



Income Tax (Charge)

Motion made, and Question proposed,

That income tax is charged for the tax year 2024-25.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.—(Jeremy Hunt.)

Madam Deputy Speaker >

Share

I call the Leader of the Opposition.

① 1.55pm

Keir Starmer >

(Holborn and St Pancras) (Lab)

Share

There we have it: the last desperate act of a party that has failed—Britain in recession, the national credit card maxed out and, despite the measures today, the highest tax burden for 70 years. This is the first Parliament since records began to see living standards fall, as confirmed by the Budget today. That is the Conservatives' record, and it is still their record—give with one hand and take even more with the other. Nothing they do between now and the election will change that.

Over 14 years, we have seen our fair share of delusion from the Conservative party: a Prime Minister who thinks the cost of living crisis is "starting to ease", an Education Secretary who thinks concrete crumbling on our children deserves our gratitude, and a former Prime Minister who still believes that crashing the pound was the right path for Britian. Today, we have a new entry into this hall of infamy: the Chancellor, who breezes into this Chamber—in a recession—and tells the working people of this country that everything is on track. Crisis? What crisis? Or, as the captain of the Titanic and the former Prime Minister herself might have said, "Iceberg? What iceberg?" Smiling as the ship goes down, the Chuckle Brothers of decline dream of Santa Monica—or maybe just a quiet life in Surrey, with the Chancellor not having to self-fund his election—while the crew behind them scramble around for a GB News lifeboat.

If only it were not so serious. The story of this Parliament is devastatingly simple: a Conservative party stubbornly clinging to the failed ideas of the past, completely unable to generate the growth that working people need, and forced by that failure to ask them to pay more and more for less and less. As the desperation grows, the Conservatives torch not only their reputation for fiscal responsibility, but any notion that they can serve the country, not themselves—party first, country second, while working people pay the price.

Food prices are still 25% higher than they were two years ago. Rents are up by 10%. It will cost an extra £240 a month for a typical family remortgaging this year, because the Conservatives lost control of the economy. They sent interest rates through the roof, and they made working people pay. They should be under no illusion: that record is how the British people will judge today's cuts,

because the whole country can see exactly what is happening here. They recognise a Tory con when they see it, just as they did in November—give with one hand and take even more with the other.

People have been living through this nonsense for 14 years. They know that the thresholds are still frozen, dragging more and more people into higher taxes. They know that a Tory stealth tax is coming their way in the shape of their next council tax bill. The Levelling Up Secretary has told not just this House but every house in the country that he is coming for their council tax—give with one hand, Gove with the other.

Most insultingly of all, the British people know the only cause that gets this lot out of bed is trying to save their own skin. Take the desperate move, after years of resistance, to finally accept Labour's argument on the non-dom tax regime. Has there ever been a more obvious example of a Government who are totally bereft of ideas? If they are sincerely in support of that policy, the question they must answer is: why did they not do it earlier? Why did they not stand up to their friends, their funders and their family? If they had followed Labour's example, 3.8 million extra operations and 1.3 million dental emergency appointments would have taken place by now, and there would have been free breakfast clubs for nearly 4.5 million children. If instead this is just another short-term cynical political gimmick, honestly, what is the point? What is the point of a party that is out of touch, out of ideas and nearly out of road?

We saw this last year as well, when only Labour's policies on the cost of living made the difference. I say to those on the Conservative Benches who are now a little downbeat about another intellectual triumph for social democracy, I say, "Get used to it!" With this pair in charge, it will not be long before you are asked to defend the removal of private school tax relief as well. The harder they try with cynical games like that, the worse it will get for them, because the whole country can see exactly who they are. Fighting for themselves. Politics, not governing. Party first, country second.

Because we have campaigned to lower the tax burden on working people for the whole Parliament—and we will not stop now—we will support the cuts to national insurance. But I noticed that in 2022 when the Prime Minister was Chancellor, he made this promise:

"I can confirm that...in 2024, for the first time...the basic rate of income tax will be cut from 20p to 19p".—[Official Report, 23 March 2022; Vol. 711, c. 342.]

Having briefed all week that an income tax cut was coming, that promise is in tatters. Of course we support the fresh investment in our NHS, although I have to note that the Chancellor, when he was Health Secretary 10 years ago, promised to make the NHS paperless by 2018. I know the Prime Minister's fondness for Elon Musk extends to an enthusiastic embrace of his Community Notes on fact checking, so I will say this bit slowly: Labour supports the fuel duty freeze. That is our policy. I look forward to the Prime Minister's acknowledgement of that in the coming days. We ask the Chancellor to set out how he will ensure that the policy gets passed on to hard-pressed families at the pump.

For all the fanfare around the tax measures today, this straightforward story remains true: taxes at a 70-year high; the British people paying more for less; and an unprecedented hit to the living standards of working people. This is the first time the Government have gone backwards over a Parliament, and they were cheering that. The reason is equally simple: there is no plan for growth. How can there be? The Chancellor can say "long-term plan" all he likes, but—[Interruption.] Last year he announced 110 growth measures. He said that we had "turned a corner", but where are we now? Britain is in recession, with an economy smaller than when the Prime Minister entered Downing Street—the textbook definition of decline. That is their record. After 14 years, who do they think feels better off?

Productivity is flat, mortgages are through the roof, house building is off a cliff, worklessness is rising and rising, homelessness has never been higher, crime goes virtually unpunished, children cannot see a dentist and there is sewage in our rivers. Billions and billions of taxpayers' money has been wasted, including £7 billion by the Prime Minister on covid fraud alone and £500 million on the Rwanda scheme that has achieved precisely nothing. I can keep going. We have a railway line that will never reach our great northern cities. In fact, it might not even reach central London. Billions upon billions for a white elephant without a trunk, while today we learn that taxpayers are picking up the bill for the Science Minister's libel. And all the time, one thing is growing: the waiting lists in our NHS, now standing at nearly 8 million.

The Government have had 14 years. They are running out of road. This is what decline looks like, and the complacency they have shown today takes your breath away. Britain deserves better than this. Britain deserves a real plan for growth; an end to 14 years of stagnation; wealth creation across the whole of the country; and higher living standards for working people. This is the mission we need, but yet again, what we got was the same tired old formula, the sticking plasters, the chopping and changing, and the party-first, country-second politics with no repudiation of the utterly discredited idea that economic growth is something that the few gift to the many.

Even then, the Chancellor's Back Benchers are owed an explanation. He says that Britain has grown more quickly than countries such as Germany over the last 14 years, but I am sure they will be shocked to learn that this is a statistical sleight of hand. When it comes to GDP per capita—the growth that makes the difference to the pockets of working people—the Government's record is much worse. Indeed, in per capita terms our economy has not grown since the first quarter of 2022—the longest period of stagnation Britain has seen since 1955. In fact, the Chancellor invited us to look at those figures. The Office for Budget Responsibility has said that GDP per capita will be 0.75% lower in 2028 than was forecast in November last year. That was the number he said we should watch: 0.75% lower in 2028. The Government can call this a technical recession, but there is nothing technical about working people living in recession for every second the Prime Minister has been in power. This is a Rishi recession.

If Conservative Members really want to know what hides in the Chancellor's spreadsheets, they will see that it is only the record levels of migration they have delivered that have prevented an even deeper decline. That is the record they must stand on at the election. While we on these Benches do not demean for a second the contribution that migrants make to a thriving economy, it is high time that the Government were honest with the British public about the role migration plays in their economic policy, because right now, in terms of growth, that is all they have. There is nothing else. No plan to get Britain building again with a reformed planning system. No ambition to invest in clean British power for cheaper bills and energy security. No inclination to move away from insecure low-paid jobs and strengthen employment rights so that we can finally make work pay.

Where is the urgency on affordable housing? How can the Government look at Britain now and not see that as a massive priority? Never again will they be allowed to pose as the party of home ownership and aspiration, although I have to say, given the disaster that has befallen their childcare plans, perhaps that is for the best. The cost of childcare is a huge challenge for millions. Parents need the Chancellor to deliver on his promise. It seems that he has been taking lessons on marketing from the Willy Wonka Experience in Glasgow: all is not as it seems. With just over three weeks to go, he has to come clean, because up and down the country parents need to know: will they get their entitlement in April, or is this just another of the Government's reckless promises on governing? Headlines over delivery. Promises without plans. Policies that unravel at the first contact with reality. The lesson is crystal clear that those who broke our economy cannot be trusted to repair it. The Tory credit rating is zero. It is time for change with Labour.

That is what today's Budget should have been about: a last chance for the Government to show that they understand the economic reality of our volatile world, that global supply chains can be weaponised by tyrants like Putin, that a sticking-plaster approach to public investment will cost Britain more in the long run, and that trickle-down nonsense means that working people pay the price. It could even have been a moment of contrition, a reflection on their fiscal recklessness or perhaps an apology for the ridiculous chaos that they have inflicted on businesses, communities and investors in this country. And yet there is still no stable industrial strategy, still no national wealth fund to crowd in private investment, still no urgency on speeding up critical infrastructure projects and no recognition that they have left in tatters our standing as a country that always keeps its promises.

And if they do not like that accusation, they should look no further than the grotesque spectacle of the Government ducking their responsibility to the victims of the **infected blood** and Horizon scandals.

"This is one of the greatest miscarriages of justice in our nation's history."—[Official Report, 10 January 2024; Vol. 743, c. 288.]

Those were the Prime Minister's words just two months ago. Today, justice has been kicked beyond the general election. Britain can see exactly who they are, and the reality is that there is no path to economic stability and no way to a calmer, less chaotic politics with the Conservative party in power, because chaos is now their worldview.

It is a mindset that sees Britain's problems as opportunities that the Conservative party can exploit, whether, like the Chancellor, it is out of desperation because they cannot solve them, or whether, like the right hon. and learned Member for Fareham (Suella Braverman) and the right hon. Member for South West Norfolk (Elizabeth Truss), it is because they have no intention of solving them. For a party this weak and divided, the end result is always the same: a vicious downward spiral with chaos feeding off decline and decline feeding off chaos, while working people pay the price.

The British people know that this will not stop. Five more years and it will only get worse. There will be no change of direction without a change of Government, and that leaves Britain as a nation in limbo, unable to shake off the Tory chaos that dragged us into recession, loaded the tax burden on to the backs of working people and maxed out the nation's credit card.

Britain deserves a Government who are ready to take tough decisions, to give our public services an immediate cash injection, to stick to fiscal rules without complaint, to fight for the living standards of working people and to deliver a sustainable plan for growth. We say to the Chancellor and the Prime Minister that it is time to break the habit of 14 years, to stop the dithering, the delay and the uncertainty, and to confirm 2 May as the date of the next general election, because Britain deserves better and Labour is ready. [Interruption.]

Madam Deputy Speaker >

(Dame Eleanor Laing)

Share

I will not demand silence now, as this is the moment for cheering.

I call the Chair of the Treasury Committee.

© 2.13pm

Harriett Baldwin >

(West Worcestershire) (Con)

Share

I know it has not been long since the autumn statement, but we have heard today that the Leader of the Opposition has no plan. It has not been very long since the last forecast from the Office for Budget Responsibility, so it is interesting to read today that, in the just over 100 days since its last forecast, there has been a lot of change for the better in the UK economy. In particular, the OBR is expecting a better inflation outturn than it had expected just over three months ago. It is expecting and has noted the sharper fall in the interest rates that we all pay on the national mortgage, and it has said that it expects the British people's living standards to recover more quickly than it previously forecast. That is information that we can all welcome.

There will be a range of views across the Chamber on the role of the Office for Budget Responsibility. We all know, of course, that all forecasts are likely to be wrong. The Treasury Committee will scrutinise the Office for Budget Responsibility next Tuesday morning, and we look forward to asking questions about its assumptions. My view is that it is a bit like that quote of Sir Winston Churchill about democracy being the worst form of government except for all the others that have been tried: although all economic forecasts are likely to be wrong in some way, and the Office for Budget Responsibility's forecasts are often not the most accurate, they are a lot better than the alternatives of either the Treasury marking its own homework or having a Budget with no forecast from the Office for Budget Responsibility. I think the OBR's forecasts reassure the markets on which we are so dependent for our borrowing.

There has obviously been good progress on inflation since the peak of over 11% after Putin's evil invasion of Ukraine, and it is vital that all of today's Budget measures are seen through the lens of inflation, because we do not want anything that could prevent that progress towards the 2% that the Bank of England expects by the middle of this year.

The Chancellor told us that he was looking through that lens in announcing today's measures, which contain a range of things that will really help, including continuing the 5p off fuel duty at the pumps for another year, which will be very helpful to drivers in West Worcestershire and elsewhere in the country. The freeze on alcohol duty will be welcomed in pubs in West Worcestershire and across the country. The public sector productivity plan is crucial to ensuring that we get value for money from our public services.

On the second economic objective of growth, we can all welcome the fact that employment growth has been so strong. The economy has created more than 800 jobs a day over the past 14 years. We have seen steps taken in previous fiscal events to grow the size of the UK's productive economy. Now that we are at full employment, productivity becomes incredibly important, because it helps to sustain non-inflationary growth.

To stimulate all-important investment in the economy, last year's big announcement of full expensing was made permanent in the autumn statement. Today, we have heard that full expensing will be extended to leased assets. The BBC fact check noted that when the measure was first announced, it was expected that the economy would benefit greatly. The Chancellor said that its impact on the economy would be huge, and the Office for Budget Responsibility said that it would increase business investment by 3% a year. The policy came into force on 1 April, and in fact business investment for the whole of last year was 6.1% higher than in 2022.

Today we heard about further welcome steps to increase business investment and other investment in the UK economy—tax reliefs for some creative industries, British individual savings accounts to encourage more long-term investment in our economy, the backto-work plan, the childcare plan, and many other measures that will unlock growth.

Caroline Lucas >

(Brighton, Pavilion) (Green)

Share

Is the Chancellor, and indeed the hon. Lady, being a little complacent about investment? Although it is true that business investment is higher than it was in 2010, our business investment is still the lowest in the G7 and among the lowest in the OECD. Why did we not see more public investment from the Chancellor today? We know that public investment will crowd in private investment, so why have we not seen much bolder and more ambitious work on investment? That is what the economy is crying out for.

Harriett Baldwin >

< Share

We heard the Chancellor talk about how strong the growth in UK investment has been. We heard about additional investment in the productivity of our national health service and, crucially, about measures that will increase the attractiveness of investing in some of the fastest growing sectors of the economy.

George Freeman >

(Mid Norfolk) (Con)



Does my hon. Friend agree that it is extraordinary that the hon. Member for Brighton, Pavilion (Caroline Lucas), representing the Green party, did not welcome the £270 million for advanced manufacturing in clean aviation and clean vehicles, and the £120 million for clean tech manufacturing? That is the UK investing in the technology of clean growth, is it not?

Harriett Baldwin >



It is indeed, and I am glad that my hon. Friend welcomes that, even if it was not welcomed by the representative of the Green party.

Vicky Ford >

(Chelmsford) (Con)



I want to take my hon. Friend back to what she said about investment in childcare. I remind her that this week brings International Women's Day, and the cost of childcare is such an important issue for so many mums in this country. Of course, it was the Conservatives who rolled out 30 hours of free childcare, and who are rolling out free childcare for two-year-olds and nine-montholds. We absolutely must welcome that additional investment in childcare, and indeed the investment in families through support for child benefit, which will help mums get into well-paid jobs.

Harriett Baldwin >



I wholeheartedly endorse what my right hon. Friend said. She is right to highlight the importance of investment in childcare in helping female employment growth, which has been remarkably strong in the past 14 years. I am confident that the measures announced will allow us to make further progress with the increasingly non-inflationary growth capacity of the UK economy.

Other measures announced today will help on the growth front. Cutting national insurance is also a smart way to help growth. It not only puts more money in working people's pockets—27 million people across this country will see an extra £900 a year in their bank account—but will make work more attractive. We have heard from the Office for Budget Responsibility that cutting national insurance has the biggest marginal impact on bringing people back into work; the figure from the last cut was 94,000. It will be interesting to see whether the OBR continues to expect this to have a significant impact. It is a really smart way to cut taxes for working people—and the measure is UK-wide, so the effect will be felt in Scotland as well.

I turn to the issue of debt falling. We can see that the bond markets have stabilised, and OBR numbers confirm progress on debt. I draw the House's attention to a report that our Committee recently published on the Bank of England and its quantitative tightening. It is selling £100 billion of gilts into the market this year, and it has acknowledged that that increases the cost to the Exchequer of borrowing by between a tenth and a quarter of a percentage point. Our Committee wanted to flag up the impact that that could

have, and to send a message to the independent Bank of England about some of the ways in which quantitative tightening has an impact on the real economy. As a cross-party Committee, we were obviously never going to agree on the level or scope of taxes, but one thing we have unanimity—

Ian Blackford >

(Ross, Skye and Lochaber) (SNP)

Share

rose-

Harriett Baldwin >

Share

Does the right hon. Gentleman wish to intervene on the fact that the rate of tax is higher in Scotland?

Ian Blackford >

Share

I wish to raise a point about quantitative easing, which the hon. Lady mentioned. Obviously, there will be a very significant supply of gilts in the coming period, which will have an impact on yields. That will influence what the Bank of England does on the interest rate cycle, and crucially, it will make it difficult to see any material growth in the money supply, particularly in M4, in the coming period. That will have an impact on growth, given where we are.

Harriett Baldwin >

Share

I am sorry that the right hon. Gentleman did not acknowledge that income tax is higher in Scotland, but he makes a good point about quantitative tightening and its impact on the real economy. It is potentially a factor that can have a real impact, and our Committee will watch it closely.

As I was saying, as a cross-party Committee, we were never going to agree on the level and scope of taxes, but we do agree that the tax system is too complicated. We have a very complicated tax system in this country, and well over 1,000 different tax reliefs. Despite the abolition of the Office of Tax Simplification, there have been some major tax simplifications under this Chancellor. We have heard about the way in which he eliminated, in the autumn statement, the national insurance class; about how he has simplified the lifetime allowance for pensions; and, today, about how he has started to tackle some of the perverse cliff edges, high marginal tax rates and disincentives to work in the tax system. By raising the VAT threshold, he has helped small businesses, which might otherwise have held back because they did not want to go through that threshold. On universal credit, we have done so much over the years to reduce high marginal tax rates and disincentives.

It was great to hear the Chancellor really focus today on addressing the high-income child benefit charge. When we introduced it—I voted for it at the time—£50,000 a year was a high rate of income. With the progress on higher incomes, the median income has increased from about £22,000 in those days to about £35,000 now. These days, £50,000 is not more than about 40% over the median income. It was right for the Chancellor to recognise that today in his Budget statement. He has made the taper that much less of a disincentive to taking on work above that income level. Of course, I would have loved him to have done even more, but I am very grateful for all that he has done.

Let me come to a rapid close by saying that it is clear that the Conservatives have a plan. It is clear that there is a plan to get inflation down; to increase the growth rate and the growth capacity of the UK economy, without sparking inflation again; and to get debt falling. I think we can all see that the plan is working. We should stick to that plan and not go back to square one.

Several hon. Members rose-

Share

Madam Deputy Speaker >

(Dame Eleanor Laing)

Share

Order. Before I call the spokesman for the Scottish National party, it might be helpful for hon. Members to know that I hope to be able to manage the debate, certainly at the beginning, without a formal time limit. If everybody speaks for about six to seven minutes, we will manage without a formal time limit. If they do not, we will set one. It will begin by being about seven minutes, but will reduce as the day goes on. I call Drew Hendry.

① 2.27pm

Drew Hendry >

(Inverness, Nairn, Badenoch and Strathspey) (SNP)

Share

Traditionally, at this point I would thank the Chancellor for advance sight of his redacted statement, but having seen the statement, I realise that I was given an entirely different redacted document. Not to worry, as we have seen all the details in the press over the past day or so. Seeing the unredacted words would be nice, but it is not essential for this response.

I thank the Chancellor for his courtesy in staying in the Chamber, unlike some of his colleagues, to listen to the words of the third party. That does not happen all the time, but it is very good practice for those who might well be in the third party after the next election.

The Chancellor said that his autumn statement was a "statement for growth", but what have we seen since then? Growth has gone down; it is has grown into recession. Today, the OBR says:

"Having steadily declined since early 2022, real GDP per person is forecast to trough at 1¼ per cent below its pre-pandemic peak in the first half of 2024."

So that was not a statement for growth, and this is not a Budget for growth.

I start by welcoming some of the measures that the Chancellor has announced today. He at least addressed the non-dom status, which is a positive move forward, although he gave them the softest possible landing. He announced changes to child benefit that are very good. We must give credit to Paul Lewis for his campaigning on that issue. He tweeted today, as other members of the press have done, that he was tipped off by the Chancellor that the change was coming. The move on lifetime ISAs is welcome. The R&D support for the aerospace industry, although it is the smallest possible step that could have been taken, is welcome, as is any further investment in life sciences.

The Chancellor set a lot of store on productivity today—he is going to solve everything with productivity. Yet if we look back over the past 14 years, and indeed before that, we see that the UK has been exceptionally poor on productivity. The figures on productivity have not budged at all. [Interruption.] The Chancellor is saying, "What about Scotland?" He should look at the figures for Scotland over the past 14 years and then we can have that debate.

The Chancellor said that vacancies would be easy to fill through immigration, but his party, joined by the Labour party and now the Lib Dems, imposed Brexit and stopped free movement. Of course it would have been easy to fill vacancies with skilled people who want to do the jobs we have, including vital jobs in tourism, hospitality, the national health service, the care service and across many other sectors, if that possibility had not been taken away by decisions made in this place.

Economists who are looking at his national insurance cuts have said that the gains will be cancelled out, as they were last time, by the freeze on thresholds. There is very little for people on low incomes, and zero for 17.8 million people on less than £12,750 a year, so there is not a lot of sense in that measure. He boasted that he had taken over as Chancellor when inflation was at 11%, but we must remember that the Tory Government were in charge when inflation was at that level. The problem with inflation is their child. They also suggest that 4% is somehow a triumph, but 4% inflation means prices still go up. Let us face it, this is a last-ditch, tone-deaf approach to desperately try to recover in the polls. It is the embodiment of putting the Tory party before the people.

Where are the real measures that would have a real impact on the cost of living, which is what people need the most direct help with? For those living in fear of their energy bills, who are being told, once again, that their direct debits are increasing, slicing more off their take-home pay, none of this is more than cold comfort. For those staring in disbelief as they realise that their shopping bills

are more than 25% higher than they were a couple of years ago, this will stick in their throats. For those trussed to their new, much higher mortgages and rents directly because of reckless decisions made in this place, the walls are closing in.

On public services, the Chancellor has failed people again. Paul Johnson of the Institute for Fiscal Studies has noted that the Chancellor would have to explain how public services, which are already on their knees, could possibly take more cuts. Let us not forget the £19 billion he slashed from public spending in the autumn statement. The IFS continued:

"The economic case for tax cuts is weak. The public finances remain in a poor position."

The Chancellor today promoted a further £20 billion cut, according to the IFS. Public services have been left struggling after 14 years of underfunding, economic chaos and blunder, from mini-Budgets to Brexit, colossal wastes of hundreds of billions of pounds, fraud and cronyism. Public finances are now so pared to the bone that we can see the marrow. Is it any wonder that a growing number of English councils, whether run by the Tories, Labour or the Lib Dems, are now effectively bankrupt?

People in Scotland needed a Budget that delivered funding that would allow investment for our public services, including real investment in the NHS, that supports families with the cost of living, and that properly invests in green energy, not another austerity Chancellor taking an even bigger axe to investment than his predecessors.

