

**Wednesday
22 November 2023**

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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES
(HANSARD)**

Wednesday 22 November 2023

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

*The Secretary of State was asked—
Cost of Childcare*

1. **Mary Kelly Foy** (City of Durham) (Lab): What assessment he has made of the potential impact of the cost of childcare on family incomes in Northern Ireland. [900181]

11. **Alex Cunningham** (Stockton North) (Lab): Whether he plans to provide increased funding for childcare in Northern Ireland. [900191]

The Minister of State, Northern Ireland Office (Mr Steve Baker): Early education and childcare are devolved matters, so policy and spending decisions are for the Northern Ireland Executive. It is vital that a new Executive are formed to ensure that all available funding is used to maximum effect in Northern Ireland.

Mary Kelly Foy: The Minister knows that free childcare is not available in Northern Ireland, but is he aware of the serious consequences that people across the north are facing, particularly women? Childcare is extremely expensive in Northern Ireland—the most expensive outside of London—so something really needs to be done. Rather than telling me that this is just a matter for the Executive, who are not even sitting, can he tell me what he is doing right now to secure free childcare for those women, and who is he speaking to about it?

Mr Baker: I know that the hon. Lady does not mean to implore me to ride roughshod over the Belfast/Good Friday agreement, but we need to abide by the devolution settlement in that agreement. Northern Ireland has its own childcare system, and it is the responsibility of the Northern Ireland Executive and the Northern Ireland Department of Education to put in place the much-needed policies for childcare support that the hon. Lady quite rightly raises. Successive Executives have not prioritised funding for childcare provision equivalent to that in England, despite having funding to do so through Barnett consequential, so I hope she will join with me in saying to an Executive—which, of course, we hope will be restored—that they really do need to take care of childcare.

Alex Cunningham: Given that a post on the Prime Minister's No. 10 Instagram account this week celebrated Northern Ireland's businesses with the Irish tricolour, does the Minister think that parents would get a better child deal with the Republic?

Mr Baker: I am confident that somewhere there is a junior communications professional lamenting the fact that they accepted the automatically generated flag on that Instagram post, and I do not wish to deepen their embarrassment by going further. The hon. Gentleman will have noticed that I was proud to put out on my own Instagram the lapel pin that I am currently wearing.

Windsor Framework

2. **Andrew Selous** (South West Bedfordshire) (Con): What recent discussions he has had with businesses in Northern Ireland on the implementation of the Windsor framework. [900182]

6. **Jonathan Gullis** (Stoke-on-Trent North) (Con): What recent discussions he has had with businesses in Northern Ireland on the implementation of the Windsor framework. [900186]

The Secretary of State for Northern Ireland (Chris Heaton-Harris): Yesterday was the 49th anniversary of the Birmingham pub bombings that killed 21 people and injured 182—the deadliest act of terrorism in England during the troubles. At this juncture, we should remember those who lost their lives, and in this 25th year of the Belfast/Good Friday agreement it is important to remind ourselves of the progress that has been made since 1998.

I recently attended a roundtable with the Northern Ireland Institute of Directors, and I meet regularly with Northern Ireland businesses to discuss a whole range of issues, including the Windsor framework. Officials across the UK Government are also in regular contact with businesses about implementation of the framework. We have continued the ongoing implementation of the Windsor framework, rolling out the first phase of the green lane on 1 October, cutting red tape and lifting bans on everyday products.

Andrew Selous: I very much welcome the Secretary of State's commitment to businesses in Northern Ireland. Could he tell the House how many of them are now registered with the UK internal market scheme?

Chris Heaton-Harris: I am happy to confirm that more than 7,000 businesses have now registered with the UK internal market scheme, of which over 3,000 are businesses that did not benefit from the previous schemes. All of those businesses can now move their goods free from any costly issues and tariffs. In the future, businesses registered under the scheme will also be able to avoid completing customs declarations as we continue implementation of the Windsor framework.

Jonathan Gullis: Does the Secretary of State accept that for as long as there are customs declarations, physical searches and ID checks for businesses moving goods from Great Britain into Northern Ireland, even in the green lane, the Prime Minister's view that there is no "sense of border in the Irish sea" will ring hollow?

Chris Heaton-Harris: With the greatest respect to my hon. Friend, I do not accept that. When we agreed to the Windsor framework, we committed to a certain number of EU laws being maintained in Northern Ireland, which has been of economic benefit to Northern Ireland even up to this point and will continue to be in future. Pretty much everybody involved in movements across the Irish sea—the businesses involved, including the new businesses using them—believe that they are simple and very straightforward.

Mr Speaker: I call the DUP leader.

Sir Jeffrey M. Donaldson (Lagan Valley) (DUP): Further to that excellent question from the hon. Member for Stoke-on-Trent North (Jonathan Gullis), our objective is to ensure that Northern Ireland's place in our biggest market, the United Kingdom, is restored and protected in law. Will the Secretary of State work with us to ensure that, where goods are moving from Great Britain to Northern Ireland, they are not subject to EU customs processes that are neither necessary nor fair and right? Save for reasons of animal health and the risk of smuggling, there should not be checks on those goods.

Chris Heaton-Harris: I thank the right hon. Gentleman for his question, and I very much enjoy working with him on a regular basis to try to achieve the aims he has set out. We have so far gone a long way in this space with the Windsor framework, but I look forward to continued engagement with him in the next few days, because we do need to find a resolution to these issues that also means we can re-form Stormont and deal with the other domestic issues in Northern Ireland.

Sir Jeffrey M. Donaldson: I thank the Secretary of State for the additional support that has been provided to businesses affected by flooding in Northern Ireland. Will he work with us to ensure that, whatever additional support is required for the recovery of towns such as Downpatrick, Newry and Portadown is delivered by Northern Ireland Departments working together with the Northern Ireland Office?

Chris Heaton-Harris: I would like to thank the local councils and the Northern Ireland civil service for the work they have done on this so far. The flooding, which I know we will talk about a bit later, was extraordinary and so many people were affected who did not expect to be. Some £15 million has been assigned for that at this point in time, but the right hon. Gentleman is quite right to say that the consequences of the floods will have ramifications for months and years to come.

University Performance

3. **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): Whether he has had discussions with the Northern Ireland Department for the Economy on improving the performance of Northern Irish universities as measured by the *Times Higher Education* impact rankings.

[900183]

The Minister of State, Northern Ireland Office (Mr Steve Baker): Northern Ireland has outstanding universities and a high share of its population is educated to degree level. My ministerial colleagues and I have the pleasure of regularly engaging with Queen's University Belfast

and Ulster University, and we are proud to promote these institutions in the rest of the UK and internationally. I have glanced at the rankings to which the hon. Gentleman refers, and I am looking forward to hearing his further question.

Mr Sheerman: Is the Minister aware that when I was speaking on the deck of the Titanic centre only two weeks ago, I was thinking about him and the Conservative Government? Is he also aware that I was speaking to universities and local businesses that are deeply worried about the inability of universities and businesses to get answers from the Government to enable them to meet the targets of the very important impact assessment from the United Nations?

Mr Baker: As keen as I am to keep abreast of the hon. Gentleman's thoughts, I was not aware of his particular insights on that occasion. Of course, we continue to work with the universities and the Northern Ireland civil service, and I am keen to work with him on the success of those universities. What we need above all, of course, is for an Executive to return so that we can work through some of the issues before us.

Theresa Villiers (Chipping Barnet) (Con): Staff and students at Queen's University Belfast are doing some incredibly impressive work on cyber-security. What can Ministers do to ensure that that expertise is deployed to make us a more cyber-resilient nation?

Mr Baker: I am most grateful to my right hon. Friend. I had the pleasure of visiting the national Centre for Secure Information Technologies, and I had a particularly interesting time testing some of its systems—I do not think I should comment any further on that particular experience. We are always keen to promote its work, and I am grateful to her for giving me the opportunity to say on the record that it does a fantastic job. Together with the National Cyber Security Centre, I am sure it will continue to promote cyber-security in the UK and, indeed, abroad.

Public Services: Budgetary Constraints

4. **Chris Stephens** (Glasgow South West) (SNP): What discussions he has had with the Administration in Northern Ireland on the potential impact of budgetary constraints on the delivery of public services in Northern Ireland.

[900184]

5. **Kirsten Oswald** (East Renfrewshire) (SNP): What discussions he has had with the Administration in Northern Ireland on the potential impact of budgetary constraints on the delivery of public services in Northern Ireland.

[900185]

9. **Peter Grant** (Glenrothes) (SNP): What discussions he has had with the Administration in Northern Ireland on the potential impact of budgetary constraints on the delivery of public services in Northern Ireland. [900189]

The Minister of State, Northern Ireland Office (Mr Steve Baker): Northern Ireland's finances are unsustainable, I am sorry to say, and the Departments are facing difficult decisions to live within their budgets. That is why my right hon. Friend the Secretary of State has directed the Departments, using powers under the Northern

Ireland (Interim Arrangements) Act 2023, to launch public consultations on measures to support budget sustainability and raise more revenue.

Chris Stephens: I thank the Minister for that answer. The Prime Minister announced on Monday that one of his five new key priorities is to improve education across these islands, yet at the same time his Government are starving Northern Ireland's Department of Education of £300 million. We all know that the Government love fantasy economics, but surely the idea that cutting £300 million from education will improve it is a flight of fantasy too far even for this Government.

Mr Baker: My right hon. Friend the Prime Minister was right when he said that education is the closest thing we have in public policy to a silver bullet, but I say to the hon. Gentleman that the Northern Ireland Fiscal Council has acknowledged that Northern Ireland is currently receiving the funding it needs through a combination of the Northern Ireland block grant, locally generated revenue and additional UK Government funding packages. Those additional packages amount to some £7 billion in additional funding since 2014. I am afraid that the reality for schools in Northern Ireland is that they are long overdue reform, and the cost of running a divided education system is considerable. We need to see much more integrated education and much more efficiency, to ensure that children get the education they richly deserve.

Kirsten Oswald: Recent analysis shows that Northern Ireland's budget over the past three years has been cut by £2.3 billion in real terms. On top of that slow decline, the UK Government have withheld millions in funding, forcing budget cuts on Northern Ireland Departments. Why does the Minister think it is okay to punish the people of Northern Ireland for the political impasse of their representatives?

Mr Baker: It is not our view that the people are being punished for an impasse. The reality is that the budget situation is difficult for all the devolved nations. The hon. Lady will know that in Northern Ireland, Wales and Scotland, difficult decisions have to be taken in order to live within our means. This Government are taking the necessary steps to assist the Executive in balancing the books.

Peter Grant: Whoever is responsible for the current stalemate in Northern Ireland, it is not young people in the country's schools. My hon. Friend the Member for Glasgow South West (Chris Stephens) has pointed to the desperate shortfall in funding. Is the Minister aware that teachers in Northern Ireland have not had a pay increase for three years, so effectively they have taken a pay cut that is now over 20%? Can he explain how that will help to maintain the proud record of education in Northern Ireland that he spoke about a few minutes ago?

Mr Baker: I can assure the hon. Gentleman that teachers have not hesitated to impress that point on me when I have been in Northern Ireland. It is a matter that we have under active consideration, but I am unable to satisfy him today.

Sir Robert Buckland (South Swindon) (Con): My right hon. Friend has mentioned additional UK Government funding, and an important element of that is levelling-up bids. We on the Northern Ireland Affairs Committee note with concern that no Northern Ireland application was successful in the recent third phase. Can he assure me that a sum of funding is being set aside for Northern Ireland projects? If so, can he give us an indication of the likely amount being set aside?

Mr Baker: My right hon. and learned Friend is right to highlight the issue. A number of things have been said about this matter that are not the case. The money will be made available in Northern Ireland, and it has been set aside. If memory serves, it is about £15 million, but I would need to double-check—if I am incorrect, I will write to him. The reality is that we need decisions to be taken by a restored Executive, and the Government are keen to work with Northern Ireland Ministers to that end. I am grateful to him for highlighting this point and giving me the opportunity to say that the money will be spent in Northern Ireland.¹

Mr Speaker: I call the shadow Minister.

Fleur Anderson (Putney) (Lab): Following on from that question, communities across Northern Ireland are angry about the Government's decision to exclude them from the latest round of levelling-up funding. The Government have said that is because Stormont is not sitting, but that is a poor excuse, because round 2 funding was allocated to 10 projects in Northern Ireland in January this year, when the Executive were also not in place. Only £120 million of the pot of £5 billion has been allocated to Northern Ireland so far. There is a huge additional need in communities, but millions is being held back, as the Minister has just said. Will the Secretary of State commit to reversing this unjust decision with immediate effect?

Mr Baker: The hon. Lady makes her point with great force but, as I just said to my right hon. and learned Friend the Member for South Swindon (Sir Robert Buckland), the money will be spent in Northern Ireland. We are keen to work with Northern Ireland Ministers to that effect. When it comes to the overall level of money required, the hon. Lady will know that we have just put more than £700 million into PEACEPLUS, which will help support Northern Ireland. The reality is that we are working hard to ensure that Northern Ireland has the funding it needs, but in order to sort out the problems that Northern Ireland faces, we need a restored Executive and, I am afraid, revenue raising. We need to be working with Northern Ireland Ministers to make sure that we get the public service reform that is so urgently needed.

Mr Speaker: I call the Scottish National party spokesperson.

Richard Thomson (Gordon) (SNP): May I associate myself with the Secretary of State's remarks on the anniversary of the Birmingham pub bombings? Our thoughts continue to be with all who are affected by that tragedy to this day.

The UK Government, as we have just heard, are holding back levelling-up funding for Northern Ireland, ostensibly because of the lack of a functioning Executive.

1.[Official Report, 29 November 2023, Vol. 741, c. 7MC.]

However, the UK Government are seemingly content to bypass the views of the Governments in place in Edinburgh and Cardiff in allocating levelling-up funding. Is the point of consistency not about a desire to level up, but just that there is a shortage of Conservative MPs in Northern Ireland who need to shore up their re-election prospects with public cash?

Mr Baker: It is easy to throw out a cheap political line like that, but as the hon. Member has heard me say to my right hon. and learned Friend the Member for South Swindon (Sir Robert Buckland) and the hon. Member for Putney (Fleur Anderson), the reality is that that levelling up money will be spent in Northern Ireland. I can certainly assure him that none of that money has appeared in my marginal seat of Wycombe—even though the whole House will know it is undoubtedly the most deserving and most beautiful constituency in the nation.

Flood Recovery Funding

7. Kerry McCarthy (Bristol East) (Lab): What assessment he has made of the adequacy of the funding for flood recovery in Northern Ireland announced on 8 November 2023. [900187]

The Minister of State, Northern Ireland Office (Mr Steve Baker): The floods have seen devastating consequences for businesses and households, so the Government have worked hard to come forward with a substantial package that is consistent with our approach across the UK. In the absence of an Executive, we are making up to £15 million of support available through the reallocation of existing Northern Ireland funding. We have worked closely with colleagues in the Northern Ireland civil service and the Treasury to ensure that the Northern Ireland civil service and local councils can provide affected businesses with the support they need.

Kerry McCarthy: I thank the Minister for that response. He will know that there are real concerns about whether that funding is adequate—I think he will hear about that in a moment—but can I ask about future adaptation and prevention? Such floods are often talked about as a once-in-a-century or once-in-a-lifetime experience, but we know that is not the case from England and that the communities will need protection for future occurrences.

Mr Baker: The hon. Member is absolutely right to raise that. She will know that such matters are mostly for the Department for Infrastructure in Northern Ireland. That is why we are so keen to get the finances on a sustainable basis and achieve the long-term change that is needed. That, of course, includes having a strategic plan for adaptation. I hope to have the opportunity in this role to work with a Northern Ireland Executive to those ends.

Mr Speaker: I call the shadow Secretary of State.

Hilary Benn (Leeds Central) (Lab): I join the Secretary of State in his remarks about all those who lost their lives in the terrible Birmingham pub bombings. We remember them.

Last week, in Downpatrick, Newry and Portadown, I saw the terrible effects of the flooding on businesses and households, many of whom cannot get flood insurance and therefore face huge losses. Can the Minister assure

us that once the initial £7,500 has been paid out to all businesses from the money that the Secretary of State announced during his visit, the Treasury will approve proposals for the use of the rest of the money quickly so that businesses affected can receive help and get back up and running again? If more is needed, will he provide it?

Mr Baker: The rest of the money is within the power of the Northern Ireland civil service to spend, because it is reallocated funding. Alas, the Treasury is not under my control—all I can say is that I look forward to the day.

Hilary Benn: I thank the Minister for that answer. Traders will expect to see the money spent. There will have to be a review of what happened during the floods to learn lessons for the future, including things such as the need for a warning system—there is not currently one in Northern Ireland—better flood defences, and flood protection, which will all need funding in the years ahead. In the continuing absence of the Executive, which is really needed at a time like this, does the Minister agree that there should be a review? Does the Northern Ireland civil service have the power to establish such a review? If not, will the Secretary of State do it?

Mr Baker: I agree with the right hon. Gentleman that a review is needed. I believe that it is possible for the Northern Ireland civil service to get on with that work under the powers that we have given it. If it transpires that that is not the case, I will write to him and put a copy of the letter in the Library. He is right—the insights he provides are wise and necessary—that we all want to work together to see a restored Executive, because it is for Northern Ireland Ministers to work with their Department for Infrastructure to deal with such matters.

Fiscal Floor

8. Stephen Farry (North Down) (Alliance): What assessment the Government have made of the potential merits of introducing a fiscal floor for Northern Ireland. [900188]

The Secretary of State for Northern Ireland (Chris Heaton-Harris): I thank the hon. Member for the proposals that he and his party have shared with me regarding these matters, as well as those of the hon. Member for Belfast East (Gavin Robinson). I read his article in *The Irish Times* earlier this morning with great interest, but he will know that such change is not exactly the silver bullet and will need some negotiation.

