



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

6 February 2020

The Rt Hon Mel Stride MP
Chair of the Treasury Committee
House of Commons
Committee Office
London
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Dear Mel,

Congratulations on your return to the important role of Treasury Committee Chair. I look forward to meeting you and the rest of the Committee to discuss my first Budget which will deliver on this government's ambition to unleash Britain's potential, deliver world-class public services, and level up every nation and region of the UK so that everyone has the opportunity to thrive, wherever they live. You asked some questions prior to the dissolution which I am happy to be able to update you on here.

The OBR published their Spring Statement 2019 forecast, restated for classification and methodological changes on 16 December 2019, following the pre-election period. This forecast did not incorporate the impact of any economic data published since March, new forecast judgements, or policy announced since the Spring Statement (including the Spending Round). Given the exclusion of updated government policy, this publication could not be considered as a forecast for the purposes of fulfilling the legal requirement for the OBR to publish two forecasts in each financial year.

One forecast has been commissioned to be published alongside my forthcoming Budget. For the second forecast, HM Treasury and the OBR are currently considering how best to satisfy the requirements under the BRNA Act (2011).

The Treasury is working closely with the Welsh and Scottish governments to support their Budget processes. As set out in their respective fiscal frameworks, we have determined block grant adjustments for 2020-21 using the latest OBR forecasts of relevant UK Government tax revenues and welfare spending. We have also agreed that the Scottish

Government can choose whether to use these adjustments for its Budget or take on updated adjustments that will be available alongside the UK Budget in March. Note that the adjustments will be reconciled to outturn after the end of 2020-21, so this choice does not affect the level of funding ultimately available to the Scottish Government.

In the Green Finance Strategy, the Government announced that, for the Prudential Regulation Authority (PRC) and the Financial Conduct Authority (FCA), it will ensure that the need to have regard to the COP21 Paris Agreement, when considering how to advance their objectives and discharge their functions, is reflected in the next letter of recommendations that HM Treasury issues to each body. The Government also committed to ensuring there is a similar provision in the remit and recommendations letter issued to the Financial Policy Committee (FPC).

The Government has a statutory obligation to issue letters of recommendations to the PRC and the FCA at least once in each Parliament, and a remit and recommendations letter to the FPC at least once per calendar year. In order to meet our statutory obligation, the Government issued these letters on 4 November 2019. Given the election period was just about to begin and Parliament rising, the Government decided to roll over the existing remits.

The Government continues to recognise the importance of making clear the responsibilities of these bodies in relation to the COP21 Paris Agreement and will set this out in the next remit letters that will be issued at an appropriate opportunity under this Parliament.



SAJID JAVID