

Rt. Hon. Mel Stride MP
House of Commons
London SW1A 0AA

Richard Hughes
Chair

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10 December 2024

Dear Mel,

Thank you for your letter of 28 November regarding reforms to the Work Capability Assessment (WCA). Please find below answers to the two questions you raised.

1. *At the time of the scoring of this measure, what, if any, assurances were the Office for Budget Responsibility given by the Labour Government that they would uphold the policy assumptions that underpin the £3 billion savings figure?*

At the time of the October 2024 forecast, we assumed that the WCA reforms announced in November 2023 and included in our forecasts since then would be implemented. This is consistent with our standard approach where the impact of previously announced policies remains in the forecast unless the Government announces a different policy and provides sufficient detail to score that new policy. It is also consistent with the inclusion of the policy in Table 5.2 of HMT's Autumn Statement documents which shows that, on the most up-to-date estimate, the WCA reform measure (Measure 15) delivers savings rising to just over £2 billion by 2029-30.

2. *Does the Office for Budget Responsibility think it appropriate for the Government to continue to use this figure when they are publicly stating that they will not adhere to the policy that underpins it and are yet to consult on what their final Work Capability Assessment policy will be?*

In her Autumn Budget speech on 30 October, the Chancellor stated that *"...we inherited plans to reform the Work Capability Assessment. We will deliver those savings as part of our fundamental reforms to the health and disability benefits system that my Right Honourable Friend the Work and Pensions Secretary will bring forward"*.¹ It is on this basis that the just over £2 billion in savings by 2029-30 was retained in our October 2024 forecast published alongside the Budget. If any subsequent changes are made to the policy that we think will have a material fiscal impact, we would follow our standard process of incorporating such changes at the next forecast, if they are of sufficient detail to be scored.

In line with OBR policy, I will be publishing this reply, along with the content of your letter, on our website.

Yours Sincerely,



Richard Hughes
Chair

¹ <https://www.gov.uk/government/speeches/autumn-budget-2024-speech>

Annex

Thursday 28 November 2024

From: Rt Hon Mel Stride MP

To: Richard Hughes, Chair

Dear Richard,

It was reported in the Daily Telegraph on the 17 October 2024 that Labour claimed they would not 'duck the difficult decisions' regarding welfare. In the same article, Labour committed to 'honouring' Conservative-led reforms to the Work Capability Assessment which would deliver £3 billion in savings from the welfare bill.

As you know that £3 billion figure – incurred over four years – derives from the OBR's November 2023 Economic and Fiscal Outlook. It relates to Conservative reforms to the Work Capability Assessment which ensured the WCA reflected the greater flexibility in the post-pandemic world of work.

On Tuesday, as the Government launched their Get Britain Working White Paper, a government minister recommitted on the media to 'deliver those savings' from the Work Capability Assessment changes.

The same minister then claimed Labour would deliver these savings – not by sticking to the plans that underpin the forecasts – but by bringing forward different but as yet undefined plans.

Labour appears to be assuming the £3 billion OBR savings whilst stating that they are not prepared to adopt the policies that underpin it and upon which the OBR would have made this scoring.

I would therefore be grateful for a prompt answer to the following questions:

1. At the time of the scoring of this measure, what, if any, assurances were the Office for Budget Responsibility given by the Labour Government that they would uphold the policy assumptions that underpin the £3 billion savings figure?
2. Does the Office for Budget Responsibility think it appropriate for the Government to continue to use this figure when they are publicly stating that they will not adhere to the policy that underpins it and are yet to consult on what their final Work Capability Assessment policy will be?

With best wishes,

Mel Stride

Rt Hon Mel Stride MP

Shadow Chancellor of the Exchequer