Stephen Farry: I appreciate that there is a need for a negotiation. A fiscal floor is vital to Northern Ireland. Can the Secretary of State ensure that any fiscal floor is driven by evidence, based on the work of the Northern Ireland Fiscal Council, draws on the work of Professor Holtham in Wales, and properly reflects the devolution of policing and justice, as happened in 2010 around need?

Chris Heaton-Harris: There is always some debate on the basis of need, and the Fiscal Council outlined what it should be in its eyes. In general principles, the answer is yes. A lot of conversations are to be had, and the Fiscal Council helpfully published a report earlier this year, but I remind the hon. Gentleman that the proposal for Wales took over seven years to negotiate.

Independent Commission for Reconciliation and Information Recovery

10. **Ian Paisley** (North Antrim) (DUP): What discussions he has had with the chief commissioner and the commissioner for investigations at the Independent Commission for Reconciliation and Information Recovery since their appointment. [900190]

The Secretary of State for Northern Ireland (Chris Heaton-Harris): To update the House, Sir Declan Morgan and Peter Sheridan have been identified as chief commissioner-designate and commissioner for investigations-designate, respectively. Sir Declan commenced work in June and Peter Sheridan is due to start in December. Formal appointments will take place only once the Independent Commission for Reconciliation and Information Recovery is legally established. The commissioner-designate and I have been in contact about a range of issues, mainly through correspondence, including in leading the search for the remaining commissioners.

Ian Paisley: I am sure that when those meetings finally take place, the Secretary of State will take the opportunity to raise the numerous crimes committed in the Republic of Ireland against Northern Ireland, and challenge them over state-sponsored terrorism there. In his dozens of meetings with Sinn Féin, can the Secretary of State explain if he has taken the opportunity to challenge Sinn Féin about its boycott of the institutions here? When will he ask Sinn Féin Members to come back here and do their job?

Chris Heaton-Harris: As you would expect, Mr Speaker, I meet all the political parties and their party leaders in Northern Ireland and here, where their party leaders exist. Everyone knows the views of this Government about people who do not turn up and take the oath in this place, but I have to work with all parties and will continue to do so.

Teaching Assistants: Funding

12. **Jim Shannon** (Strangford) (DUP): If he will have discussions with Cabinet colleagues on the potential merits of allocating additional funding for teaching assistants in Northern Ireland. [900192]

The Minister of State, Northern Ireland Office (Mr Steve Baker): Pay policy in Northern Ireland is devolved, and it is not for the Government to make those decisions. I am sure the hon. Gentleman would agree that such decisions should be made by the Northern Ireland Executive, with Ministers returned there.

Jim Shannon: I know that the Minister has a deep interest in the affairs of Northern Ireland, and in the wages of classroom assistants. Only last week, thousands of non-teaching staff went on strike from Northern Ireland schools. The action was called over an escalating row over pay, where thousands of people walked out. Will the Minister commit to investigating that in terms of the Barnett consequential? Can he ascertain what can be done to support teaching assistants in Northern Ireland?

Mr Baker: I am grateful to the hon. Gentleman for raising this issue. We are actively considering representations made by trade unions. He raises an important point, and I know that he understands that it is a matter for the Executive. I hope that one day, he and I will be able to celebrate some progress on these issues.

Power Sharing

13. **Tonia Antoniazzi** (Gower) (Lab): What steps his Department plans to take to help restore power sharing in Northern Ireland. [900193]

14. **Sir Robert Goodwill** (Scarborough and Whitby) (Con): What recent discussions he has had with political parties in Northern Ireland on the restoration of the Northern Ireland Executive. [900194]

The Secretary of State for Northern Ireland (Chris Heaton-Harris): I will answer those questions from my beautifully tabulated pack. Our focus remains on delivering for the people of Northern Ireland, who expect and deserve locally elected decision makers to address the issues that matter to them. I will continue to engage regularly with the party leaders, and believe there is genuine willingness on all sides to re-establish the conditions for the devolved institutions to go back to work and to thrive.

Tonia Antoniazzi: We have heard in this House today how disappointed Northern Ireland is at no successful levelling-up bids. I visited Coleraine football club, which was disappointed to be unsuccessful in round 2. Is the Secretary of State confident that the restoration of power sharing is close? Northern Ireland simply cannot afford to lose out on even more money.

Chris Heaton-Harris: I am glad that the hon. Lady went to Coleraine football club; I went there and had a wonderful experience with a great football team. I would have loved to referee, but I was not allowed. I believe that we are moving closer to a decision. Discussions are still to be had, and they are continuing at pace and at length.

Sir Robert Goodwill: We have already heard today an example of how the people of Northern Ireland are disadvantaged by the lack of a functioning Executive. I would add to that list the deployment of the apprenticeship levy and the reform of the renewable heat incentive. Does the Secretary of State agree with me that civil servants in Northern Ireland face an almost impossible job in trying to steer the ship of state without co-ordinates set by the politicians elected there? [Interruption.]

Chris Heaton-Harris: I thank my right hon. Friend for his question and his obvious popularity in the House. I agree with him. He is completely correct that there are a whole host of issues that require elected Ministers in Northern Ireland to take their place. I would like to place on record my thanks to the Northern Ireland civil service for the work they have been doing in such circumstances with the limited guidance we have given them, because they have been doing a sterling job on behalf of the people of Northern Ireland.

PRIME MINISTER

The Prime Minister was asked— **Engagements**

Q1. [900231] **Kirsten Oswald** (East Renfrewshire) (SNP): If he will list his official engagements for Wednesday 22 November.

The Prime Minister (Rishi Sunak): I know the thoughts of the whole House will be with the families and friends of the four teenagers who died in a car accident in north Wales. I am sure we will touch on it later, but let me just say that we welcome the agreement reached overnight for a humanitarian pause in Gaza. This is something that we have pushed for consistently and is a crucial step towards ending the nightmare for the families of those taken hostage in Hamas's terror attack and addressing the humanitarian crisis in Gaza.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

Kirsten Oswald: Today, the Prime Minister's Government will say that disabled people have a duty to work from home or lose their benefits, as if a suitable job of this kind is something that can be conjured up at will. It should be obvious to anyone that this kind of punitive policy is not incentivising work; it is simply punishing disabled people who are already among the most marginalised in our communities. So can the Prime Minister do his duty and tell us now how many of the 137,000 jobs on the Department for Work and Pensions "Find a Job" website are roles that specify that you can work from home?

The Prime Minister: It would not be right to pre-empt the Chancellor's autumn statement, but let me just say this: I am proud of the Government's record in supporting those with disabilities. Not only have we closed the disability employment gap and increased the number of employers who are now disability confident, we are also making sure that we support those who are most vulnerable in our society, not least with the cost of living payments this year, which include £150 for all those on means-tested disability benefits.

Q2. [900232] **Andrew Jones** (Harrogate and Knaresborough) (Con): Does the Prime Minister agree that the measures taken to get us through the economic shocks caused by covid and Putin's war were right for that time, but they are not the blueprint for the long-term successful economies of the future? It is innovation and skills, and investment in them, such as the imminent rebuild of Harrogate College or the 12,000 local apprenticeships we have seen since 2010. Those are our foundation, and not the fantasy fairytale tens of billions of borrowing from the Labour party.

The Prime Minister: My hon. Friend is right. I am proud that since 2010 we have created 5.5 million apprenticeships. That is the difference between us. We now know that the Labour party wants to halve the number of apprenticeships if it is in office. Meanwhile, we want to make an apprentice Education Secretary. My hon. Friend is right. Labour's plans to borrow

£28 billion a year would just push up inflation, interest rates and taxes, undermining all the progress we have made on the economy. It is only the Conservatives who will give people the opportunity to build wealthier, more secure lives for them and their families.

Mr Speaker: I call the Leader of the Opposition.

Keir Starmer (Holborn and St Pancras) (Lab): Like the Prime Minister, I know the whole House will welcome the agreement reached overnight. We repeat our calls for Hamas to release all hostages immediately. This humanitarian pause must be used to get the hostages out safely, to tackle the urgent and unacceptable humanitarian catastrophe in Gaza, and to make progress to a full cessation of hostilities. In recent years, the international community has treated the two-state solution as a slogan, rather than a serious strategy. That must now change.

Like the Prime Minister, I am also sure that I speak for everyone in the House in saying that our hearts go out to the families and friends of the four young men from Shrewsbury who tragically lost their lives this week. It is a living nightmare for any parent, and I can hardly begin to imagine their loss.

This week, the Prime Minister unveiled the latest version of his five pledges for the country. Let us hope that he has more success with these than he did with the last ones. Did he forget the NHS?

The Prime Minister: Just weeks after I became Prime Minister, we injected record funding into the NHS and social care. We also unveiled the first ever long-term workforce plan in the 75-year history of the NHS. However, I am pleased that the right hon. and learned Gentleman mentioned the five pledges, because as he knows, three of them are economic, and on a day on which we will focus on the economy, I am happy to report that we have indeed halved inflation—no thanks to the Labour party—that we have indeed grown the economy, and that we have indeed reduced debt. That is a Conservative Government delivering for this country.

Keir Starmer: The reason the Prime Minister ignored the NHS, not only in his new pledges but just now, is that 7.8 million people are currently on the waiting lists. That is half a million more than when he pledged to bring them down nearly a year ago. The Prime Minister has just claimed that this is all about economic growth, so let me ask him this: if a labourer or a care worker is forced to wait a year for an operation, how are they meant to help grow the economy?

The Prime Minister: We are doing an enormous amount to bring waiting lists down. We are expanding patient choice and rolling out new community diagnostic centres and surgical hubs, as well as putting more doctors and nurses on our wards. When the right hon. and learned Gentleman talks about targets and waiting lists, I just hope that the Welsh Labour Government are not listening, because after 25 years in power, they are missing every single one of his targets. Were they not meant to be his blueprint?

Keir Starmer: More than double the entire population of Wales are currently on a waiting list in England. The Prime Minister really needs to take some responsibility. On his watch, 2.5 million people are too sick to work,

with the majority also suffering from mental health issues, and that is on top of his failures on waiting lists. Can he tell us how many people are waiting for mental health treatment?

The Prime Minister: We have injected record sums to expand the number of mental health treatments in our country. I have talked about the practical things we are doing, with community diagnostic centres and surgical hubs, but the right hon. and learned Gentleman also does not seem to realise that the union action, which he fails to condemn, and which his Members of Parliament support from the picket lines, has led to several hundred thousand cancelled appointments, all making waiting lists worse. He asked about Wales, and we can look at it. In Wales, more than 70,000 people are waiting longer than 18 months for treatment, whereas in England, thanks to our efforts, we have virtually eliminated 18-month waits. That is the difference between us: he wants to play politics, and we get things done.

Keir Starmer: So raising the waiting lists by half a million is getting things done. It is “Through the Looking-Glass”, this one. I asked the Prime Minister how many people were waiting for mental health treatment. He knows the answer; he just does not want to give it. The answer is 1.2 million, and 200,000 are children. Some are waiting nearly two years to be seen. Would the Prime Minister accept delays of that kind if it were one of his family or friends?

The Prime Minister: One of the key things that we are doing to bring down waiting lists is expand access to patient choice. It is a very straightforward idea to make sure that patients can choose where they are treated, and in that way we will bring down waiting lists for mental health and other treatments far faster. The Labour party’s policy on this is a total and utter mess. First the right hon. and learned Gentleman promised, in his words, to ban NHS use of the independent sector; then he said that he wanted more use of the independent sector, and his shadow Health Secretary agreed with that. But then the deputy Leader of the Opposition said that she would end it. As ever, you simply do not know what they stand for, and you cannot trust a word they say.

Keir Starmer: As ever, no responsibility for the shocking state of the NHS. The truth is that the Prime Minister would not accept those waits for his family, and neither should anyone else. This morning I spoke to an NHS nurse. For many months, Cam struggled to find time to see her 14-year-old son Mikey until he became seriously unwell, and now he has not been able to be in mainstream education for over a year. Mikey’s mum is having to balance nursing with caring and being a parent. This is not a one-off. There are families up and down the country in exactly the same situation: working hard and trying to get through the cost of living crisis while desperately worried about relatives who cannot get the treatment they need. How does the Prime Minister think they feel when they see him refusing to take responsibility and boasting that everything is fine?

The Prime Minister: We are doing absolutely everything we can to put money into the NHS to bring down the waiting lists, because I want families up and down the country to have access to the healthcare that they need.

The right hon. and learned Gentleman is absolutely right: they do deserve it, but it is incredibly galling to hear this from someone who, when there are strikes happening in our hospitals and people are being denied access to emergency medical care, not only does not have the strength to condemn it, but refuses to back legislation that would guarantee that access to all the families that he talks about.

Keir Starmer: This is on the Prime Minister’s watch; it is his responsibility. Thirteen years in, and all he has to offer is trying to blame the Opposition for his failures over and over again. Mikey’s mum—[*Interruption.*] I will tell you what Mikey’s mum said to me this morning, shall I, if you so are interested to hear? She said that

“whatever spin the Government puts on it, you can’t hide the reality for ordinary working people.”

Those are her words. Worth reflecting on.

I am glad that in recent years real progress has been made in tackling the stigma surrounding mental health, but the fact remains that the suicide rate for 15 to 19-year-olds has doubled since 2010 and suicide is now the biggest killer of men under 45. These are not just statistics; every single one is a tragic loss to families and to friends. Politics has the ability to turn this around, but it means tough choices. If we were to scrap tax loopholes, we could have thousands more staff, more support in our schools, more support in our communities. That would allow us to treat patients on time, getting them back to work, back to their families and, crucially, giving them their lives back. This is about mental health. That is Labour’s plan. Will the Prime Minister back it?

The Prime Minister: It was this Government that for the first time in the NHS’s history ensured that it had a long-term workforce plan, providing it with record funding so that we could eliminate long waits but also ensuring that it has the money that it needs to train record numbers of doctors and nurses while radically reforming how they work to improve productivity. That is because, the only way we will get everyone the treatment they need is to make sure that the NHS has the fantastic staff it needs, and it is this Government that have put that in place. The right hon. and learned Gentleman talks about records. This is something that no Government have done in the past, and it is something that I am proud we have done. Labour’s record on this issue is clear. It was a “disastrous failure” of workforce planning. Those were not my words. That was the verdict of the Labour-chaired Health Select Committee. It was Labour that did not train the consultants that we need now, that take 13, 14 or 15 years to train. It is this Government that are for the first time making sure that every family will finally have the doctors and nurses that they need.

Q3. [900233] **Steve Double** (St Austell and Newquay) (Con): Access to housing that local people can afford is the biggest challenge we face in Cornwall. While we need to build more houses, we need to ensure that they are available and affordable to local people and meet the needs of our rural and coastal communities. Local knowledge, particularly from elected representatives, is an important part of ensuring that we achieve this, yet the Leader of the Opposition has made it clear that his intention is to ignore or override the views of local

people in decisions on planning matters. Can the Prime Minister assure me and the people of Cornwall that, under his Government, the views of local communities will play a part in the planning process?

The Prime Minister: I thank my hon. Friend for his excellent campaigning on behalf of his constituents. I agree with him that housing must meet the needs of local communities. Our affordable homes programme is delivering hundreds of thousands of homes across the country. Crucially, on this side of the House we believe that local communities must be consulted, in contrast to Labour's plan for top-down housing targets, concreting over the green belt and destroying our precious countryside.

Mr Speaker: I call the SNP leader.

Stephen Flynn (Aberdeen South) (SNP): I think all of us in the Chamber are united in our relief at reports that hostages are due to be released by Hamas in Gaza, but we cannot afford to lose sight of what will come at the other side of the temporary pause in hostilities that we are about to see. At the end of four days, will we simply see a return to the killing of children in Gaza every 10 minutes, or will we in this House choose instead to back a permanent ceasefire?

The Prime Minister: We welcome the agreement reached overnight. As I said, it is something that we have consistently pushed for and is a crucial first step as we try to resolve this situation and, indeed, the humanitarian crisis in Gaza. Of course, we want to see all hostages released as quickly as possible, including British nationals, and I urge all parties involved to deliver the agreement in full. I also put on record my thanks to Qatar for its important role. We will continue to work with the United States and Israel to ensure the safe return of hostages and maximise the opportunity of this temporary pause to step up aid to suffering civilians in Gaza. It is something that we have pushed for, that we have continued to do and that the UK is playing a leading role in delivering.

Stephen Flynn: Ultimately, what we need is not a pause in the killing of children, but an end to the killing of children, and I can think of no better time than now for the Prime Minister to advocate a permanent ceasefire. Given that he will not currently do that, will he instead lay the foundations for a two-state solution by finally recognising the state of Palestine?

The Prime Minister: Actually, the agreement that has been reached demonstrates that it was not right to have a unilateral ceasefire. What was right was to do as we have done and consistently push for a pause that would allow not just for aid to reach the people in Gaza who desperately need it but for hostages to be released. That is what we have pushed for, and I am glad that that is now being delivered, versus a unilateral ceasefire that would have emboldened and strengthened Hamas.

Our position on the middle east peace process more broadly is clear: we support a negotiated settlement leading to a safe and secure Israel living alongside a viable and sovereign Palestinian state. I have spoken to President Abbas and met him to discuss this issue, and we are clear about strengthening the Palestinian Authority and reinvigorating efforts to find a two-state solution.

Our long-standing position is that we would recognise the state of Palestine when it best serves the interests of peace.