When it comes to the election in Scotland, those people will have their say and make their choice. There is a clear choice between that and the SNP's calls to invest in public services, the economy and our communities, in our town and city centres, in our manufacturing future and our rural areas, in our tourism industry, in our food and drink sector, and in the priorities and values they hold dear. Those will be the major dividing lines at the general election.

The Scottish Government are committed to protecting people from some of the worst Westminster policies and are making a real difference to the lives of people in Scotland, despite their limited powers. The Prime Minister may be under the impression that the cost of living crisis is easing, but that assessment will be a slap in the face for households across Scotland that are still facing the consequences of over a decade of Tory cuts and mismanagement of the economy. People will see straight through attempts by the Chancellor to make up for falling living standards, underfunded public services and wage stagnation with these poorly timed national insurance cuts, which will not improve overall standards of living for most households.

Leaving aside the Chancellor's failure to deal with fiscal drag, which wipes out much of the benefit of the NI cuts, the vast inequality in benefits for the better-off and the geographical impact that means London benefits much more than anywhere else, he cannot escape the fact that the Government have now imposed the highest tax burden since the end of the second world war.

I want to tackle the issues of tax in Scotland. Our progressive moves in Scotland mean that not only do the majority of people pay less tax, but they also pay far lower council tax than in England. They are supported with free prescriptions, do not have to pay tuition fees and get the game-changing Scottish child payment and more. That is about doing what is right: investing in our people, not leaving them high and dry.

While the Tories cut public funding in England, the Scottish Government's progressive approach to income tax has raised significant revenue to invest in public services in Scotland. The Scottish Government's tax regime means that, on average, households in the lower half of the income distribution are £400 a year better off than they would be in the rest of the UK. Around 58% of households are better off under the Scottish tax and social security system than they would be in the rest of the UK. Taking a different, progressive course on income tax in Scotland means that the Scottish Fiscal Commission estimates that in 2024-25 the Scottish Government will have around £1.5 billion of additional revenues, compared to if they had followed UK Government tax policies.

The Scottish Government continue to reaffirm their social contract with the Scottish people, with people across Scotland reaping the benefits through free prescriptions, free university tuition, free school meals, free bus travel for under-22s and free dental care until 26, as well as publicly owned rail services, free childcare for two, three and four-year-olds, and seven additional welfare payments, including the revolutionary Scottish child payment.

Before I move on to other economic matters, the Chancellor mentioned freezing tax on Scotch whisky. As in the autumn statement, we say that is not enough. That industry is massive for Scotland. Scotch whisky is a massive export for both Scotland and the UK, yet it is still taxed at around 70%. We needed a cut in that tax today so that the industry could deliver its potential. The fact that that was not addressed in the Budget is a shame on the Government.

Austerity is an ever-decreasing circle. It is fiscal madness to pursue the same policies that have been failing so obviously for many years, yet none of the other parties can bear to face the truth: for an economy to grow, it needs proper investment; for public services to deliver, to free up the potential of our people, they need to be supported, not asset stripped and starved of resources.

The Chancellor mentioned £2.5 billion for digitisation of the NHS in order to get those so-called productivity gains. I wonder how much of that will go to private companies once the dust settles. He should have boosted NHS spending by £15 billion—to improve healthcare after the UK Government imposed real-terms cuts this year. He should have funded NHS pay properly so that it matched that of Scotland, where there have been no NHS strikes, and caught up with previous cuts. Where was the announcement on settling with the victims of the contaminated blood scandal? Missing!

Moving on to the economy, the Chancellor should have turbocharged investment in green energy, by investing at least £28 billion per year to compete in the global green energy goldrush and to secure sustained economic growth. Where else is the serious high-return growth supposed to come from? We have not heard it mentioned here today. We do not know where it is. That £28 billion is needed. Labour advisers have told the Labour party that that £28 billion is needed. Everybody knows that that £28 billion a year is needed, yet no one in the Labour party is willing to make the investment that is needed to protect it. This is the abandonment of the just transition. [Interruption.] We are hearing chuntering from the Labour Front Benchers. [Interruption.] Oh dear, imagine picking up on that one. Their big U-turn, their big abandonment of the just transition—[Interruption.] Well, it is a pretty big U-turn. I know that it is one of many, but it is also pretty big.

The fact that Labour Members are rattled shows how much they feel this. This abandonment of the just transition and the fantastic opportunity that it promises, by both the Tories and those in the shadows of the Labour party, is reckless and stupid. Not only will it be felt economically, but it ignores the desperate need to act on climate change. The failure to invest in this will hold Scotland back from reaching our green energy ambitions and will leave households vulnerable to future energy crises.

The Chancellor must finally match the level of ambition that we are seeing in other countries. The Government have been shown by the European Union, and by the United States with its Inflation Reduction Act 2022, that this issue needs to be taken seriously, yet they are sitting on their hands.

Scotland can be at the forefront of the green energy revolution thanks to our incredible natural resources in onshore and offshore wind, and in wave, tidal and hydro power. But with Labour and the Tories intent on pulling the rug from under industry's feet, we risk seeing yet another generation of energy potential wasted by Westminster. The Chancellor must commit to investing properly in renewables and must decouple the price of gas from the price of electricity. We cannot ensure a just transition from oil and gas—for the people and communities who rely on them—if we squeeze the life out of the sector overnight.

We know that households across Scotland have been badly hit by the energy crisis, and that proper investment in renewables can reduce the bills for households. Citizens Advice Scotland has revealed that, in the past four years, it has seen the number of people requesting advice and support with energy bills increase by 14 times. Labour Members are again chuntering from a sedentary position, saying that I am going on for too long. I take that as a sign that they are not comfortable with what I am saying.

Lucy Powell > (Manchester Central) (Lab/Co-op) Share I am just bored by it. Drew Hendry > \$ Share They are bored by the just transition! They are bored by the cost of energy that people have to pay. They are bored by all these things. Hon. Members \$ Share Bored, bored! Madam Deputy Speaker > (Dame Eleanor Laing) \$ Share \$ Shar

Order. I was about to ask for order so that the hon. Gentleman could be heard, but I think that the noise is coming from immediately behind him. [Interruption.] The hon. Member for Coatbridge, Chryston and Bellshill (Steven Bonnar) must not shout at me. He can shout at other people, but not at me.

Drew Hendry >

Share

Thank you, Madam Deputy Speaker. I can make more progress if I am not interrupted, so I do appreciate your advice on that.

Talking about advice, I want to return to Citizens Advice Scotland. It revealed that, in the past four years, it has seen the number of people requesting advice and support on energy bills increase by 14 times. That is a shocking increase. Proper investment in green energy can make sure that people in Scotland never have to face an energy crisis of this scale again.

As I have said, the Chancellor could have helped families with the cost of living by scrapping grossly unfair and unequal energy bill standing charges and using a £12 billion wealth tax to fund a £400 annual energy discount for households; reintroducing mortgage interest tax relief; capping supermarket food prices; and matching the Scottish child payment UK-wide. He could have boosted UK finances, but he chose not to do so. He could have introduced the long-overdue essentials guarantee while scrapping callous policies such as the two-child limit and the benefit cap. One of the most game-changing things he could have done is to finally give up on the failed experiment that has been Brexit, rejoin the EU single market and deliver economic growth.

The Chancellor must help businesses and introduce measures to support the tourism and hospitality industries. We know that businesses have faced a very challenging period with covid, Brexit and the increased costs from all sides, making life more difficult for people across Scotland. That is why the SNP is calling on the Chancellor to reduce the rate of VAT for the tourism and hospitality sector—it is not too late for him to do that; reinstate VAT-free shopping for international visitors; and implement VAT-free streets to support struggling town centres and high streets. If nothing is done to halt their decline and they continue to be ignored, as they have been for too long, communities will suffer and far more tax will be lost in the longer term than it would cost to provide them with some support.

The Government could choose to construct mini enterprise zones, working with devolved Governments and local authorities to agree on which sectors and areas are most in need of support. These sectors could benefit from reductions in VAT or from no VAT at all if the need is great enough. That could be tied to businesses agreeing to pay the real living wage. The chief executive of Marks & Spencer yesterday described operating under the current Government as

"like running up a downwards escalator with a rucksack on your back."

If the Government can roll out freeports, then why not freeports for people? They could reduce alcohol duty for whisky and other spirits to support Scotland's thriving whisky sector that adds £7.1 billion to the UK economy. Businesses in Scotland can no longer afford to be held back by the UK's low-growth economy. The Chancellor should bring in measures to support businesses that have been left paying the price for the UK Government's disastrous Brexit. It is clear that the SNP is the only party committed to rejoining the EU and giving Scottish businesses the chance to access goods and talent from our 27 closest neighbours.

The Scottish Government are committed to protecting the people of Scotland from some of the worst Westminster policies and are making a real difference to the lives of people in Scotland, despite their limited powers. The cut to the Scottish Government's capital budget and financial transactions have meant that they have had to take some difficult decisions in this year's budget, but they are still committed to delivering for the people of Scotland. The SNP fully support the £3.3 billion package the UK Government have delivered for Northern Ireland, and urge the Chancellor to make similar funding available—in line with the Barnett formula—to help the Scottish Government deal with the budget pressures they face.

The Scottish Government are freezing council tax—except in Tory, Liberal Democrat and some Labour councils where those councils think that people should pay more. The Scottish Government are also lifting 100,000 children out of poverty with measures such as the Scottish child payment; providing child winter heating payments to help mitigate additional heating costs for households with the most severely disabled children; providing free school meals to all children in years 1 to 5 and to all eligible children throughout the school; providing all babies in Scotland with the essentials needed for the first six months of a child's life through the baby box; introducing 1,140 hours of funded early learning and childcare to all three and four-year-olds and eligible two-year-olds; and making bus travel free for 2 million people in Scotland, including all children and young people under the age of 22, eligible disabled people, and anyone aged 60 or over.

That is just a snapshot of some of the landmark policies that the Scottish Government have brought in, and all of them have been achieved against the backdrop of limited powers and being tied to a Westminster system that, as we have seen from today's Budget, continues to do nothing for the people of Scotland.

Madam Deputy Speaker >

(Dame Rosie Winterton)

< Share

Just to emphasise what the Chairman of Ways and Means said, it would be helpful if colleagues confined their remarks to about six minutes, so that we can get everybody in with equal time.

I call the Father of the House.

① 2.50pm

Sir Peter Bottomley >

(Worthing West) (Con)

Share

It is interesting to follow the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry). I was waiting to hear how the experiment with higher taxation is going. I invite the SNP to publish the figures showing how many of the top 10 philanthropists in Scotland five years ago are still paying tax in Scotland, and how the top 10 individual taxpayers in Scotland five years ago are doing now. [Interruption.] It is an example. SNP Members do not like having questions put to them, but there we are.

When the Leader of the Opposition started speaking, it sounded to begin with as though it was his Health spokesman who was speaking. I also reflected on the journey of the Leader of the Opposition over the last few years. In 2017 and 2019—within the memory of the House—he wanted his right hon. Friend the Member for Islington North (Jeremy Corbyn) to be Prime Minister. When there was a vacancy to succeed the right hon. Member for Islington North as the leader of the Labour party, the candidate who was closest to him was the person who is now the Leader of the Opposition. His journey over the last couple of years in changing his views, or his approach, is quite significant.

I think people can believe that the Labour party wants to change. For example, in the other Worthing constituency—I represent two thirds of the town—none of the local councillors was judged suitable to be put on the shortlist for selection as the parliamentary candidate. That shows central power in the hands of the Leader of the Opposition and his national executive. I think most people will have found that surprising. Had I been one of the Labour councillors told I could not apply, I would have been pretty upset.

The reaction I have received from my constituents to the financial statement and the Budget has come down to one particular point. Someone said, "Could there please be a change on the level of pension pot that requires financial advice?" When it was introduced in 2015, the level was £30,000. My constituent, who has a pension pot of £32,500, has been quoted £7,000 for advice on how to realise that relatively small pension pot. I ask Treasury Ministers to consider whether in the Finance Bill they could lift that figure to £40,000 or £50,000, so that people who want to gather up a small part of their defined-benefit pension can use it.

The second reaction that I had from a constituent was that, since Labour took control of Worthing Borough Council, two thirds of the reserves have gone within two years. People are worrying whether the council can remain solvent. If that is a test of what Labour might do in government, it is a pretty good reason to follow the Chancellor and the Prime Minister, and to re-elect us so that we can go on trying to raise the levels of productivity and growth, reform and develop public services, and get more people into work, with higher tax revenues and preferably lower rates of tax.

The Chancellor announced changes to the penalties on child benefit. I go back far enough to remember when most of the value of child benefit came in the child tax allowance. Children cannot work. If I had a dependent pensioner in my household, an income would come with them. Any family who have a child under working age ought to be able to get that kind of support, so that over a family's lifecycle they receive support when they need it and pay back in when they are more able to work. I hope that we can move to a stage where the child benefit penalty goes completely. There is no philosophical or economic justification for it. It was an error, and I hope that I voted against it when it came in.

Mr Kevan Jones >

(North Durham) (Lab)

Share

You didn't.

Sir Peter Bottomley >

Share

I probably did, you know. I am that sort of person.

There are many things on the environmental side that I will not go into due to the limitations on time. I hope that the proposed district heating scheme, which the Government want to be one of their flagship projects, supported by local authorities, can go ahead. There is a problem with the cost of lane rental to put hot pipes under our roads, but we need to give serious attention to how we get major investment so that nearly all our homes come off burning hydrocarbons, whether it is gas or the like, and get on to solar heating or heat pumps—either air or ground source heating. That will require major effort, especially for residential leasehold properties.

The Chancellor announced more money for more free schools. I hope that one of them will be the special educational needs and disabilities school proposed in Worthing, on the new Durrington estate. Nearly one child in five in West Sussex has some kind of statement or need They deserve specialist support. It is good for them, and good for the other children. I hope that we will get an announcement on that very soon. Having said that, I welcome the Government's plans. Those who say that Labour would take us back to square one are exactly right.

① 2.55pm

Dame Angela Eagle >

(Wallasey) (Lab)

Share

This was a Budget entirely focused on the electoral prospects of the Conservative party, not the needs of the country or our people. The Chancellor decided that his only chance to get his party through the election was to trumpet so-called tax cuts, but the tax burden is actually going up. He has made an incredible series of assumptions about departmental spending up to five years in the future, and then blown all the money that he saved by making those assumptions on pre-election giveaways. It was obvious from the moment he sat down last November that this early Budget would contain more so-called cuts to personal taxes, albeit against a background of rising taxes. As the OBR confirms in paragraph 1.21 on page 12 of its report, taxes will rise as a percentage of GDP all the way up to 2028-29.

The Chancellor said that he was seeking tax cuts before the OBR had even produced its current forecasts. He said it before the UK's economic situation deteriorated, leaving our economy in a technical recession and wiping out his expected fiscal headroom, and he hinted at tax cuts before it emerged that our economy is now smaller than when the Prime Minister first walked into Downing Street. In recent days, we have observed the Chancellor and Prime Minister engaged in an unedifying, increasingly frantic search for tax rises and future spending cuts to top up the kitty for personal tax giveaways. They have come up with a vape tax and changes to nondom status that were proposed by Labour and long ridiculed by the Chancellor himself. Perhaps a Minister will indicate whether those who no longer have non-dom status will pay inheritance tax. We have also had changes to the tax treatment of the holiday lets regime.

While the Conservative party cheered the tax cuts sleight of hand, let us bear in mind some facts. Despite all the Chancellor's smoke and mirrors, the tax burden at the end of this Parliament will be higher than it has been since the second world war, yet our public services are crumbling around us, with one in 10 local authorities on the verge of bankruptcy, and our infrastructure and public realm falling apart. The cost of living crisis persists, with the UK's real wage growth the slowest it has been since the Napoleonic wars. No wonder we have a flatlining economy.

The freeze to income tax and national insurance thresholds is due to raise £44 billion in the next five years, as millions of people are dragged into higher-rate tax. The personal tax cuts that the Chancellor is brandishing today are, in other words, completely drowned out by the other huge increases in tax—and the Chancellor and his predecessor have announced even more. The Chancellor has

claimed that it is his moral duty to cut taxes, but in reality he has put them up, and just hopes that nobody will notice.

Caroline Lucas >

Share

The hon. Lady is making a powerful case for the need for investment in public services, but in that context, I wonder why the Labour party appears to be supporting the freezing of fuel duty. We know that the cost of freezing fuel duty since 2010 is a staggering £90 billion and that climate emissions since 2010 are 7% higher than they would have been had that policy not been in effect. Precisely because she wants more money to go into public services, can she explain why Labour is supporting this extraordinary policy?

Dame Angela Eagle >



I think that the costing of the policy in the forecast ought to be more honest and it should be taken out of the scorecard if it is not to be put into effect.

Taxes are still higher than they have been since the second world war, and the Government have continued to fritter billions on fraud and waste. Only today, we learned that taxpayers have had to pick up the bill for the legal costs of the Secretary of State for Science, Innovation and Technology and for the damages in a libel case. How much has that debacle cost us?

First, the Conservatives gave us the catastrophic mini-Budget with its unfunded tax cuts, which spooked the markets and sent mortgage costs and rents soaring for millions; and now the current Chancellor has decided to fund his election giveaways with the fiscal fiction of huge cuts in planned departmental spending scheduled to last the whole of the next Parliament. There are no detailed plans for how those cuts in spending can be safely delivered, because we are not to have a spending review. Today, the Chancellor confirmed that there will not be a spending review until after the next general election. He pencilled in a so-called increase of nearly 1% for departmental budget spending, but has not compensated for higher than expected inflation or population growth, or any extra cost pressures.

Mr Kevan Jones >



Departmental spending is not just flatlining at 1%; if my hon. Friend looks at capital on page 27 of the Red Book, she will see that most Departments are staying still or, in some cases—such as the Home Office, Education and Defence—having their budgets cut by 2024-25.

Dame Angela Eagle >



My right hon. Friend must be able to read my mind, because that was exactly the point I was coming on to make: in real terms, there are cuts of up to 18% in unprotected Departments, going all the way through to the end of the next Parliament. That has been described by David Gauke, the Tory ex-Treasury Minister as the height of "fiscal irresponsibility".

The legacy of this Government is burgeoning Government debt, up from 64.7% of GDP when Labour left office in 2010 to 95% now. The Chancellor will barely meet his own self-imposed fiscal rules by the tiniest of margins. Meanwhile, his neglect means that NHS waiting lists have soared, with 7.8 million treatments outstanding, and despite publishing 11 plans for growth since 2010, the trend growth rate is down from 2.3% in the 2000s to 0.8% this year. There is no regional plan, no working industrial strategy and no sign of levelling up—regional disparities are widening, not closing—and GDP is now £400 billion less than expected from the 2010 OBR growth rate forecast. Wages have stagnated, and the Government have delivered deepening levels of poverty, caused by low wages and real-terms benefits cuts, which have reduced the incomes of the poorest 20% and seen the number of people relying on food banks go from 60,000 to nearly 3 million. We have seen the last desperate throw of the dice from a failing, discredited Government, who have long since run out of ideas and are finally running out of road.

① 3.02pm

John Redwood >

(Wokingham) (Con)

Share

I have declared my business interests in the Register of Members' Financial Interests.

I am pleased that the Chancellor started by reminding the nation that, under Conservative leadership, Governments since 2010 have presided over the creation of 800 new jobs every day, every week, every month and every year, and have halved unemployment. The scourge of worklessness, which was inherited, has been banished. We now have the less worrying problem that we cannot get enough people to fill all the jobs, rather than the other way around of not having enough jobs for the people.

I am pleased that the Chancellor reminded the House that, in growth, we have outperformed all the major European nations, although I am sure he would agree with me that that is a feeble target to set ourselves; we are now free to do so much better. The question we need to ask is: why has the United States of America outperformed Europe so comprehensively for so long, and what can we learn?

The first thing we can learn from the United States is a better system of economic policy guidance and control. The requirements on the Federal Reserve Board, the US central bank, are a balanced mandate: not just 2% inflation, which is a necessary target that we share, but the promotion of growth and of growth in employment, so the board understands the trade-offs and can adjust policy accordingly. As our way of steering the economy, I would love us to get rid of fanciful, made-up figures by the OBR for five years' time, which are always wrong, and to have two main aims: that 2% inflation target binding not merely on the Bank but on the whole Government, because Government have a big impact on prices and wages; and a 2% growth rate target, or a considerably higher growth rate than European countries have been achieving in the past decade. That is achievable if we take the right actions.

To do that, we need the Bank of England to work in sympathy with the Government's policy. I remind the House that there is a dual mandate on the bond portfolio, the so-called APF or asset purchase facility. The Bank of England, having bought far too many bonds at ridiculously high prices on very low yields and run a very loose policy that gave us inflation, has now lurched too far the other way and is running too tight a policy, selling far too many bonds at much lower prices—prices it deliberately lowered in the market—and saddling us with losses. The Budget documents confirm that the accumulated losses paid so far, which taxpayers and the Treasury have to pay, amount to £49 billion since the thing flipped over in 2022. The last figure I saw was £34 billion, year to date—unaffordable and unnecessary, quite the wrong policy, meaning that we have less growth and a far bigger bill.

I am glad that the Government have decided to major on productivity in general, and in particular on public sector productivity. Some months ago, I stumbled across a well-concealed Office for National Statistics figure saying that in the three years since covid, we had lost 7.5% productivity in our public services. I did a quick back-of-the-envelope calculation, and that is roughly £30 billion, which means that it costs £30 billion more today to produce the same level and range of public service as it did before covid, as well as the many tens of billions more on top of that we had to pay because of all the inflation. It was a £30 billion hit.

The Government now more or less agree. The Chancellor has costed the loss in his figures at 6% rather than 7.5%, but he has said that he wants to eliminate a 5% productivity shortfall out of the 6%, and he costs that at £20 billion, which is exactly the same as my £30 billion for 7.5%. That is felicitous indeed. The issue is, how will they go about doing that?

I hear that the scheme for the NHS is elaborate expenditure on wide-ranging centralised computerisation—good luck with that—but I would not rely on that alone for my productivity package for the public services. We do not actually need new investment to get ourselves back to the productivity level we were at in 2019. We do not need to use all today's wonderful artificial intelligence; we just need to use what we already had, which we had in 2019. It is about management, personnel and giving the personnel the right tasks. We have seen a huge increase in managerial and administrative positions, but far from managing things better, they are being managed less well.

We had a shocking case in the press recently, where an awful lot of managers were presiding over a prison that had gone wrong. They were not able to do the more important day-by-day things that were needed in order to resolve the problem. If we look at the huge expansion in the civil service and other public administration during the covid period, we will see a big increase not only in numbers, but in those who have been promoted up the grades for whatever reason. We need enough people for someone to supervise, however, and we do not need all supervisors, because they are often too posh to do the work. We need to manage things better, and that is the productivity challenge before us.

I also urge the Government to abolish UK Government Investments. It is a very expensive body that has a completely dreadful track record. It presided over the Post Office and did nothing to deal with the sub-postmasters; it presided over £1.4 billion-worth of accumulated losses, bankrupting the corporation; and it presides over Network Rail, and the whole rail industry, Network rail and High Speed 2 are absorbing £33 billion of public money this year. I do not think we are getting value for money for that.

My time is up. I urge the Government to redouble efforts on productivity, to understand that it is mainly about whom we hire and what we ask them to do, and to get rid of UKGI, and I ask Ministers to take responsibility for the dreadfully badly performing nationalised industries.

