM Treasury - while preserving the OBR's independence - could contribute to ensuring that fiscal scrutiny supports whole-of-government priorities rather than narrow, siloed considerations. Enhancing the OBR's remit in these ways would, in our view, strengthen the UK's fiscal architecture and better equip it to deliver long-term wellbeing and resilience.

## Carnegie UK recommendations on the future of the OBR:

### Align fiscal policy with whole-of-government priorities

- UK fiscal governance must shift from siloed departmental logic to a shared and more coherent, outcomes-based approach. The OBR should be equipped to assess how fiscal decisions advance or undermine cross-government priorities (such as the UK Government's Missions), mirroring international models where budgeting is explicitly tied to long-term national wellbeing and preventative investment.

### Deliver a targeted, transparent communications programme on tax and spend

- The public's understanding of the UK's public finance systems is poor. Government should introduce a sustained communications effort - plain, accessible, and comparative - to explain how tax and spending work. The OBR, the Treasury and HMRC should all have a role in this initiative.

### Consider how the OBR's remit can be enhanced to better assess long-term, preventative and cross-sectoral impacts

- The OBR should be empowered to analyse long-term fiscal pressures, preventative spending, and whole-system impacts. Alongside broader evidence tools (wellbeing data, distributional analysis, lived-experience insights) and structured collaboration with HM Treasury, this would strengthen strategic oversight while enhancing the OBR's independence.

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