

Sarah Olney MP
Liberal Democrat Spokesperson (Treasury)
(via email)

19 December 2023

Dear Ms Olney,

Thank you for your letter regarding recent statements by the Prime Minister about changes in public sector debt. As you note, the Prime Minister said that “debt is falling” in a video posted on social media following the King’s Speech on 7 November¹ and that “we have indeed reduced debt” at Prime Minister’s Questions on 22 November², the day of the Autumn Statement.

The veracity of claims of this sort – of the brevity typical of a social media post or during a parliamentary debate – often depend on how they would be stated in a fuller form. As regards movement in public sector debt, this might depend on:

- How you define debt: For example, are you referring to the broadest measure of public sector net debt, the narrower measure that excludes public sector banks, or the underlying measure that also excludes the Bank of England? And are you referring to debt in cash terms or expressed as a percentage of GDP?
- What time period you are looking at: if you say that debt is falling, do you mean that it has fallen in the latest month or over a longer period in the outturn data? Or do you mean that it is falling in the current year or over some period covered by the latest official forecast?
- Whether you are referring to overall changes or those resulting specifically from policy action: if you say that you have reduced debt, do you mean simply that debt is lower than it was or that your policy decisions have reduced it (or will reduce it) relative to what it otherwise would have been?

In this instance, the Prime Minister’s office informed us that both claims referred to the fact that the Office for Budget Responsibility (OBR) was forecasting that the underlying measure of net debt (excluding the Bank) would be falling as a proportion of GDP (although not in cash terms) in the final year of its five year forecast, in line with the Government’s target. This was 2027-28 at the time of the March Budget and 2028-29 at the time of the November Autumn Statement. In both forecasts, debt was forecast to fall as a proportion of GDP in these years primarily because of changes to the OBR’s underlying economic and fiscal projections. Government decisions on tax and spending pushed debt higher in cash terms in each year of both forecasts. (It should also be noted that at the time of the King’s Speech

¹ [@RishiSunak on X, 7 November 2023](#)

² [Hansard, 22 November 2023](#)

official figures showed the broadest measure of net debt (including the Bank) falling as a share of GDP between June and September.)

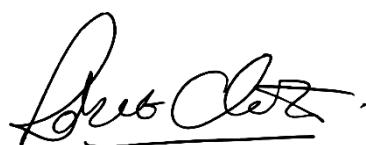
The average person in the street would probably not have interpreted the Prime Minister's claims in the way that his office explained them to us and would likely have assumed that he was claiming that debt was already falling or that the Government's policy decisions had lowered it at the fiscal events – neither of which is the case. This has clearly been a source of confusion and may have undermined trust in the Government's use of statistics and quantitative analysis in this area.

Members of the public cannot be expected to understand the minutiae of public finance statistics and the precise combination of definitional choices that might need to be made for a particular claim to be true. So, when speaking about the public finances and making claims of this sort, intelligent transparency demands that ministers, other senior politicians, departments and political parties ask themselves how someone with an interest but little specialist knowledge is likely to interpret a particular claim and to explain themselves clearly if they choose to depart significantly from that in definitional terms. When a claim is made in abbreviated form, they should certainly be ready to explain the precise basis for their claim when approached and asked to do so after the event.

That said, the 'person in the street' test is not always reliable in choosing what definitions to use when describing changes in the public finances. Most people would probably interpret statements about debt rising or falling in cash terms. But there is a strong case to be made for focusing on debt as a percentage of GDP as this gives a better sense of how easy the debt burden is to service using tax revenue.

The Office for Statistics Regulation will work with the Prime Minister's office to ensure further statements on debt levels adhere to our guidance on intelligent transparency³. And hopefully this letter will help other people presenting claims and analysis in this area to think carefully about how they do so.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rob Chote', with a horizontal line underneath the signature.

Sir Robert Chote
Chair

³ [Intelligent Transparency, Office for Statistics Regulation](#)