() 3.09pm

Ed Davey >

(Kingston and Surbiton) (LD)

Share

What we heard from the Chancellor was a Budget that reeks of desperation and deceit from a Government who know that they have lost the trust of the British people. It is a bottom-of-the-barrel Budget, with nothing to make families truly better off after the catastrophic fall in living standards under the Conservatives, and no plan for long-term economic growth, no real extra support for the NHS and our public services, and no end in sight for the years of unfair tax hikes—just a last ditch attempt from the Conservative party to cling on to power.

People have had enough of this Government's empty promises. What they want is a general election to get this out-of-touch Government out of Downing Street. They are sick and tired of a Government who promised in last year's Budget to grow the economy only to plunge it into recession, who promised to bring down NHS waiting lists only to let them continue to go up and up, and who promised to cut tax but have instead hit families with years of unfair stealth tax rises.

Never before have I seen a Government deliver weaker public services, higher taxes and zero growth all at the same time, and all in the middle of a cost of living crisis. I fear that, by designing his economic policy to give a short-term sugar rush to Conservative Back Benchers, the Chancellor is condemning millions of families to high mortgage rates for much, much longer. The House need not take my word for it; just look at the OBR, which forecast mortgage rates staying at 4% or more for the next five years at least. That is a disaster for homeowners across the United Kingdom.

Let us look at taxes. The Chancellor seems desperate to convince people that he is letting them keep more of their own money, but he is fooling no one. Everyone can see his supposed tax cut for what it really is: a badly executed conjuring trick, giving with one hand but taking away twice as much with the other. Since last April, a typical household has already paid £1,500 extra because of his stealth tax on income tax thresholds. That is money that they are simply not going to get back. Even after today's announcements, that same family will pay an additional £366 in tax next year because the Chancellor has frozen their tax-free allowance. On top of that, they have soaring mortgage payments, food prices and energy bills to worry about. This tax cut had already been wiped out by the time the ink dried on the Chancellor's speech.

People were also looking for investment in our public services, especially our NHS. Across our country, I see more and more frustration that nothing seems to work anymore under this Government. People cannot get a hospital appointment in time, they cannot see their GP in time, and they cannot get an ambulance on time. In Hampshire, the local NHS is so stretched that there is a proposal to close the A&E at the Royal Hampshire County Hospital. In Manchester, Stepping Hill Hospital has had an entire outpatient ward closed for months because it is unsafe for patients and staff. In south London, St Helier Hospital has been left to crumble, with no sign of the investment promised by the Government, and A&E and maternity services are at risk of closure. When the Chancellor makes cruel cuts to vital services, it does not just affect numbers on a spreadsheet; it affects people's lives. Either he does not get that, or he just does not care.

Mr Kevan Jones >

Share

I hear what the right hon. Gentleman says about investment, but from 2010 to 2015 he was part of the coalition that savagely cut services in the north-east, including expenditure in local government and health. The consequences are now having to be addressed because that austerity has continued. Does he take any responsibility for his role in our crumbling infrastructure?

Share

First, I say quite gently to the right hon. Gentleman that the spending plans proposed by the Labour party going into the 2010 election were worse than what actually happened. Moreover, when in government, we fought the Conservatives on maintaining education spending, which we did maintain. They then cut it after 2015.

Let us look now at the economy. Perhaps the most out-of-touch claim by the Chancellor is that the economy is "turning a corner." The only corner the economy is turning under this Government is from stagnation to recession. They have left our economy smaller than it was in 2022, when the Prime Minister took office. The best growth rate they have achieved in the past three quarters of 2023 is 0%. GDP per capita—people's share in our country's wealth—has been falling for nearly two years in a row. That is the longest stretch on record, and it has left the average household £1,500 poorer. There is worse to come. Nearly 5 million mortgage holders will soon see their repayments skyrocket by an average of £240 a month because of the high interest rates.

That is the Government's real track record: a recession made in Downing Street with no hint of a chance to turn things around. The Chancellor could have stood up today and given people a fair deal. He could have cancelled the unfair tax hike that he has planned for April, and raised the tax-free personal allowance. He could have properly funded the NHS, to bring down waiting lists and let more people return to work, helping to grow our economy. He could have championed unpaid carers and raised the carer's allowance. He could have supported people with the cost of living and those struggling with their mortgage payments by reversing his tax cuts for the big banks. He could have presented a serious plan for economic growth by launching an industrial strategy, reforming business rates and standing up for our small businesses. Instead, he went for one last roll of the dice in a desperate attempt to cling on to power.

I think people have already made up their minds. The Government must do the right thing and call a general election right now before they do even more damage to our wonderful country.

() 3.16pm

Sir David Evennett >

(Bexleyheath and Crayford) (Con)

Share

I obviously heard a different Budget from the one heard by the right hon. Member for Kingston and Surbiton (Ed Davey). I think that a lot in this Budget is very good and to be commended.

As someone who read economics at the London School of Economics many years ago, I understand and appreciate the economy and the challenges that my right hon. Friend the Chancellor had to confront. I welcome his announcements today, as well as the sensible and measured approach that he has taken. I commend him for his performance and his proposals. I will concentrate on a few key issues that are vital for my constituents.

Our country and the whole world have experienced unprecedented difficulties in recent years owing to matters out of our control: the covid-19 pandemic and the wars in Ukraine and the middle east. We are suffering the consequences, so it remains as important as ever to practise fiscal responsibility. As we continue to see the results of the Conservative Government's efforts to bring inflation under control, grow the economy and reduce debt, I believe that our country is looking towards a better future.

I was at the Department for Education when the right hon. Member for Kingston and Surbiton was in the coalition Government. I would ask him to re-look at the record in relation to some of what he said.

Inflation has fallen from over 17% to 4%, the economy is now performing better than forecast, wages are increasing and we are seeing mortgage rates come down. As we heard from the Chancellor, our economy has outperformed those of European neighbours, and the OBR forecasts that we will meet our fiscal rule to have debt falling as a share of the economy. That is all positive news, and the measures in the Budget will enhance it, which is welcome. I very much look forward to seeing the benefits of today's announcements for my Bexleyheath and Crayford constituents. High inflation is a bad thing for everybody; it affects and causes problems for individuals, businesses and communities everywhere. I was rather sorry that neither the Leader of the Opposition nor the SNP spokesperson could even praise the fact that inflation has fallen to 4%, which is a real achievement.

We will again cut taxes for 27 million working people from next month by cutting the main rate of employee national insurance contributions by 2p in the pound. Together with the cut announced at the autumn statement, that equates to a tax cut of over £900 for the average worker—that is really good news. Personally, I have always disliked national insurance: as the Chancellor said, it is an unfair double tax on work. Therefore, what he is doing through this Budget is creating a fairer system. It is the best way to incentivise work, which is something we have to do: we have to get more of the people who are not working active and into the labour force. In my opinion, that is the way to drive growth and get a fairer, simpler and more understandable tax system, which I think we would all welcome.

From April, a full-time national living wage worker's take-home pay will be 35% greater in real terms than in 2010, due to the successive increases in the national living wage and the tax cuts we have delivered. I particularly welcome my right hon. Friend the Chancellor's commitment to supporting parents; I have long campaigned for a change in the system to end the unfairness caused to single-income families by the high income child benefit charge. Families are the foundation of our society: we value them, and we need to support them as much as we possibly can. Almost half a million families will benefit from the increase in the threshold for the high income child benefit charge, with some 170,000 families no longer having to pay that charge. It is also right that we look to end the unfairness faced by single-earner families by moving towards a household system by April 2026. Many of my constituents have raised that issue in the past; I have raised it with this Chancellor and previous ones, so we are delighted that he has listened, taken it on board and acted. I commend him for that.

As my constituency and Bexley borough does not have an underground, people are dependent on either Southeastern—a mixed blessing, as it has been somewhat problematic; my right hon. Friend the Member for Witham (Priti Patel) is nodding in my direction—or their car. Maintaining the cut in fuel duty and freezing rates for the 14th consecutive year is, therefore, to be commended, as is the freeze on alcohol duty, which many of my Conservative colleagues have campaigned for vigorously and with justification. Every time I visit two of the excellent pubs in my constituency, the Penny Farthing, a micropub in Crayford, and the Kings Arms in Bexleyheath—I assure you that I do not do so too often, Madam Deputy Speaker—they are campaigning for a freeze. It is good news for everyone in the alcohol industry and for those who drink in our pubs. Pubs are social hubs in our area, offering good publicans and good company; unfortunately, we are too busy working to be able to go in too often. I know that those publicans will welcome these measures when they notice them on the news later.

The other thing I was particularly interested in was the new British ISA, which provides an extra £5,000 tax-free allowance. I see that Madam Deputy Speaker is nodding to indicate that I must stop, but I welcome that additional tax relief for savers and the increase in the VAT registration threshold for small businesses. There is so much in the Budget that is good—so much that will make a difference to our economy and our country—and I welcome it.

() 3.23pm

Seema Malhotra >

(Feltham and Heston) (Lab/Co-op)

< Share

The context in which I speak to today's Budget is one of chaos and instability, following 14 years of Conservative failure on the economy. This Budget has not changed the dial; the reality is that people will still be worse off after the last 14 years. Sky's Ed Conway has shared a graph that he says

"the Chancellor didn't want to talk about",

which shows that after the Budget, the UK tax burden will still be heading up to the highest level since the aftermath of the second world war. This is not a turning point: household mortgage costs are up, prices are still rising, and the tax burden is at a 70-year high. The Chancellor likes to speak of stability, but he seems to forget that he comes from the same party that gave us the former Prime Minister, the right hon. Member for South West Norfolk (Elizabeth Truss)—who was beaten by a lettuce—and her disastrous mini-Budget, with its impact on our national debt, our businesses, our local council finances and our family finances. Those consequences are still playing out, and will be for years to come.

What Britain needs, first and foremost, is a serious plan for growth. We should be in no doubt that our low-growth, high-tax economy is the endgame of 14 years of Conservatism: the result of the hollowing out of our public sphere, the stripping back of businesses' potential and the levelling down of hope. Official figures show that people are worse off at the end of this Parliament than they were at the start. The consumer prices index's average hourly pay for residents of Feltham and Heston has fallen by 6% since 2019, when it was around £17 in today's prices, and has fallen by 20% since 2010. The number of small businesses in Feltham and Heston has been

falling for the past two years running, and is now lower than it was in 2019. Some 40% of children are in relative poverty after housing costs, and it is no surprise that the average family will be £1,200 worse off under the Conservatives' tax plan, given the 25 Tory tax rises since the last election.

But it does not have to be this way—that is the point, is it not? There is an alternative to the choices that the Conservatives are making, which have left people in Britain worse off while friends and donors do well out of that VIP fast lane. Labour has a plan for growth—growth that leads to businesses thriving, stronger public services, more money in ordinary people's pockets, good and secure jobs, and an end to people and businesses paying more and getting less. It is a plan for stability and growth that commands national and international confidence and makes Britain the best place to invest and to start and grow a business, where we become leaders in the green economy of the future, creating opportunity for all.

Under Labour, we will have stable and competent political leadership and stable and competent stewardship of the economy, and we will see the strengthening of our economic institutions, such as the Bank of England, the OBR and our new industrial strategy council. How we do politics and how we govern really matters, but under the Tories, business investment has been lagging for years. Today's Budget brings more sticking-plaster politics, but nothing on support for the co-operative sector and growth.

Let me say a few words about skills, because we cannot grow our economy without investing in our people. The biggest opportunity we have for inclusion, productivity, economic growth and the competitiveness of our nations is a strategy for human talent. A few years ago, a Boston Consulting Group report highlighted how human capital is under intense pressure worldwide, as powerful forces—globalisation, demographic and regional shifts, and digitisation—gain momentum. As such, nation states need a national plan, but this Budget comes on the back of years of failure and gives no answers to the skills challenges that we face.

New official data from September shows worrying trends since 2017, when the last survey was done. The proportion of employers with a skills shortage vacancy has gone up from 6% to 10%; the proportion of the workforce with a skills gap, where an employee is judged by their employer to lack full proficiency, has gone up from 4.4% to 5.7%; and the proportion of employers that have provided training for their staff has fallen from 66% to 60%. Meanwhile, the number of apprenticeship starts has plummeted under the Tories by over 200,000 since 2017, with more than £3 billion of the apprenticeship levy unspent since 2019.

I recently visited South and City College Birmingham with our superb West Midlands mayoral candidate, Richard Parker. Apprenticeship starts in the west midlands have fallen by over 30% since 2010. Small business engagement with apprenticeships has dropped by a staggering 49% since 2016, which we must change. This decline has not been an equal one. In 2015, more apprenticeships were started by learners in the bottom 40% of the income distribution; now they are started by those in the top 40%.

The Chancellor rightly talked about the productivity challenge, with some improvement coming from digitisation and artificial intelligence, but over half of secondary schools in the UK were not even offering a computer science GCSE in 2021, and the number of 14 to 19-year-old students taking technical, IT or computing qualifications has fallen by a third since 2015. To tackle our productivity, we need a plan for our young people.

Under a Labour Government, Britain's skills plans will be led by a new national skills taskforce, Skills England. That will go alongside our industrial strategy, and bring together businesses, training providers and unions to meet the skills needs of the next decade across all our regions. We will recruit over 1,000 new careers advisers for our schools and colleges, and deliver two weeks of work experience for every young person, so that young people know the pathways that are available to them.

We will better support our further education sector to meet local skills needs, where local skills improvement plans demand it, by putting in place new technical excellence colleges. We will transform the apprenticeship levy to bring more flexibility. Up to 50% of the levy will be spent more flexibly, on courses, which is what Tesco, the Co-op, the British Retail Consortium, techUK, City & Guilds, the British Chambers of Commerce, Superdrug, the Chartered Institute of Personnel and Development and many others have called for.

Britain needs a change, and only our changed Labour party will deliver it, with our costed plan for all our policies, which will drive the change that we need in our economy, our NHS, our public services and our communities. The Government are out of ideas and out of time. More than anything, this Budget has shown that what my constituents need, what our economy needs, and what our country needs is a Labour Government.

() 3.30pm

Priti Patel >

(Witham) (Con)

Share

As a former Treasury Minister, I want to thank the Chancellor, but also other Treasury Ministers and Government Departments, because I know how hard it is to put a Budget together and the number of representations that are made. I must thank the Chancellor for the due consideration—that is a polite way to put it—that he has given to the representations that I have consistently made about supply-side reforms and lower taxes. He knows exactly what case I make on fiscal drag, in particular. I also thank him for delivering greater efficiencies in Government.

The Chancellor has put forward a clear plan for the economy, made targeted tax cuts, which I will come to in a moment, and provided support for businesses, and for efficiencies across the board, including in the public sector. On days like today, we never get the benefit of a discussion of the ins and outs of the Red Book and the OBR—I give the assurance that we would all love that, if we had much more time—but we must all recognise that our economy faces fundamental challenges that the Budget has sought to address.

The Chancellor understands that he is walking a tightrope, and that we should also tackle some of the big issues to do with the size of the state and public spending. When we look at the rate of public spending growth, we see that it has constantly exceeded the rate of inflation and economic growth. Public spending is now in excess of £1.2 trillion per year, which is approximately 44% of GDP. I am old enough to remember that back in 1997, public spending was around 35% to 36% of GDP. What a contrast that is. There are consequences to sustaining high levels of public spending.

Tax receipts have risen to over £1.1 trillion, and we know what that means for delivering a balance on taxation. I maintain that the situation is very burdensome. We have to get tax rates down. However, I very much pay tribute to the Chancellor for listening to comments about efficiencies. He spoke today about a public sector productivity plan. The details will be fundamental, and really important to hear.

I was really pleased to hear that the Chancellor is looking at cash savings in public spending across the economy, but will also grow aspects of Government spending—for example, there will be an expansion in violence reduction units. Pilots across certain Government Departments have worked well, and we now have to look at how we get better delivery from public spending, and how that can drive real outcomes in Government. I have spoken to the Chief Secretary to the Treasury about that in recent months, and I am pleased there are concrete proposals that will take us in the right direction, but of course we have a long way to go.

I come to the subject of people keeping more of what they earn, which is clearly a fundamental Conservative principle. This is where national insurance contributions come back into play. I have seen the numbers, and clearly we could move in the direction of lower rates of national insurance. Yet again, we have seen those rates go down, and the debate when the Bill comes forward will be very interesting. Back in the autumn, I was here when only about three people spoke in favour of national insurance coming down and in support of the legislation on that; we want much more support for this measure next week.

It is important that we get the balance right when it comes to incentivising work. Getting national insurance down is fundamental, but we must tackle fiscal drag, and the number of people who get caught up in higher rates of taxation. The figures given last autumn would bring 4 million more people into higher rates of tax by 2029. We will go through the OBR and see what the measures mean this time round, but the issue is still significant, and we know that more work is required in this area. It will be interesting to see whether the Government will bring national insurance down again in successive future autumn statements.

I welcome the decision to maintain the 5p reduction in fuel duty, and we have already heard what that means for working households. I have made representations on that issue, and will continue to do so. Fiscal events are huge for business taxation, and I welcome today's announcements on increasing the registration threshold, freezing alcohol duty, tourism and lowering corporation tax, which I have spoken about many times. We are now tied into OECD rates of minimum corporation tax, and my views on that are known. I want greater changes, so that businesses can benefit from our Brexit freedoms.

I would like to speak about many issues today, but broadly speaking, the direction of travel is important. I heard Opposition Members speaking about local government finance; I welcome the announcement of £5 million that will be made available, through the levelling up fund, for cultural projects, as that will come to my area and to Maldon. Important measures have been announced today. It is a tough time, but the Chancellor has announced a plan. We must stick with that plan and make sure that it delivers for working families.

() 3.36pm

Stewart Hosie >

(Dundee East) (SNP)

Share

In his statement, the Chancellor mentioned "not just higher GDP, but higher GDP per head." There is just one slight snag: figures published today for GDP growth per capita from 2024 to 2027 are lower for every year than figures published only a year ago, so we are talking about not higher GDP per head, but lower GDP per head. I use that as an example; we hear the rhetoric and hyperbole of the Budget statement, but it rarely stands any scrutiny when one reads the Budget documentation. The Government can claim that they will meet both their fiscal targets at the end of a five-year rolling forecast period—indeed, every Government could say they will meet their targets at the end of a five-year rolling forecast period—but it is what happens in between those points that is important.

The Government told us a year ago that net debt would fall as a share of GDP in 2024-25, and that net borrowing would fall below 3% of GDP in 2025-26. However, by the autumn statement, only five months ago, we were told that debt would not fall until 2025-26, a year later—and they still forecast that the deficit would fall below 3% of GDP in the same year. We were also told in spring that GDP growth would exceed 2% in two of the next five years, and that productivity would sit between 1% and 1.3% every year across 2024 to 2027. By November, growth was not forecast to exceed 2% in any of the forecast years, and the productivity growth forecast was down for every single year. Today, the Chancellor announced that while the Government would still meet their primary debt target in 2025-26, the percentage of debt to GDP would be higher than it was only five months ago, so debt is not really falling; at best, it is stagnating. GDP growth would still not exceed 2% in any year to 2028, and that is important. That is another half-decade in which GDP growth will not even reach historical trend growth rates. That is absolutely shameful.

The figure for productivity per hour—a metric that the Government like—is lower cumulatively over today's new forecast period than the figure was that they announced last November. The Chancellor said this was a Budget for growth, productivity and long-term investment, but debt is not really falling as a share of GDP. The deficit is not getting smaller—it is actually getting worse, compared with the forecast last year—and productivity growth, that perennial problem that we all recognise exists, is cumulatively lower over the entire forecast period than the Government announced last November.

The Parliamentary Under-Secretary of State for Business and Trade >

(Kevin Hollinrake)

Share

Does the right hon. Gentleman agree that we have to increase growth? We all agree that we have to get all parts of the United Kingdom growing. If he looks at the figures from the Library, he will see that from 2011 to 2021, England grew cumulatively by 14.9%, Wales by 13.7%, and Scotland by 7.2%. Does he agree that the Scottish Government need to do more to stimulate growth in Scotland?

Stewart Hosie >

< Share

I agree that we need growth across the piece. One of the tools to facilitate growth is tax credits, and I am sure the Minister recognises that tax credits are a function of corporation tax. If he is serious about encouraging growth in Scotland, the Government should devolve business taxation powers and power over the associated tax credits; we would then see how we got on.

Whatever was said at the start of the statement about growth and productivity, and despite the hyperbole, the big introduction and all the fanfare, this Budget delivers neither of those things, as evidenced by the numbers that the Government have published today.

① 3.42pm

Andrew Rosindell >

(Romford) (Con)

Share

May I commend my right hon. Friend the Chancellor on his Budget statement today? He is, I believe, slowly but surely getting Britain's economy back on the right track. However, we have much work to do. The United Kingdom has no business being a high-tax, low-growth and low-aspiration nation. That is not the Britain I recognise.

The people of Romford are feeling the pinch. The overall burden of tax is higher than it has been since the second world war. Council tax is rising in the London Borough of Havering yet again. Public services are not even meeting basic expectations, and local government is struggling to remain solvent. The cost of living is hitting my constituents hard in the pocket, with energy prices rocketing and the daily cost of food and essential shopping rising to unprecedented levels. Inflation remains acute, yet there is little economic growth. Financial prudence may be an important Conservative attribute—it is certainly absent from those on the Opposition Benches—but there is nothing less Conservative than a record high tax burden. We can and must do much better.

Hard-working families in Romford want lower taxes, higher economic growth and good public services. Those three aims can be achieved only if we adopt a robust, free enterprise agenda, reduce the size of the state at every level, and give the British people the incentive to work harder, be more productive and maximise our nation's potential for economic growth. My Essex constituents are entrepreneurs, market traders, small businessmen, shopkeepers and City workers. They do not want an economic policy of managed decline, but one of heightened ambition and raised expectations. That is why I welcome many of the Chancellor's tax announcements today.

The additional 2% cut to national insurance contributions means that the Conservative Government have delivered a £900 annual tax cut for the average worker. The extended cut to fuel duty will also help hard-working people mitigate the costs of the Mayor of London, who has imposed so many extra costs on my constituents. Child benefit reforms will help millions of hard-working families. The reforms to stamp duty and the reduction in capital gains will help millions of property owners. Nevertheless, the Chancellor has repeatedly recalled over recent days how the nations with the most economic growth, whether they be in North America or Asia, are those with even lower taxes. I encourage him to further emulate those countries' success in the years to come. Low taxes will put money back in the pockets of the British people, leading to higher growth and more resources for public services.

My right hon. Friend the Chancellor clearly shares that outlook, with his announcements today of tax cuts, investment and reform to boost productivity in the public sector. However, I encourage him to go much further. We should follow in the footsteps of the Thatcher-Lawson Budget that led to unprecedented economic prosperity in the 1980s and 1990s. We can and must succeed, but Britain has to be much bolder if we are to reap the benefits by becoming a low-tax, high-growth economy once again.

But tax cuts and investment alone will not be enough. We need to adopt a radical plan to free our economy from the needless bureaucracy that is holding Britain back. The benefits of becoming a sovereign nation once again following Brexit give our nation exciting opportunities that we must seize to maximise our ability to generate the growth and prosperity that we so desperately need. Margaret Thatcher showed the world how it could be done 40 years ago, rescuing Britain from the perilous situation she inherited following decades of a failed post-war socialist consensus.

Today, we live in a post-pandemic world, but if we are to recover from the consequences of lockdowns, a radical approach is required to jump-start our economy and unshackle ourselves from red tape, over-regulation and Government waste. Britain today is overgoverned, so reducing the size and role of the state must be an imperative for our Conservative Government. Regulation and public sector spending do not grow the economy, put cash into people's pockets or improve public services. It is the small businessmen and shopkeepers in towns like Romford, along with our entrepreneurs and market traders, who will generate economic prosperity for the future.