Q9. [900240] Gary Sambrook (Birmingham, Northfield) (Con): I welcome the Prime Minister's Network North project, which will see the full £1.7 billion put into the midlands rail hub. That will reopen the central platforms at Kings Norton station, which have been derelict for so long. Will he bring forward the cash so that we can increase capacity on the line and improve journey times? Will he also look at my campaign to extend the new Camp Hill line to Longbridge? That would open up access to the new Longbridge business park, which he visited earlier in the year and will bring back manufacturing jobs to Longbridge for the first time since MG collapsed in 2005.

The Prime Minister: I am pleased that my hon. Friend's constituency will benefit from the decision on High Speed 2 and benefit significantly from new Network North funding—an additional billion pounds to deliver the midlands rail hub in full. Decisions about Kings Norton are due to be made later this year, which should be good news to him. The extension of the forthcoming Camp Hill line services between Birmingham and Kings Norton and Longbridge will be assessed in due course, too. I hope that is helpful and I will ensure that the Rail Minister keeps him updated on progress.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): I am sure the Prime Minister will join me and the communities I represent in sending heartfelt sympathies to the families and friends grieving at the loss of four young men in a tragic accident in Garreg Llanfrothen this week.

People in north Wales pay the highest standing charges on energy bills, at £340 a year—a third more than in London—despite having lower average incomes and living in older, poorly insulated houses. With a further increase in standing charges due next April, the Prime Minister must recognise that he cannot leave this to Ofgem. Will his Government tackle unfair standing charges before winter sets in?

The Prime Minister: We have provided an extraordinary package of support for households across the country to help with energy bills, totalling almost £100 billion over the past year or two. The Ofgem price cap has also fallen to about £1,800 currently, and our price guarantee will remain in place until the spring of next year, which will provide further protection for families. Crucially, the Chancellor announced previously that we have removed the premium paid by households using prepayment meters until the energy price guarantee ends, bringing their costs into line with those paid by comparable direct debit customers, and we continue to provide considerable support for vulnerable families throughout the winter with their energy bills.

Q10. [900241] Dr Liam Fox (North Somerset) (Con): Setting strategic aims for the middle east requires us to be precise about the terms we use, and that includes the word “peace”. Peace is not just the absence of war or conflict, but the freedom from the fear of conflict, oppression or terror. Peace requires mutual respect, freedom from persecution and living without fear of destitution. It comes with self-determination and liberation from arbitrary justice. It needs hope and

dignity, and enforceable rights. Does my right hon. Friend agree that only when all the people of the middle east can achieve all those things can any of us talk about having achieved peace?

The Prime Minister: I agree wholeheartedly with my right hon. Friend on that and thank him for what he says. I know that his advice will continue to be of value to the Government as we find a way for a peaceful, more secure future for everyone living in the region.

Q4. [900234] **Patricia Gibson** (North Ayrshire and Arran) (SNP): The Scottish surcharge on energy means, according to Ofgem, that people in Scotland pay 50% more in standing charges than Londoners do, despite exporting 3.2 million hours of electricity to England in the past two months alone. Meanwhile, Scottish green energy producers pay higher charges than English power companies to connect to the grid. Does the Prime Minister think that that is fair to Scotland's consumers and businesses?

The Prime Minister: I refer to my previous answer about the considerable support we are providing to families across the United Kingdom with their energy bills. The hon. Lady mentions Scottish businesses, and it would be good if the Scottish National party realised that it should support the 200,000 people employed in Scotland's North sea oil and gas industry.¹

Q12. [900243] **Kevin Foster** (Torbay) (Con): The latest film from Torquay's Unleashed Theatre Company, "3 Steps", outlines the impact of homelessness. What further steps do the Government plan to take to ensure that everyone has a place of their own?

The Prime Minister: I thank my hon. Friend for highlighting the important work of his local theatre company, Unleashed, and I wish it well in its future endeavours. We are investing an unprecedented £2 billion over the next three years to tackle homelessness and rough sleeping, including by building thousands of move-on homes and implementing our landmark Homelessness Reduction Act 2017, which has already prevented or relieved almost 600,000 households from suffering from homelessness.

Q5. [900235] **Alex Cunningham** (Stockton North) (Lab): Why are 34% of children in my constituency living in poverty?

The Prime Minister: It is this Government who, as a result of our actions, have ensured that across our country 1.7 million fewer people are living in poverty.

Alex Cunningham That's not true.

The Prime Minister: Yes, it is true. Not only that, but hundreds of thousands fewer children are living in poverty, and income inequality is at a lower level than we inherited from the Labour party. We do not want any child to grow up in poverty, and the best way to achieve that is to ensure that they do not grow up in a workless household. That is why the right strategy is to ensure that we provide as many children as possible with the opportunity to grow up with parents in work, and because of the actions of previous Governments several hundred thousand more families are in that—

Mr Speaker: Got it. I call Darren Henry.

Q13. [900244] **Darren Henry** (Broxtowe) (Con): I have a question about apprenticeships. It is vital that individuals of any age can train and retrain for good local jobs, further education and skills opportunities that are available. Will the Prime Minister work with me in my campaign to establish an apprenticeship hub in Broxtowe?

The Prime Minister: I thank my hon. Friend for all his campaigning on this important issue. In his constituency, we have delivered over 9,000 apprenticeships in great local businesses, including some in the hair and beauty sector that I visited as Chancellor. While we continue to invest in apprenticeships, the Opposition want to halve the number offered. That is the difference between us: we want to give people a hand up, but all Labour wants to do is to keep them in their place.

Andrew Western (Stretford and Urmston) (Lab): With 316 arrivals by small boat this week, last week's Supreme Court ruling on Rwanda has left this Government's lack of a compassionate and functioning asylum system totally exposed, with refugees suffering as a result and chaos at our borders. Does the Prime Minister now intend to disapply human rights laws in order to continue wasting time and money on this cruel and discredited gimmick—yes or no?

The Prime Minister: I am glad the hon. Gentleman mentioned the small boats arrivals because I am pleased to tell him that, thanks to the actions of this Government, the number of arrivals is down by over 33% so far this year. That is no thanks to the Labour party, which has opposed each and every measure we have taken to stop the boats.

Q14. [900245] **Jason McCartney** (Colne Valley) (Con): While the Labour leadership at Kirklees Council is looking to close Colne Valley leisure centre, hiking up car parking charges and being criticised by auditors for the way it has managed resources, there has been lots of good news for my bit of Yorkshire this week, including £64 million of levelling-up cash for Huddersfield market and the Penistone rail line upgrade, and the announcement of the West Yorkshire investment zone, focusing on the national health innovation campus at the University of Huddersfield. Will the Prime Minister continue to invest in West Yorkshire and come and see some of these fantastic projects?

The Prime Minister: What great news. I was delighted to hear that the third investment zone was announced in West Yorkshire, and about the regeneration money for the Penistone rail line upgrade and Huddersfield open market. My hon. Friend is right that while Labour-run Kirklees Council is not investing, and is closing things, this Conservative Government are backing communities across the north.

Gareth Thomas (Harrow West) (Lab/Co-op): On Monday, the Government's chief scientific adviser, Sir Patrick Vallance, told the covid inquiry that the now Prime Minister had not asked for advice regarding eat out to help out. However, on 9 March two years ago, he told the House,

1. [Official Report, 11 December 2023, Vol. 742, c. 6MC.]

“At all steps in this crisis, we have indeed taken the advice of our scientific advisers.”—[*Official Report*, 9 March 2021; Vol. 690, c. 642.]

Who is right?

The Prime Minister: As the hon. Gentleman knows, there is an ongoing statutory inquiry into covid. It is absolutely right that that process is followed. I look forward to providing my own evidence in the coming weeks and addressing all these questions. It was the case that the Government took advice from scientific advisers and that is exactly what the inquiry will go over.

Theo Clarke (Stafford) (Con): Since I recently shared my experience of birth trauma in this Chamber, I have been inundated by mums writing to me from across the UK to share their stories. Last week, I received an email from a Staffordshire mother who would like me to raise her concerns about Royal Stoke University Hospital. She also experienced birth trauma and has been told that the hospital will not be able to investigate her concerns because of the time that has elapsed. It is not acceptable that my constituents are not having complaints investigated by my local hospital, so will the Prime Minister urgently meet me to discuss this and will he include birth trauma in the refreshed update to the women's health strategy? We must do better to provide aftercare to all mothers in this country.

The Prime Minister: I thank my hon. Friend for raising this important issue and for continuing to be a fantastic campaigner on birth trauma. I am pleased that the first ever debate in Parliament on birth trauma was held recently, in October. It was powerful and moving, and it highlighted the significant impact that birth trauma can have on so many women's lives. The Department of Health and Social Care is working with NHS England to make sure we improve maternity care and related mental healthcare. I will ensure the Health Secretary meets with my hon. Friend so that we can get this right for all the women who are depending on it.

Kirsty Blackman (Aberdeen North) (SNP): In the last 13 years, the six oil and gas licensing rounds by the Tories have produced 16 days-worth of oil and gas for the UK. Will the Prime Minister explain how doubling the number of licensing rounds will have any impact on the insanely high energy bills my constituents are facing? If he cared about energy security, jobs or the environment, he would surely be better matching the Scottish Government's £500 million investment in a just transition and providing a £400 rebate to bill payers.

The Prime Minister: It is not £500 million; we are investing tens of billions of pounds in energy transition, not least for things such as carbon capture and storage, in which the North sea can play a starring role. The hon. Lady is just completely wrong. In order to have energy security, it is right to exploit the resources that we have here at home. Even the independent Climate Change Committee projects that we will still need oil and gas as we make the transition and in decades' time, so the question for the hon. Lady is: are we better off getting that here at home, supporting Scottish jobs and businesses, or are we better off putting that money in the hands of foreign dictators and shipping it here with two or three times the carbon emissions?

Jack Lopresti (Filton and Bradley Stoke) (Con): Today, I am hosting—here in the House of Commons—14 Ukrainian teenage children whose parents have been and are fighting the Russians in Ukraine. Six of them have been orphaned. They are up in the Public Gallery, but they will also be in the Inter-Parliamentary Union room from 1 pm till 2.30 pm this afternoon. I know that it is a busy and important day, but all colleagues are welcome to drop by if they are able to do so. Will the Prime Minister join me in paying tribute to the parents of these children and take this opportunity to reiterate our steadfast support for the people of Ukraine in their fight for their independence, their freedom and their nation's survival?

The Prime Minister: I do join my hon. Friend in paying tribute to the parents of these children and many others. I also wish to take the opportunity to say that, while events in the middle east have been dominating the headlines, I can assure my hon. Friend that we and our allies are steadfast in our resolve to support Ukraine for as long as it takes for it to achieve victory. That is why the Foreign Secretary visited both Kyiv and Odesa last week to confirm the UK's continued unwavering support for Ukraine. Putin cannot hope to outlast the incredible resolve or spirit of the Ukrainian people, and they should continue to have our support for as long as it takes.

Q11. [900242] **Daniel Zeichner** (Cambridge) (Lab): A few weeks ago, the world cringed at the Prime Minister's fawning welcome for Elon Musk. This week, advertisers are fleeing Musk's platform after his latest vile outburst. What exactly did the Prime Minister think he might learn from an unelected, super-rich individual who had taken over a once successful organisation and plunged it into a death spiral?

The Prime Minister: It is striking that the hon. Member for Cambridge—of all places!—absolutely does not understand the importance of technology sectors and companies to the growth of our economy. It is absolutely extraordinary. It actually illustrates everything that is wrong with Labour's approach to our economy. What the rest of the world saw was the UK playing a lead in defining the regulations and approach to a technology that will transform how we live. It was a great example of the UK leading the way and an enormous tribute to our incredible entrepreneurs and businesses, many of which are being poorly represented by him in his constituency.

Fiona Bruce (Congleton) (Con): Today is Red Wednesday when we remember millions of Christians and others worldwide who are persecuted for their faith—people such as Margaret Attah, a nurse and a lovely young mother of four, who is here today from Nigeria. She hid behind the altar as her church service was attacked. One hundred were injured and 41 killed that day simply for being in church. Margaret lost both legs and an eye. Thousands more suffer similarly in Nigeria each year. Does the Prime Minister agree that the best way that we can honour Red Wednesday today is to commit to quickly implementing the good words of the new International Development White Paper, which was published yesterday, to ensure that UK development policies going forward are inclusive of those marginalised for their religion or beliefs?

The Prime Minister: I thank my hon. Friend for her continuing dedication as my special envoy on this vital issue. Red Wednesday is an important moment to demonstrate our solidarity with Christians and all those persecuted around the world for their religion or belief. Marking this event annually was just one of the recommendations in the Bishop of Truro's report. I am pleased that today we will light up Foreign, Commonwealth

and Development Office buildings in the UK in red in support. I am also pleased to say that we have taken forward all 22 recommendations in a way that we believe is making a real change for those persecuted for their religion or belief.

Mr Speaker: That completes Prime Minister's questions.

Autumn Statement

Mr Speaker: Before I call the Chancellor, it may help the House if I set out how proceedings on the autumn statement will unfold. Once the Chancellor has delivered his statement, copies of the resolutions relating to the statement will be made available in the Vote Office and online. I will then call the shadow Chancellor and other hon. Members to ask questions. This will follow the usual pattern for a ministerial statement. At the end of questions on the statement, the Chancellor will be called to move a motion under section 5 of the Provisional Collection of Taxes Act 1968. The question on that motion must be put without debate.

We will then proceed to a debate on the autumn statement resolutions. A Minister will move the first of the resolutions and open the debate. The debate will take place over three days, concluding on Monday. At the end of the debate on Monday, the question on the first of the resolutions will be disposed of. The questions on the remaining resolutions will then be taken formally without further debate.

12.35 pm

The Chancellor of the Exchequer (Jeremy Hunt): I come today with good news: it is my wife's birthday and, unlike me, she is looking younger every year.

I turn to the statement. After a global pandemic and energy crisis, we have taken difficult decisions to put our economy back on track. We have supported families with rising bills, cut borrowing and halved inflation. Rather than a recession, the economy has grown. Rather than falling as predicted, real incomes have risen. Our plan for the British economy is working, but the work is not done. Others proposed a more short-term approach, but we have not made unaffordable pay offers to the unions, we have not stopped new oil and gas exploration, and we have not increased borrowing by £28 billion a year. That would have pushed inflation up just when we need to bring it down. Instead, under this Prime Minister, we take decisions for the long term.

In today's autumn statement for growth our choice is not big government, high spending and high tax, because we know that that leads to less growth, not more. Instead, we reduce debt, cut taxes and reward work. We deliver world-class education, we build domestic sustainable energy, and we back British business with 110 growth measures. Do not worry; I am not going to go through them all—[*Interruption.*] Well, I will if you like! In summary, they remove planning red tape, speed up access to the national grid, support entrepreneurs raising capital, get behind our fastest-growing industries, unlock foreign direct investment, boost productivity, reform welfare, level up opportunity to every corner of the country, and cut business taxes.

The Office for Budget Responsibility says that the combined impact of these measures will raise business investment, get more people into work, reduce inflation next year and increase GDP, but Conservatives also know that a dynamic economy depends on the energy and enterprise of people more than any diktats or decisions by Ministers, so today's measures do not just remove barriers to investment; they reward effort and work. I will go through the measures in three parts. In the first, I will use updated OBR forecasts to show the

progress that we are making against the Prime Minister's economic priorities. The second part will set out growth measures to back British business. Finally, I will conclude with measures to make work pay.

Before I start with the forecasts, I want to express my horror at the murderous attack on Israeli citizens on 7 October and the subsequent loss of life on both sides. I will remember for the rest of my life, as I know many other hon. Members will, being taken to Auschwitz by the Rabbi Barry Marcus and the remarkable Holocaust Educational Trust. I am deeply concerned about the rise of antisemitism in our country, so I am announcing up to £7 million over the next three years for organisations such as the Holocaust Educational Trust to tackle antisemitism in schools and universities. I will also repeat the £3 million uplift to the Community Security Trust. When it comes to antisemitism and all forms of racism, we must never allow the clock to be turned back.

I now move on to the OBR's economic and fiscal forecasts, and I thank Richard Hughes and his team for their sterling work in preparing them. Three of my right hon. Friend the Prime Minister's five pledges at the start of the year were economic: to halve inflation, grow the economy and reduce debt. Today I can report to the House that we are delivering on all three.

Let's start with inflation. The shadow Chancellor did not mention it in her conference speech. My conference speech was before hers, so all she had to do was a bit of copying and pasting, which I have heard she is good at. But it speaks volumes that during the worst global inflation shock for a generation, it did not even get a mention. Well, if controlling inflation isn't a priority for Labour, it is for us.

When the Prime Minister and I took office, inflation was at 11.1%; last week, it fell to 4.6%. We promised to halve inflation and we have halved it. Core inflation is now lower than in nearly half of the economies in the EU, and the OBR says that headline inflation will fall to 2.8% by the end of 2024, before falling to the 2% target in 2025. I will not take risks with inflation, and the OBR confirms that the measures I take today make inflation lower next year than it would otherwise have been. I thank the independent Bank of England Monetary Policy Committee for its crucial role in bringing inflation down, and we will continue to back it to do whatever it takes until the job is done. But as we do, we will continue to support families in difficulty, and today I add four further measures to help with the cost of living.

First, for those on the lowest incomes, I understand the concerns some have about the effect on work incentives of matching benefit increases to inflation, and I know there has been some speculation that we would increase benefits next year by the lower October figure for inflation. But cost of living pressures remain at their most acute for the poorest families, so instead the Government have decided to increase universal credit and other benefits from next April by 6.7%, in line with September's inflation figure, an average increase of £470 for 5.5 million households next year—vital support to those on the very lowest incomes from a compassionate Conservative Government.

