



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

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

18th April 2025

Dear Dame Meg Hillier,

Treasury Select Committee oral evidence: Spring Statement 2025 follow-up

At my session with the Committee on 2 April, I confirmed that I would write to you with more detail to address various questions raised by Committee members. The reference numbers after each header refer to the relevant points in the transcript of that session. In addition, you wrote to me on 4 April regarding these questions.

Thank you also for your letter of 6 February regarding the ongoing Spending Review. I apologise for the delay in replying and have responded below to the points raised in that letter.

Financial services consumer groups - (Q316)

Since the general election, the Economic Secretary to the Treasury (EST) has met with a number of groups representing consumers of financial services. Tulip Siddiq, the former EST, met with Mencap, Fair4all Finance, Which? on two occasions and Citizens Advice on two occasions. Emma Reynolds, the current EST, met with the Money and Mental Health Policy Institute, Money Saving Expert, Project Nemo, Fairer Finance and StepChange on the 3rd March as part of a roundtable. For another roundtable on the 20th March, Emma Reynolds met with the Money and Mental Health Policy Institute, Citizens Advice, Fair4All Finance and The Money Charity. I have also met with Martin Lewis from the Money Saving Expert.

Both Tulip Siddiq and Emma Reynolds have also met with the Financial Inclusion Committee, which has had three meetings: on 5th December 2024, 20th March 2025 and 7th April. The committee includes Citizens Advice, the Money & Mental Health Policy Institute and the Money & Pensions Service.

Real-Household Disposable Income (RHDI) - (Q221, Q211, Q210)

Q221

The Office for Budget Responsibility's (OBR) March 2025 forecast is for RHDI per person to rise in every year of the forecast. By 2029/30, the level of RHDI per capita is forecast to be over £700 higher than in 2024/25. This is distinct from the living standards comparison made in my speech on 26 March, which noted that under the March 2025 OBR forecast

people will be on average over £500 a year better off, relative to the March 2024 forecast.

The £500 figure is based on publicly available OBR forecast data. Specifically, the difference in RHDl per person between the March 2025 forecast and the March 2024 forecast for each financial year over 2024/25 to 2028/29. The average difference in RHDl per person across the five years is over £500, after adjusting both forecasts to 2022 prices.

Q211

The OBR's Economic and Fiscal Outlook provides details on the drivers of their forecast. From Chart 2.14 in the OBR document, it can be seen that the main positive contributor to RHDl per capita growth over the forecast period is labour income.

Imputed rents form part of the 'non-labour income' component in this chart. The percentage point contribution of this category of income to RHDl per capita growth is declining over the forecast but is offset by rising labour income, causing RHDl per capita to rise in every year of the forecast.

Q210

The ONS do not currently publish regional measures of RHDl. The Plan for Change set out that we would track GDP per capita at a regional level. The OBR do not produce a forecast of regional GDP per capita.

Savings made by the Covid Counter-Fraud Commissioner - (Q309)

I appointed the Covid Counter Fraud Commissioner in December 2024 (for a fixed term of one year). The Commissioner has been tasked with recouping public money lost in pandemic-related fraud and error and contracts that have not delivered.

The Commissioner's work will ensure that no stone is left unturned, and that money goes into public services and not the pockets of fraudsters who took advantage of public services during a national emergency. The Commissioner's remit includes PPE procurement and any further potential recoveries that could be made, but he will also aim to provide assurance that we have done everything possible to recover public funds in relation to other covid schemes (including the Coronavirus Job Retention Scheme, Covid Grants, and Bounce Back Loans).

At the end of his fixed term, the Commissioner will provide a report, which will be presented to Parliament. The report will include lessons learnt and recommendations for government procurement in the face of future crises. At this point, we will have a clearer picture of the savings made in relation to the Commissioner's work and these will be set this out as part of this report.

US tariffs on UK-US trade - (Q233)

For modelling of the effect of US tariffs on UK-US trade, I would like to point the Committee towards analysis published by the OBR in their March 2025 Economic and Fiscal Outlook. The OBR consider the impacts of three different tariff scenarios (see Box 2.2 on page 40). Overall, they find that US tariffs on UK goods would likely reduce UK exports to the US, and UK tariffs on US goods would likely reduce UK imports from the US.

Spending Review – in response to the committee’s letter of 6 February

Spending Reviews are a whole of government exercise to match the government's resources to its priorities. Departmental submissions are only one input to this exercise. The final outcomes of the SR are collectively agreed by Cabinet ahead of the conclusions of the Spending Review being agreed by Cabinet and published.

Given the information in departmental SR submissions relates to the development of policy across government, its disclosure may inhibit free and frank advice and discussion on the policy in question. In light of this, the Treasury will not disclose the content of its SR submission to the Treasury Select Committee in case it prejudices the outcome of the SR.

The final Spending Review settlements will be presented to Parliament in the usual way on 11 June 2025. These settlements will represent agreed government policy and the Treasury Select Committee will be able to scrutinise the impacts and outcomes of the policy at this stage, as well as having opportunities to discuss and scrutinise the Treasury's spending in advance of the final settlements through continued ministerial engagement and appearances.

I hope this additional information assists the Committee in its scrutiny and I look forward to HM Treasury and your Committee continuing to work together positively. My officials and I remain at your disposal should you have any further questions.

with best wishes

A handwritten signature in cursive script that reads "Rachel Reeves".

RT HON RACHEL REEVES MP
Chancellor of the Exchequer