I am disappointed that the unfairness in the local authority funding formula has not been addressed. Councils up and down the country, including my borough of Havering, are facing acute financial pressures. The funding formula is unfair and outdated, and it is discriminatory against boroughs such as Havering in outer London and Essex as it fails to address differences in demographics. Most importantly, it leaves hard-working, tax-paying Britons without the services they need and deserve. That, too, requires ambitious reform.

Ambition is key. Lower taxes, higher growth, reform and deregulation—exploiting all the advantages of Brexit—investment and reform of the public sector are the way forward for Britain. Our Government have been right to tread a prudent path back to economic growth, but now is the time to be bold and fearless in the pursuit of the greater ambitions we have for the British people.

() 3.49pm

Dame Meg Hillier >

(Hackney South and Shoreditch) (Lab/Co-op)

Share

It is quite surreal to follow the hon. Member for Romford (Andrew Rosindell). Like him, I believe in small business, but small business growth will not solve the problems in the public sector, which has been squeezed during 14 years of this Tory Government until the pips squeak. However good it is, small business will not refill council coffers and ensure basic social services and special educational needs in schools. Small business will not solve the NHS waiting lists or bring schools off their knees.

This Government and the Government of the austerity years have caused all those problems, and crashed the economy in September 2022, leaving families and businesses crushed. Those who survived the pandemic have faced real hardship since. This is a Budget of a desperate Government—another slew of promises that will not be delivered on. That is what we focus on in the Public Accounts Committee: delivery. We look at optimistic, sometimes well-intentioned promises that fail because there is no plan for delivery.

In my own borough we see such poverty. Earlier today, in Prime Minister's questions, the Prime Minister said that equality has increased and inequality has reduced under his Government. Not in my borough, as 48% of children in Hackney—nearly one in two—live in poverty after housing costs are taken into account. Even in inner London, we are the 22nd most deprived local authority in England. There is real, day-to-day poverty. I invite anyone to join me on my doorstep surgeries and see the reality.

Let me tell the House a story about that reality. I could choose many constituents, but I visited a particular lady just a few weeks ago, who lives in a two-bedroom council flat with her husband and four daughters. The flat is only marginally bigger than my office in this building, and only a bit smaller than a Committee Room. Three of her daughters share a very small bedroom with bunk beds. The toddler shares with her parents. The bathroom and kitchen are so tiny that two people at a time hardly fit. They share one living space.

Government failures over housing and Brexit mean that children are leaving London. For my constituent, that means that the local school is closing because rolls are dropping. The cost of housing means that they have no prospect of moving anywhere else, because of the shortage of properties in the social rented sector, where more than 8,000 households are on the waiting list.

According to the most recent verified figures, only 671 homes became available during 2021-22, compared with more than 1,200 in 2016-17. Both of those figures are outstripped by demand.

The cost of housing means that many people are being shipped out to temporary homes, ripped from their schools, churches, mosques and communities. That means that my constituent's local school is closing, as are others. On top of the overcrowding, her four daughters need to move schools. They are a working family who want to do well, but they have little opportunity. Down the road is the product of the Government's free school policy: a school with 25 pupils per class. Members who know how schools funding works will know that that school will never be financially sustainable, because schools are funded on 30, 60 or 90 pupils per class. The trust that has taken it over from the one that failed is struggling with the finances. A brand-new building has been built, but it is unsustainable, while other schools are closing thanks to Government policies.

The housing costs across my borough are absolutely wretched. So many people are renting privately but unaffordably. More people rent socially than privately, but they live in overcrowded conditions. An average two-bed rent is just under £2,000 a month. There are 30% fewer privately rented properties available now on Rightmove compared with before the pandemic, and no properties available to those on low incomes at local housing allowance rates. This is the real, day-to-day impact of Government policy. So many people are housed outside the borough.

Chris Grayling >

(Epsom and Ewell) (Con)

Share

Forgive me if I misunderstand how our system of government works, but social housing in the hon. Lady's constituency is the responsibility of the Labour Mayor of London, is it not?

Dame Meg Hillier >

< Share

I do not have time to explain, but no; it is the responsibility of the council. Many properties were sold off under right to buy, which means that fewer properties are available. People like my constituent are living cheek by jowl with people in private rented accommodation, often sold to cash buyers if it is above seven storeys, who pay private rents at the rate that I mentioned. The differential is extraordinary, and it means that no one can move from one to the other. The social rented housing that is so desperately needed because of the cost of buying or renting private housing is not available.

Under this Mayor and the previous Mayor, my borough has been building council housing for social rent, as have many housing association partners, but because there is no Government subsidy, every time they build a social rent they pretty much have to build another to sell at market rate in order to cross-subsidise. That is a quick lesson in social housing economics. That shows the detachment, because people in this Chamber do not realise the reality of life for so many in London.

Let us look at the real human impacts. There are 3,777 children in temporary accommodation in Hackney—enough to fill eight primary schools, and equivalent to 1% of the borough's population. Those children want to live in London but cannot afford to do so. Not only that, but they are being passed from pillar to post, from temporary accommodation to temporary accommodation, and moving school regularly. This is a squeeze on opportunity.

For those at the higher end who might be able to get on to the housing ladder, the lifetime ISA is an opportunity missed in the Budget because it provides support only for a property purchase of up to £450,000 nationally. That rate is higher in London, but even that does not cover the cost, given that, typically, a brand-new two-bedroom property costs £750,000. Who is able to afford that?

On public spending, the Chancellor merrily talked about reductions in spending in most Departments. I have not had time to go through the Red Book in detail, but we see a huge drop. The Home Office budget alone is going down significantly, which is a concern considering all the challenges in policing, immigration and other security issues that it has to deal with, and we could look at education, too. All those budgets are reducing.

There are big nasties out there in every Department that will cost money for whoever is in power. There is the civil nuclear decommissioning and rebuilding of our nuclear power stations, the nuclear enterprise and the costs of decommissioning nuclear submarines. We have not even decommissioned one of those—the first will be done in 2026—and that is becoming an urgent crisis.

There are 700,000 pupils in crumbling schools. These are just some issues where input is needed. On the schools budget, the Department for Education wanted £4 billion a year to build the new schools that were necessary, but it was granted £2.7 billion. We have already seen its capital budget reducing.

The Chancellor talked about public sector productivity and reform. The Public Accounts Committee, which I am proud to chair, examines that endlessly, and too often we see optimistic plans that do not deliver, as I said. He is already spending what he is promising to deliver on that. Let me tell hon. Members that this takes a long time. We need reform and digital transformation, but we cannot deliver those changes and budget savings overnight. We need a long-term approach—slow politics, if you like—where both sides of the House, whoever is in government, agree that some things just have to happen and should not be at the whim of a Government who are on their last desperate stages to try to prove that they have something to offer the British public.

Wera Hobhouse >

(Bath) (LD)

< Share

The hon. Lady is making an excellent speech about all the things that were not in the Budget. Does she agree that the biggest missed opportunity is not investing in the green transition?

Dame Meg Hillier >

Share

There are so many missed opportunities. The child benefit issue was a mess of this Government's making. They have now broken the independent taxation rule and that is a problem.

This Government have broken Britain. My constituents are worse off than they were 14 years ago, and worse still, they have no hope. We need to see a Government who will deliver hope, opportunity, housing and school improvements, and cut waiting lists. We need to mend broken Britain; we need a general election and a Labour Government now.

① 3.57pm

John Stevenson >

(Carlisle) (Con)

Share

A single Budget rarely, in itself, makes a substantial difference or is remembered. However, a Budget that is part of a story and a sense of direction is important and can help to continue a narrative and build a vision. In my view, this Budget is one such occasion: a clear vision of where we want to go, particularly with regard to tax and growth. Last autumn, the Chancellor started this sense of purpose and set out a direction: first, supporting business with full expensing; and secondly, supporting those in work with a 2% reduction in national insurance.

This Budget continues that direction of travel and I fully support it. A further 2p reduction in national insurance will be welcomed, including by all those in work. It is the equivalent, as has been said, of £900 per annum, and there is the help for the self-employed. If I was to make one suggestion to my party as it continues this narrative, looking to its manifesto and a commitment at the next election, it would be to reduce national insurance further, and ultimately to abolish it. I fully agree with the Chancellor that simplifying the tax system, especially for those who are in work, should be a priority.

Some of the other Budget measures include the freeze on fuel duty, helping all motorists; the alcohol tax freeze; the expansion of childcare; and further support for business, with the VAT threshold rising and full expensing extended to leasing. Of course, there is also public sector support, with 40,000 new doctors, 71,000 additional nurses and 20,000 new police officers, which demonstrates our commitment to public services.

However, Budgets cannot be seen isolation, and there are plenty of other things going on. Unemployment remains historically low, which benefits families and individuals up and down the country. The living wage will rise by 11%—in real terms, 25% higher than it was in 2010. Inflation is at 4% and will fall further. It will probably be well below 2% by the summer, which will allow interest rates to start to fall. It is not all about work; pensions will rise by around 8%. That is a benefit of the triple lock, which has taken more than 200,000 pensioners out of poverty.

However, the ultimate goal is growth in the economy. We have fared better than many of our European partners, but clearly we want to see growth right across all regions of the United Kingdom. To achieve that, we need the correct ingredients at both the national and local levels. Investment, skills, lower taxes and less regulation all lead to higher productivity and, therefore, a wealthier society.

I give the local example of my constituency of Carlisle, which is extremely well placed to grow significantly through national and local support. There is more than half a billion pounds-worth of investment in place, progressing now or about to be undertaken. That is transformational investment: digital investment for a modern economy; a £220 million improvement to the link road, which will improve connectivity locally and right across the region; a railway station undergoing refurbishment, which will bring it into the modern age and make it the region's gateway to everywhere; a university that will be located in the city centre, helping to regenerate the city centre and grow the local economy, as well as creating the skills of tomorrow; and a medical school, opening in 2025, which will improve the health economy. As for the talk about housing, I always tell people to remember that we do not have a national housing market. The market is regional, and we still have affordable housing in Carlisle, which is an attractive place in which to live and work. On the back of that, we have a garden village with 10,000 new homes, which will allow the city to expand in an appropriate way.

In my view, Carlisle demonstrates success at the local level: investment, skills development, better connectivity, low unemployment and room for growth. That is levelling up in action. The Budget is part of the equation that can help to achieve and support growth in Carlisle and across the country. I support it because it sets out that we are going in the right direction for both our country and, of course, my city of Carlisle.

() 4.02pm

Luke Pollard >

(Plymouth, Sutton and Devonport) (Lab/Co-op)

🖔 <u>Share</u>

This was a Budget for job preservation—the preservation of the jobs of Conservative MPs in marginal seats. It is the epitome of short-termism and sticking-plaster politics. It was not what Britian needed, and I am afraid it may not be enough for the Conservatives to get themselves re-elected.

There are five areas on which I will briefly touch on behalf of the people I represent in Plymouth. The first is housing. I was disappointed that there was not more on housing to help people get on to the property ladder, especially in areas of acute housing stress. In the far south-west, there is real pressure on house prices, both for rent and for sale. The area has been decimated and

hollowed out by second homes and Airbnbs. Although I welcome the changes to the furnished holiday lets regime, they will not deal with the scourge of second homes, which are hollowing out our communities and leaving them empty for much of the year.

Plymouth has a housing crisis, which is compounded by the fact that the rural and coastal communities around us are experiencing an even deeper housing crisis, with a lack of affordable housing. I would have liked to have seen more in the Budget to support councils such as Plymouth City Council, which wants to build, build. I want to see more density in our city centre, and I hope the Government can support councils such as Plymouth City Council—a Labour-run council—with a plan to build greater density and thousands of more homes next to transport hubs, places of work and our vibrant city centre. I want to see more from the Government, but there was not enough in the Budget.

The second area is nurseries. I welcome the possibly transformative change that a Government focus on childcare could bring about. Helping people back into the world of work is really significant, but I worry that not enough preparation has been done to get it right. In only a few weeks' time, the new policy will be implemented, but there has not been enough effort on skills, on recruitment, on retention or on the viability of nurseries, especially small nurseries in poor communities. We are only weeks away, and I really hoped the Chancellor would have supported those nurseries that want to expand their provision but cannot afford to do so. That is especially true in communities such as mine where parents cannot afford the compulsory top-ups to give their kids a place in nursery care. That is simply not good enough.

Thirdly, on the Keyham bomb, Members will have seen the incredible efforts made over the past few weeks by our armed forces, the police, Plymouth City Council and others to support the community after the discovery of a world war two bomb. I want to thank everyone who put their life on the line, especially the Royal Navy and Army bomb disposal squads.

The incident highlighted a particular Treasury problem, however: the existence of an insurance loophole that insurers can use—and have used when a bomb was discovered in Exeter a few years ago—to claim that policies are not valid due to an "act of war". That war was 80 years ago, and I would like to invite the Government to speak to me and my right hon. Friend the Member for Exeter (Mr Bradshaw) about how we can sunset that provision to ensure that anyone who buys an insurance policy for their household or their business knows that they are insured if the worst happens, because let's face it, there are still thousands of undiscovered world war two bombs out there.

Fourthly, I want to see more support for care leavers. I think this matters to all of us in this House. There are opportunities to support care leavers which, frankly, do not cost much money, particularly getting their first home after they leave care on their 18th birthday. A national rental deposit guarantee scheme and a national rent guarantor scheme would fundamentally transform the life chances of young people leaving care, because they do not have access to a bank of mum and dad or someone to guarantee their rent in their first home in the private sector. Working with Barnardo's, we estimate that this will cost £30 million to set up. That is a lot of money but in the big scheme of things, £30 million to change the life chances of all those thousands of young people in care would be money well spent and I would like to see the Government look at that.

Finally, I would like to see a greater fair share for the far south-west. Whichever Government sit on those Benches after the next election, they will be formed of MPs from the south-west of England, and I would like to see the regional variations in spending addressed. In Plymouth, we get above-average spending in one area of Government spending and one area alone, and that is defence. We have the largest naval base in western Europe in the constituency I represent, and I am proud to stand up for our armed forces, but on health, education, skills, transport and housing, we are below average. There is no reason why any child in Plymouth should be worth less than the national average, and we need more fairness in our system to let them achieve their true potential.

This is a pre-election Budget and I think the public will see through it. It is not the long-term plan that we were looking for. Mortgage payments are higher, the weekly shop is more expensive, food bank use is up, inequality is up, the tax burden is the highest in 70 years and our economy is in recession. This is giving with one hand and taking with the other. One thing is clear: it is time for a general election, and I look forward to the Prime Minister putting out his lectern—without the logo on—in the next two weeks and letting the people decide who they want to be in power. It is time for a fresh start.

4.08pm

Chris Grayling >

(Epsom and Ewell) (Con)

Share

It is a pleasure to follow the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard), and I echo what he said about the emergency services. They did an extraordinary job removing that bomb in what could have been a horrible situation. However, I have listened to what the Opposition are saying and I have listened in vain for an actual plan. Instead, we seemed to be hearing a whole series of shopping-list items with no sense at all of the economic reality of the moment.

The economic reality is very straightforward. Over the past four years, we have dealt with the biggest public health crisis in a century, the biggest security crisis in Europe for 75 years and an international resurgence of inflation and rising interest rates, and still we have an economy that is doing far better than the Opposition said it would. We have an economy that still has some of the lowest levels of unemployment for decades, that is turning a corner, that is forecast to grow and that is attracting investment. We are No. 3 in the world for attracting inward investment. We have heard today about AstraZeneca's plans in Cambridge and on Merseyside. Those are good-news stories, and they are happening because this country remains a good place to do business and a place that attracts international organisations to base themselves here.

None the less, we are a country like those in the whole of the western world. Other European countries face the same challenges, and the answers are not simple or straightforward. I have listened to the Opposition, and they seem to be suggesting that there is a magic solution and that the world would be fine if they somehow transformed themselves into the Government of the day. Well, I can assure them that, in the unlikely event of that happening, they would face all the same issues. The difference is that they would get the solutions wrong. Instead of bringing down taxes and taking steps to drive investment, as the Chancellor did in the autumn statement, they would do the opposite. They would put up taxes, put up public spending and stifle our economy, which is why they do not offer a solution for the future. It is why, actually, a Labour Government would be profoundly damaging to this country.

We need to remember that, back in 2010, we inherited 2.7 million unemployed people and rising, including 1 million unemployed young people. Here we are, 14 years later, with historically low levels of unemployment. Yes, there are challenges in the labour market—I will talk a little about those—but, of all the economic challenges that a nation can face, I have always believed that unemployment is the worst, because unemployment creates real human misery. The fact that we do not have the level of unemployment that we inherited 14 years ago is a huge plus for this country.

The reality is that we need to return to some of the principles that we put in place back in 2010, because we have too many people outside the workforce and too many people on long-term sickness benefits. At that time, we had some very proactive programmes to help those people back into work, and I think we need to recapture that in the aftermath of the pandemic.

One thing that is not a solution is a system without sanctions, as the Opposition propose. Ultimately, those who can work should not be sitting at home on benefits. Even the vast majority of those on sickness benefits have the potential to return to work, perhaps to do something different from what they did before. With the right help and support, they can get to a better place. Nobody benefits from sitting at home on benefits for the rest of their life. It destroys lives and destroys health.

If there is no stick to go with the carrot, we will achieve far less than we should. The idea that an alternative is providing support without consequences for those who do not take it is simply nonsense. We have to get back to a proactive carrot-and-stick approach. The welfare state is a ladder that people should climb; it is not a place in which they should live.

I am sorry to see that we are putting up taxes on air passengers, albeit in the higher classes. This will ultimately drive traffic out of the United Kingdom. People will interchange on the continent or in Dublin, because it is cheaper. I hope that the measures will be temporary, and I do not want to see further measures that drive down the UK sector's competitiveness.

At the same time, I am very pleased to see the investment in helping the development of sustainable aviation fuels. The Chancellor's announcement earlier this week is welcome and necessary because, as I said at Prime Minister's questions, this is an essential area for the aviation sector, which can take serious steps towards net zero only if it transforms the fuels it uses. Both for long-haul flights and in the immediate future, sustainable synthetic aviation fuels are the only way in which it can take such steps towards net zero.

I do not want to see a situation in which our industry buys all of its fuel from other countries. As I said earlier, the United States is currently the source of sustainable fuels for UK airlines, which might be fine right now, but we have to take quick steps to ensure that we have an industry in this country. That requires, over the coming months, the Department for Transport and the Treasury to work together to accelerate the process of setting out plans for the SAF mandate and a price support mechanism so that, immediately after the election, whoever is in power can put the plans in place straightaway. That is essential for the future of the industry in this country—and it is not just about aviation; it is about jobs in parts of the country that need jobs.

I hope the Treasury will put its foot on the gas to make sure that sustainable fuels happen quickly. I hope the Department for Work and Pensions will be bold in stepping up its support, as well as stepping up the consequences for the long-term unemployed who refuse to accept that support. In difficult circumstances, I think those in the Treasury have produced a pretty good, balanced Budget,

for which I commend them.

() 4.14pm

Julian Knight >

(Solihull) (Ind)

Share

I am conscious of time, Madam Deputy Speaker, so I will not be giving way in this short speech. As someone who passionately believes in a free market and a small state, I find the national debt figures in this Budget truly appalling. Let us be clear: we have gone from a position where our national debt figure was 37% just prior to the financial crisis to one where it is close to 100% today. That is a two and a half times increase, most of which has come on a Conservative majority Government's watch—of all things! There have been tribulations, but there have also been huge missteps since 2010. That means that we have seen an increase in national debt equivalent to that of the first two years of the second world war, when we were fighting for our very lives against the Nazis; no one can say that anything in this period remotely approaches that. In the 1960s and 1970s, Governments of the day had an excuse: they were still recovering from the economic dislocation of the second world war. We have no excuse for this appalling financial mismanagement, apart from our indolence and lack of political will.

What has gone wrong? I would set a lot of the blame at the door of George Osborne and the public school, dyed-in-the-wool establishment clique who run the modern-day Conservative party. In 2010 and 2015, we had huge opportunities to reset the relationship between the state, the individual and businesses, which are the only means of growing the tax base in this economy. So-called "austerity" was nothing more than a reduced increase in government expenditure. Government should have been made slimmer and fitter, and supply-side economics should have been the core of everything we did. Instead, we had George Osborne talking about parking the tanks on Labour's lawn—if we look at the Ipsos polling, we must ask: how has that worked out?

The second reason we are in the state we are in is that we have failed to grasp the opportunities of Brexit. It should have been an opportunity to deregulate en masse, to make our economy fitter and stronger and to out-compete the Europeans. Instead, our very first move post-Brexit was to impose VAT on tourists, which has been devastatingly counterproductive. It is just an example of the way in which we have failed on Brexit. We have lost and we have shown absolutely no will to grasp those opportunities. If we are going to support Brexit, we have to do it properly. That is the only way to have done it, if we believed in it; we have failed in our will.

As a nation, as the borrowing figures show—this is in addition to the fiscal and monetary policy—we are addicted to debt and printing money in order to not face the hard choices, which could be golden opportunities. As a result, this country's finances are more vulnerable than they have ever been. We are no longer part of the European financial ecosystem—we are alone. All we are doing is borrowing more and paying ourselves more, for producing less. Unless the supply side is properly tackled by a bold Government, I can see this nation being back at the door of the International Monetary Fund, just like it was in 1976. Saying that we are not as bad as the Italians is a joke. This Budget was supposed to be, "Do or die", but from looking at the documents and the wider polling, we see that it is more, "Not do and then, unfortunately, we die". The crying shame is that at least Blair had to work for his landslide.

Finally, I reflect on my last words in this place before I chose to recuse myself voluntarily. They were:

"frankly...I have had enough." — [Official Report, 5 December 2022; Vol. 724, c. 57.]

I have been speaking to the British people on the doorsteps and talking to my constituents, and I am sorry to say that that is precisely the verdict that will be delivered on the Government in the very near future.

() 4.18pm

Sir David Davis >

(Haltemprice and Howden) (Con)

< Share

It is rather sad to follow that speech from the hon. Gentleman. I remind him that a one-in-75-year financial crisis, a one-in-a-century health crisis and a one-in-75-year international crisis in Europe, all contributed dramatically to the problems he outlined. Although I may be on the same side as him when dealing with the public school tendency in my party, I do not blame them.

Sir Jacob Rees-Mogg >

(North East Somerset) (Con)

I might return to that shortly.

	Share
On that point, will my right hon. Friend give way?	
Sir David Davis >	
	Share
Of course, absolutely. Every opposition has its day.	
Sir Jacob Rees-Mogg >	
	≪ Share
I would just like to say that we are not all that bad.	
Sir David Davis >	
	Share

The truth is, as my right hon. Friend the Member for Epsom and Ewell (Chris Grayling) said, the Chancellor has done a skilful job in dealing with an extraordinarily difficult backdrop. I think there are more things he could do—I will talk about that in a second—

although much of that is down to the structure of Government decision making, rather than his fault. For example, as the Leader of the Opposition said, we are dealing with a world in which Putin has weaponised supply chains and destroyed the economic basis of our anti-inflation policy that has worked for the previous 10 years.

I understand the Chancellor's caution and his desire to retain the confidence of the markets. Against that, it is remarkable that he has taken £20 billion out of national insurance, at about £900 a head for 27 million people and for another 2 million self-employed people. Frankly, people are underestimating the success the Government have had with inflation reduction and employment. For most of my time in this House, the idea of 800 new jobs a day, every day, for an entire Government's tenure, would be extraordinary—that certainly did not happen under the previous Labour Government—so we have quite a lot to be happy about.