Secondly, because rent can constitute more than half the living costs of private renters on the lowest incomes, I have listened closely to many colleagues as well as the

Institute for Fiscal Studies, the Resolution Foundation, Citizens Advice UK and the Joseph Rowntree Foundation, who said that unfreezing the local housing allowance was an “urgent priority”. I will therefore increase the local housing allowance rate to the 30th percentile of local market rents. This will give 1.6 million households an average of £800 of support next year.

Thirdly, although I am going to increase duty on hand-rolling tobacco by an additional 10% above the tobacco duty escalator, I know that for many people going to the pub has become more expensive. I have listened closely to the persuasive arguments on alcohol duties from my hon. Friend the Member for Moray (Douglas Ross) and my right hon. Friend the Member for Dumfriesshire, Clydesdale and Tweeddale (David Mundell), fierce champions of the Scotch whisky industry. I have also listened to defenders of the great British pint such as my right hon. Friend the Member for Vale of Glamorgan (Alun Cairns) and my hon. Friend the Member for Buckingham (Greg Smith), to Councillor Jane Austin who is a big supporter of the Jolly Farmer pub in Bramley in my constituency, and indeed to *The Sun* newspaper. So as well as confirming our Brexit pubs guarantee, which means the duty on a pint is always lower than in the shops, I have decided to freeze all alcohol duty until 1 August next year; that means no increase in duty on beer, cider, wine or spirits.

Finally, pensioners. The triple lock has helped to lift 250,000 older people out of poverty since it was instituted by a Conservative Government in 2011 and has been a lifeline for many during a period of high inflation. There have been reports that we would uprate it by a lower amount, to smooth out the effect of high public sector bonuses in July, but that would have been particularly difficult for 1 million pensioners whose only income is from the state.

So instead, today we honour our commitment to the triple lock in full. From April 2024, we will increase the full new state pension by 8.5% to £221.20 a week, worth up to £900 more a year. That is one of the largest ever cash increases to the state pension, showing that a Conservative Government will always back our pensioners.

Including today's measures, our total commitment to easing cost of living pressures has risen to £104 billion. That includes paying around half the cost of the average energy bill since last October and amounts now to an average of £3,700 per household. We are able to do that only because we reduced the deficit by 80% ahead of the pandemic, which the Labour party might reflect on, having opposed us every step of the way.

Next, I turn to my right hon. Friend the Prime Minister's pledge to reduce debt. Before I took difficult decisions at last year's autumn statement, debt was predicted to rise to almost 100% of GDP by the end of the forecast. Since then, the economy has outperformed expectations and I have taken difficult decisions to reduce borrowing. As a result, headline debt is now predicted to be 94% of GDP by the end of the forecast.

The OBR today forecasts that underlying debt will be 91.6% of GDP next year, 92.7% in 2024-25 and 93.2% in 2026-27, before declining in the final two years of the forecast to 92.8% in 2028-29. That is lower in every year compared with forecasts in the spring. We therefore meet our fiscal rule to have underlying debt falling as a percentage of GDP in the final year of the forecast, with double the headroom compared with the OBR's

March forecast. We will continue to have the second lowest Government debt in the G7—lower than the United States, Canada, France, Italy or Japan.

I turn to borrowing. The right hon. Member for Leeds West (Rachel Reeves) said that when it comes to borrowing, she “will take it up” by £28 billion a year. Indeed, she has opposed every decision we have made to reduce our borrowing. The Government will bring borrowing down, because, as the late Lord Lawson said, borrowing is just a deferred tax on future generations.

I see the Leader of the Opposition shaking his head. In fact, we have something in common: both he and I wanted to make a Jeremy Prime Minister. In fairness, his party and mine are probably equally relieved that we failed but, whereas this Jeremy is growing the economy, his Jeremy would have crashed it.

The numbers show the contrast. According to the OBR, borrowing is lower this year and next, and on average across the forecast by £0.7 billion every year compared with the spring Budget forecasts. It falls from 4.5% of GDP in 2023-24 to 3.0%, 2.7%, 2.3%, 1.6% and 1.1% in 2028-29. That means we also meet our second fiscal rule that public sector borrowing must be below 3% of GDP, not just by the final year, but in almost every year of the forecast.

Some of that improvement is from higher tax receipts from a stronger economy, but we also maintain a disciplined approach to public spending. As I set out in the spring Budget, resource spending will increase by 1% a year from 2025-26 in real terms, and we are sustaining the record 2020 increase in capital spending in cash terms until the end of the forecast. Within this, we will meet our NATO commitment to spend 2% of GDP on defence—critical at a time of global threats to the international order, most notably from Putin's evil war in Ukraine.

We also support a group of people to whom we owe our freedom: our brave veterans. I will extend national insurance relief for employers of eligible veterans for a further year, and provide £10 million to support the Veterans' Places, Pathways and People programme. I thank our excellent Minister for Veterans' Affairs, my right hon. Friend the Member for Plymouth, Moor View (Johnny Mercer), for his championing of their cause.

We have shown that we are prepared to increase funding for vital public services, with record numbers of police officers, doctors, nurses and teachers. We are nearly doubling the numbers of doctors and nurses we train, having given the NHS its first ever long-term workforce plan, as I promised a year ago. We are also tackling the biggest single preventable cause of mortality that the NHS has to deal with by bringing forward plans for a smokefree generation.

However, alongside extra funding and support, we need to see reform. We need a more productive state, not a bigger one. That is why I want the public sector to increase productivity growth by at least half a percent a year—the level at which the size of our state starts to reduce as a proportion of GDP. I have already announced plans to cap and reduce the size of the civil service to pre-pandemic levels. I pay tribute to the excellent former Chief Secretary to the Treasury, my right hon. Friend the Member for Salisbury (John Glen), who started our brilliant public sector productivity programme. That will now be pursued by his formidable successor, my hon. Friend the Member for Sevenoaks (Laura Trott),

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who has already been with me to meet police, fire and ambulance personnel to understand why bureaucracy is holding them back.

Through that vital work, we will ensure that, over time, the growth in public spending is lower than the growth in the economy, while always protecting the services that the public value. I will also provide His Majesty's Revenue and Customs with the resources it needs to ensure that everyone pays the tax they owe, raising an additional £5 billion across the forecast period.

My right hon. Friend the Prime Minister also promised to grow the economy. Since 2010, despite inheriting what was then the worst recession since the second world war, Conservative Administrations have presided over faster growth than many of our major competitors, including Spain, Italy, France—[*Interruption.*] Well, the Opposition do not like to hear this, but let me tell them the list: Spain, Portugal, France, Italy, Netherlands, Austria, Germany and Japan. We have grown faster than all of them since 2010.

However, all those countries have faced a pandemic and an energy shock. As a result, last autumn the OBR forecast a recession in which the economy would shrink by 1.4% this year. Instead, it grew—in fact, it has grown faster than the euro area. Revised numbers from the Office for National Statistics now say that the economy is 1.8% larger than it was pre-pandemic. Looking ahead, the OBR expects the economy to grow by 0.6% this year and 0.7% next year. After that, growth rises to 1.4% in 2025, then 1.9%, 2%, and 1.7% in 2028.

If we want those numbers to be higher, we need higher productivity. The private sector is more productive in countries such as the United States, Germany and France because it invests more—on average 2 percentage points more of GDP every year. The 110 measures that I take today help to close that gap by boosting business investment by £20 billion a year. They do not involve borrowing more and ramping up debt, as some advocate. Instead, they unlock investment, with supply-side reforms that back British business in the following areas.

First: skills. No economy can prosper without investing in the potential of its people. Despite strong opposition, we took the difficult decisions to reform our schools. England's nine to 10-year-olds are now the fourth best readers in the world, and since 2015, our 15 to 16-year-olds have risen seven places in the OECD rankings for maths—not least thanks to the efforts of my brilliant right hon. Friend the Member for Bognor Regis and Littlehampton (Nick Gibb). However, 9 million adults in England still have low basic literacy or numeracy skills, so last month the Prime Minister set out the new advanced British standard to ensure that all school leavers reach minimum standards in maths and English.

While the Labour party wants to reduce the number of apprentices, we want to increase it. Following engagement with Make UK and others, I am announcing a further £50 million of funding over the next two years to pilot ways to increase the number of apprentices in engineering and other key growth sectors where there are shortages. [HON. MEMBERS: "Is that it?"] There are 110 of these measures, so be patient, folks.

I will move on to planning. It takes too long to approve infrastructure projects and business planning applications. Many businesses say that they would be

willing to pay more if they knew their application would be approved faster. Therefore, from next year, working with the Secretary of State for Levelling Up, Housing and Communities, I will reform the system to allow local authorities to recover the full costs of major business planning applications in return for being required to meet guaranteed faster timelines. If they fail, fees will be refunded automatically, with the application being processed free of charge—a prompt service or your money back, just as would be the case in the private sector.

Many planning applications are for house building. The Leader of the Opposition told us that he wanted to be a builder, not a blocker. That did not last long: just a few months later, Labour blocked reforms to the rules on nutrient neutrality, shamelessly preventing 100,000 houses from being built. Conservatives, on the other hand, are the builders, with more homes being completed in 2021-22 than in any single year of the last Labour Government.

Today, we take further decisions to unlock the building of more homes. We will invest £110 million over this year and next to deliver high-quality nutrient mitigation schemes, unlocking 40,000 homes. We will invest £32 million to bust the planning backlog and develop fantastic new housing quarters in Cambridge, London and Leeds, which will lead to many thousands of additional dwellings. We will allocate £450 million to the local authority housing fund to deliver 2,400 new homes, and we will consult on a new permitted development right to allow any house to be converted into two flats provided the exterior remains unaffected.

It is also taking too long for clean energy businesses to access the electricity grid, so after talking to businesses such as National Grid, Octopus Energy and SSE, we today publish our full response to the Winner review and the connections action plan. These measures will cut grid access delays by 90% and offer up to £10,000 off electricity bills over 10 years for those living closest to new transmission infrastructure. Taken together, those planning and grid reforms are estimated to accelerate around £90 billion of additional business investment over the next 10 years.

Next, on foreign direct investment, I am extremely grateful to Lord Harrington for his excellent report on how to increase foreign direct investment. We accept all his headline recommendations. In particular, we will put in place a concierge service for large international investors modelled on the best such services offered by our competitors, and we will increase funding for the Office for Investment to deliver it.

I now turn to reforms to pension funds that will increase the flow of capital going to our most promising growth companies in a way that also improves outcomes for savers. I will take forward my Mansion House reforms starting with measures to consolidate the industry. By 2030, the majority of workplace defined contribution savers will have their pension pots managed in schemes of over £30 billion, and by 2040 all local government pension funds will be invested in pools of £200 billion or more. I will support the establishment of investment vehicles for pension funds to use, including through the LIFTS competition—the long-term investment for technology and science competition, a new growth fund run by the British Business Bank—and by opening the Pension Protection Fund as an investment vehicle for smaller defined benefit pension schemes.

I will also consult on giving savers a legal right to require a new employer to pay pension contributions into their existing pension pot if they choose to do so, meaning that people can move to having one pension pot for life. These reforms could unlock an extra £75 billion of financing for high-growth companies by 2030 and provide an extra £1,000 a year in retirement for an average earner saving from 18. Alongside this, I am proposing further capital market reforms to boost the attractiveness of our markets and make sure the UK remains one of the most attractive places to start, grow and list a company. As part of this, I will explore options for a NatWest retail share offer in the next 12 months, subject to market conditions and achieving value for money. It's time to get Sid investing again.

I now turn to measures to support our most innovative industries. In the last decade under the Conservatives, we have grown to become the third largest technology sector in the world—double the size of Germany and three times the size of France. We have the biggest life sciences industry in Europe, and we are Europe's third largest generator of renewable electricity after Germany and Norway, and the eighth largest manufacturer in the world. When it comes to tech, we know that artificial intelligence will be at the heart of any future growth, and I want to make sure that our universities, scientists and start-ups can access the compute power they need. As such, building on the success of the supercomputing centres in Edinburgh and Bristol, I will invest a further £500 million over the next two years to fund further innovation centres to help make us an AI powerhouse.

Our creative industries already support Europe's largest film and TV sector. This year's all-Californian blockbuster "Barbie" was filmed in the constituency of my hon. Friend the Member for Watford (Dean Russell)—where, of course, the sun always shines. Even more could be invested in visual effects if we increased the generosity of the film and high-end TV tax credits, so I will today launch a call for evidence on how to make that happen.

British-discovered vaccines and treatments saved more lives across the world during the pandemic than those from any other country, and I am incredibly proud of our life sciences industry. To further support research and development, I am creating a new, simplified R&D tax relief that combines the existing R&D expenditure credit and small and medium-sized enterprise schemes. I will also reduce the rate at which loss-making companies are taxed within the merged scheme from 25% to 19%, and lower the threshold for the additional support for R&D-intensive loss-making SMEs that I announced in the spring to 30%, which will benefit a further 5,000 SMEs. And because 2028 marks the centenary of the invention of penicillin by Alexander Fleming, I am giving £5 million to Imperial College and Imperial College Healthcare NHS Trust to set up a Fleming centre to inspire the next generation of world-changing innovations.

International investors say that the biggest thing we could do for our advanced manufacturing and green energy sectors is announce a longer-term strategy for their industries, so with the Secretaries of State for Business and Trade and for Energy Security and Net Zero, I am today publishing those plans. I confirm that we will make available £4.5 billion of support over the five years to 2030 to attract investment into strategic manufacturing sectors. That includes: £2 billion of support

for zero-emission investments in the automotive sector, which has been warmly welcomed by Nissan and Toyota; £975 million for aerospace, building on decades of success from firms such as Airbus and Rolls-Royce; and £520 million for life sciences, building on the strength of world-class British pharma companies such as AstraZeneca and GSK. We will also provide £960 million for the new green industries growth accelerator, focused on offshore wind; electricity networks; nuclear; carbon capture, utilisation and storage; and hydrogen. Those targeted investments will ensure that the UK remains competitive in sectors where we are already leaders, and innovative in sectors where we are not. Taken together, that support will attract an estimated £2 billion of additional investment across our fastest-growing innovation sectors every year over the next decade.

One reason why we support our manufacturing and clean energy sectors is that they help to level up growth across the United Kingdom, so I now turn to further levelling-up measures. In the spring, I announced that we would deliver 12 new investment zones—12 mini Canary Wharfs—where Government, industry and research institutes will collaborate across the UK. Since then, the Exchequer Secretary, my hon. Friend the Member for Grantham and Stamford (Gareth Davies), has done outstanding work across Government to bring that vision to fruition. Following tenacious representations from my hon. Friend the Member for Ynys Môn (Virginia Crosbie)—no Chancellor's speech would be complete without a mention of my hon. Friend—and from the unstoppable Mayor of Tees Valley, I have today decided to extend the financial incentives for investment zones and the tax reliefs for freeports from five years to 10 years. I will also set up a £150 million investment opportunity fund to catalyse investment into that programme.

On Monday, I confirmed that there will be a new investment zone in West Yorkshire. Today, having listened to representations from the west midlands salesman-in-chief Andy Street, as well as my hon. Friends the Members for Mansfield (Ben Bradley) and for Bury North (James Daly), I am announcing three further investment zones focused on advanced manufacturing in the west midlands, east midlands and Greater Manchester. Together, local partners expect that those investment zones will help catalyse over £3 billion of private investment and 65,000 new jobs. Having listened to my hon. Friends the Members for Wrexham (Sarah Atherton) and for Clwyd South (Simon Baynes), I can announce a second investment zone in Wales in the fantastic region of Wrexham and Flintshire, which I will visit tomorrow.

We are publishing new devolution deals with four areas, including Hull and East Yorkshire, and offering devolved powers to even more county areas. One of those areas will be the leafiest and most charming county in the country, namely Surrey, where of course the Leader of the Opposition grew up—we do not get everything right. On Monday, we saw the announcement of £1 billion of funding through round 3 of the levelling-up fund, supporting projects following the campaigning efforts of Members from Keighley, Dewsbury, Doncaster, Scunthorpe—and of course, Mr Speaker, Chorley. I can also confirm that we will proceed with over £50 million of funding for high-quality regeneration projects in communities such as Bolsover, Monmouthshire, Warrington and Eden Valley, all of which have particularly effective

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local MPs as their champions. Because we are proudly the Conservative and Unionist party, I am announcing £80 million for the new levelling-up partnerships in Scotland, £500,000 to support the Hay festival in Wales, and £3 million of additional funding to support the successful tackling paramilitarism programme in Northern Ireland.

I turn next to small businesses—I ran my own for 14 years, and have always known that every big business was a small business once. The Federation of Small Businesses says that the biggest thing I could do to help its members is end the scourge of late payments. We passed the Procurement Act 2023, which means that the 30-day payment terms that are already set for public sector contracts will automatically apply throughout the subcontractor supply chain, but from April 2024 I will also introduce a condition that any company bidding for large Government contracts should demonstrate that it pays its own invoices within an average of 55 days. That number will reduce progressively to 30 days.

Any small business will also say that the biggest frustration it faces is the tax it pays before making a penny of profit, not least business rates. The Government have already taken a third of properties completely out of rates through small business rates relief. We have frozen the tax rate for the last three years, at a cost of £14.5 billion; we have removed downwards caps from transitional relief; and for retail, hospitality and leisure businesses, we have introduced a one-year 75% discount on business rates up to £110,000. Those measures have saved the average independent shop over £20,000. It is not possible to continue with temporary support measures forever, but while the standard multiplier—which applies to high-value properties—will rise in line with inflation, I have today decided that we will freeze the small business multiplier for a further year.

