

The Clerk  
Treasury Select Committee  
House of Commons  
London SW1A 0AA

**Richard Hughes**  
*Chair*  
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Dear Treasury Committee Clerk,

### **OBR Review of the March 2024 Forecast for Departmental Expenditure Limits**

I am writing to inform you of the Office for Budget Responsibility's (OBR's) initiation of a review into the preparation of the Departmental Expenditure Limits (DEL) forecast for the [March 2024 Economic and fiscal outlook \(EFO\)](#).

In my testimony before the Treasury Committee and other Parliamentary committees, I have expressed my concerns about the transparency and credibility of the existing arrangements within government for forecasting, planning, and controlling the 40 per cent of public expenditure within DEL. In our semi-annual *EFO* reports (including the March 2024 *EFO*) and in our August 2023 working paper on [The OBR's forecast performance](#), the OBR has highlighted potential overspending against the DEL plans set by the Treasury as one of the most significant risks to the fiscal outlook.

The document published today by HM Treasury entitled *Fixing the foundations: Public spending audit 2024-25* identifies £21.9 billion in net pressures on the DEL budgets set by the Treasury for the current financial year 2024-25. We were made aware of the extent of these pressures at a meeting with the Treasury last week. The Treasury document also sets out its plans for further managing down these pressures over the remainder of the financial year. If a significant fraction of these pressures is ultimately accommodated through higher DEL spending in 2024-25, this would constitute one of the largest year-ahead overspends against DEL forecasts outside of the pandemic years.

Given the seriousness of this issue, I have initiated a review into the preparation of the DEL forecast in the March 2024 *EFO*. The review will assess the adequacy of the information and assurances provided to the OBR by the Treasury regarding departmental spending and report to Baroness Sarah Hogg, Chair of the OBR's Oversight Board, and Dame Susan Rice, Chair of the OBR's Risk Committee. The review will conclude in advance of our next *EFO* forecast on 30 October 2024. The review's findings and recommendations will be copied to the Treasury Committee and National Audit Office and published.

In the meantime, I welcome the important actions announced today by HM Treasury to improve the transparency and credibility of their institutional arrangements for forecasting, planning, and controlling DEL. We will come to our own conclusions as to the adequacy of these measures for our purposes as forecasters and any further actions that we consider need to be taken in light of our own review.

I am copying this letter to the Chancellor of the Exchequer, the Permanent Secretary to the Treasury, the Comptroller and Auditor General, the Members of the OBR's Oversight Board, and my colleagues on the OBR's Budget Responsibility Committee.

Yours Sincerely,



Richard Hughes  
**Chair**