That said, if I had my way, I would not have gone for national insurance; I would have reduced income tax. Why? A lot of assertions have been made in the public domain, probably in relation to the Treasury, that national insurance is less inflationary than income tax. That is bogus nonsense. The only argument to support that is that cutting national insurance will pull tens of thousands more people into the employment pool, but so will cutting income tax. Because income tax applies to people above the age of 65, cutting it would also keep highly skilled and capable people, who we do not want to retire, in the workforce. I would have preferred an income tax cut rather than a national insurance cut, but that is what we have got and it is probably much better than we would have got from the Opposition.

While I am talking about income tax, I want to make one point en passant. At every Budget, I have raised the question of IR35, which is oppressive on small businesses and the self-employed. It drives people out of the country; the Public Accounts Committee is looking into that issue and I hope it will come up with a conclusion some time soon. I will keep at the Government to deal with IR35 and the related issue of the loan charge. Frankly, His Majesty's Revenue and Customs is behaving in a barbaric manner, reminiscent of the Post Office, so I will continue to raise that issue.

I want to raise a number of structural matters. My right hon. Friend the Member for Wokingham (John Redwood) made the point I was going to make about the Bank of England. The current structure of the Bank of England, its guidelines and its rules, are flawed in a big way. They handicap the way Government can operate on fiscal policy and on inflation. We need to address that and my right hon. Friend made a good point about that.

There is also the issue of the OBR. George Osborne created the circumstance under which the OBR almost sets the guidelines and the fiscal rules for the Government. The Government are then terrified of what the markets will do if they do not follow the OBR's attitude. I understand the Prime Minister has a picture of Nigel Lawson in his study. He ought to read Lawson, because Lawson's view on

economic forecasts of any sort was that they are pseudo-technical nonsense. He did not believe in forecasts and we would do well to learn from him. The whole British establishment is suffering from a collective delusion about the amount of authority that rests with OBR forecasts—in fact, with all Government forecasts.

Let me give the House an example. The Bank of England's forecasts failed to predict the worst inflation crisis in modern times. In 2022, the OBR's UK borrowing forecast was more than £100 billion—I repeat £100 billion—off the mark. Last year, the Office for National Statistics—not in forecasting, but just in measuring—announced revisions that added £50 billion to the size of the British economy. Panmure Gordon turned round and said that it had completely rewritten the story of post-covid Britain, which it had. A new report on the OBR has suggested that, since 2010, the combined total of the OBR's errors in growth forecasts aggregates to over £500 billion, and its errors in forecasting public sector debt accumulate to more than £600 billion: this is the mechanism that Chancellors are using to decide how much tax they can afford to cut. To remind people, the fiscal rule is that there should be a reduction in the percentage in 2029—that is the difference between two guesses. It is not a rational way to run an economy.

Chris Grayling >

Share

I was particularly struck by the change to capital gains tax and the reference to the Laffer curve. Does my right hon. Friend agree that it is disappointing that the OBR in particular still does not appear to look at dynamic impacts of tax changes in a way that is essential for the future?

Madam Deputy Speaker >

(Dame Rosie Winterton)

Share

Order. Interventions are absolutely marvellous, but can those who have already spoken be conscious that we are trying to get everybody in with equal time? My advice remains six minutes per speaker. Sir David Davis will notice that he is already slightly over that.

Sir David Davis >

Share

I have one last thing to say, as I will cut what I was going to say about productivity.

One rule that used to apply in this House was something called a general amendment arrangement, which came after the Budget. That disappeared in 2017, which means that we cannot change the Budget except in a very, very narrow way—this probably should be a point of order rather than part of a speech. I plead with Members on the Front Bench to ask the Chancellor whether we can have a general amendment arrangement at the end of this Budget.

① 4.26pm

Sammy Wilson >

(East Antrim) (DUP)

Share

Having heard some of the speeches from Conservative Members, I suspect that, although they have given some welcome to this Budget, there is a great deal of disquiet about it. I am sure they were all hoping that the Chancellor would come out with a Conservative Budget that gave them a banner under which they could march towards a general election. Instead, we have what can only be described as an "Old Mother Hubbard" Budget. Although the Chancellor would have loved to have thrown bones to the electorate—nice juicy bones that they could bite on—so they would be happy to vote Conservative at the next election, in effect, the cupboard is bare. The cupboard is bare not because of the mismanagement of previous Governments, but because of the mismanagement of this Government, who have been in power for 14 years, from costly lockdowns that were badly thought out and whose economic consequences were never considered, to the ongoing billions being spent on net zero in the belief that, somehow or other, we can alter the world's climate, to the failure to take up the opportunities of Brexit and the staggering tax burden under which the economy is now stumbling and failing to grow. All that is the result of decisions that were made by the Government, and this Budget is a manifestation of the consequences of that.

RLIT0002333 0029

At first sight, it seems that perhaps there is much good in the Budget—the reduction in national insurance, for example—until we remember that the figures in the Red Book and the figures from the OBR show that the impact of that is wiped out by the stealth tax, which is imposed on the UK population as a result of not moving tax thresholds.

The VAT threshold lift for small businesses from £85,000 to £90,000 does not even begin to take into consideration inflation over the period in which the limit has been in place. Had inflation been accounted for, the child benefit threshold would have been lifted from £50,000 not to £60,000, but to £62,500, so stealth taxes are still being imposed, even though they are presented as improvements. I welcome the fact that some small businesses will be lifted out of VAT, that people will pay less in national insurance contributions, and that squeezed, middle-income families will have additional money, which will hopefully encourage them to go into work, but once the headline is stripped away, one sees that the Budget is not quite as generous, and the bones are not quite as juicy, as the Chancellor would have us believe.

I will mention a couple of things relating to Northern Ireland. I welcome the Barnett consequentials for Northern Ireland, and the fact that the towns fund has been extended to Coleraine. I will be interested to see how the global trade arrangements will help firms in my part of the United Kingdom to expand their export potential. The renewed Stormont Assembly, however, faces underlying difficulties. Past Assemblies can be criticised for not having taken tough decisions; successive Sinn Féin Ministers in the Department of Finance—we have had three of them—did not even bring forward a budget that could be agreed, and allowed spending to get out of control. However, the Treasury accepts that the funding formula that applies to Northern Ireland differs from the formula that applies to Scotland and Wales, which has led to a huge fiscal gap. I do not believe that one part of the United Kingdom should be treated differently in that way. It is disappointing that that was not addressed in the Budget.

I welcome the fact that we have not had an increase in fuel duty. As Northern Ireland is much more rural, and more reliant on lorries to bring goods in and out, a fuel duty increase would have added significantly to costs and to inflation. The Government make policy announcements, and talk in the Budget about new capital allowances, but when His Majesty's Revenue and Customs implements them, they sometimes do not work as intended; the Chancellor should look at that. In the last Budget, research and development allowances were given. Hundreds of firms have been turned down for those allowances, on the basis that they did not comply with the criteria, or whatever. One wonders whether the Treasury takes a different view from the Government: "Let's not lose too much revenue. Let's make the process much more difficult."

As a result of bad management, there has been little room for manoeuvre. Whether we are to have another Conservative Government or a Labour Government, the great concern is that the Budget stores up huge problems for the future: costs that will explode, and unresolved issues to do with compensation that will still have to be paid.

() 4.33pm

Sir Jacob Rees-Mogg >

(North East Somerset) (Con)

Share

It is a pleasure to follow the right hon. Member for East Antrim (Sammy Wilson), and particularly my right hon. Friend the Member for Haltemprice and Howden (Sir David Davis), who made an important speech, particularly as regards the OBR. It was telling that the Chancellor started his speech by pointing out, at least inadvertently—it was not a deliberate attack—how many things the OBR has got wrong. That is a real problem for policymaking, because we treat the forecasts as if they were holy writ, authoritative and right. We make decisions on comparatively small amounts, assuming that the forecasts are fundamentally right, and that everything will add up—but of course it does not.

Let us look at the increase from £85,000 to £90,000 in the VAT threshold. That is an absolutely splendid and fundamentally good policy. It makes life easier for small businesses, is thoroughly welcome, and costs £150 million, or 0.01% of a Budget of £1.216 trillion. The cost is utterly trivial, yet the Government do not go further, saying that they cannot afford to. Of course they can. That amount is a rounding error, when we consider the total of what the Government do.

Unfortunately, that is the problem with the whole approach. As far as it goes, it is perfectly good. The economic circumstances have been tricky, and we spent £400 billion on support during covid, which was the right thing to do; but rather than nickel and diming, as is happening, we need to look at the fundamentals of our tax and spend policy. That £1.216 trillion is 44.5% of GDP that we are spending. That is too much. It is more than the country can afford; that is the starting point. It means that we are taxing too much.

A report in *The Daily Telegraph* states that we will not quite reach the figure for tax as a percentage of GDP that we did in 1948. We will just swerve having our highest level of tax in the post-war period, but that figure shows that we are spending too much. We need to get spending under control, so it was a pity that the Chancellor stuck with the 1% real-terms increase in public expenditure. We should be making public expenditure flat in real terms, and we need to recognise that the best way to afford public expenditure is through economic growth.

A matter for rejoicing—I know that the people in North East Somerset will be delighted, and the Chancellor mentioned this—is that at least the OBR and the Treasury have been willing to look at a particular tax to see if cutting it makes things better: the tax cut from 28% to 24% on property. I own property—I refer to my entry in the Register of Members' Financial Interests—so the change may be beneficial to me, but moreover it shows that Laffer works when even the Treasury and the OBR come round to thinking about it.

Where else could that be done? The hon. Member for Solihull (Julian Knight) mentioned the tourist tax. It is the easiest tax for the Government to have got rid of. We know—all the evidence is there—that it costs the economy and the Treasury money, yet the Treasury ploughs ahead with the obstinate view that a tax rate produces a set amount of tax, which we know to be false. Go back to 1979, when 98% tax rates raised much less money than 40% tax rates ultimately did. That is why I am not at all keen on the attack on non-doms.

The OBR forecast expects 350,000 immigrants, net, to come to this country every year up to 2028-29. That is built into its forecasts. We need to get control of that. On the one hand, we need to get control of people coming in and undercutting the British workforce, lowering wages in areas such as social care. On the other hand, we want as many billionaires as are willing to come, because they are small in number yet contribute very largely to the economy. Attacking them, and making things harder for them, might be a means of stealing the Labour party's clothes, but it is not good economic policy.

Sir David Davis >

< Share

Doubly so, because post Brexit, other countries—France in particular—have actively set out to drag those billionaires into their country.

Sir Jacob Rees-Mogg >

< Share

France, Italy and Portugal, our oldest ally. Yes, absolutely, other countries are competing for the very rich, who will go to those countries, rather than coming here.

I am also not in favour of the extra tax on oil companies. We need more oil and gas. One of the reasons why our productivity has been low and our economy stagnant, compared with the United States, is our much higher energy prices. We need to wean ourselves from the green ideology, which is making us cold and poor, and is one of the biggest factors to undermine economic growth in the past 15 years. We should not be attacking the oil companies; we should be welcoming and encouraging them.

The time limit is very tight, but there is good news that Members will like: time on the Finance Bill is unlimited, so I look forward to resuming my comments on Second Reading.

① 4.39pm

Dame Diana Johnson >

(Kingston upon Hull North) (Lab)

< Share

The House will be surprised to know that I will talk about not billionaires, but ordinary people in my constituency of Kingston upon Hull North, for whom this Budget provides very little.

The Budget also provides very little investment, which we desperately need in Hull and the Humber. It exposes the reality of what levelling up actually means for the north as we come to the end of this Parliament. It is trifling; it is not transformative. The Chancellor mentioned Canary Wharf. That is not an area in need of levelling up. The Hull and East Riding devolution deal comes with headline-catching funding of £400 million, but it is spread over 30 years. That is £13.3 million a year shared between two councils.

That comes nowhere near reversing Hull's loss of £111 million a year since 2010. That stands in direct contrast to the Government's economic transformation and integration deal with Rwanda, which comes with at least £370 million over five years—an average of £74 million a year—for levelling up in Rwanda.

I will focus mainly on what is not in the Budget: any compensation for the infected blood victims. That is despite the fact that 118 Members of Parliament from 10 parties wrote to the Chancellor last week, asking him to make an announcement on the allocation of funding for those people, and it comes after this House defeated the Government in December by voting to set up a compensation body through the Victims and Prisoners Bill.

Catherine West >

(Hornsey and Wood Green) (Lab)

Share

I congratulate my right hon. Friend on her excellent work on the contaminated **blood** scandal on behalf of all our constituents. Does she agree that it is heartbreaking for children to have watched their parents go through this?

Dame Diana Johnson >

Share

My hon. Friend, who has also campaigned on the issue over the years, makes a good point; I will come to that.

Ministers received the final recommendations on compensation from Sir Brian Langstaff in April 2023. They also received the framework compensation document from Sir Robert Francis in April 2022, which allowed them to prepare for compensation to be paid. However, today there is not even an allocation for further interim payments to alleviate the immediate suffering of parents who have lost children, and children who have lost parents. Let me give the House an example of what that looks like. Sam Rushby, whose entire family—mum, dad and three-month-old baby sister—all died of AIDS by the time he was three, has received no compensation, and would benefit from the interim payments that Sir Brian Langstaff has recommended that the Government pay.

Paragraph 3.45 of the OBR document confirms that it has not been able to take into account plans for compensation for contaminated blood victims, as no money has been identified by the Treasury for that compensation. The OBR seems to have missed the point that Sir Brian has already made his final recommendations on compensation, and the Government do not need to wait until May to decide what to do next.

The Chancellor's views have evolved over time. On 21 June 2019, Ann Dorricott, the widow of the Chancellor's late constituent Mike Dorricott, who died because of the infected blood scandal, said in evidence to the inquiry that her husband was told in February 2014 by the Chancellor: "Don't worry about this, we'll sort it." On 27 July 2022, the Chancellor told the infected blood inquiry that it could be seen as a "huge failing of democracy" that victims had waited so long for justice. After the first interim report from the infected blood inquiry, which set out that the Government should pay interim payments, the current Chancellor wrote to the Government on 3 August 2022, with two fellow former Health Secretaries, stating:

"The victims and their families deserve nothing other than the complete and immediate acceptance of Sir Brian's recommendation. To refuse to do so would simply continue the injustice thus far handed out by the state to a group of innocent victims condemned to years of suffering and neglect.

Any delay to such payments, for instance by arguing that we need to wait for the inquiry to finish, for a new Prime Minister, or for Parliament to return, will sadly almost certainly see more of the victims die before they see justice."

By the time the Chancellor appeared at the public inquiry on 28 July 2023, his views had changed. He then said:

"It is a very uncomfortable thing for me to say but I can't ignore the economic and fiscal context because, in the end, you know, the country only has the money that it has",

and that

"I can't give you a sense as to the timescales."

To play politics with victims of the infected blood scandal is, frankly, unforgivable. Those infected and affected are not responsible for the economic state of this country, and the Government have already accepted the moral case for paying compensation. The approach that Ministers are taking is tin-eared, with no allocation in this Budget for compensation. They tell us that they are working at pace, but they are not meeting with any of those infected or affected, or taking soundings from any of the campaign groups. They are hiring experts to advise them and refusing to give the names of those people, and decisions are being taken behind closed doors. This is not the way to treat people who have suffered and been dismissed and ignored for decades. The way this Government are behaving is shameful.

() 4.46pm

Suella Braverman >

(Fareham) (Con)

🔇 <u>Share</u>

I rise to welcome many elements of today's Budget, notably the cut to the main rate of employees' national insurance from 10% to 8%; the changes to the high-income child benefit charge, which will help half a million families; and the raising of the VAT threshold for small businesses from £85,000 to £90,000. Speaking on behalf of many small and medium-sized businesses in Fareham, I know that they will warmly welcome that change.

However, the real test for us today is to ask ourselves whether the measures that have been announced will turn the tide. Will they turn the tide on the highest tax burden in 70 years, since world war two? Will they turn the tide on our prospects of galvanising the British economy and stimulating growth after a decade of sluggish productivity? Will they turn the tide and send the message to British taxpayers that we, the Conservatives, are the party of low tax and on their side? Those are the real questions that we need to ask ourselves, honestly and with dispassionate fairness, because if we are not honest with ourselves, we have no one else to blame if we hand the keys of power to the Labour party.

I want the British people to know what that will mean for them. A Labour Government will mean tax rises to fund £28 billion-worth of uncosted promises—Opposition colleagues are shaking their heads, but it is true. A Labour Government will mean undoing Brexit and aligning the UK more closely with the European Union, and opening our borders to potentially unlimited numbers of people from the EU. Just as night follows day, a Labour Government would also—as every Labour Government in our history have done—leave this country with more unemployment and more job losses than when they entered government. That is something I do not want to see, and I am incredibly proud that since 2010 this Conservative Government have created 800 jobs a day. That jobs miracle is something that Conservative Members can all be proud of. It will bring huge prosperity and wellbeing to millions of people across the country.

Our approach as Conservatives must be one of responsible management of the public finances. Yes, we want to cut taxes, because that is the way to stimulate growth and then reinvest more tax revenue in delivering first-class public services. I am very proud of our track record on public service delivery over the past decade: whether it is the increased numbers of doctors and nurses, the phenomenal improvement in our literacy and numeracy rates in English schools, or 20,000 new police officers, I am proud of many of the outcomes that we have produced thanks to our commitment to our vital public services.

Just in my local area, Fareham Community Hospital has seen an increase of new services—from a new chemotherapy unit to sameday access to a GP service and a regional renal dialysis centre, all in the last few years—and there has been a £58 million investment in a new accident and emergency department at our local Queen Alexandra Hospital.

To be fair to the Government, things have been incredibly tough and challenging over the last few years. Needless to say, we paid the wages of millions of people to, in effect, stay at home. I am very proud of the furlough scheme, but I do think that we all need to reflect—again, dispassionately and fairly—on the decisions we made during the pandemic. My own view, with the benefit of hindsight—I am not absolving myself of any responsibility because I sat in Cabinet at the time of these decisions—was that we actually did spend too much, we did lock down too soon and too hard, and we did shut schools in a way that was harmful rather than helpful. In the event of a similar pandemic, I hope that we do not make the same mistakes again. I do not blame anyone—it was a time of unprecedented fear and uncertainty—but I think we have to learn the lessons, so that in the event of something similar happening we do not repeat those decisions. I think we overreached, overspent and overcompensated for what could have been handled in a less damaging way for the economy and for the British people in the medium term.

Returning to the Budget, if we are serious about putting the British taxpayer first, personal taxes are a good place to start, which is why I welcome the changes to national insurance. However, I agree with my right hon. Friend the Member for Haltemprice and Howden (Sir David Davis), as my preference would have been a 2p cut off the basic rate of income tax, an increase in the personal allowance and raising the income tax thresholds to properly fix a tax regime that has, I am sad to say, become a disincentive to work and endeavour in too many cases. A cut of 2p off the basic rate and an increase in the personal allowance—say from £12,500, where it currently stands, to £20,000, or even to £15,000 or £16,000—would have helped poorer households and lifted about 20% of all taxpayers out of tax altogether. Cutting income tax rather than national insurance would help a broader range of taxpayer, including workers, savers and pensioners.

Let me say a word about pensioners. Yes, they have the benefit of the triple lock, but it is fair to say that since 2010 the income tax bill of the retired has increased by hundreds of pounds—some estimates put it at £400. The value of the triple lock has actually been depleted because of the fixed thresholds in income tax and, in particular, the personal allowance. I do regret that income tax was not chosen as the tax to cut over national insurance, because pensioners have lost out as a result.

I think those thresholds need to be raised to tackle the invidious problem of fiscal drag. We have seen too many workers—millions, in fact—on low or middle-level salaries being dragged into higher tax brackets in a way that was never intended. Nurses, teachers and police officers are paying a 40% rate of income tax, which was never the plan, because the frozen thresholds have not been raised in line with inflation. It has been proved that that is a disincentive to promotion and to working longer hours, and it is a reason why many more people are choosing to take early retirement or to work less. That is a drag and has an adverse impact of our tax system. I think this was a missed opportunity, and I hope the Prime Minister remembers the promise he made during his leadership campaign that he would plan to cut the basic rate of income tax eventually in this Parliament.

How do we actually pay for some of these tax changes? I agree with my right hon. Friend the Member for North East Somerset (Sir Jacob Rees-Mogg) that we really have to start questioning the validity of the forecasts and the assessments made by the OBR. One way that savings could be made is in looking at net migration and overall levels of legal migration. I am very pleased that the OBR seems to have shifted away from its orthodox view, which has traditionally been that more people coming into the country, largely on low wages, is necessarily a net benefit for the economy. Just last month, David Miles of the OBR attenuated that view by saying that, no, we cannot assume there to be fiscal benefits from increased migration. There have been assessments that the UK has paid £24 billion since 2020 to cover the costs of non-working migrants, and the IFS has confirmed that non-EU net migration has had a net fiscal cost overall. Getting net migration down is key to saving costs.

I would have liked to have seen many other areas included, such as cutting public spending, which has been mentioned already.

Overall, this Budget has some welcome elements, but it also represents something of a missed opportunity to properly send a message that we are on the side of the British taxpayer, that we will lower taxes, and that we will galvanise the economy to produce growth.

① 4.55pm

Judith Cummins >

(Bradford South) (Lab)

Share

Year after year, I have risen in this Chamber as the Government watered down their commitments on levelling up, transport and living standards, and now it seems there is nothing much left to water down. Every year I have called for urgent action to prevent the collapse of our national health service, and now the Prime Minister admits that his plans have failed. The Government profess that they stand for law and order, but systematic cuts have seen confidence in our justice system plummet. Just as poverty peaks during this Government's cost of living crisis, they have created months of uncertainty over the household support fund for vital services such as foodbanks.

Today's Budget reaches the pinnacle of 14 years of cynical short-termism under this Government. From levelling up to healthcare, the Budget fails to deliver for the people of Bradford South. Last week, the Prime Minister went on a so-called levelling up tour, claiming

"levelling up is about providing people with better opportunities to work, travel and feel proud of where they live."

In 14 years, what opportunities have this Government given to people in Bradford South? Network North is a shell of the broken promise that was once proudly hailed as Northern Powerhouse Rail. In Bradford, rather than being offered new high-speed rail lines and enhanced connectivity, we are told to celebrate the announcement of a new platform at Bradford Forster Square. That is not the ambitious and transformative Northern Powerhouse Rail that was promised no less than 60 times by this Government. Despite all the talk, Bradford South has not seen a penny from the levelling-up fund. The opportunity to level up this country has been squandered.

With the Government having betrayed the north with their failed levelling-up agenda, what has become of the self-professed party of law and order? The Prime Minister continues to argue that the Government's plan to make our streets safer is working. Recent reports show that across half the country not a single break-in case was solved—that is no convictions in half the country. Let me be clear: that speaks to the systematic underfunding of our police. The Conservatives are failing on a basic requirement of government to protect our homes. The police should be fighting crime, not fighting for funding.

If our streets are less safe, what are the Government doing for the national health service? More than 34,000 people across Bradford are now on NHS waiting lists for treatment, and the Prime Minister has admitted that he has failed on his pledge to cut waiting lists. The NHS is crying out for funding, but today's Budget does next to nothing. Just two weeks ago, I visited a Yorkshire Ambulance Service station in Bradford South. I spoke to the mechanics who work miracles on an old fleet, keeping ambulances on the road for up to 10 years and far beyond their recommended lifespan. Fixing those ambulances is not always possible, and it often leads to skilled paramedic crews being stranded and unable to do their job of saving lives. The ambulance service is crying out for increased capital investment, but new ambulances, just like the 40 new hospitals, are an illusion under this Government. We need a healthcare service that is fit for the future and will care for everyone from the cradle to the grave. Today's Budget will do little to help the NHS.