Following extensive discussions with the FSB and many colleagues in this House, I have also decided to extend the 75% business rates discount for retail, hospitality and leisure for another year. This will save the average independent pub over £12,800 next year and, at a cost of £4.3 billion, is a large tax cut that recognises the role of pubs and high street shops in our communities. I thank my hon. Friends the Members for Stockton South (Matt Vickers), for Barrow and Furness (Simon Fell) and for East Devon (Simon Jupp) for their tenacious campaigning on this issue.

Finally, I turn to the smallest of all businesses—those run by the self-employed. These are the people who literally kept our country running during the pandemic: the plumbers who fixed our boilers in lockdowns, the delivery drivers who brought us our shopping and the farmers who kept food on our plates. As part of our plans to grow the economy, I want to reform and simplify taxes paid by the self-employed, so today I am announcing a major reform of one of those taxes. It is one most people have not heard of, but it is a big deal for those who have to pay it.

Class 2 national insurance is a flat-rate compulsory charge, currently £3.45 a week, paid by self-employed people earning more than £12,570, which gives state pension entitlement. Today, after careful consideration and in recognition of the contribution made by self-employed people to our country, I can announce that

we are abolishing class 2 national insurance all together, saving the average self-employed person £192 a year. Access to entitlements and credits will be maintained in full and those who choose to pay voluntarily will still be able to do so, but this change simplifies and cuts tax for nearly 2 million self-employed people, while protecting the interests of those on the lowest pay.

Because we value their work, I am also taking one further step for the self-employed. They also pay class 4 national insurance at 9% on all earnings between £12,570 and £50,270. Today, I have decided to cut that tax by one percentage point to 8% from April. Taken together with the abolition of the compulsory class 2 charge, these reforms will save around 2 million self-employed people an average of £350 a year from April.

We are backing small businesses by freezing their business rates, extending retail, hospitality and leisure relief, abolishing compulsory class 2 national insurance payments and reducing class 4 national insurance by one percentage point in today's autumn statement for growth. Small businesses work so hard for us, and a Conservative Government today are working hard for them.

I turn now to my final measure to back British business. As I have said, since 2010 we have seen the second highest growth in investment of any G7 country. However, if we are to raise productivity, we need to increase business investment further. In 2021, my right hon. Friend the Prime Minister introduced the super-deduction for large businesses to further stimulate business investment, and this spring I introduced full expensing for three years. This means that for every £1 million a company invests, it gets £250,000 off its tax bill in the very same year.

The CBI, Make UK, the British Chambers of Commerce, Energy UK and 200 other business leaders from companies including BT Openreach, Siemens and Bosch, have said that making this measure permanent would be the “single most transformational” thing I could do for business investment and growth. The Centre for Policy Studies says it would

“maximise business investment, boost productivity and deliver...higher levels of GDP”.

But because it costs £11 billion a year, I made it clear that I would only do so when it was affordable. Well, with inflation halved, borrowing down and debt falling, today I deliver on that promise: I will today make full expensing permanent. That is the largest business tax cut in modern British history. It means we have not just the lowest headline corporation tax rate in the G7, but its most generous capital allowances.

The OBR says this will increase annual investment by around £3 billion a year and a total of £14 billion over the forecast period. We on this side of the House know that the way to back British business is not to borrow more or subsidise more, but to increase the incentives to invest. We do that today by introducing one of the most generous tax reliefs anywhere in the world, with a huge boost to British competitiveness in an autumn statement for growth—skills, planning and infrastructure reform, pension fund reform, support for innovation industries, levelling up, backing small business and full expensing.

Under Labour, business investment was 9.3% of GDP in real terms. Since 2010, it has been 9.8% of GDP. But today we go further because, taken together, the overall

impact of today's growth measures will be to increase business investment in the UK economy by around £20 billion a year within the decade—nearly 1% of GDP at today's level. This is the biggest ever boost for business investment in modern times, a decisive step towards closing the productivity gap with other major economies, and the most effective way we can raise wages and living standards for every family in the country.

As well as backing business, Conservatives know that you need to back the people without whose effort no businesses can succeed: the entrepreneur taking risks, the builder working weekends, the nurse working nights, and the jobseeker leaving benefits behind. I will therefore conclude with three further supply-side reforms designed to improve the incentives to work in a modern, dynamic economy.

I begin with welfare, and I want to start by thanking the outstanding Work and Pensions Secretary for his help in developing these reforms. He builds on the work of my right hon. Friend the Member for Chingford and Woodford Green (Sir Iain Duncan Smith), who introduced universal credit. Those reforms helped reduce unemployment, which has fallen by over 1 million, but Opposition Members, to their shame, voted against them 30 times. They think compassion is about giving money; we think it is about giving opportunity.

However, post pandemic, we still have over 7 million adults of working age, excluding students, who are not working, despite there being 1 million vacancies in the economy. Many can and want to work, but our system makes that too hard. In the spring Budget, I announced 30 hours of free childcare for working parents of one and two-year-olds. That plan, still opposed by the party opposite, starts rolling out in April. It will help tens of thousands of parents return to work without having to worry about damaging their career prospects.

Today, we focus on helping those with sickness or disability and the long-term unemployed. Every year, we sign off over 100,000 people on to benefits with no requirement to look for work because of sickness or disability. That waste of potential is wrong economically and wrong morally. So with the Secretary of State for Work and Pensions, last week I announced our back to work plan. We will reform the fit note process so that treatment rather than time off work becomes the default, we will reform the work capability assessment to reflect greater flexibility and availability of home working after the pandemic, and we will spend £1.3 billion over the next five years to help nearly 700,000 people with health conditions find jobs. Over 180,000 more people will be helped through the universal support programme, and nearly 500,000 more people will be offered treatment for mental health conditions and employment support.

Over the forecast period, the OBR judges that these measures will more than halve the flow of people who are signed off work with no work search requirements. At the same time, we will provide a further £1.3 billion of funding to offer extra help to the 300,000 people who have been unemployed for over a year without any sickness or disability. But we will ask for something in return. If, after 18 months of intensive support, jobseekers have not found a job, we will roll out a programme requiring them to take part in mandatory work placement to increase their skills and improve their employability.

If they choose not to engage with the work search process for six months, we will close their case and stop their benefits.

Taken together with the labour supply measures I announced in the spring, the OBR says we will increase the number of people in work by around 200,000 by the end of the forecast period, permanently increasing the size of the economy. I know that some on the Opposition Benches would prefer to fill those vacancies in a different way; they hanker after a more liberal immigration regime or even dream of bringing back free movement. But Conservatives say that we should unlock the potential we have right here at home. We do that with the biggest set of welfare reforms in a decade in today's autumn statement for growth.

If we are to incentivise work, we must also tackle low pay. People who get up early, put in the hours and work hard for their families deserve to be paid fairly. Since 2010, those on the minimum wage—now the national living wage—have seen their hourly wage go up from £5.80 an hour to £10.42 an hour. That is a real-terms increase of more than 20%. Because we have also doubled the threshold at which they pay tax or national insurance, their after-tax income has gone up not by 20%, but by 25%—more than for any other income group.

Today, I confirm that we will go further and accept the Low Pay Commission's recommendation to increase the national living wage by 9.8% to £11.44 an hour. That is the largest-ever cash increase in the national living wage, worth up to £1,800 for a full-time worker. Since the national living wage has been introduced, the proportion of people on low pay—defined as earning less than two thirds of national median hourly income—has halved, but at the new rate of £11.44 an hour it delivers our manifesto commitment to eliminate low pay altogether. That means that by next year someone working full time on the national living wage will see their real take-home, after-tax pay go up not by 25%, but by 30% compared with 2010.

And that is the difference: the Labour party tried to reduce poverty by tinkering with benefits and tax credits—they wanted to move people from just below the poverty line to just above it—but Conservatives know that the best way to tackle poverty is through work. By reforming the welfare system, reducing the number of workless households and tackling low pay, we have helped lift 1.7 million people out of absolute poverty since 2010, because a central part of our plan for growth is to make work pay.

I move to the final supply-side measure in today's autumn statement for growth. Because of the difficult decisions that we have taken in the last year, today's OBR forecast shows that borrowing will be lower than forecast in the spring, debt as a proportion of GDP will be lower than forecast in the spring, inflation will continue to fall and our fiscal headroom has doubled. I said I would cut taxes when we could, but only responsibly and only in a way that did not fuel inflation. The OBR today confirms that I can deliver a package that does that.

For businesses, I have today delivered the biggest business tax cut in modern British history, with the most competitive investment allowances of any large economy. For the self-employed, I have simplified and reformed their taxes by abolishing the compulsory class 2 charge and cutting class 4 national insurance. But high

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employment taxes on 27 million people working in the public and private sectors also disincentivise the hard work that we should be encouraging. On top of income tax at 20%, they pay 12% national insurance on earnings between £12,570 and £50,270. That is a 32% marginal tax rate. If we want people to get up early in the morning, if we want them to work nights, and if we want an economy where people go the extra mile and work hard, we need to recognise that their hard work benefits us all.

So today I am going to cut the main 12% rate of employee national insurance. If I cut it by one percentage point to 11%, that would be an extra £225 in the pockets of the average worker every year. But instead I am going to go further and cut the main rate of employee national insurance by two percentage points, from 12% to 10%. That change will help 27 million people. It means that someone on the average salary of £35,000 will save over £450. For the average nurse, it is a saving of £520. For the typical police officer, it is a saving of £630 every single year. I would normally bring in such a measure for the start of the new tax year in April, but instead I will tomorrow introduce urgent legislation to bring it in from 6 January, so that people can see the benefit in their payslips at the start of the new year.

The OBR says that reducing a tax on work means more people in work, and it says that today's measures on national insurance alone will lead to the equivalent of 94,000 full-time employees in our economy, because lower tax means higher growth. That is the difference between those of us on this side of the House and those on that side. In 13 years, Labour raised taxes in every single Budget, but Conservatives cut taxes when we responsibly can, and today we do just that. We cut taxes to help bigger businesses invest. We cut taxes to help smaller businesses grow. We cut taxes for the self-employed who keep our country running, and from January we cut taxes for 27 million working people whose hard work drives our economy forward.

The best universities, the cleverest scientists and the smartest entrepreneurs have given us Europe's most innovative economy, but we can be the most prosperous too. In the face of global challenges, we have halved inflation, reduced our debt and grown our economy. As a country, we are sticking to a plan that is working. This autumn statement for growth will attract £20 billion of additional business investment a year in the next decade, bring tens of thousands of people into work and support our fastest growing industries, in a package that leaves borrowing lower, leaves debt lower and keeps inflation falling. We are delivering the biggest business tax cut in modern British history, the largest ever cut to employee and self-employed national insurance, and the biggest package of tax cuts to be implemented since the 1980s. It is an autumn statement for a country that has turned a corner; an autumn statement for growth. I commend it to the House.

Mr Speaker: I call the shadow Chancellor of the Exchequer.

1.27 pm

Rachel Reeves (Leeds West) (Lab): Today the Chancellor has lifted the lid on 13 years of economic failure. We were told that this was to be an autumn statement for

growth, but the economy is now forecast to be £40 billion smaller by 2027 than the Chancellor said back in March. Growth has been revised down next year, the year after, and the year after that too. The Chancellor claims that the economy has turned a corner, yet the truth is that, under the Conservatives, growth has hit a dead end.

What has been laid bare today is the full scale of the damage that this Government have done to our economy over 13 years, and nothing that has been announced today will remotely compensate. We see mortgages rising, taxes eating into wages, inflation high, with prices still going up in the shops, public services on their knees, and too many families struggling to make ends meet. As the sun begins to set on this divided, out-of-touch, weak Government, the only conclusion that the British people will reach is this: after 13 years of the Conservatives, the economy is simply not working and, despite all the promises today, working people are still worse off.

The centrepiece of today's autumn statement is a cut in the headline rate of national insurance. I am old enough to remember when the Prime Minister wanted to put up national insurance. As recently as January last year he said:

"We must go ahead with the"

increase in the—

"health and care levy. It is progressive, in...that the burden falls most on those who can most afford it."

Utter nonsense. It was a tax on working people, and we opposed it for that very reason. Yet again, the Prime Minister is left arguing against himself.

In response to last year's autumn statement, I warned that the Government were pickpocketing working people through stealth taxes. I have long argued that taxes on working people are too high. Indeed, I said in my conference speech that I want them to be lower. From the Conservatives' failure to uprate income tax or national insurance bands to their forcing councils to raise council tax, they have pushed the costs of their failure on to others. The British people will not be taken for fools—they know that what has been announced today owes more to the cynicism of a party desperate to cling on to power than to the real priorities of this high tax, low growth Conservative Government—so we can forgive taxpayers for not celebrating when they see the truth behind today's announcements.

Going into the statement, the Government had already put in place tax increases worth the equivalent of a 10p increase in national insurance, so today's 2p cut will not remotely compensate for the tax increases put in place by this Conservative Government. The fact is that taxes will be higher at the next election than they were at the last. This is the legacy of the Conservatives, and that is their record.

The Chancellor and the Prime Minister have spent the last two weeks marching their MPs up a hill only to march them down again on inheritance tax. Let us not forget that when they realised that they had money to spend—[*Interruption.*]

Mr Speaker: Order. Mr Cairns, I have heard you chirping all the way through. Either go and get yourself that cup of tea or be quiet.

Rachel Reeves: When the Government realised that they had money to spend, their first instinct was a tax cut for millionaires. In the end, even they realised that

they could not get away with it in the middle of a cost of living crisis. Will the Chancellor tell the House whether cutting inheritance tax is a decision delayed or a decision abandoned?

This autumn statement for growth is now the 11th Conservative economic growth plan from the fifth prime minister, the seventh Chancellor and the ninth Business Secretary. What do those numbers add up to? According to the most recent GDP data, a big fat zero. That is zero growth in the most recent data for the third quarter of this year. The Chancellor mentioned some countries that we are outperforming in growth, but I could not help but notice that he failed to mention any of the many advanced economies that have grown faster than the UK. Over the last 13 years of this low-growth Conservative Government, the UK languishes in the bottom third of OECD countries when it comes to growth. There are 27 OECD economies that have grown faster than us in the 13 years since 2010: the US, Australia, Canada, Sweden, Slovenia and 22 others. In fact, over the next two years, no fewer than 177 economies are forecast by the IMF to grow faster. *[Interruption.]*

Mr Speaker: Order.

Rachel Reeves: They don't bother me, Mr Speaker.

Mr Speaker: It bothers me. I am not being funny. I expect courtesy to be shown to the shadow Chancellor of the Exchequer. Those who do not wish to give that courtesy, please go and find something else to do. My constituents are interested, even if yours are not.

Rachel Reeves: Next year, we are forecast to be the slowest growing economy in the whole of the G7. When it comes to economic growth, under the Tories, we are more world-following than world-beating.

Let us look at how the Conservatives' record on growth compares to Labour's record on growth. Under the Conservatives, GDP growth has averaged 1.5% a year. With Labour, it grew by an average of 2% a year in the 13 years that we were last in office. Had the economy continued to grow at the rate it did under Labour, it would now be £150 billion bigger. What is the Government's economic record? Lower growth and higher borrowing, with debt more than doubling—it is now at almost 100% of GDP. That is a product of their failures over 13 years. A Tory Government who have failed on growth, failed on debt, failed on levelling-up and failed on the cost of living, too. Now they expect the British people to believe them when they say they will turn it all around, when they are the problem, not the solution.

If we are going to grow the economy, we must get more people into work. Let me be clear: people who can work, should work. That is why we have long argued that the work capability assessment needs replacing, because right now it is discouraging people from seeking work. But there is a wider problem that yet again the Government are failing to face up to. Britain is the only country in the G7 where the employment rate still has not returned to pre-pandemic levels, with the increase in the number of people out of the workforce due to long-term health issues costing the taxpayer a staggering £15.7 billion a year. NHS waiting lists have swelled to 7.8 million—an additional half a million since the Prime Minister said he was going to cut them—and 2.6 million people are out of work due to long-term sickness.

A healthy nation is critical to a healthy economy. That is why Labour has pledged to cut hospital waiting lists, investing an additional £1.1 billion a year to deliver 2 million more appointments, scans and operations. It will be funded by abolishing the non-dom tax status and replacing it with a modern scheme for people genuinely living in the UK for short periods. But, once again, we see that that policy has been vetoed by the Prime Minister. The best way to get people back to work is to get our NHS working, but the reality is you can never trust the Tories with our NHS.

The Chancellor has made great fanfare about public sector efficiency and value for money. That is from a Government who have blown £140 million on a discredited Rwanda scheme and yet are not able to send a single asylum seeker there, £7.2 billion of money lost on fraud during the pandemic—all those cheques were signed by the former Chancellor, the current Prime Minister—and £8.7 billion on personal protective equipment that has been written off. High Speed 2 is costing £57 billion, with not a single piece of track going north of Birmingham. No one can trust the Tories with taxpayers' money.

It says it all that after 13 years of Tory Government, there are still nearly 12,000 NHS computers running on outdated software that is vulnerable to cyber-attacks. Ten years ago, when he was Health Secretary, the now Chancellor promised a paperless NHS by 2018, yet today, in 2023, 26 NHS trusts are still using fax machines. Why on earth should people who experience deteriorating public services under this Conservative Government trust them to fix that, when his six years as Health Secretary make him one of the biggest architects of failure? Mr Speaker,

“if you put your hands into people's pockets and take money out of them, and they do not see visible improvements in the services they receive, they get very angry indeed.”—*[Official Report, 14 September 2021; Vol. 700, c. 851.]*

Those are not my words but the Chancellor's words two years ago. I agree with him. The Tories have had 13 years to improve public services and they have failed. This is too little and too late.

