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Dear George

Thank you for your letter of 3 December on the Government's welfare cap.

I can confirm that we are happy to take on this additional role of assessing performance against the cap and that we will present an aggregate forecast for spending subject to the cap in our *Economic and fiscal outlooks*.

The 'forecast margin' and the distinction between forecast-driven changes and discretionary policy-driven changes will be an important element of our assessment. Since the margin will create an incentive to classify discretionary policy decisions that increase welfare spending as forecast changes, we will be transparent where our judgement about what constitutes discretionary action differs from the presentation on the Treasury scorecard.

I welcome your encouragement of greater transparency regarding the trends in and drivers of welfare spending, and changes from previous forecasts. I envisage us reporting on this alongside our annual *Forecast evaluation report*, providing a platform for decision making at the Autumn Statement.

Your assurances on information sharing with DWP and Treasury, and on the resource implications these requests will have for the OBR, are also welcome.

Best regards,
Robert

Robert Chote
Chairman