Over 14 years this Government have presided over persistent decline. Just think about what Labour achieved when we were last in government: the shortest waiting times in history; crime down by a third; the cancer guarantee; half a million children taken out of poverty; the national minimum wage; the winter fuel allowance; record results in schools; and peace in Northern Ireland. That was a record that Britain could be proud of; that was Britain under a Labour Government.

① 4.59pm

Sir Robert Syms >

(Poole) (Con)

< Share

In six minutes, it is difficult to put all the good things about this Budget in my speech, but I will try. I will start with the context. We faced the worst public health pandemic for 100 years. We took that on, and made some difficult decisions, because Boris Johnson wanted to save frail people from dying. We sometimes forget how scary and difficult it was dealing with that pandemic. I admit that I was somewhat sceptical of lockdown, and voted against it 16 times, but we cannot impugn the Government's motives—they were trying to save lives—certainly in the first year, when we did not quite know with what we were dealing. An awful lot of the additional money was funded to keep businesses afloat, some of which have gone on for generations, and to keep people in employment through furlough. What we see today is fairly full employment in this country, and a lot of that is down to the fact that the Government invested money in people when there was a national emergency.

A lot of the problems for the Government over the past year or two are therefore the consequences of lockdown, its cost and the implications of that for public services with people working from home and so on. The first thing I would say is that things are starting to normalise, in the sense that we are getting a falling deficit, national debt is likely to fall and growth is likely to pick up over the next two or three years. As a result of that, for the second fiscal event in a row the Government have been able to cut taxation for 27 million people who are in work. That is to try to improve the incentives for those in work, and that is to be welcomed.

However, the Chancellor had a balance to maintain, because the most important thing is not just to cut tax, but to get interest rates coming down. Inflation is likely to be 2% in the next month or two, and that affords the Bank of England the opportunity to cut rates. Some people in the City think that will probably be on three or four occasions as we go into the summer. If we end up in a situation where we have inflation at 2% or 2.5% and pay increases of 5% or 6%, and we have tax reductions through national insurance and falling interest rates, inevitably the standard of living of many people in this country will go up. That means that people will have more money to spend and the economy should be able to grow. There is a plan, and it is working. I do not think single Budgets make much difference, but it does make a difference when we have a fiscal policy set out over two or three fiscal events and Budgets that want to take things in a particular direction.

I admit I am a bit of an OBR sceptic. Black holes tend to disappear and then arrive. Often it produces figures that are wrong, but on the whole, having a body to give an independent view reassures markets. I am a bit of a Bank of England sceptic, too. The comments of my right hon. Friends the Members for Wokingham (John Redwood) and for Haltemprice and Howden (Sir David Davis) are right: we need to look at the Bank of England's remit. Growth should be in there, as well as inflation. An interesting thing is that we still pretend that the Bank of England is independent. The reality is that because of that, we do not give it precise advice on what it should do with the overhang from quantitative easing.

My right hon. Friend the Member for Wokingham made the important point that we have lost £40 billion or £50 billion on bonds that the Bank of England bought to get us through covid, and that is largely about timing. If we sell bonds when interest rates are falling, we get better bond prices, and if we sell when interest rates are rising, we get worse bond prices. The tax cuts in this Budget on national insurance are worth about £10 billion. The Bank of England, by mis-timing the selling of bonds it bought in quantitative easing, has so far wasted five times that. If one thinks of a world in which we had not had to pick up that bill and we had delayed getting rid of some of the bonds accumulated with quantitative easing to a time when interest rates were falling, the tax reductions we could have introduced today would have been far more ambitious.

I hope that as interest rates fall, the losses will fall from selling bonds and quantitative easing, and we will get into a better fiscal position. I am sure there is room for another fiscal statement before the next general election. If there is, I look forward to further tax cuts as we go ahead.

① 5.04pm

Cat Smith >

(Lancaster and Fleetwood) (Lab)

Share

I hope it is not news to anybody in the Chamber that the public's trust in politics and politicians feels very low right now. Many people have been telling me that they do not feel their voices are heard in politics. So, ahead of the spring Budget, I did a piece of work in my constituency, surveying my constituents and going to meetings of pensioners and groups of young people to ask them what their economic priorities are, and I have matched them against what we have heard in the Budget. I thank all the village newsletters and local papers that carried my survey, which means I have a detailed idea of what my constituents are concerned about.

If we listened to Ministers' crowing over falling inflation in recent months, we would be forgiven for thinking that the cost of living crisis was over, but the 11% high in inflation was because of the decisions made by the Government and that mini-Budget. Responses to my survey from my constituents make it abundantly clear that the cost of living crisis is not over. In the hundreds of replies I received, more than 80% told me they are worse off than they were five years ago, so the message to the Chancellor must be that the cost of living crisis is not over but very much real, and people are really struggling right now.

High energy costs were the most frequently mentioned issue in the survey and have particularly affected elderly and disabled constituents I was told chilling stories by constituents about the steps they have taken to reduce their energy bills. Some have told me that they have turned off their hot water and heating completely, even on the coldest of days, due to the increased prices.

Other costs commonly mentioned were food prices and mortgages. My constituent GROA from Lancaster bought his first home last summer, but the mini-Budget and the spike in mortgage rates means that he is paying hundreds of pounds more out of his wages every single month. That is money he would like to spend on dental treatment—his NHS dentist closed—but he cannot. It is money that he needs to spend on his massively increased energy bills, but he cannot. That is a really good example of the problems faced by so many constituents in different circumstances.

Common themes that popped up time and again were pensioners struggling to make ends meet, people dependent on support from their parents or other family members to pay the bills each month, and people telling me they were just about managing but really struggling to meet one-off costs such as the car or the washing machine breaking down. As one constituent put it:

"We are not living; we are existing".

I want better for my constituents, and I want better for the country.

A YouGov poll commissioned by the Joseph Rowntree Foundation found that three quarters of Brits are worried about the current levels of funding for public services. That was very much reflected in the concerns raised by my constituents. No one will be surprised to learn that most concern was reserved for the NHS, with longer waiting lists and the poor availability of NHS dentists coming up

time and again. However, constituents also raised funding for schools, roads and public transport, and the local authorities who are really struggling to deliver those public services on the ground in my constituency. I pay tribute to all my local councils—Lancaster, Wyre and Lancashire—which are run by a variety of different political combinations but all facing incredibly difficult financial settlements.

There is real fear about the impact that reckless tax cuts could have on public services across Lancashire, coming on top of more than a decade of Tory austerity. In the survey, one constituent said:

"Tax cuts will not save our impoverished public services".

I could not say it more clearly than that.

My constituents are also concerned about the levels of inequality we see across the UK. There is the idea that energy companies do not pay their fair share, and yet when constituents get their energy bills, they really struggle to meet them. One summed it up:

"Reducing taxes for the better off as a pre-election booster does nothing to help ordinary people with soaring food and heating bills."

I can already see emails coming into my inbox from pensioners who are unhappy that the changes to national insurance do not benefit pensioners, who are really struggling. While the triple lock goes some way, it does not compensate for the rising cost of living and inflation spiralling out of control.

GRO-A from GRO-A was desperately hoping to hear something from the Chancellor about redress for victims of sodium valproate. Both her sons live with lifelong disabilities having been harmed by the drug. She had held out hope, given that from his previous role as Chair of the Health and Social Care Committee, the Chancellor knows the heartache and financial cost paid by those victims. She is disappointed that there has not been an announcement today regarding redress, particularly because, as I understand it, the Government have had an early copy of the report on the subject by the patient safety commissioner for England for several months. I urge the Ministers on Treasury Bench to respond at speed to that excellent report and to do the deeds to match the Chancellor's words on this matter.

On redress, I associate myself with the comments of my right hon. Friend the Member for Kingston upon Hull North (Dame Diana Johnson) on **infected blood**. I also want to raise the matter of the justice needed for victims of the Horizon Post Office scandal.

I have been contacted by many constituents who work in the hospitality sector, including GRO-A) who runs the fantastic Cafe Dolce in Lancaster. She highlighted the difficulties that many business face because of rising costs. She wanted tailored support for the hospitality sector, but I fear she will be disappointed with today's offerings.

Are we better off now than we were 14 years ago? The resounding view from my constituency is absolutely not. Taxes are still rising, prices are still going up in the shops and mortgage rates are higher, and nothing that the Chancellor said today changes that. It is time for change. It is time for a general election.

⑤ 5.10pm

Dr Thérèse Coffey >

(Suffolk Coastal) (Con)

Share

It is a pleasure to speak in today's debate. I strongly welcome the measures announced in the Budget. We heard about increasing investment and growth. I am pleased that the Treasury Committee will scrutinise the OBR and the Chancellor next week. It is important that we consider the Bank of England's policy on selling gilts, which my hon. Friend the Member for Poole (Sir Robert Syms) referred to, and the impact for the OBR and the room that it gives. I recommend that hon. Members look at Ed Conway, the Sky journalist, for more on that. I am sure that will open their eyes in many ways.

I enjoyed the measures on investment in life sciences. The Speke factory in Liverpool is getting a massive boost, which will have a welcome impact on jobs. The Budget responded to SMEs by adding leasing to full expensing. The ongoing activity of the Department of Business and Trade and all of Government shows that Britain is open for business.

I welcome the measures on pensions. When I was working in the DWP with my hon. Friend the Member for Hexham (Guy Opperman), who was then Pensions Minister, we were concerned about the poor returns for defined contribution savers. I welcome the progress in that regard that has been set out today. The British ISA is a brilliant idea, and I look forward potentially to investing in one myself.

The overall outcome of the Budget is to make work pay. National insurance is a tax levied on weekly income. The current threshold is £242 a week, which is equivalent to just over 23 hours a week at the current national living wage. In Suffolk Coastal we have a lot of seasonal workers. The national insurance cut will be welcome to them, because during the summer months, when there is an increase in the hospitality sector, employers are often looking for more employees. Combined with the cut that is already applied to people's pay packets, the average saving is £900 per person, which is significant.

Those on lower incomes should bear in mind that when the Prime Minister was Chancellor, he cut the universal credit taper rate to 50%. That provided a significant boost to make sure that work pays. I welcome some of the sensible changes to help with that. The fact that 800 jobs a day have been created since we came into power in 2010 is truly astonishing and shows how important it is to get people into work and keep them in work. My right hon. Friend the Work and Pensions Secretary will continue to work on that, particularly considering the impact of covid.

I also welcome the assurances on childcare. I have a new nursery opening on 2 April in Leiston in my constituency called Spring, in response to the Government's support. I wish Daisy Plumridge well.

Another aspect that my constituency will particularly welcome is the abolition of the furnished holiday lettings tax regime, as visitors are an important part of our economy. Too often, the measure has become a way to, in effect, subsidise people buying second homes, with the extra income from letting the property out for part of the year. It is wise that we have considered the matter. There have been a few things along the way, but I think this significant change will ensure that we have professional landlords who think about families and the longer term.

I expect Suffolk will welcome the tax relief extended to Freeport East. I recently visited Felixstowe port alongside the new Maritime Minister, the noble Lord Davies of Gower.

A number of pubs in my constituency and, indeed, the brilliant Adnams Brewery will welcome the freeze in alcohol duty.

I hope that more of my village halls will take advantage of the £5 million fund investment. The extra £75 million in section 4.24 of the Red Book for internal drainage boards will provides a useful boost to the important work done by local farmers. Also in the Red Book, I am pleased to see reference to the consultation that we launched in March 2023 on tax relief relating to those entering environmental land management schemes. It has been the case that people only get agricultural tax relief from generation to generation on land that is actually farmed. That is an unnecessary barrier and I welcome the change that will come into effect from April next year. The support for tenancies is also important for our countryside.

To deliver efficient, economic and effective outcomes for users of public services, it is important that the Government get the public sector productivity plan right. I am thinking of the NHS, in particular. In my short time as Secretary of State for Health and Social Care, we started to look at why there were so many agency workers. The NHS, as many on the ground in hospitals and other parts of it will know, can be an exceptionally inflexible employer. It is no surprise that quite a lot of people turn to being bank staff or go to agencies. I hope that the plan is not just about doing an economic exercise; this is about culture and leadership in our hospitals. The variable performance around the country, which we have made much more transparent, shows the changes that good leadership can make. That is often driven by culture, as well as high expectations, and is to be welcomed. I say to those on the Front Bench that that it can be too easy to be a locum exclusively.

I look forward to voting for these measures. This is a Budget for growth and to make work pay, and I look forward to its being supported by the House.

① 5.17pm

Ian Blackford >

(Ross, Skye and Lochaber) (SNP)

Share

Today is very much a missed opportunity. Much has been said by colleagues, particularly on the Government Benches, about levels of debt and tax, but the fundamental issue, going back to the financial crisis in 2008-09, has been a failure to deliver sustainable economic growth. We heard much from the Chancellor today about growth and productivity, but when we dive into the detail, it simply does not add up.

As my right hon. Friend the Member for Dundee East (Stewart Hosie) said, the starting point is GDP per capita. In many respects, the starting point for today's debate should be what has been happening over the past couple of years. If we take the period since March 2022, GDP per capita has fallen by as much as 1.5%. Indeed, the OBR tells us that household incomes will not get back to the prepandemic level until 2025. The harsh reality for all our constituents is that they are poorer.

We have heard all the brouhaha today about cutting tax, and we have had some criticism of the OBR, but we need a set of forecasts on which to base the decisions that we take. According to the OBR forecast for the next five-year period, the average GDP growth per annum is one and two-thirds per cent.—the same level as it forecast last November. For all the changes that have taken place, there is zero movement on the needle on expectation of economic growth.

I hope that we have a more detailed discussion on these matters. Members have touched on the issue of growth and, I would say, the issue of productive potential in the UK. Let us have a debate about where that productive potential is and how we grow the economy, because, quite simply, I do not see that in what the Government have come forward with today.

These things are based on the OBR book, as has been talked about, but let us look at the detail. The headroom that the Government have is—let us be honest—limited and is based on an assumption that the fuel price escalator takes place every year from now. Well, it has not taken place since 2011. In that sense, what the Government have told us today about their headroom is an absolute fantasy.

Tax as a percentage of GDP is going to hit 37.1% at the end of the forecast period. We hear many Tory MPs say that tax is coming down. No, it is not; all that is happening is that some of the tax increases are being ameliorated. Fiscal drag has been much talked about, but the forecast is that the fiscal drag from the failure to increase tax bands will result in a £40 billion tax take, so let us have some honesty about what is going on. Where is the plan for growth? Where is the plan for an industrial strategy? I am glad that my colleagues in the Scottish Government are taking this issue seriously—we will have an industrial council.

Much has been said about Labour's plans—now backtracked on—for £28 billion of green investment, but we need to recognise the scale of the opportunity to decarbonise the economy and create jobs. Let me take the example of green energy in Scotland. We can increase our green energy output fivefold and create up to 235,000 jobs. If we do not do that, other countries will make that investment and benefit from the opportunities in green energy. We need to grasp those opportunities and ensure that we can transition the economy. We need to ensure that we are creating the circumstances whereby people want to come and invest here.

Let me turn to public spending. Again, in real terms, public spending per capita over the next few years will be flat. Of course, that comes after many years of constraint on our public services. Taking into account the investment going into the ringfenced areas, notably the NHS, between now and 2028 the real-terms decline in public spending will be 2.3%. What is 2.3%? It is about £20 billion. We often hear people say that austerity has not happened. My goodness! Look at our constituents and the cuts that are taking place. Look at local authorities in England and the challenges they face. The Government are taking out £20 billion over the next few years. What is taking place is absolutely shocking. [Interruption.] I hear somebody chuntering from a sedentary position about Scotland, but at least we have tried to ameliorate some of the effects of the cuts. We have invested in the child payment to drive people out of poverty.

The harsh reality of this Budget is that there is no hope for people in Scotland. It is more of the same: low growth, no increase in productivity, no vision and no investment in the green economy. I say to voters in Scotland that, come the general election—bring it on!—they will have a choice: a Government in Scotland who have a focus on investing in an industrial strategy for delivering the new green jobs for the next generation; or more of the same from broken Britain and more pressure on public services. That is the choice that people in Scotland will face on the back of this Budget.

© 5.23pm

Sir Edward Leigh >

(Gainsborough) (Con)

< Share

The Chancellor, in his excellent speech, mentioned that he would unleash £100 million-worth of levelling up. Hon. Members may guess the subject to which I will briefly allude, which I constantly mention in this House. There is a bit of levelling up in Lincolnshire, worth £300 million, which is the levelling up that we were hoping to achieve at RAF Scampton, the most iconic RAF base in the country. That levelling up would involve using a 10,000-foot runway and superb heritage buildings that were the home of the Dambusters and the Red Arrows, so I appeal once again to the Government to listen to me. I have been begging them for the last

year to agree to a compromise on this. I see one of my Lincolnshire colleagues on the Front Bench, the Exchequer Secretary to the Treasury, my hon. Friend the Member for Grantham and Stamford (Gareth Davies), and I am sure that he has a certain amount of influence on his fellow members of the Government. I hope that the Government will listen to what I have been saying for the last six months, which is that we should compromise by taking some migrants on a small part of the base and unleashing the rest of the base for levelling up. That is what Lincolnshire needs more than ever: it needs more jobs and more growth, and I hope that this is a Budget for that.

This is a debate about the Budget, not about illegal migration, but this whole saga of putting up more and more people in hotels or in military bases must end. We have to get the Rwanda Bill through Parliament, we have to have a proper deterrent and we have to stop these people who are making a joke of our border control, but the far more serious problem than illegal migration is legal migration. When I entered the House 40 years ago, net legal migration was running at about 17,000 a year. Twenty years later, it was 185,000 a year, and now it is over 600,000. That puts a massive strain on the economy.

The fixation on importing cheap labour is immoral and unpatriotic. We cannot undermine our own workers by letting in people and paying them lower than average wages. There is a single thing that the Chancellor could do, and that would be to end all the shortage schemes and simply insist that if someone wants to come and work in the UK, they would have to earn the UK national average wage of roughly £33,000 as a minimum. Not only does such an influx of people drain our economy, displacing investment in domestic skilled work; it also puts an immense strain on public services, with more British citizens than ever, including the least advantaged, struggling to get GP appointments and secure school places for their children.

We must deal with net legal migration. It is the single biggest problem facing our Government and we have to act on it. We know that we are importing all these people because we are not paying enough to our NHS or care staff. We therefore have to import people from all over the world, but there are 9.3 million people of working age in the UK who are claiming benefits, and that statistic is set to rise remorselessly. Productivity rates are decreasing and they are projected to fall further in the coming years. We have to address this fundamental weakness of the British economy: we are not paying proper wages to our people; we have too many people of working age on benefits; and we are importing too many people from the rest of the world.

On the broader case, I have been listening to what my colleagues have said and I would have preferred a cut in income tax to a cut in national insurance. That would have been much more dynamic, and people understand it. Also, many people do not pay national insurance, including savers and people of pension age. There is no point in keeping the triple lock if we are dragging more and more pensioners—not rich pensioners—into paying tax and sometimes into a higher rate of tax. I would have preferred a cut in income tax rather than national insurance but I understand where the Chancellor is coming from on that.

I want to say a word about the Office for Budget Responsibility. I cannot understand why we seem to have outsourced so much of our economic management from the Chancellor of the Exchequer to the OBR and the Bank of England. People say, "Look what happened when we did not listen to the OBR in the 'disastrous' mini-Budget", but the reason that that Budget went wrong was not that we did not listen enough to the OBR's forecasts—which are often wrong—but that there were too many unfunded tax cuts. As a nation, we have to become a dynamic, low-tax, low-regulation economy. That is the only way forward for a Conservative Government. I am very dubious about these OBR forecasts.

Generally, we should not put too much faith in opinion polls, which are simply a test of opinion. What will matter in the coming general election is that people have a choice. We accept that we are paying too much tax, we accept that we have been hit unbelievably badly by lockdowns, the pandemic and the war in Ukraine, and we accept that people are regulated too much, but when my constituents go to vote—in May, November or whenever—I will ask them, "Do you want to pay even more tax? Do you want even more regulation, and even more migration to this country?" The answer is a resounding no, so speaking for myself, I shall be voting Conservative.

① 5.30pm

Catherine West >

(Hornsey and Wood Green) (Lab)

Share

It is a pleasure to follow the right hon. Member for Gainsborough (Sir Edward Leigh), and to hear about all the challenges in his constituency.

There is nothing more important than giving children the best start in life. I first went into local politics through the Sure Start movement. Many of the women I volunteered with back then are now senior in early years provision, and it is a wonderful thing when we get it right. Last Sunday, in an interview on the BBC's "Sunday with Laura Kuenssberg", the Chancellor said that he could not guarantee that working parents of two-year-olds would get their promised 15 hours of free childcare. It is simply not good enough to see yet another broken Government promise. The Chancellor announced the free hours this time last year—a whole year ago—and they have still not been delivered.

My constituent Gillian has two young children, and she found out in January that her local nursery was closing down due to a lack of staff. She wrote to me:

"We were informed of this yesterday afternoon, I immediately stopped what I was doing, and started calling nurseries and childminders in the area. I must have called 25 childminders, none of which have availability."

Imagine her panic when she knew that she would either have to give up her job, move house, move in with her parents or work part time. Parents are already hard pressed, whether it is because their mortgage has gone up, their private rent has gone up by 20% overnight in the past 12 months, or they are waiting for a social home to become available. Families in Hornsey and Wood Green are facing extreme pressure.

What good are free hours if families cannot find a nursery that is still open? The free hours need to be properly funded, yet so many early years settings have closed. As I heard from Councillor Brabazon, who runs children's services in Haringey borough, many childminders have left the sector due to a lack of support from the Government. How will the Chancellor provide parents with more free hours if nurseries cannot recruit or retain staff? How will he prevent nurseries in my constituency from closing down? Will he guarantee that every eligible child will get their free hours in April, or will he move the goalposts again, and move the date to September 2024, or perhaps September 2025? Delivery seems to have an ever-moving boundary. He continues to move the goalposts. At this rate, children will be in secondary school before they have adequate childcare provision.

As well as the need for affordable and accessible childcare, there is the problem that thousands of children live in unsuitable temporary accommodation, including hotels, due to the Government's abysmal housing policy. This is not a new problem, and it has been bothering many Members. The Government's refusal to scrap section 21 and build social and affordable homes has contributed to the mess. There have never been more children in poor-quality, temporary accommodation, which is causing desperation for so many. In some cases, as the press have reported in the past week, children are dying in temporary accommodation.

London boroughs are now spending £90 million a month on temporary accommodation, according to London Councils, and more than 175,000 Londoners are homeless and living in temporary accommodation, including 85,000 children. On average, there is at least one homeless child in every London classroom. It is an absolute disgrace that we are spending so much money on temporary accommodation—it is mainly housing benefit—when that money could have been turned into the bricks and mortar of new homes.

Up and down the country, families are fed up with the Government's broken promises and incompetence. This Budget will do naught to fix it. Only Labour has a plan to break down the barriers and provide children with the best chance in life. We need an end to the Tories' sticking-plasters, and an end to Rishi's recession. We need a general election and a Labour Government.

© 5.35pm

Paul Bristow >

(Peterborough) (Con)

Share

I rise to welcome this Budget—a low-tax Budget focused on increasing productivity in our public services. By goodness, do we need it.