I do welcome the Chancellor's announcement of additional funding to tackle antisemitism and Islamophobia to keep our communities safe, as well as the additional money for the Holocaust Educational Trust. There is no place for hate in our society, and I know that across the House we will work together to eliminate it.

The Chancellor calls this an autumn statement for growth, but it is Labour that has led the agenda on growth. Today, we see that the Conservatives have released their own poor cover version of what we have already announced. The Chancellor is talking about unlocking capital by reforming pensions, but Labour would go further, encouraging investment in British start-up and scale-up firms and introducing measures to ensure the consolidation of pension funds, so that our pensions system gets better returns for savers and for the UK economy.

On planning, the Conservatives are following Labour's lead on taking money off bills for communities that host grid infrastructure and on speeding up planning decisions. What has taken them so long? Labour will get Britain building again, with a once-in-a-generation set of reforms to accelerate the building of our country's national infrastructure and to build housing, too. We

[Rachel Reeves]

will fast-track battery factories, our life sciences and 5G technology, to grow our economy and provide good jobs in every part of our country.

We welcome the Chancellor's announcement that he will make full expensing permanent—another thing that we have been calling for. But that does not make up for the years of uncertainty that businesses have faced, with taxes going up and down like a yo-yo. Small and medium businesses, which play a pivotal role in growing our economy, are left exposed to the Tories' economic volatility. Labour's partnership with business will get our economy firing on all cylinders. That is why this week we established a new British infrastructure council, with key investors in the UK economy focused on unlocking private investment by addressing the delivery challenges that businesses face when investing in Britain. Through Labour's new national wealth fund, we will work alongside the private sector to back the growth of British industries, so that we can make the crucial transition to a zero-carbon economy. For every pound of public investment, we will leverage in three times as much private investment, while also getting a return for taxpayers. Labour's plan will boost our economy, get debt falling and make working people better off.

If we listened to Members on the Government Benches, we would believe that the cost of living crisis was behind us. But inflation is still double the Bank of England's target rate. I know the importance of low and stable inflation from my time as an economist at the Bank of England. It is welcome that the Chancellor has accepted this year's recommendations from the Low Pay Commission—which we set up—on the minimum wage, but the reality of the Conservatives' record is that average wages for working people have been held back. Under this Government, real average weekly wages have increased by just 3% in 13 years, compared with a 27% increase under the last Labour Government—worth an additional £120 every week for someone going out to work every day. Today is Equal Pay Day, so it is important to recognise that the living standards of working women have also been held back by a gender pay gap that I am determined to close.

The Chancellor and the Prime Minister say that the cost of living crisis has been dealt with. Everything might look a little better 10,000 feet up in a helicopter, but down here on planet Earth, people are approaching Christmas and the year ahead with worry and trepidation. The cost of living crisis has hit us harder because Tory mismanagement has left us so exposed. Some 11 million UK households do not have enough savings to cover three weeks of living expenses if they need it. Working families have been skating on thin ice for too long. As their resilience has been eroded, so has our national economy's. Let us not forget that this Government oversaw the closure of our critical gas storage facilities, which left our country more exposed to huge fluctuations in international energy markets. The former Prime Minister—that is, four Prime Ministers ago—cut energy efficiency programmes, leading to higher bills for homeowners.

Just last year, we saw the true cost of the Conservatives when their kamikaze Budget crashed the economy, leading to market turmoil, pensions in peril and a spike in interest rates. Some 1.6 million families will see their mortgage deals end this year. Those re-mortgaging since

July have seen their payments rocket by an average of £220 every month. Next year, 1.5 million families will face a similar fate. The Conservatives' economic recklessness inflicted a Tory mortgage penalty on families across the country. In Wellingborough, families with a mortgage will be expected to find an additional £190 every single month. In Richmond, north Yorkshire, homeowners face £200 more a month on their mortgage. In the Chancellor's own constituency—though maybe not for long—families with a mortgage will see an average increase of £420 a month because of this Conservative Government's economic failure. Given increased costs for landlords—the Chancellor knows something about that—renters are paying a high price, too.

The truth is that working people just do not have that sort of money lying around. This is what we have come to after 13 years of Conservative Government. This is the record upon which people will judge the Conservatives at the next election. Tory economic recklessness is not a thing of the past. The British people are still paying the price. We say, never again. Last week, Labour tabled an amendment to the King's Speech to put our fiscal lock into law. It would prevent a repeat of last year's economic horror show, yet the Tories voted against it. It is clear that today, Labour is the party of economic and fiscal responsibility. What have the Conservatives learned? Absolutely nothing.

The country is crying out for change. A decaying Government can change their personnel but they have failed to change the direction of our country. In 13 years, we have had seven Chancellors. He would not run a business like this; he cannot run a country like it, either. The Prime Minister cannot even promise that this Chancellor will be in place at the next election. We have all heard the reports: when they first came together, it was a fairytale marriage, but one year on, the relationship has hit the rocks. The pair have grown apart, with rumours running rife that the Prime Minister already has his eyes on someone else.

Whoever this Prime Minister picks as Chancellor, the truth is that Britain is and will be worse off under the Conservatives. They have held back growth, crashed our economy, increased debt, trashed our public services, left businesses out in the cold and made life harder for working people. Our country cannot afford five more years of the Conservatives. The ravens are leaving the tower when even Saatchi & Saatchi says that the Tories are not working. The questions that people will ask at the next election, and after today's autumn statement, are simple: do me and my family feel better off after 13 years of Conservative Government? Do our schools, hospitals and police work better after 13 years of Conservative Government? In fact, does anything in Britain work better today than when the Conservatives came into office 13 years ago? We all know that working people are worse off under the Conservatives, with growth down, mortgages up, prices up, taxes up and debt up. Their time is up. It is time for change—a changed Labour party to lead Britain and to make working people better off.

Jeremy Hunt: I am afraid that the shadow Chancellor has shown once again that Labour has nothing credible to say on the economy. She tells the papers this morning that she will accept these measures, as one would expect from a copy and paste shadow Chancellor. In all sincerity, I particularly welcome her conversion to supporting full

expensing, which she voted against in the House; copying and pasting in the national interest is welcomed on the Government Benches. She compared growth rates under Labour and the Conservatives, but she carefully omitted one fact: Labour inherited a golden legacy from the Conservatives, and proceeded to trash the economy before handing it over.

On growth, the right hon. Lady did not like it when I reminded her that, under the Conservatives, we have grown faster than any other major European economy. She says she is now converted to Conservative supply-side reforms on welfare, so I look forward to her voting with us in the Lobby on those, but her main policy is a demand-side boost to growth, increasing borrowing by £28 billion a year, with absolutely no plans to repay it. The shadow Chief Secretary to the Treasury, the hon. Member for Bristol North West (Darren Jones), does not appear to be in his place. This morning he asked for more action on inflation. Well, the first thing Labour could do is drop its damaging inflationary plan to ramp up borrowing.

On the NHS, despite our having more doctors and nurses, and more patients treated in good or outstanding hospitals, what the right hon. Lady did not mention is that the only place where NHS funding has been cut—not once but twice—is Wales, with the longest hospital waits in Britain.

Perhaps we should talk about what has happened after 13 years, when we repaired Labour's damage: unemployment down, poverty down, crime down, low pay down, schools funding up, NHS funding up, jobs up, growth up. Conservatives know that lower tax is the path to higher growth and today we make a start.

Several hon. Members *rose*—

Madam Deputy Speaker (Dame Eleanor Laing): Order. Before I call the Chairman of the Treasury Committee to ask a question, I want to make it clear to the House, because there is some confusion, that this is not the procedure we use for a Budget. This is the autumn statement; it is, therefore, a statement. Right now, we are taking questions to the Chancellor of the Exchequer. Once that has concluded, we will go on to the debate. I have a list of people who want to make speeches—there will be some overlap and I am paying attention to that.

Harriett Baldwin (West Worcestershire) (Con): What a difference a year makes. We have seen a reduction in the rate of inflation from 11.1% this time last year down to 4.6% this month, and we heard yesterday from the Governor of the Bank of England that he expects inflation to return to its target over the course of the next year or so. I was interested to hear that there are 110 measures in the announcement today which will drive growth in the UK economy. I welcome the fact that the Office for Budget Responsibility is now forecasting that this year we will see growth in the UK economy, in contrast to its forecast this time last year of a recession. The Committee looks forward to examining the 110 growth measures in detail next week, when we hear from both the OBR and the Chancellor himself. Can the Chancellor tell the House overall how much his measures will improve growth and how much they will help to drive down inflation over the course of next year?

Jeremy Hunt: I thank my hon. Friend, who speaks very wisely about the economy as Chair of the Treasury Committee. The OBR is very specific about that. It says that the measures I take today will permanently increase GDP by 0.3% and that the measures I took in the spring Budget will permanently increase GDP by 0.2%. Taken together, those measures will increase GDP by 0.5%.

Madam Deputy Speaker: I call the SNP spokesman.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I thank the Chancellor for advance sight of his redactions.

Madam Deputy Speaker, the Chancellor wants you to think he has pulled a rabbit out of the hat, but all he has done is pull the wool over many people's eyes. Things are still getting worse for people. Inflation is still more than double the target, which means prices and costs for people in their homes are still going up day by day. The cost of living crisis goes on and people need help now. The economy, far from the cry of the Chancellor, is stagnating. On his watch, it is growing by nothing more than a sliver of a percentage. The Chancellor tries to take credit for things that he should be doing anyway and that the Government promised, or things they have already done and that they are now taking backwards steps on. I will come on to that in more detail.

The energy price cap goes up tomorrow and it is scheduled to go up again in January. Costs will continue to increase for people. I welcome some small measures—support for veterans, the national insurance class 2 abolition and the significant measure for business to make full expensing permanent—but the rest do not bear the scrutiny that I hope they will get from proper analysts over the next few days.

The burden is still high for people. The tax burden in the UK is still the highest it has been for seven years. As the Institute for Fiscal Studies has pointed out, even after the Chancellor's measures, tax is higher than it was three years ago. In reality, the measures go nowhere near covering the cost of living crisis faced by people across the nations of the UK who are struggling with mortgages and rents, food bills and energy bills. We asked for mortgage interest tax relief to help those seeing their monthly bills go up and for measures to help renters. Why has the Chancellor ignored those people who are struggling? On food bills, we asked for action to help people at the checkout and reduce their costs, as France, Canada and Greece have done. Why has he chosen not to intervene on food and help people? We asked for a range of measures this winter to help people who will be facing even higher bills than they had last year, such as a £400 energy bill rebate, a lower price cap and a social tariff. Why has he chosen not to help those who will not be able to afford to heat their homes this winter? Will he at least rule out the planned increase in the cap in January?

We asked the Chancellor to commit to increasing working-age benefits in line with inflation next year. Will he commit to doing that? Once again he has chosen to punish the most vulnerable with his welfare changes. The nasty party is back in business for good. Not supporting people is a choice and we all know what that choice is for this Government. This Government are on the record as working to the principle, "Let people die". We wanted to hear about VAT cuts for tourism and hospitality, and how to get skilled workers to fill our

[Drew Hendry]

vacancies, but he has chosen to ignore those stresses on our sectors. We asked him to lay off the Scotch whisky industry, and it is good that he has frozen the duty, but—enormous pause—he has frozen it at the rate he already increased it to, so the Scotch whisky industry is still paying 75% in tax under this Tory UK Government. Isn't it funny how Scotland is always told it is too poor until the Government need to raise money from our exports and natural resources? Then, miraculously, riches are found!

We asked the Chancellor to invest in net zero. He made some announcements, but when we work down all his green investment plans and what he calls “green energy” we will find most of the money going into nuclear, the white elephant of the energy sector. [Interruption.] As my hon. Friend the Member for Kilmarnock and Loudoun (Alan Brown) says, it is an absolute shambles. We asked the Chancellor to match the £500 million energy transition fund for the north-east of Scotland, but he has chosen to ignore those opportunities, highlighting again why we need the full powers of independence in Scotland.

We asked the Chancellor to deliver, across the UK, additional funding for public services to allow us to help councils, the NHS and more, and he has chosen to ignore that call. As I have said, he has chosen not to help people who are struggling with the cost of living crisis. He could have helped mortgage and rent payers, he could have helped those who are struggling to pay for food, and he could have helped people with their energy bills.

In the Scottish National party, our values lead us to want to alleviate poverty and strive to get rid of it altogether. We seek measures—now and in the future—to help people, and we are acting now, freezing council tax, investing in childcare and saying no to tuition fees. We are using limited powers to mitigate this nasty Tory Government's cruel policies, such as the rape clause and the bedroom tax. We are keeping our water, our rail services and our NHS in public hands. We are not, like the Tories and Labour, holding the door open for private companies to rush in. We have previously stepped in where Westminster has failed to boost broadband coverage, to increase our renewables, and to champion the just transition.

We choose to put our people first. Those are our values—values that build a fairer, more prosperous Scotland. The Scottish Government have taken the steps that they can take to help to alleviate the worst impacts of poverty, offering people a degree of stability through the council tax freeze and a cap on rent increases. We would do more, but the fiscal powers that are needed are currently in the Chancellor's hands. We would choose to help. Today the Chancellor had the power to help people, to lift a finger to right some of the wrongs of this Government that he has inflicted on them, but people are not this Government's priority. We know who goes through their priority lanes.

Why are this UK Government fixated on tents when they should be worried about rents? They have little to offer Scotland. Our route out of the chaos that Westminster has created, and the perma-austerity of the cost of living nightmare that people are having to endure, is through independence and rejoining the EU. We must have that choice.

Jeremy Hunt: I think the hon. Gentleman prepared his comments for the autumn statement that he wanted me to deliver, rather than the one that I actually delivered. For example, he complained about the tax burden being the highest for seven years, but what he did not say was that in Westminster we have taken difficult decisions and cut taxes, whereas in Scotland the SNP ran out of money and had to raise them. He talked about punishing the most vulnerable, but just look at the measures that we have taken. He talked about renters, but did not mention the fact that we have increased the local housing allowance, which will mean £800 of help for 1.6 million of our poorest people. He did not mention the fact that we have increased benefits by 6.7%, which is double next year's expected inflation, and have increased the state pension through the triple lock by 8.5%, nearly three times next year's predicted inflation.

Here is the most uncomfortable truth for the SNP. They have been in power in Edinburgh for longer than the Conservatives have been in power in Westminster, but Scottish GDP is still lower, Scottish employment is still lower, and Scottish inactivity is still higher. The reason is for that is very simple. They focus on separation, while we focus on growth. I know what is better for families in Scotland, who will today see us getting growth going, cutting taxes, and backing Scottish business.

Madam Deputy Speaker (Dame Eleanor Laing): I call the Father of the House.

Sir Peter Bottomley (Worthing West) (Con): The Citizens Advice office covering my constituency will be grateful for that fact that the local housing allowance has been changed. The people who supply drink, and drinkers, will be pleased that alcohol duty is being frozen, at least for the time being. That will help drinkers, and will also not increase inflation.

I am glad that the Chancellor pointed out to the shadow Chancellor that the only time the Labour Government did really well was when they obeyed the Conservative rules between 1998 and 1999, before they let go of the valves and drove the economy to the point at which, when we took over, they were spending £4 for every £3 of Government revenue.

May I now ask the Chancellor to respond, not today but in time, to an injustice done to 500,000 pensioners overseas? Anne Puckridge, who was born five years before the Chancellor's father, served in intelligence in the Navy, the Army and the Royal Air Force during the war, and retired to Calgary on a pension of £72 a week. It is still £72, instead of £156. That is an injustice which needs attention, and I hope Anne Puckridge will get it and we will have proposals that will enable us to change this bad situation.

Jeremy Hunt: I thank the Father of the House for his comments, and I will look into the issue of overseas pensioners as he requested. If I may, I will write to him, but I am also happy to talk to him about it. May I also thank him for his comments about what happened in 1997? Then as now, the Labour party was trying to say that its economic policies were basically the same as those of the Conservatives, but the reality was quite different. Because Labour did not fix the roof when the sun was shining, the recession after the financial crisis was much worse.

Dame Angela Eagle (Wallasey) (Lab): The Chancellor did not mention the freezing of tax thresholds, which is due to rake in £52 billion in the next six years. Was that an omission, or is he leaving the freeze in place?

Jeremy Hunt: I have never hidden the fact that we took difficult decisions a year ago, such as freezing the thresholds, in order to get borrowing under control and in order to tackle inflation. However, because the economy since then has outperformed the expectations of nearly every independent body, we are able this time to reduce the tax burden, and I choose to reduce the things that will boost growth.

John Redwood (Wokingham) (Con): Let me first declare my business interests.

I welcome the measures to promote more investment and more growth, which is vital. We have lost about 800,000 self-employed people since February 2020. The national insurance measure will help a bit, but will my right hon. Friend look again at the way in which IR35 prevents them from expanding their businesses and getting contracts? The measures to promote the growth of small businesses are also welcome, but the VAT threshold acts as a strong disincentive to expand a business when it reaches a certain point.

Jeremy Hunt: I thank my right hon. Friend. I had extensive discussions with him in the run-up to the statement, including many discussions about the self-employed. Indeed, it was partly his advocacy of the role of the self-employed that made me so enthusiastic about making the national insurance changes that I was able to make.

I hear what my right hon. Friend says about IR35. We took our decision partly because of concerns about avoidance, but I am happy to look at that again. As for the VAT threshold, many other colleagues have made the same point. We do have the highest threshold in any major European country, and, indeed, any G7 country, but there is always this issue of the cliff edge, and my right hon. Friend is right to draw my attention to it.

