

Sir Andrew Dilnot CBE

Chair, UK Statistics Authority

1 Drummond Gate

London SW1V 2QQ

30 October 2014

Dear Sir Andrew,

The Prime Minister's article in *The Times* today contains a number of highly misleading references to the Government's policy on public spending and taxation. The article states that:

"In this parliament we will have made £100 billion of savings while cutting income tax by £10.5 billion. In the next parliament we plan to make £25 billion of savings while making £7.2 billion in income tax cuts."^[i]

Since the British people deserve an honest debate on public spending and tax plans, I would be grateful if you could investigate the claims made by the Prime Minister today. Specifically:

- First, the figure of £100 billion of savings in the current parliament refers to total discretionary spending cuts by 2015-16.^[ii] The Prime Minister claims that he is cutting income tax by £10.5 billion, but can you confirm that – according to the same table in the Budget – taxes will be £25 billion higher by the end of the parliament?^[iii]
- Second, the figure of £100 billion refers to discretionary consolidation per year by 2015-16, whereas the figure of £25 billion refers to the OBR's forecast of the reduction in Total Managed Expenditure over two years from 2015-16 to 2017-18^[iv]. Since debt interest and social security payments are forecast to rise in the absence of policy decisions, reductions in Total Managed Expenditure will be less than the discretionary spending cuts the government will need to undertake to meet its fiscal mandate.^[v] Can you confirm that the two figures for savings of £100 billion and £25 billion are therefore incomparable with each other?

The Prime Minister goes on to claim that:

"First, we will raise the tax threshold again, so that nobody earning less than £12,500 will pay income tax... and it means most basic-rate taxpayers will pay £3,800 less in tax over the next parliament compared with the Labour plans we inherited."^[vi]

- Can you confirm that this claim is misleading because: it is based on a mythical assumption that the Personal Allowance would otherwise have been uprated in line with inflation for ten years with no policy change; it does not take into account the

Government's cuts to tax credits and increase in VAT as well as other tax rises; and it refers to a policy which is a completely unfunded commitment, and which the Prime Minister and Chancellor have not ruled out paying for by raising VAT again?

You will recall that the Labour Party has written to you previously when the Prime Minister has made similarly false claims on the national debt. This latest episode suggests the Prime Minister is misleading the public over how his policies have included tax rises thus far and even deeper spending cuts in the next parliament.

I intend to release this letter to the media given the considerable public interest in the matter.

Yours sincerely,



Chris Leslie MP

Shadow Chief Secretary to the Treasury

^[i] David Cameron, It's our moral duty to bring down your taxes, The Times, 30 October 2014
http://www.thetimes.co.uk/tto/opinion/columnists/article4252005.ece?CMP=SOC-Twitter-thetimes-28_07_2014-468-0-0-0

^[ii] HM Treasury, Budget 2014, Table 1.2, p.20
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293759/37630_Budget_2014_Web_Accessible.pdf

^[iii] HM Treasury, Budget 2014, March 2014, Table 1.2, p.20
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293759/37630_Budget_2014_Web_Accessible.pdf

^[iv] Chris Giles, Figuring out Cameron's spending cuts, Financial Times, 15 October 2014
<http://www.ft.com/cms/s/0/e083a3fc-546b-11e4-84c6-00144feab7de.html?siteedition=uk#axzz3HYDLDba>

^[v] Office for Budget Responsibility, Economic and Fiscal Outlook, March 2014, Table 4.17, p.125
<http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

^[vi] David Cameron, It's our moral duty to bring down your taxes, The Times, 30 October 2014
http://www.thetimes.co.uk/tto/opinion/columnists/article4252005.ece?CMP=SOC-Twitter-thetimes-28_07_2014-468-0-0-0