Yesterday, I had dinner with an old friend who had spent quite some time out of the UK. We were talking about what he felt life was like in the UK now, and he said that he felt that society was becoming "infantilised". When I asked him what he meant, he talked about the ever-increasing intrusion of the state and other bodies into the lives of ordinary people. When I asked him for an example, he decided, curiously, to talk about the railways. He had got a train the other day and he was told on several occasions to mind the gap, to contact the British Transport police if he saw something suspicious, to ensure that he had the correct ticket for his fare, and to "See it. Say it. Sorted." He was told that on loop about 20 times. One might think, "Why is he talking about these safety announcements? Surely they make sense." But it was not as if my friend was about to leap into the gap, or pick up strange packages.

It was not as if he was planning to evade his fare. The British state, or the institution in question, seemed to want to tell that individual about the dangers constantly. We are over-regulated, over-taxed, over-governed and over-leveraged, both at state level and individually. Thank goodness we have a Budget that will try to address some of those problems.

We desperately need a low-tax economy and productivity in our public services. There is no clearer example of the over-burdensome, intrusive and nannying element of the state than Peterborough City Council. Its administration would rather axe lollipop ladies, one of the only physical manifestations of the city council left on our streets, than tackle inefficiency in its back office, or look to make savings through productivity. It would also rather demolish, or at least close, three bridges—we can count them—over a local beauty spot known as Cuckoo's Hollow, thus in effect cutting off hundreds of people from shops, and preventing them from going about their business. Many of those people are disabled, many have mobility issues and many are elderly. The council would rather do that on spurious health and safety grounds than take a common-sense approach and repair each bridge individually, one at a time. Instead, the council would rather close them overnight and not tell a single soul about it. More people have walked on the surface of the moon in the past 70 years than have been placed in any sort of danger by these bridges. But that shows the sort of council we have.

Our council would also rather fence off a local open space called Werrington fields, because it has some sort of concern about safeguarding. It would rather close a swimming pool—the regional pool in Peterborough, where I learned to swim—because, again, it has taken an over-cautious approach, in response to a survey; it has taken the worst-case scenario as being the letter of the law. The council would rather close it than make do and mend.

We have a planning system that treats people who want to build a small granny annexe, or a small addition to their house, as though they wanted to build St Paul's cathedral or the Taj Mahal next to their house, rather than something that would obviously benefit the local economy and that individual family. We need to accelerate supply-side reforms to planning, and to get Peterborough and this country building.

We need to take a more mature approach to politics, and to how we talk about the economy and public spending. I am incredibly proud of the investment—hundreds of millions of pounds—I have managed to secure for future infrastructure in my city of Peterborough. We have not had our fair share over many years. However, we talk about spending commitments as if the amount we spend is itself the goal, but what we really want is outcomes. We say, "We are spending more than ever before on x, y and z," but spending is not the goal. The outcome—what we get for our buck—is the goal, along with productivity. That is the sort of change we need to see. I was incredibly pleased to hear that point made very clearly in the Chancellor's excellent speech.

Nowhere does the productivity challenge embed itself more than in our national health service, so I was pleased to hear about the public sector productivity plan. There are three things we might think about to increase the productivity of our NHS. First, the consultants, clinicians, nurses, doctors and people we pay to care for patients must operate at the top of their licences. I was disappointed to hear disparaging comments from the Opposition about the Prime Minister's views on physician associates. We want more physician associates in our national health service, so that consultants, doctors and nurses can do what they need to do and operate at the top of their licences.

Secondly, we need to streamline ranking and grades in our NHS to ensure that people can move from one element of the service to another more easily. That will increase productivity and job satisfaction. Finally, organisations such as the National Institute for Health and Care Excellence and programmes such as "Getting it right first time" tell us what works and how to do the best for patients, but the NHS does not adopt that advice at pace or at scale. We need to follow that advice to increase productivity in our NHS. I hope that the public sector productivity plan addresses some of those issues.

If we continue with the infantilisation of our society, where will it end? It will end with the Labour party, one of the two great political parties in our democracy, mandating a policy that tells people that teachers are there to brush children's teeth. Where does the responsibility of the state end, and that of parents begin? If we are mandating teachers to brush children's teeth in schools, we have a long way to go to create an independent and non-infantilised adult population in this country.

Several hon. Members rose—	
	Share
Mr Deputy Speaker > (Mr Nigel Evans)	
(Mr Nigel Evans)	
	≪ Share

I am grateful to Members for sticking to six or seven minutes, as Dame Rosie suggested. We do not want to impose a formal time limit if we can get away with not doing so, but the informal time limit would mean that everyone got in, and had roughly equal time.

① 5.42pm

Gareth Thomas >

(Harrow West) (Lab/Co-op)



It is a pleasure to follow the hon. Member for Peterborough (Paul Bristow). I am afraid that this Budget will make little positive difference to his constituents or mine, or to the country at large. The cuts in national insurance announced today will not compensate for the interest rate rises my constituents have had to suffer, or for the plans announced by Conservatives in Harrow Council to push up council tax by some 16% in the coming years. The OBR confirmed today that living standards will stay below those of 2019 for at least another two years, meaning less money in my constituents' pockets, in family budgets, and for our high streets.

The Budget will do little to reverse the sustained under-investment in public services in Harrow or across the country. Every school in my constituency now has less funding in real terms than in 2010. On average, schools in my constituency have seen a reduction in real terms since 2010 of almost £900 per pupil. In real terms, more than £12 million has been cut from school budgets since 2010 in Harrow West. The four high schools in my constituency have been hit particularly hard, seeing real-terms funding cuts of between £900 and almost £1,900 per pupil, and the primary schools have seen cuts in their spending power of between £200,000 and almost £600,000, compared with 2010. The excellent Pinner Park Primary School, which I was lucky enough to attend, has seen a real-terms cut per pupil of £880 since 2010, and a loss of almost £740,000 in spending power.

Many schools in my constituency, and indeed across the country, face huge problems recruiting and retaining teachers and other staff. In my constituency that is due in no small part to London's housing crisis. I have always wanted to see the inner London allowance for teachers extended to outer London, to help deal with the recruitment crisis in my constituency and other parts of outer London. There was nothing in the Budget to deliver the level of investment that schools in my constituency deserve.

On special needs funding, although I welcome the small announcement that the Chancellor made today, Ministers still do not appear to have grasped the scale of need. In Harrow, which has traditionally been poorly supported by Conservatives—and whose problems have now been exacerbated by a poor Conservative Administration—just 29% of education, health and care plans were issued to support young people with significant special educational needs within 20 weeks, which is lower than rates in Barnet, Hillingdon and Brent.

Conservatives Ministers have three times rejected bids for funding from Harrow Council for another urgently needed special needs school, for 290 extra places. That shortage of locally provided, appropriate special educational needs and disabilities places is forcing the use of expensive private school places, causing transport costs to rocket and causing parents of SEND children the everpresent worry that their child's place will be taken away, or that they will have to settle for a placement that is not fully appropriate. It is also placing heavier pressures on mainstream schools, which are not getting sufficient extra funding to ensure that some of their SEND pupils are properly supported.

Parents of children with special educational needs are telling me that the council locally—I know that this is mirrored nationally—does not have the resources or staff to complete those education, health and care plans in good time. The parents of one young person in my constituency, awaiting a second occupational therapy assessment in order to complete an EHCP that was started in June last year, have just received a letter to say that OT assessments will be delayed again because the service is running at a reduced level.

Support for children with special educational needs is in crisis, and this Budget is not offering the investment necessary to bring new hope to the thousands of families who have been let down by the Government's failure to invest over the past decade in Britain's next generation.

The NHS in Harrow is on its knees. Nationally, one in every seven people in England is on an NHS waiting list, which is more than ever before. That means they are putting their lives on hold, having to manage in pain and discomfort for months. For far too long, trying to get an appointment to see a GP in Harrow has been a struggle for too many people.

In a sign of the scale of the crisis in access to primary care, I understand that a new system for urgent GP appointments is being forced on all GP surgeries across north-west London. No consultation on that plan has happened up until now and independent medical advice suggests serious concerns about patient safety flowing from it. It would have been far better had the underfunding of

the NHS not led to the closures of 8 am to 8 pm walk-in urgent care centres in my constituency. They eased the pressure on GP surgeries and, crucially, on accident and emergency services.

One major NHS reform that would make an immediate difference locally is for an investment in a 50% expansion in intensive care beds at Northwick Park Hospital, which serves my constituency—from a 24-bed unit at the moment to 36 beds. That would help to ease the huge daily pressure on A&E in what is the busiest hospital in London for blue-light ambulance visits. I make no criticism of the staff there; they are doing an impressive job. Sadly, though, this is a Budget that will see further cuts in the support available from the NHS, and a lack of investment in our schools, too. I hope that, even at this late stage, Ministers will find a way to begin to put that damage right.

① 5.49pm

Mr Tobias Ellwood >

(Bournemouth East) (Con)

< Share

We are on day one of the four days in which the House will debate the Chancellor's Budget statement, but within minutes of the Chancellor sitting down we heard Opposition parties roll out their headline soundbites, such as "Look where we are after 14 years of Tory rule." I suspect we will hear a lot of that in the lead-up to the next general election, which is fast approaching, in the hope that the wider geopolitical context in which we have had to govern is completely glossed over. That simply trivialises the importance of this debate, so let us do it justice, and appreciate what has actually happened over the past 14 years.

We have had to endure the largest global pandemic since 1920. It cost more than £400 billion to protect our economy and vaccinate the nation. We continue to endure the worst war in Europe since 1945, which is impacting both the continent's security and its economy, with global oil prices having increased by 11%, UK wholesale gas prices having risen by 40%, and food prices having spiked following Ukraine's grain export disruption. That is the monetary and fiscal backdrop—the challenging context—that we find ourselves facing today. It sits behind the cost of living crisis, with double-digit inflation, and has led to the unprecedented but necessary colossal state intervention that we are now slowly moving away from.

Look at the situation that we inherited 14 years ago: UK debt was rising, the deficit was about £150 billion a year, and unemployment was higher than in 1997. Labour would rightly point out that it had to endure the global financial crisis that hit Britain hard, but that underscores my point about the context of the global economic headwinds that we have had to face. Of course I would like to see more money to further ease the burden on households, tackle the waiting lists, and upgrade our defence posture, but the reality is that the Conservatives have had to manage the UK economy through the toughest of circumstances, during which time there have been successes that should be acknowledged, including investment in our schools, the roll-out of free schools and academies, our jump in the international league tables, and the roll-out of the pupil premium and free school meals.

Our welfare structures are far simpler, fairer and better targeted, with transformative free childcare as well. National insurance contributions have now been cut to 8%—a tax cut for 29 million people. On the green economy, our agenda is world-beating: the fastest decarbonisation of any major economy, and the first to legislate for a net zero target. We hear today that there will be further steps as we invest in the modular nuclear reactor programme. Thanks to the tax breaks and investment incentives, we have the third-largest tech sector in the world, behind the United States and China. We are global leaders in pharmaceuticals, life sciences, quantum computing, artificial intelligence and aerospace, as well as fintech and financial services, backed up by some of the best universities in the world.

Crime is falling. Police numbers are now rising. Violence reduction units to tackle knife crime, which I have been campaigning for with the Chancellor, are now being rolled out, including in my constituency of Bournemouth. A new generation of hospitals are being built, with upgrades to existing hospitals, such as we are seeing in Bournemouth. There are 42,000 more doctors and 72,000 more nurses. The levelling-up programmes are transforming communities up and down the country, including Bournemouth's seafront, and we are on target to build 1 million new homes in this Parliament.

On defence and security, we have expanded our surface fleet with two carriers. We have upgraded our Air Force and our continuous at-sea deterrence programme. We formed the National Security Council as well as the National Cyber Security Centre, and signed up to AUKUS. We have hosted G7 summits and the NATO summit, and have played a lead role in Ukraine, as well as defending safe maritime passage in the Red sea.

So please do not say that it has been 14 wasted years. That is an insult to the British people. It has been challenging, absolutely, and not without frustration—I can say that at first hand—but had Labour been in office without benefit of hindsight, would it have fared so much better than us? Bear in mind that the right hon. Member for Islington North (Jeremy Corbyn)—he is in his place—would have been at the helm for some time. He would certainly have taken Britain in a very different direction. I think he would acknowledge that.

Jeremy Corbyn >

(Islington North) (Ind)

Share

Will the right hon. Gentleman give way?

Mr Ellwood >

Share

I did mention the right hon. Gentleman, so I will give way.

Jeremy Corbyn >

< Share

Yes, it would have been a very different direction. There would not be the levels of poverty, homelessness and inequality that we see in this country today.

Mr Ellwood >



I gave the right hon. Gentleman the opportunity to put his words on the record. I look forward to hearing what he has to say.

Here is the rub: it is not likely to get any easier in Britain. Global storm clouds are gathering again. Our world is becoming more contested and more fragmented. We face evermore testing times ahead, with increased threats to our international rules-based order. The question is, who is best placed to strengthen our economy, to navigate us through further global shocks and to lead the country? With inflation now falling—heading towards 2%—wages rising, business confidence returning, education standards improving and the UK growing faster than most of the other members of the G7, this is clearly a Budget for growth, which we should all support.

① 5.55pm

Kim Leadbeater >

(Batley and Spen) (Lab)

Share

It is a pleasure to follow the right hon. Member for Bournemouth East (Mr Ellwood). I am glad that things are going so well in his constituency; I wish it were the same in Batley and Spen.

Today's Budget was an opportunity to get Britain back on track, to unlock our great potential and to begin the important work of getting Britain's future back. Sadly, however, this Budget failed to address the deep-rooted economic challenges that we face, and the Government have to accept some responsibility for that, in particular for the chaos of the past five years, when we have seen five different Chancellors. Such political instability is damaging, to businesses, families and communities.

To be fair to the current Chancellor, he has the unenviable task of trying to tell people that everything is going to be okay, when for many people that is just not how they feel. Many people are struggling to make ends meet. People who work full time are having to use food banks and, everywhere they look, things are just not working, whether that is the buses or the trains, getting support for their children with special educational needs or with their mental health, or accessing a doctor or dentist.

So many people in my Yorkshire constituency tell me that they feel significantly worse off than they did 14 years ago. If I mention levelling up, they often simply laugh. I hear of the daily sacrifices that people make, the hard work people put in, but the feeling is that this hard work and sacrifice is just not paying off. They see a Prime Minister who has implemented 25 tax rises since 2019 alone, giving us the biggest income tax burden for decades. They know and feel that this economy is just not working for them.

People want to see and feel real change, but I know that they will be sorely disappointed to hear this Budget that will not even scratch the surface of the challenges they face. Like people across the country, families in Batley and Spen have faced a tough couple of years. The disastrous mini-Budget of 2022 saw their mortgage repayments and their weekly outgoings, including the cost of their food shop, spiral out of control. One family I spoke to recently, where both parents work full time, have to find an extra £350 a month for their mortgage. The national insurance cut will simply not cover that, meaning that they will have to sacrifice paying for precious family activities or will not be able to pay for their kids to go on school trips.

That is the reality for many people, as a result of the political choices of this Government, who remain intent on blaming everything and everyone else for their mess. The Government cannot pretend that the Conservatives' mini-Budget was anything other than an economic disaster, for which we are all now paying the price. Ministers may celebrate that inflation just about halved last year, but the reality for families in Batley and Spen is that food prices went up by 7% last year and are still rising today, while our economy has now dipped into recession. Regularly in this place, we rightly pay tribute to the dedicated volunteers who give up their time to run our increasing number of food banks, but it is not acceptable that over the past decade we have somehow managed to normalise their existence, as though food banks are something to be proud of.

It is not just families that are feeling the pinch; small businesses in the towns and villages I represent are finding it incredibly tough. I recently met local landlords and landladies who face increased overheads, which they simply cannot pass on to customers and consumers who have their own cost of living pressures. Some local pubs have already closed, and more are under threat.

I will turn now to the pressures on local authorities, about which we have seen much in the news over recent days. Kirklees Council has lost over £1 billion of funding since 2010, and is facing unprecedented financial pressure. The Government must take responsibility. Indeed, if the Conservatives had kept Labour's funding formula, Kirklees would currently be in surplus. Instead, like many other councils, Kirklees is having to make cuts worth almost £50 million just to balance the books, so once it has fulfilled its statutory obligations on education, refuse collection and social care, it faces the impossible dilemma of choosing which leisure centres, libraries, town halls, mental health services or registry offices to close. The impact on my constituents is devastating. Luckily, we have managed to save Batley sports and tennis centre, but the battle for Cleckheaton town hall and other vital local services continues.

The Budget should have ring-fenced money for sports and leisure facilities, libraries and town halls. Those things are not nice-to-haves; they are essential parts of our community infrastructure, and we need them to keep the population fit and healthy, reducing long-term pressure on the NHS. They are the key to happy, healthy and well-connected communities.

More broadly, local government funding needs fundamental reform. The current funding formula is not fit for purpose and means that local councils face either extreme hardship or potential bankruptcy, no matter which party controls them. Local government is often the most direct interaction that people have with politics, and it carries a huge burden in ensuring that local services work for residents. Failing to fund those services properly is causing a backlog of issues that we will eventually have to pay for anyway. The current situation is unsustainable and does not make economic sense, so I ask the Chancellor and the Levelling Up Secretary to urgently reform the funding formulas to ensure that adequate funding reaches the areas that need it most for basic services, which are the glue that bind our communities together.

The Budget was a missed opportunity to begin the work of rebuilding Britian, reforming our communities and unleashing our potential to get our future back. After years of financial and economic pain, it was an opportunity to reset and get our economy working for our communities again. Instead, all we got were a few tweaks, a couple of gimmicks and a few shiny announcements designed to distract from the flatlining economy, which is the fundamental issue impacting people daily across the country, including in Batley and Spen. I sincerely hope that the shadow Chancellor, my right hon. Friend the Member for Leeds West (Rachel Reeves), will be delivering the next Budget in a few short months, to deliver the change that we so desperately need to get Britian back on track, rebuild the relationship with our local authorities, and get our economy working once again for families across the country.

() 6.02pm

Nigel Mills >

(Amber Valley) (Con)

It is a pleasure to follow the hon. Member for Batley and Spen (Kim Leadbeater).

The test that I was going to give the Budget before I heard it was: "How does this help my constituents, particularly those who are still struggling the most with the cost of living crisis?" In fact, I think that was the priority for the Chancellor. We have seen inflation start to come back down to where we want it to be, interest rates have come back down from their peak, and the economy is probably performing slightly better than we had feared—although not as well as we might have hoped—so I was certainly hoping that he would not take any risks that might destabilise that position and would focus on what he could do for those who most need support. That is pretty much roughly what we saw: a steady-as-she-goes Budget that focused on those issues.

I certainly welcome measures such as the time extension for paying back universal credit advances and the extension of the household support fund, which are good ways of targeting funds at those who will need them most over the next six months. Clearly, the single biggest decision was the extra 2p off national insurance. That decision will help people to keep more of what they earn, make work pay and improve household finances, so I strongly welcome it. Like many, I would have preferred a change to income tax such as raising the personal tax allowance, which would have helped those earning the least quicker than a percentage change, but this is not a time to be picky. It is an expensive measure, but it is a welcome one that will really help people, and we should not ask for perfection.

In many a Budget speech, I have asked: "Can we have a sense of direction for what we are trying to do?" I welcome the increase of the VAT threshold to £90,000 after a long pause, but it would be helped if we pegged it to something. Are we trying to give a self-employed person a median income after incurred costs but without their being in the VAT regime? Is that what we are trying to do? Is that where we should try to peg the threshold? Otherwise, we are just plucking random numbers out of the air occasionally. It would be better to have the right starting position and to index it every year to give some predictability.

Having asked for that sense of direction, we actually have one on national insurance. It appears to be the Chancellor's view that double-taxing income through two different taxes is the wrong thing to do, and he seems to want to phase out national insurance when we can afford it. That is a welcome sense of direction, but if he really thinks double-taxing is the wrong thing to do, he could stop it more quickly by abolishing national insurance, putting more on income tax and just having one tax. The revenue we would get from taxing more passive income at a slightly higher rate would probably pay for a lower rate on earnings, so we would not have to make it literally 28%—we could probably get away with a slightly lower rate in that situation. If we are being radical and that is the direction we want to go in, the Chancellor could perhaps look at dusting off the old exercises on whether we really need those two taxes to be separate.

If we really believe that it is wrong to tax work higher than other forms of income, it seems slightly incongruous on the same day to reduce the capital gains tax rate on the sale of second properties. That shows how hard it is to have simplistic views, because we finally have a dynamic assessment that shows that if we lower the rate, we get more activity and more revenue. It would seem rather perverse to reject that and want to have a principle that gives us less money, so I think I welcome that change, even though it looks slightly inconsistent on the face of it.

I will use my last couple of minutes to welcome a couple of other small things. The fuel duty freeze is hugely welcomed by my constituents, who rely on their cars quite significantly. I also welcome the alcohol freezes, which are largely welcome in trying to help the hospitality trade.

I have called for the abolition of the non-dom tax regime in about the past three Budgets, so I welcome the fact that the Chancellor has done so. I was expecting a little fudge this time—perhaps he would reduce the number of years that a person could claim it from 15 to 10, or increase the amount they have to pay to access that regime—but announcing a complete reform of how we tax temporary residents and non-residents is absolutely the right thing to do. Our regime is completely out of date. Resident, non-resident, ordinarily resident, settled, habitually resident, domiciled, non-domiciled—I do not think anybody understands what on earth all those things mean. Having one modern regime, where everybody who is a long-standing resident pays the same taxes, is absolutely right.

It is fair to say that if somebody comes here temporarily to run a business or start one, or on an exchange with an employer, we do not really want the hassle of working out their whole worldwide situation, because by the time we work it out, they will have left anyway. Having a short-term exemption and then a much clearer, more modern regime that provides certainty and fairness is the right way to go, and much more defendable than the historic regime, which depends on where a person's father was born. How on earth could we defend that in the modern day? I welcome the fact that the Chancellor has grasped that nettle in a proper, coherent way, and I look forward to seeing the final detail of those changes when the consultation takes place.

In a similar vein, I welcome the reforms to the child benefit charge. I thought that when the Chancellor said that two people earning £50,000 would be exempt, he was hinting that he thought £100,000 was the right place to set the household income level, but he did not actually say that. I look forward to the consultation establishing where we think the long-term correct position is; I think £100,000 would be a fair place to put it.

Overall, I welcome a Budget that is probably about the best that could be done, given that our deficit in the next financial year is £87 billion. For those who think we could be spending more or taxing less, I ask them how big a deficit we can really be running, and for those who think that relying on five-year forecasts is a bit risky, I would say that I sense that relying on the one-year forecast would get us a very different Budget. I think the Chancellor has found the right balance and that we are going in the right direction, and I look forward to supporting the Budget resolutions next week.

Jeremy Corbyn >

(Islington North) (Ind)



I ask the House one question: how can it be right that, in the sixth richest country in the world, more than 4 million of our children are living in poverty, and the richest 10% of households earn or receive an income over 10 times that of the poorest 10%? In my borough, in which some extremely wealthy people live, one in four people live in poverty, making us the sixth most deprived borough in London—in other words, there are 26 other boroughs that are less deprived. Some 19,000 people in my borough experience high levels of food insecurity. I am delighted that the Mayor of London has pledged free school meals across the whole of the city, even though my borough has been providing them since 2010. It is a huge step forward. We have a very high rate of child poverty, with 47.5% of our children living in poverty. This Budget could have done so much to reduce levels of child poverty and improve the livelihood of some of the poorest people in the country, which is why I intervened on the right hon. Member for Bournemouth East (Mr Ellwood) in the way I did.