Dame Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Can the Chancellor confirm that living standards will drop by 3% in the next year?

Jeremy Hunt: What I can confirm to the hon. Lady is that a year ago they were predicted to fall by 3.7%, and now the OBR says that they will increase this year by 2.5%.

Alberto Costa (South Leicestershire) (Con): The people of Blaby and Glen Parva were listening attentively to the Chancellor's welcome statement. They will go to the polls on 21 December for two by-elections, a county council and a ward by-election. What positive message has the Chancellor for the residents, the businesses, the pensioners and all the people of working age in Blaby and Glen Parva about his welcome financial statement?

Jeremy Hunt: What I would say to the businesses in Blaby and Glen Parva is that for every single small business we have frozen business rates, and we are rolling over a 75% discount on business rates for every pub, restaurant and high-street shop for another year. We want to do everything possible to back small businesses, because they are the lifeblood of our communities.

Sarah Olney (Richmond Park) (LD): This statement is a deception from the Chancellor after years of unfair tax hikes. Under this Conservative Government, economic growth is flatlining and public services are on their knees. This year, 400,000 people are still on NHS waiting lists, having been on them when the Chancellor made last year's autumn statement. These people have been cruelly let down. In his statement last year, the Chancellor said: "you do not need to choose either a strong economy or good public services."—[*Official Report*, 17 November 2022; Vol. 722, c. 856.]

Will he look the British people in the eye and admit that he has given them neither?

Jeremy Hunt: I think that the hon. Lady should be careful with her language when she is saying things like that. I am very clear when it comes to growth. We have grown faster than any major European economy since 2010. Yes, while interest rates are higher—as they need to be, because we are bringing down inflation—growth is more subdued, but if the hon. Lady listens to, for example, those in the International Monetary Fund, who are independent commentators, she will hear them say that when we have got inflation back down to target, we will have higher growth than France, Italy and Germany. When it comes to the NHS, we put an extra £3.3 billion into the NHS budget in the autumn statement last year. With doctors' strikes happening in most of the period since then, it has been difficult to make progress on waiting lists, and I hope that the hon. Lady will address her comments to those doctors if she is going to be consistent.

Jesse Norman (Hereford and South Herefordshire) (Con): It is a pleasure to speak from the Back Benches for the first time in a while. I massively welcome the statement, and particularly the emphasis that the Chancellor has given to skills and the superb work that has been done by the Department for Education at the same time. In Herefordshire, we worry about the pollution in our River Wye. Will he consider talking further with the Secretary of State for Environment, Food and Rural Affairs about whether some package could be put in place to support the long-term improvement of that river?

Jeremy Hunt: I congratulate my right hon. Friend on his sterling work as a Minister. When it comes to pollution in the River Wye, he will know that the Government have made changes requiring the water companies to invest more than £50 billion in the years ahead, but he, like me, wants to see faster progress and I will happily give him any support I can.

Sir Stephen Timms (East Ham) (Lab): I welcome the Chancellor's announcement on benefit uprating. It is not, as he claimed, a mark of compassion but it is at least delivering the essential minimum, and I congratulate the Secretary of State for Work and Pensions on achieving that. For the past three years, the household support fund has enabled local councils to provide an important safety net for families facing the greatest hardship. Will there be a household support fund next year?

Jeremy Hunt: Yes, there will.

Bob Blackman (Harrow East) (Con): That answer was quicker than I expected! My right hon. Friend proposes a whole series of planning reforms. One of the

[*Bob Blackman*]

problems for local authorities up and down the country is a lack of planning officers to determine those planning applications, and it will clearly take time to recruit and train new people. There is also a risk that the premium service for large-scale developments will mean planning officers switching to those roles rather than determining the day-to-day planning applications. Does my right hon. Friend understand that we will need to recruit more people? Does this need legislation, and what is the timeframe for him to introduce these changes?

Jeremy Hunt: My hon. Friend asks an important question. I want to assure him that I have had extensive discussions with the Communities Secretary to ensure that we implement these reforms in a way that does not lead to unintended consequences. The most important thing is that by allowing the biggest applications to have full cost recovery with respect to local councils, we can start to get more resources, which will mean that we can train up more planning officers and avoid delays not just for the bigger applications but for all of them.

Abena Oppong-Asare (Erith and Thamesmead) (Lab): Does the Chancellor agree that the Prime Minister was wrong last year to try to increase national insurance?

Jeremy Hunt: What the Prime Minister wanted to do then is what he has delivered as Prime Minister, which was to find a way to deliver extra funding to the NHS. What we as Conservatives believe is that taxing the economy more lightly will lead to higher growth, meaning that we can fund our public services better.

Sir Geoffrey Clifton-Brown (The Cotswolds) (Con): I am sure that the people of the Cotswolds will welcome enormously many of the measures in this statement, but can I just mention one subject that is dear to my heart, the tourist tax? There was no mention in my right hon. Friend's excellent statement of the tourist tax. British tourists going abroad spend billions of pounds, benefiting those countries, yet the figures show that we actively discourage high-spending tourists from coming from abroad to benefit our shops and hospitality venues.

Jeremy Hunt: I reassure my hon. Friend that we want to do everything possible to make our tourism and retail industry competitive. We want to encourage international visitors. We changed policy on this issue a year ago because it cost around £2.5 billion a year and we did not think we could afford to continue it, but we are looking again at the numbers in the light of the most recent data and we can see what has happened to comparative shops in Paris and Milan. We will review this to see if it is still that expensive, and I hope that it is not.

Sammy Wilson (East Antrim) (DUP): Many of the measures in the statement today will have spending consequences that will apply to England and Wales. I welcome many of them, because they are growth measures, such as getting the long-term unemployed and long-term sick into work, helping the creative industries and supporting business rates. Will the Chancellor confirm that those measures will be subject to Barnett consequential payments, and if they are, will the freeze on Barnett consequential payments to Northern Ireland apply?

Jeremy Hunt: I can confirm that for reserved matters there obviously would not be Barnett consequential, but where matters are not reserved, there would be consequential. Our priority in funding for Northern Ireland remains the restoration and return of a locally elected and accountable Executive, but in the meantime we will continue to support the Province in every way we can.

Sir Jacob Rees-Mogg (North East Somerset) (Con): Has my right hon. Friend given any consideration to, and has the Treasury carried out any analysis of, the effect on economic policy of mistaken forecasts from the Office for Budget Responsibility?

Jeremy Hunt: I thought my right hon. Friend might ask a question of that ilk. I would gently say to him that not just the OBR found that its forecasts were wrong; nearly every commentator as well as the Bank of England and the International Monetary Fund did too. I am pleased to say that, in every single case, they have found the British economy has outperformed their expectations.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I also welcome the increase in social security uprating by September's inflation rate, but I agree with the Chair of the Select Committee, my right hon. Friend the Member for East Ham (Sir Stephen Timms), that it is the bare minimum. I am incredibly concerned about the proposals for a workfare approach. The Chancellor will be aware that Errol Graham weighed four and a half stone when he was found in his flat, having starved to death. That was because there had been no contact from Department for Work and Pensions officers and he had not been able to respond, so they just stopped his support. Given this, and given that so many Secretaries of State for Work and Pensions have said that we do not have a statutory safeguarding duty, what is the estimate of the number of social security claimants who will die as a consequence of these measures?

Jeremy Hunt: I know that the hon. Lady would not ask me to comment on an individual case, but I say to her that what we are introducing is not workfare; it is support to help people into work. We are spending £2.5 billion over the next five years to help more than 1 million people. We think that that is the route out of poverty and away from dependency.

Mr Robin Walker (Worcester) (Con): I welcome the Chancellor's comment that a world-class education is essential for economic growth, and there are many measures to welcome, including the extra funding for the Holocaust Educational Trust, the £50 million for apprenticeships and the tax cuts of more than £600 for teachers. Of course, many people working in education will also welcome the nearly 10% increase in the national living wage, but it will put great pressure on schools employing teaching assistants and on our nurseries, which we are so keen to expand and support. Can I urge the Chancellor to engage closely with the sector and with the Department for Education to make sure that we can meet those pressures when it comes to funding high needs in our schools and to growing the early years sector?

Jeremy Hunt: My hon. Friend is a big expert on education and I always listen to what he says. He is right to say that the average teacher will see an increase of £630 in their take-home pay next year because of the 2% cut in national insurance contributions. When it comes to the national living wage, I absolutely hear what he says, but for many schools and nurseries the issue is recruitment—finding people to fill the roles. This change will make that much easier.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): The Chancellor mentioned support for carbon capture and storage and for hydrogen, and the Prime Minister earlier spoke of support for the oil and gas sector. The Chancellor will be all too aware of this morning's announcement of the intended closure of the Grangemouth oil refinery, which represents a huge 4% of Scottish GDP and provides hundreds of jobs. What discussions has he had with the Energy Secretary, with Petroineos or with the Scottish Government with the aim of trying to stop this closure before its disastrous impact can come to pass?

Jeremy Hunt: We are obviously monitoring the situation extremely carefully, but it is our priority to support the oil and gas and refinery industries. We have made some big changes to do that, and we would welcome support from both sides of the House in doing so.

Mr John Baron (Basildon and Billericay) (Con): I commend the Chancellor for the compassion and enterprise incentives that shine through his statement. I thank him for the UK retail disclosure framework, although I have not seen the detail, and for the promise of a statutory instrument to resolve the legislative issues with cost disclosure for investment companies. Can he assure me that that will correct the over-zealous regulation that is making investment companies look unduly expensive and thereby restricting investment?

Jeremy Hunt: I have had many discussions with my hon. Friend on this issue and he is absolutely right. There is a danger with over-zealous regulation that people are focused more on cost than on performance. Like him, I want to resolve the issue.

Barbara Keeley (Worsley and Eccles South) (Lab): The Chancellor talked about the creative industries but then announced only that he would look at improving film and high-end TV tax credits. The cultural tax reliefs continue to help our orchestras, theatres, museums and galleries to survive, and they protect jobs. At the 2023 Budget, he extended the uplifted rate of relief until March 2024, after which it will taper, but sadly he also introduced changes to limit what cultural organisations can claim for. Orchestra tax relief is a critical source of income; without it, some orchestras say they could fold, with musicians losing their jobs. Will he look not just at film and high-end TV tax credits but at all the cultural tax reliefs and how they can continue to support jobs in our creative industries?

Jeremy Hunt: Having only just delivered the autumn statement I do not want to pre-empt what might be in the spring Budget, but there will be another fiscal event before the end of the financial year in which all these things will be looked at. With respect to orchestras,

which are fantastically important to our cultural landscape, I will just say that the typical person playing in an orchestra will get a £450 increase in post-tax pay next year, and that will help them greatly.

Alun Cairns (Vale of Glamorgan) (Con): I congratulate my right hon. Friend on his statement, which will make a significant difference to investment levels, employment and living costs, recognising that it is all in the context of the cost of covid and the energy shock brought about by the conflict in Ukraine—that is something we often forget. May I pass on to him the appreciation of the beer and pub sector? The freeze in duty and continuation of the reduction in business rates is exactly what the sector asked for, and it is an early Christmas present to the many of us who want to celebrate in great style as we approach the festive season. Will my right hon. Friend please continue to engage with those in the sector and listen to what they have to say, so that they can share their investment ambitions?

Jeremy Hunt: I commit to my right hon. Friend that I will not just continue to engage with the sector, but continue to enjoy the odd glass of Penderyn, which is my favourite whisky.

Clive Efford (Eltham) (Lab): Can the Chancellor confirm that, after today's tax cuts, we will still have the highest tax burden for 70 years—up £4,000 per household on pre-pandemic levels—when we go into the next general election?

Jeremy Hunt: What I can confirm is that after today's measures we will have the lowest income tax burden for someone on average pay in the G7—lower than Japan, America, France, Germany, Italy and Canada.

Vicky Ford (Chelmsford) (Con): Our economy is growing rather than receding due to investment, innovation and millions of hard-working individuals across the country, as well as a Government who have focused on tackling inflation. Does the Chancellor agree that, on this side of the House, we get it that no country can spend its way to prosperity?

Jeremy Hunt: My right hon. Friend is absolutely right. High inflation is destabilising for an economy: it stops businesses investing, it stops families spending, and it causes misery to people who see the cost of their weekly shop go through the roof. That is why it has been our No. 1 priority. It would be great if it were Labour's, too.

Keir Mather (Selby and Ainsty) (Lab): It is frankly embarrassing that the Chancellor and the Prime Minister have spent this afternoon celebrating inflation staying 2% above target, while families in Selby and Ainsty face 10% food inflation every time they use the supermarket. What message does the Chancellor think his celebrations send to those hard-working families?

Jeremy Hunt: It is not celebrating that has halved inflation from 11.1% a year ago; it is hard work and difficult decisions, which unfortunately were mainly opposed by Labour.

Scott Benton (Blackpool South) (Ind): I commend the Chancellor for his statement, which delivers for the people of Blackpool. Five thousand of my constituents will benefit from a boost to the national living wage and 12,000 pensioners in my constituency will be £900 per year better off, while those in work will be £450 better off as a result of the cut to national insurance. Does he agree that this is only possible because of the difficult long-term decisions that this Government have taken—an approach that stands in stark contrast to the tax, borrowing and spending offered by the Opposition?

Jeremy Hunt: The shadow Chancellor cannot hear these things too many times. She loves copying and pasting our policies, and there is another that she could merrily get copying and pasting. Here is the reason why my hon. Friend is absolutely right—[*Interruption.*] Let me tell the shadow Chancellor the reason—it is very straightforward. We had an economic crisis thanks to the energy shock and the pandemic; Labour had an economic crisis because of what happened in the financial markets. The difference is that we took tough decisions to bring back fiscal responsibility and they ducked every single one.

Rachael Maskell (York Central) (Lab/Co-op): The biggest disparity in local housing allowance comes from the geography of broad rental market areas. In York, given the way these things are calculated, LHA is £650 but there is a £983 cost on top of that for a property. It is not working, so will the Chancellor review the BRMA?

Jeremy Hunt: I am happy to discuss that matter with the Secretary of State for Work and Pensions. I recognise that the hon. Lady has campaigned on the issue sincerely for some time. I will say, though, that the decision to increase local housing allowance to the 30th percentile will help 1.6 million families with an extra £800. I hope she recognises that that will make a difference.

Greg Smith (Buckingham) (Con): From tax cuts for 27 million workers to incentives for business to grow, support for pensioners and a continued lifeline for our great British pubs and pints, I warmly welcome the good start that my right hon. Friend has made on reducing the tax burden as we recover from the pandemic and the energy shock. I thank him in particular for the recognition he has shown to the self-employed, not just by reforming class 2 and class 4 national insurance contributions to make them fairer, but by sending the signal that, just as the self-employed were an integral part of our recovery from the time the Labour party crashed the economy when they were last in government, we now need as many people as possible to take the step to start their own enterprise and help this country grow.

Jeremy Hunt: I could not agree more with my hon. Friend. The whole purpose of our approach is to make it easier for people who are prepared to take risks to work hard, and no one exemplifies those values better than the self-employed. I thank him for being one of this country's greatest defenders of the great British pint.

Marsha De Cordova (Battersea) (Lab): It really is a scandal that disabled people are being punished yet again for this Government's economic failures, with today's announcements of more cruel and callous cuts, and the announcement that they will be forced to work

from home. Evidence shows that sanctions do not incentivise people to work but are harmful and counterproductive. The Chancellor's plan will only further erode the social security safety net, following 13 years of austerity, the war waged against disabled people and the hostile environment. Does he not understand that his plan will only punish disabled people, pushing them further away from the labour market and leading to poorer health outcomes?

Jeremy Hunt: With the greatest respect to the hon. Lady, let me say that we introduced a plan to help disabled people to get back into work, as many of them say they would like to do, and in just four years it has got 1.4 million disabled people back into jobs.

Ben Bradley (Mansfield) (Con): I welcome an autumn statement from the Chancellor that cuts taxes, invests in growth, seeks to shrink the size of the state and reforms welfare. It will go down well with the vast majority of my constituents who voted for a Conservative Government in 2019, and I very much welcome it too. I particularly thank him for his continued commitment to our east midlands investment zone and freeport, where he has listened to stakeholders in extending the time for and adding more investment to our major growth plans. Will he continue to work with us in the region to ensure that, alongside our development company and our new east midlands combined authority, we are able to properly harness these tools to deliver an amazing regional growth strategy and all the growth and investment that he wants to see?

Jeremy Hunt: I thank my hon. Friend for his role in the transformation of the east midlands, through his other responsibilities in the councils there. Levelling up will work only if we harness the enterprise and ideas of local civic leaders, and he is a fantastic example of that.

Wendy Chamberlain (North East Fife) (LD): Today is Equal Pay Day, which means, because of the gender pay gap, it is the day on which women, based on their average earnings, stop being paid compared with men, who continue to be paid to the end of the year. More concerning is the pension gap, which is 35% and means female pensioners stop being paid on 26 August. That is often because older women have chosen, and sacrificed their earning potential, to care for loved ones. When will the Government consider reforming carer's allowance, which is currently an active disincentive to carers going into work? When we will start addressing this cliff edge, rather than making it shorter and sharper?

Jeremy Hunt: I am always happy to engage with any hon. Members if they have concerns about the way the benefits system operates in terms of disincentivising people who would like to work but cannot do so. Caring responsibilities are an area that she has raised and I am happy to engage with her on that outside this House.

Mike Kane (Wythenshawe and Sale East) (Lab): Cumulatively, Manchester City Council's and Trafford Council's cuts since 2010 have been £443 million and £288 million respectively. The Local Government Association says that the funding gap will be £4 billion in the next two years. Was there anything in this statement that will stop the continuing crumbling of our local services?

