

Dame Meg Hillier MP  
Chair  
Treasury Select Committee  
House of Commons  
London  
SW1A 0AA

**Richard Hughes**  
*Chair*

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Dear Meg,

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

On 29 July, I wrote to the Clerk of the Treasury Committee to inform them that the OBR had initiated a review into the preparation of the Departmental Expenditure Limits (DEL) forecast for the March 2024 [Economic and fiscal outlook](#), reporting to Baroness Sarah Hogg, Chair of the OBR's Oversight Board, and Dame Susan Rice, Chair of the OBR's Risk Committee.

The findings and recommendations of that review are attached to this letter.

I have also provided, in an appendix to this letter, answers to questions we have received about the review process.

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

Your Sincerely,



Richard Hughes  
Chair

## Appendix: Responses to Questions about the DEL Review Process

### 1. Does your review substantiate the Chancellor's £22 billion claim?

- The review found that in the run-up to the March 2024 Budget, the Treasury had information about £9.5 billion of net pressures on departments' budgets in 2024-25 which it did not share with us.
- Had this information been made available, we would have reached a materially different judgement about resource DEL spending in 2024-25.
- We cannot say how much higher our forecast for departmental spending in 2024-25 would have been, as we cannot recreate the further conversations that would have happened if we had had this additional information. But we can say that the £2.9 billion underspend against departmental budgets assumed in our March forecast would very likely have been dropped, and so there would have been a materially higher DEL forecast for 2024-25 in the March 2024 *EFO*.
- The £23 billion that the October 2024 Budget has added to Resource DEL spending this year reflects a combination of a decision to fund those pressures and new policies announced since March.
- It is impossible to say what a different government or Chancellor would have done.

### 2. Was the current Chancellor consulted as part of the Review?

- The current Chancellor was not consulted as part of the review.
- Upon its completion and approval by our Non-Executive Members, the review's findings and recommendations were sent to Treasury officials so they could implement the recommendations as part of the October 2024 forecast round.

### 3. Why did you not consult the Shadow Chancellor as part of review?

- As set out in the Chair's July letter to the Treasury Committee of Parliament, the scope of the review was the institutional relationship between the OBR and the Treasury.
- The review concerns whether Treasury officials met their legal obligation to share relevant information with the OBR in the run-up to the March Budget.
- It did not consider, or refer to, the conduct of ministers.

### 4. Why did you not share report with the Shadow Chancellor?

- The report does not disclose advice provided to ministers nor comment on, or refer to, the conduct or decisions of ministers.
- Based on advice from the Cabinet Office Propriety & Ethics Unit, we did not consider it necessary, or appropriate, to share it with the Shadow Chancellor in advance of publication.
- The advice was reconfirmed by the Cabinet Office after we received the Shadow Chancellor's email on Friday 25 October.

### 5. Why did you publish the review on Budget day?

- The review includes potentially market sensitive details about changes to our fiscal forecast which it would not be appropriate or responsible to disclose without the latest forecast itself.
- Its publication alongside the Budget and draft *Charter for Budget Responsibility* also ensured that its recommendations could be reflected in both.