We have what I think is an immoral and disgraceful two-child policy on benefit levels in this country, which means that children in large families lose out. Large families are already often poor because they are large, and they are then made even poorer by the discrimination against the third, fourth or even fifth child in the family. It would not be madly expensive to end that policy, and it would take 250,000 children out of poverty. It would cost £1.3 billion. The Chancellor announced that the non-dom abolition, which I agree with, would free up more money for tax cuts in the future, but that could have been used to end the two-child policy, in a very neat synchronisation of two policy changes. The Chancellor could also have looked at page 63 of the OBR report, which tells us that there are now estimated to be £156 billion-worth of uncollected taxes in this country. That is more than double what it was five years ago, and the figure is getting worse and worse.

It seems that in this Budget the Chancellor was more interested in appealing to a small number of people with some degree of tax cuts through lowering national insurance, but I ask this question: is it fiscally responsible to plunge more families or more people into desperate poverty than at present? A quarter of a million people in this country are homeless, and more than 1 million households are on social housing waiting lists. Most young people have no chance whatsoever of being able to rent somewhere of their own, because rents are simply too expensive, and they have to share. They cannot even think about buying anywhere, and they have almost no chance of getting on a council waiting list, unless they have either large numbers of children, or quite complex medical conditions or stress levels.

We have a housing emergency—we see that emergency every day when we come to this building and see homeless people on the streets of London begging. Those numbers are increasing as time goes on. As my hon. Friend the Member for Hornsey and Wood Green (Catherine West) pointed out, the amount of money we are spending through public expenditure on housing benefit to subsidise very expensive private rented accommodation is part of a catch-up every year. The local housing allowance rises a bit, the landlords raise the rent a bit more and the public have to pay this exorbitant level of rent. Why on earth can we not have rent controls—private sector rent controls—which are pretty normal across most European cities and, indeed, in parts of the United States?

In my borough, we have 15,000 households on the waiting list for social housing. The only way forward to deal with the housing crisis is not to pledge to build millions of homes, as the Government are doing, but actually to pledge to build council housing at secure and affordable rents to guarantee decent-quality housing for people. This country did that, under both parties, in the two decades after the second world war, and then we had the Thatcherite idea of selling off social housing, which was very nice for those who were able to buy it very cheaply at the time, but every other generation since then has paid the price of that policy. I ask the

Government: why do they not give priority to the housing needs of the majority of the population and those in desperate need, recognising the effect on child poverty, the effect of underachievement in school and the effects on society as a whole of the very poor-quality housing so many people live in?

The underfunding of local government has enormous implications. When the Government say they are very pleased that Britain is an attractive place for arts and culture, that is wonderful and I absolutely agree. I want us to be an attractive place for art, entertainment and culture, but if they cut local government expenditure, the art centres get underfunded, the performing arts suffer and the whole cultural scene suffers as a result, as does so much else.

I know you are concerned about the time, Mr Deputy Speaker, so I will conclude with a letter that the leader and deputy leader of my local authority in Islington, Kaya Comer-Schwartz and Diarmaid Ward, wrote to the local paper in a plea to the Chancellor before the Budget. They made several points. First, they called for more realistic local government funding so that they did not have to cut services or reduce them in some way. They are doing that, and they have lost £300 million due to central Government underfunding. They asked for rates to build much needed new council homes. The council has done well on building on land that it owns, but it cannot afford to buy anywhere else, or it must build a mixed development with less council housing than we could have. They also asked for full flexibility about how the money could be spent. We need much more responsibility put on to local governments to spend the money as they see fit, and that will help with the housing issue.

Finally, while the Chancellor said a great deal about the NHS, he did not mention social care at any point in his speech. For many, social care is a crisis, with many families devastated by its cost. Many women have to give up their jobs, careers and hopes because they must care for elderly relatives or those with profound disabilities. We can do so much better in this country than we are doing. This Budget is not welcome at all. It is a huge missed opportunity.

(6.16pm

Kevin Foster >

(Torbay) (Con)

< Share

It will come as no surprise to the right hon. Member for Islington North (Jeremy Corbyn) that while it is a pleasure to follow him, I do not agree with many of his suggestions. I do agree, however, that housing is one of the defining issues, and while I might not agree with his proposed solutions, it is certainly something we need to address.

It is worth looking at this country's economic picture in context. During this Parliament we have had a once-in-a-century pandemic and the return of war between nations in Europe for the first time since 1945, with the resulting price shocks sent through the world economy. We must look at the context we are operating in—rarely mentioned in speeches from Labour Members. When we look at the achievements, we see the stunning figure of 800 new jobs created a day, and lower unemployment. Previously, when we have seen big economic shocks people have ended up unemployed, with all the impacts that brings for them and their family. Let us look at the figures published yesterday by the Department for Work and Pensions regarding how economic inactivity rates in the UK are lower than those in the USA, France, Italy and South Korea. Indeed, they are lower than the G7 and the EU average. That is real people being kept in jobs, and if we had not had the interventions during the pandemic that we are now having to pay for, it might have been a very different picture.

It is worth seeing today's Budget, not least the changes in national insurance, which are probably its largest part, in the context of the autumn statement. On average, a £450 tax cut for those in work in January, is now followed by another reduction. As someone who wants lower taxes and for people to keep more of the benefits of their hard work, I was encouraged by some of the comments from the Dispatch Box about that issue, and about the fact that those in work pay a higher tax rate on their income than those who get their income in other ways, although it will be no surprise to those on the Treasury Bench that I will also mention tax allowances, particularly the thresholds for the basic rate of income tax. All those in employment will benefit from national insurance rates being reduced, but in future we must consider particularly those who have saved for a small retirement annuity on top of the state pension. The effects of the triple lock have seen the state pension rise to protect people against some of the impacts we have seen with things such as price rises, so how will that be considered going forward?

It would be remiss of me not to mention a couple of things that I was fairly pleased to see, the first of which is the rise in the VAT threshold. We see the impact of that clearly in Torbay, in the guesthouse that closes when it approaches the threshold or the restaurant that put online what day it will open based on its estimate of when it will hit the threshold through the trading year. Having that threshold raised means instant growth for the hospitality sector in the bay.

It is welcome to hear the tax relief on performing arts and theatres being made permanent. I notice that the Ambassador Theatre Group, which owns one of the largest theatres in Torbay, the Princess, welcomes that measure. The alcohol duty freeze was also welcome. Torbay has more than its share of hospitality venues that will benefit from and welcome that change. Alongside that, the fuel duty freeze helps families with their budgets.

The change on short-term lets taxation is welcome. Airbnb-style accommodation has offered choice in the tourism and accommodation market, but we certainly do not need to be offering tax breaks to encourage that further, particularly when we are seeing what were family homes for rent over a long period being converted into holiday accommodation. The Chancellor is right to respond to the calls that have been made to end that tax relief. It is not particularly needed. If we are to give support to the hospitality sector, it is better done via targeted business rates reductions or by raising the threshold, which would support all small businesses, not just small businesses of a particular type in the sector.

I see this Budget in the context of the large support being offered to Torbay's regeneration. More than £100 million has been made available by the Government to support schemes ranging from the Paignton Picture House's revival, to the Torquay Pavilion, to the regeneration of the town centre.

Mindful of the guidance from the Chair on the length of speeches, I will end on planning. It is not about looking to concrete over the green belt or other areas, but the need to reshape our town centres for the future. In many ways, we need to have the type of reshaping of our town centres in the digital age that we had in the late 1940s and early 1950s for the mass motoring age, when our towns and cities had to move away from mostly having horses and carts on the street to having motor vehicles. Now, town centres need to reshape. The process takes too long. Even schemes with wide public support and Government funding behind them can take months to get through the planning process. We need to look again at that issue to stimulate growth and greater prosperity.

Overall, I like the direction of the Budget, which will make a positive difference in Torbay. It looks to lower taxes as we can, and sets out a clear difference between ourselves, who want to give people the opportunity to keep more of what they earn and to aspire for themselves and their family, and a Labour party that is without a plan.

() 6.22pm

Rachael Maskell >

(York Central) (Lab/Co-op)

< Share

It is a pleasure to follow the hon. Member for Torbay (Kevin Foster). His constituency is a tourist destination, much like York. The hospitality and tourism sector certainly faces its challenges, and I look forward to studying the proposals from Government.

This clearly is the last Budget of this Parliament and, after today, this Government. They have had 14 years, and the Tories are leaving the country with record debt, public services on their knees and households floundering with the cost of living, high rents and mortgages, utility, food and fuel bills up. Rather than repairing the economy, which is now in recession, the Chancellor has forgotten how his predecessor crashed the economy and left the nation's pensions hours away from collapse, and how it will take a generation to recover. Households are now £870 worse off under the Prime Minister's tax plans.

The Government are extending the household support fund—I have long campaigned for that—but by just six months, when so many families in our constituencies are hanging by a thread. As a rich country, Britain should not need such measures, but when many people have so much, we see how entrenched inequality is. The very safety net that should keep people safe has been slashed, and people are falling through it. Nearly 4 million people are living in absolute destitution, with 1 million on universal credit requiring budgeting advances, as the Chancellor said. We hear what the Joseph Rowntree Foundation is saying. Its research shows that social security is simply not enough for the essentials; it needs to be paid at a rate of at least £120 a week for a single person or £200 for a couple. Scope has said that disabled people fare even worse and need an additional £12 a week to keep themselves afloat. Of course, the cap put in place so that people get support for only two children means that children are left in poverty, too. It should be scrapped.

There was nothing for local government, and that will be ringing in the ears of councillors up and down the land. The Local Government Association says that one in five councils are facing bankruptcy. Since 2015, the City of York Council has seen a 53% real-terms cut in its settlement. National Government are stripping local government.

Where is the housing we need, not least the social housing? Why are people still waiting to see an NHS doctor or dentist? Why are people left languishing on the wards of our hospitals? It is because they cannot get social care because people are not paid enough to do that job. Crime is up, the justice system is dysfunctional, our schools are squeezing their budgets and our youth services have more or less disappeared—cut by 87% in York.

The Government have squandered 14 years. The consequences of running the economy poorly are stark, as I turn to the world's poorest. We think about those right now in Darfur and in Gaza, where there is no food, no medicine and no hope. Failed economics means that overseas development aid has been slashed and people are left hungry and sick. That is why we cannot afford this Government.

Do not get me wrong—some people are doing incredibly well. They have profited from dodgy personal protective equipment contracts and dodged tax altogether. Now that the Prime Minister is planning his exit from Parliament—and, no doubt, Britain as well—he is reforming the non-dom status from which he has personally benefited. After 14 years of virtually no productivity and bouts of recession and economic volatility, with working people's heard-earned taxes gambled and burned, the Budget has proven that the Government have failed to put people above party.

It will be tough for Labour—our inheritance has been squandered—but we will stabilise, invest in and reform the economy. We must do so, rebuilding with fundamental Labour values that determine economic competence and stability and address the scourge of inequality. We will invest in future industries and jobs, innovations, entrepreneurs, and science and technology, not least on climate mitigation, with Great British Energy decarbonising the grid. We will double onshore wind, triple solar power and quadruple offshore wind, bringing down energy bills for the benefit of all.

I was greatly disappointed that York and North Yorkshire's green new deal did not get a mention. It has the opportunity to create 4,000 green-collar jobs. BioYorkshire will be a game changer for our region and for the climate. We need to ensure that we elect David Skaith as Labour's first Mayor for York and North Yorkshire, because he will bring that project to life.

As we reform, we need to bring about change. We need to build the houses that the next generation need and this generation are desperately crying out for. We need to retrofit millions more homes to secure green homes for the future.

There are a few things from today's announcement that I welcome, including the funding for the National Railway Museum as it expands as the world's largest rail museum. I encourage hon. Members to come and visit as it opens its new doors. I welcome the changes to taxation on short-term holiday lets following my campaign and private Member's Bill to stop landlords flipping their homes, but reforms that would ensure the housing we need have not come forward. I am disappointed that the Government will give grandfathering rights to existing properties, meaning that 2,000 family homes in York will not be returned, or have the opportunity of being returned, to families who desperately need them.

I am interested in what the Government had to say about the £3.4 billion investment in the NHS following the Health and Social Care Committee's report on digital transformation. I look forward to scrutinising the plans.

As we celebrate International Women's Week, I must highlight that women are always losers under Tory Budgets. With childcare costs rising and social care collapsing, the burden falls on women. We need to see change. Our first Chancellor in the new Government will be a woman, and I encourage her to introduce gender budgeting, in which every decision is stress-tested to ensure that it levels women with men. Fiscal policies, political choices and administrative procedures must address gender inequality, so that the economic output of women is recognised and equality is achieved, and we get better economic stability, better growth and greater productivity gains. That is working elsewhere, and I want it introduced in the next Parliament.

Today, there will be headlines; tomorrow, reality will hit. We will not forget these last 14 years. With the general election on the horizon, and the prospect of an economic reset under Labour, we must move forward with Labour's values, which we have held for 124 years, and use our common purpose for the common good.

(b) 6.30pm

Mrs Natalie Elphicke >

(Dover) (Con)

Share

I am delighted to follow the hon. Member for York Central (Rachael Maskell), who so often speaks with such passion on issues of poverty. I have very much enjoyed my visits over the years to the National Railway Museum. I will certainly take up her invitation to visit it in its renewed state in due course.

There is much to welcome in today's Budget: taxes cut for working people, both the employed and the self-employed; progress on tackling inflation, which makes such a difference to everyday living costs; and the fuel duty provisions, which are so important to areas such as Dover and Deal, and so different from the tax on motorists by Labour's London Mayor. The household support fund provides opportunities and support in Dover and Deal and across Kent to so many people, and I welcome the extension. The increase in the VAT threshold for small businesses to £90,000 is important. A number of local businesses have been in contact with me about that. I know that it will be important to hospitality businesses in our area. Finally, the focus on better healthcare outcomes and the investment are both welcome.

However, this could and should have been a Budget for housing. That opportunity has been missed. There has been a misanalysis by the Treasury of the fundamental importance of housing to achieving other objectives to do with wellbeing, health, educational opportunities, and the creation of savings and individual wealth over a lifetime. Not having the housing that is needed has caused a 23% increase in bed and breakfast housing, a 12% increase in the number of children in temporary accommodation, and a huge number of under-40s who are struggling to get on the housing ladder while paying record levels of rent. All that costs the taxpayer money; temporary accommodation costs councils £1.7 billion.

The Budget increases the housing benefit budget to £36 billion in 2024-25. It is throwing good money after bad to continuously spend on high-expenditure private rented housing, instead of spending on affordable and social housing, as should and could have been done in this Budget. That matters because England has fewer available homes for its population than any comparable developed nation, the lowest rate of available properties per population of all OECD countries, the oldest housing stock, and one of the highest proportions of substandard and inadequate housing.

Housing could and should have been a priority for this Budget. A Budget for housing could have accelerated the delivery of 100,000 affordable homes over the next 18 to 24 months. It could have provided a much needed boost to GDP of £15 billion to £17 billion per 100,000 new homes delivered. The Chancellor spoke today about inward investment; the value of house building to GDP underlines what an important industry it is. We could have seen an opening up of pensions to help first-time buyers get on the housing ladder while still saving for their pensions over the long term. That would transform home ownership opportunities for the under-40s, and put home ownership back within reach of working people aged 30 or under. There is so much more besides, but this has been a missed opportunity on housing.

I will raise two issues in the detailed Budget papers. First, there is the provision for a stamp duty land tax exemption for social housing. The papers state that that is available only for housing subject to public subsidy, but a large amount—indeed, the majority —of additional affordable housing is provided through section 106 and other planning requirements, and is not the recipient of public subsidy. That is the expectation of Homes England and the Greater London Authority. Will the Minister relook at the SDLT provisions to ensure that they reflect both a level playing field for all registered housing providers in the sector and the realities of the housing market?

Secondly, unleashing pension fund investment has been a long-term goal in the housing industries. Tremendous progress has been made in that area in recent years, yet so much more can be done. Will the Minister consider making housing part of the essential infrastructure provided for under the new unlocking of pension funds, and consider how the new UK ISA can be better used to help people get on the housing ladder?

Housing and house building are fundamental to the success of our country, the wellbeing of our nation and the prosperity of individuals, and they are therefore important to us all. I regret that that has not been properly reflected in the Budget, but I hope that I can meet the Minister to continue these discussions, and to see what can be done with the money available to build the homes that our country so desperately needs.

① 6.36pm

Mr Kevan Jones >

(North Durham) (Lab)

Share

In his Budget statement, the Chancellor said: "In recent times...the UK economy...has dealt with a financial crisis, a pandemic and an energy shock caused by war in Europe". Like Government Members today, he conveniently airbrushed out of history two of the Conservative Government's self-inflected wounds. One of them is Brexit; page 38 of the OBR's report states that trade with Europe is down 15%, costing the economy 4%, and that the long-term effects will not be known for 15 years.

The other issue airbrushed conveniently out of history—I am surprised that the Chancellor forgot this, because it is how he got his job in the first place—was the mini-Budget by the right hon. Member for South West Norfolk (Elizabeth Truss). We are still paying for that through people's mortgages. Although she has gone off to pastures new, surrounded by an audience of conspiracy theorists and right-wing extremists, the core of what she argued is still on display. It is about a small state, and a society in which the Government will not invest in our public services. We have had 14 years of that. In the north-east, real-terms median wages are 7% below what they were in 2008. In my constituency, 24.7% of children live in relative poverty. It is absolutely disgraceful and makes me angry that in the sixth most prosperous country in the world, life expectancy in County Durham has been going down in the last 10 years, while suicide rates are at a record high in the north-east. That has not happened by accident.

The Government made a great pledge to have more police officers on the beat, but we have 135 fewer than in 2010, even with the recent increases and extra expense. As for the joke of levelling up, which is the equivalent of pork barrel politics at its worst, it is not joined up across the country, but mainly focuses on the distribution of capital sums to places where the party in power can get political capital out of it. We have had one successful bid in County Durham, which happened to be in Bishop Auckland. It has got us half a bypass. Today, the Chancellor announced that there will be a new £100 million devolution deal for the north-east. In the last 14 years, Durham County Council alone has had to cut £260 million from its budget. Every single council in the north-east has lost upwards of 30% of its budget, so the money will not replace what has been lost.

We see from today's Budget and the Red Book that there is stagnation, or even cuts, in every single non-mainline Department. For example, the budget for defence—both capital and revenue—goes down next year. In education, the budget flatlines. The 1% increase that the Chancellor announced today is basically a cut to our public services. That is not an accident; it is a fact of life, and it is because the Chancellor and the Prime Minister are so scared of the right-wing faction of their party. It is about squeezing the state and making sure that the Conservatives give away tax cuts, even though they have created their own problems through their wasteful economic mismanagement over the last 14 years. It will lead to dire cuts.

I feel strongly about local government, because it is quite clear that councils will fall over. The Government say that councils are falling over because they are being wasteful, and because some of them have done some very dodgy things in property, even though they were encouraged to by the Government during their time in power. People ask why 6% of Durham County Council's budget is now spent on looked-after children and older people's care. It is because austerity resulted in cuts in children's services and the closure of Sure Start centres. It does not take a genius to work out that if we take away support for families, we get more children coming into the care system. That puts huge pressure on budgets; at the same time, the Government are offloading their responsibilities on to local council tax payers.

Let me finish by raising two issues that I feel very strongly about. The Budget is about kicking the can down the road, and frankly, the Government are a disgrace. Many people will know that I have been involved in the campaign to get justice for sub-postmasters for many years. I give credit to the Under-Secretary of State for Business and Trade, the hon. Member for Thirsk and Malton (Kevin Hollinrake), who has been a very good Minister and has tried to get the compensation out there. However, page 77 of the OBR's report shows that the Budget puts no extra money into the new schemes. I agree with my right hon. Friend the Member for Kingston upon Hull North (Dame Diana Johnson): it is scandalous that no money has been allocated for the contaminated blood victims. That is cynical, and it is about kicking this issue into the general election and hoping that somebody else will deal with it. The Government have a moral duty to both groups of people, and need to put money aside for them.

This Budget is a missed opportunity, and it is more of the same. People in this country need to wake up and recognise that we cannot have well-delivered local services and well-structured, supportive communities under this Government. Until we get an election and people wake up to the facts, we will have more of what we have had over the last 14 years. The only way things will change is under a Labour Government.

() 6.44pm

Ruth Cadbury >

(Brentford and Isleworth) (Lab)

Share

This Budget was overshadowed by the news that the Chancellor had done a fairly rare thing for a politician: put his hand in his own pocket. Was this for a youth club in Hounslow or perhaps a new high-tech hospital scanner? No, it was for his own party association. Meanwhile, my constituents have to live with yet another Budget from yet another tired Conservative Government. After 14 years of their Government, our economy is in recession, living standards are falling, public services are in crisis and our country is desperate for change. We have had 22 fiscal statements since 2014 that promised higher wages, higher skills and higher growth, yet they have delivered none of these.

Today we have had another statement promising dollops of jam next year at the earliest. My constituents, like all our constituents, are seeing their bills rise, their weekly shop get more expensive, their rents and mortgages skyrocket and their debts pile up. So what does this Budget offer them? The OBR figures show that under Sunak's tax plan, working people are, on average, £870 a year worse off. The Government have given 5p for every 10p taken away from our constituents. This included the OBR's revised estimate of the impact of tax threshold freezes that raise £31 billion over the forecast period and create 3.7 million more taxpayers.

This Budget does nothing to tackle the housing crisis, as many Members have said. This is the biggest crisis facing my constituents. Families locally cannot afford to rent, let alone buy. Key workers are being priced out of the area and home ownership is but a distant dream. Hundreds of children in my constituency are—I want to say living, but frankly they are existing in insecure, often dangerous, temporary accommodation, which is costing Hounslow Council and the benefits budget millions of pounds each year. That is money that could be spent on building new homes.

It is no wonder that more and more lifelong Conservatives I have met in recent months, whether in Chiswick or in by-election campaigns in Bedfordshire and Kingswood, have told me that they are no longer going to vote Conservative. This is probably why I was seeing so many glum faces on the Conservative Benches while the Chancellor was speaking, and that has been followed today by many of his party criticising his statement in their contributions, including the hon. Member for Dover (Mrs Elphicke), who has just spoken. Talk about a divided party!

This Budget fails to deliver not only for working families and people seeking accommodation, but for businesses. I think of the businesses I have met across Hounslow: pubs struggling with soaring energy costs, corner shops facing a crime spree, and manufacturers and exporters facing barriers to trading with Europe. This Budget offers them nothing—nothing on business rates, on improving trade or on skills. My constituents, taxpayers and users of public services as they are, assume that the Treasury understands basic economic concepts, including the concept that higher taxes for them mean more money for the Treasury and public services. Today, however, the Chancellor joked about coming late to discovering his inner Laffer curve, which means that raising some taxes sometimes results in less tax revenue. Is this why he is cancelling the alcohol duty rise due next year, as he has been told that he has lost a couple of billion in tax revenue since last year's rise? That is a couple of billion that our public services desperately need. This is basic stuff; it is basic economics that is even covered in the GCSE economics syllabus.

My constituents, from Chiswick to Hounslow, deserve better than this Budget. This growing economic mess is what happens when a Government are obsessed with headlines, with the short-term win and with focusing on the politics rather than on the long-term investment that our economy needs. It is no wonder that we are trapped in recession, trapped with low growth, trapped with decimated public services and trapped with a weak economy. The tax burden on our constituents is higher. The cost of the weekly shop is higher. Rent, mortgages and energy costs are higher. Most people are worse off. After 14 years of Conservative rule, it is clear that my constituents and people across the country deserve better. It is time for change.

Ordered, That the debate be now adjourned.—(Aaron Bell.)

Debate to be resumed tomorrow.

© UK Parliament 2024

Cookie policy

Cookie settings

Privacy notice

Accessibility statement