Jeremy Hunt: The hon. Gentleman is omitting the fact that in the autumn statement a year ago, when I was having to make big cuts in public spending going forward, I found an increase of £4.7 billion from next year for adult social care, which will make an enormous difference to every council in the country.

Stephen Farry (North Down) (Alliance): Further to the Chancellor's answer on Northern Ireland and Barnett consequential, he will be aware that Northern Ireland is facing an unprecedented budget crisis. Will he therefore confirm that he is open to discussions on a fiscal floor and an invest-to-save transformation package for any potential restored power sharing Executive?

Jeremy Hunt: The UK Government will continue to do everything we can to support the restoration of power sharing in the Province. All I will say is that the Treasury is actively involved in all those discussions.

Jonathan Edwards (Carmarthen East and Dinefwr) (Ind): In recognition of the impact of electricity pylon development on properties, the Chancellor announced compensation of £1,000 per property per year for 10 years. Does the policy apply in Wales? If it does not, will the Welsh Government receive funding for developments where they have competence, such as the one in the Tywi valley in my constituency? Regardless of that, he knows that the fall in property values will be far more than the compensation, so would it not be better to remove detriment by cable ploughing, at a comparative cost to traditional pylon development?

Jeremy Hunt: My understanding is that this will apply to Wales in exactly the same way as it applies to the rest of the UK. As for how we do this, we need to work out the most sensible, proportionate and balanced way of solving the problem of having to double our electricity generation between now and 2050. We are going to have to do things differently as a result.

Imran Hussain (Bradford East) (Lab): We are in the worst cost of living crisis that we have ever seen. The key takeaway from the just four measures the Chancellor announced to tackle the crisis is not investing in deprived communities, ensuring the richest pay their fair share or spreading economic growth across the whole country, but a commitment to stop a pint getting more expensive. Just what is that supposed to do for my constituents, who face crippling mortgage payments, who are paying 30% more for food, whose wages are stagnating and whose homes have been unaffordable to heat?

Jeremy Hunt: I think the hon. Gentleman has looked at the statement selectively, because our support for people struggling with cost of living pressures has risen, as a result of my decisions, to £104 billion. Let me just go through this: pensioners are going to get an increase next year that is three times the rate of inflation; people on benefits are going to get an increase in their benefits that is double inflation; people who are renting and on low incomes are going to see an £800 increase, on average, through the local housing allowance; and anyone on the lowest legally payable wage, where they are working full-time, could see an extra £1,800 from increases in the national living wage.

Alan Brown (Kilmarnock and Loudoun) (SNP): As a so-called "prudent Chancellor", he cancelled HS2 to Manchester because of the spiralling costs of that project. Yet despite the cost of the likes of Hinkley Point C rising from £18 billion to £33 billion, and the fact that there is no successful EPR—European pressurised reactor—project in the world, he has today confirmed yet again a blank cheque for the nuclear industry. Sizewell C is likely to cost £40 billion and he has a taxpayer 20% stake in it. If it is good enough for HS2, why does he not scrap Sizewell C and save us from that nuclear financial disaster?

Jeremy Hunt: Because if we want to get to net zero, we are going to have to have more renewable energy and, unfortunately for the hon. Gentleman and for me, there are days when the sun does not shine and the wind does not blow.

Sam Tarry (Ilford South) (Lab): We have the lowest investment in the G7; on the Government's own figures, it has fallen further and further. Currently, public sector investment is scheduled to fall by £14 billion in real terms over the next five years. Without serious investment in public services, we cannot hope to improve productivity, which the Chancellor spoke about today. We cannot just demand that people go back to work, and work harder and harder to compensate for this. We need £10 billion to match the OECD's average public investment annual spend as a share of GDP. I would like to hear from the Chancellor why he has not taken the opportunity today to align ourselves with the rest of the G7?

Jeremy Hunt: Let me gently remind the hon. Gentleman that business investment has grown by more since 2010 than it grew under the Labour Government; we have the second highest growth in the G7, with ours faster than any country's except America.

Claudia Webbe (Leicester East) (Ind): The unionised manufacturing base of my constituency has long been diminished, having been replaced not by technology, innovation and good decent, modern jobs, but by fast fashion, sweatshops and unscrupulous employers. This is all exploited by brands like Boohoo and retailers who are in a race to the bottom for ever-increasing profits, all while their supply chains fail to pay the minimum wage. What action will be taken to regulate to ensure that brands and retailers are held to account for the sustainable outcomes of their products in their supply chains and for wage justice for the people who make their goods? What action will be taken to tackle those British brands and retailers who threaten to seek cheaper labour overseas in order to avoid paying the new minimum wage that the Chancellor has just announced?

Jeremy Hunt: If the hon. Lady has any examples of people not paying the national living wage who are legally obliged to do so, she should tell the authorities and we will sort it out. I just say to her that we have just overtaken France to become the eighth largest manufacturer in the world. We are making progress in the right direction, and the measures announced today will mean that we go even further.

Madam Deputy Speaker (Dame Eleanor Laing): The prize for perseverance goes to Deidre Brock.

Deidre Brock (Edinburgh North and Leith) (SNP): Thank you, Madam Deputy Speaker. The Chancellor announced £960 million for a new green industries growth accelerator focused on offshore wind; electricity networks; nuclear; carbon capture, usage and storage; and hydrogen. But there was no mention of reliable, clean, cheaper energy sources such as tidal or pump storage hydro. Why not?

Jeremy Hunt: We are always open to investing in new technologies, and in this country we are extremely good at developing them. We will continue to look at all new opportunities, including things like tidal.

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question put forthwith (Standing Order No. 51(2)),

That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motion:—Rates of tobacco products duty (motion no. 1).—(*Jeremy Hunt.*)

Question agreed to.

Point of Order

2.39 pm

Alex Cunningham (Stockton North) (Lab): On a point of order, Madam Deputy Speaker. During Prime Minister's questions today, I asked the Prime Minister why 34% of children in my constituency live in poverty. Before the Prime Minister answered, the Home Secretary chose to add his pennyworth. I have contacted his office, advising him of my plan to name him, but sadly he has chosen not to be in the Chamber. He was seen and heard to say, "Because it's a shithole." I know he is denying being the culprit, but the audio is clear and has been checked and checked and checked again. There is no doubt that these comments shame the Home Secretary, this rotten Government and the Tory party. He is clearly unfit for his high office. Madam Deputy Speaker, will you advise me how I can secure an apology from the Home Secretary at the Dispatch Box for his appalling insult and foul language?

Madam Deputy Speaker (Dame Eleanor Laing): I am grateful to the hon. Gentleman for having given me notice that he intended to raise this point of order, and I am pleased to note that he has informed the Home Secretary of his intention to raise the matter. My understanding is that Mr Speaker did not hear any remark of the kind from the Chair at the time when the hon. Gentleman was asking his question of the Prime Minister, and I understand that the alleged words were not actually used.

Although I appreciate what the hon. Gentleman says, I think we all know that it is very difficult in the noisy atmosphere of Prime Minister's questions to discern exactly what someone says, so I can make no judgment from the Chair as to what was or was not said—but I understand the hon. Gentleman's concern. I remind all hon. Members of the need for good temper and moderation in the language they use in this Chamber, and that the rules of decency should be observed, in particular when referring to other hon. Members, and to the constituents and constituencies that they represent.

The hon. Gentleman asked specifically how he can secure an apology. I am quite sure that, the Member in question being an honourable gentleman, if an apology is necessary, it will be issued to the hon. Gentleman, but I can make no judgment one way or the other. The hon. Gentleman has made his point.

Autumn Statement Resolutions

Madam Deputy Speaker (Dame Eleanor Laing): We now come to motion No. 1 on the resolutions paper. It is on this motion that the debate will take place today and on succeeding days. The questions on this motion and on the remaining motions will be put at the end of the debate on the autumn statement on Monday 27 November.

RATES OF TOBACCO PRODUCTS DUTY

2.43 pm

The Chief Secretary to the Treasury (Laura Trott): I beg to move,

That—

(1) In Schedule 1 to the Tobacco Products Duty Act 1979 (table of rates of tobacco products duty), for the Table substitute—

“TABLE

1 Cigarettes	An amount equal to the higher of— 16.5% of the retail price plus £316.70 per thousand cigarettes, or £422.80 per thousand cigarettes.
2 Cigars	£395.03 per kilogram
3 Hand-rolling tobacco	£412.32 per kilogram
4 Other smoking tobacco and chewing tobacco	£173.68 per kilogram
5 Tobacco for heating	£325.53 per kilogram”.

(2) In consequence of the provision made by paragraph (1), in Schedule 2 to the Travellers’ Allowances Order 1994 (which provides in certain circumstances for a simplified calculation of excise duty on goods brought into Great Britain)—

- (a) in the entry relating to cigarettes, for “£393.45” substitute “£422.80”,
- (b) in the entry relating to hand rolling tobacco, for “£351.03” substitute “£412.32”,
- (c) in the entry relating to other smoking tobacco and chewing tobacco, for “£161.62” substitute “£173.68”,
- (d) in the entry relating to cigars, for “£367.61” substitute “£395.03”,
- (e) in the entry relating to cigarillos, for “£367.61” substitute “£395.03”, and
- (f) in the entry relating to tobacco for heating, for “£90.88” substitute “£97.66”.

(3) The amendments made by this Resolution come into force at 6pm on 22 November 2023.

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.

As a country, we are in a very different position from the one we were in a year ago. Back then, the Office for Budget Responsibility and the Bank of England were predicting a recession, but we have had growth. Debt was predicted to rise to almost 100% of GDP by the end of the forecast, but headline debt is now predicted to be more than 5% lower. Rather than falling, average real incomes have risen.

None of that happened by accident. It happened because of the difficult decisions we have made, which have turned the economy around. We have learned the lessons of what happened a year ago, but the Opposition have not. Today, we set out a plan for the economy that will grow our potential, reduce debt and reduce taxes, yet all Labour wants to do is reverse this progress by borrowing £28 billion. It is the same old Labour party.

Let me begin with what we have achieved.

Dame Angela Eagle (Wallasey) (Lab): On that point, will the hon. Lady give way?

Laura Trott: Let me make some progress. It has been a difficult few years for all families, up and down this country. We have had to tackle a once in a lifetime global pandemic and another period of global turmoil, caused by Putin’s invasion of Ukraine and the pressure that put on energy prices, driving inflation around the world.

When the Prime Minister took office, inflation was at 11.1%, but because of the difficult decisions taken by the Prime Minister, the Chancellor and the Bank of England, inflation is now down to 4.6%—a promise delivered. The OBR says that headline inflation will fall to 2.8% by the end of 2024 and we will therefore reach our 2% target by the middle of 2025, something I am sure that the hon. Member for Wallasey (Dame Angela Eagle) is about to welcome.

Dame Angela Eagle: I welcome the hon. Lady to her new post. I hope she has an enjoyable time at the Treasury, as I did when I was there. Will she confirm that figures show that this Parliament is the highest tax-raising Parliament since records began, in all our history, even after today’s statement?

Laura Trott: I am sure the hon. Lady will be interested to know that taxes for the average worker have gone down by £1,000. However, those on higher incomes have had to pay more, which I am sure she will agree is the right approach in a difficult period.

On growth, in 2010 we were facing the worst recession since the second world war, but this Conservative Government have turned things around. Since 2010, we have grown our economy faster than many in the G7, including France, Germany, Italy, Spain and Japan. Following the pandemic and the energy crisis, which were predicted to take us into recession, the economy has recovered more quickly than previously thought and is now 1.8% larger than its pre-pandemic size, growing faster than Germany. Looking ahead, the economy will continue to grow, boosted by 0.5% through the measures taken in the autumn statement and spring Budget.

Perhaps most critically of all, debt is down. I know the Members on the Opposition Front Bench are concerned about that, but reducing debt and borrowing is essential to controlling inflation, keeping mortgage rates down and taxes low. Let me be clear: Labour’s plans would send us all the way back to square one. Labour’s inflationary £28 billion borrowing commitment will drive up inflation, cause interest rates to spiral and hammer families up and down the country. That is a fundamental difference between this Government and the Opposition.

By contrast, look at what my right hon. Friend the Chancellor has achieved. Before he took the difficult decisions in last year’s autumn statement, headline debt was predicted to rise to 99.6% of GDP by the end of the forecast. Labour’s approach would see that number rising but, in contrast, our approach has seen debt predicted to be 5.5 percentage points lower as a proportion of GDP by the end of the forecast.

We will therefore meet our fiscal rule to have underlying debt falling as a percentage of GDP in the final year of the forecast, with double the headroom compared to

[*Laura Trott*]

the OBR's March forecast. That headroom allows us to take the actions we are proposing in the autumn statement, because the job is not yet done. Debt and inflation are heading the right way, but we must keep pushing.

While growth is better than it could be, it is not as high as it should be. Our solution is not simply to borrow more, as the Labour party would, but to back British business and invest in areas that will create growth, driven by our values: living within our means, protecting the poorest and rewarding work. We are attracting an extra £20 billion a year from business investment, reducing taxes on working people and increasing the national living wage to give workers £1,800 year on average, and we are freezing alcohol duties until August next year.

Our announcement to make full expensing permanent means that we now have not just the lowest headline corporation tax rate in the G7, but the most generous capital allowances, too. For every £1 million that a company invests, it will get £250,000 off its tax bill at the end of the year. This will make a huge difference to investment, as more than 200 business leaders and industry bodies across the country have pointed out. We can do this only because—in case anybody is in any doubt—this Conservative Government have more than halved inflation, have met our borrowing rules three years early and are seeing our debt lower every single year.

Meanwhile, our small and medium-sized businesses, which account for more than 99% of private business in the country, remain the backbone of the economy. Our business rates support saves the average independent shop more than £20,000. We continue to back those businesses by extending the 75% business rates discount for retail, hospitality and leisure businesses for another year, and by tackling late payments.

We are reforming our welfare system, so that it supports those who cannot work and helps those who can find work. The list does not end there. With this hard-earned fiscal headroom now secured, we have a final measure: to implement a tax cut for 27 million employed people, worth an average of £450 per year; and to simplify and cut taxes for nearly 2 million self-employed people, while protecting the interests of those on the lowest pay by saving self-employed people an average of £350 a year from April.

We have always said that, when it is responsible to do so, we will cut taxes, and, because we keep our word, we are cutting the main rate of employee national insurance from 12% to 10%. That makes somebody on the average salary of £35,000 more than £450 better off, which is something that hon. Members will welcome. As we want people to see that benefit on their payslip soon, we will immediately introduce legislation to bring in this new rate from 6 January. This is the biggest cut to employee and self-employed tax ever, and the biggest tax cut implemented since 1988. These measures, however, are not by chance. This is what happens when we take tough decisions early, when we take responsibility for those decisions and when we deliver on them in good time and on budget, as the Prime Minister said we would.

Things have been really tough, but the economy is on the right track and the future is growing brighter. We have made: tax cuts for big businesses to drive investment;

tax cuts for smaller businesses to drive growth; tax cuts for self-employed people to reward hard work; and tax cuts for 27 million working people who make our country what it is.

As we debate these measures in the next few days, I leave Members with a few reflections. We have halved inflation and we have avoided recession, but growth is not achieved by burning our businesses or our people, as the Labour party would have us believe. Instead, in this autumn statement we have—and let me repeat this—delivered the biggest ever cut to employee and self-employed tax; the biggest tax cut since 1988.

Dame Angela Eagle: You've said that already.

Laura Trott: I will say it lots of times, believe me.

This Conservative Government are the party of business. This Conservative Government are the party of workers. This Conservative Government are the party of working people. The Government have a plan to keep delivering, and it is presented to this country and to this House in today's autumn statement. It is a plan that permanently increases the size of the economy, that backs Britain and Britain's businesses, that rewards work and improves pay and that will deliver growth in every part of this United Kingdom.

Madam Deputy Speaker (Dame Eleanor Laing): I call the Opposition spokesman.

2.53 pm

James Murray (Ealing North) (Lab/Co-op): Today, the Chancellor confirmed what the British people already know—that there is nothing the Conservatives can say or do to hide their 13 years of failure. Government Members may have been patting each other on the back during the Chancellor's statement, but the British people will not be celebrating. After everything that we have heard today: taxes will still be at their highest during peacetime; inflation is forecast to be higher in the years ahead than it was according to the Office for Budget Responsibility's forecast in March; mortgage payments will still be rising for millions as their deals end; and after 13 years of low growth, we are still on a path of decline, with economic growth forecast for next year slashed by more than half.

Nothing that the Conservatives have said today will overcome the damage that they have done over the past 13 years. Nothing that they have said will overcome the cost of living crisis that families across the country are facing. Household incomes will still be 3.5% lower next year in real terms than before the pandemic, the biggest hit to living standards on record. Inflation has been upgraded in every year of the forecast period, with prices now set to be 7% higher at the end of the forecast period than the OBR forecast them to be in March. The truth is that working people are worse off under this Conservative Government.

I am sure the Chancellor will want people to focus on his announcement of a cut in the main rate of employee national insurance, but, frankly, coming after 25 tax rises in this Parliament alone, it is insulting to suggest that the British people will be fooled. Under the Conservatives, the tax burden is set to increase by £4,300 per household. Let us not forget, that, just two years ago, the Chancellor and the now Chief Secretary to the Treasury walked through the Division Lobby to

put national insurance up. They may wish to forget that, but the British people will not. It is as if the Tories have nicked your car, but expect you to be grateful when they pay for your bus fare home.

After 13 years of low growth, and with taxes already at their highest level in more than 70 years, the British people will see straight through this Government's desperate attempts to woo them. It had been rumoured that the Government were planning to cut inheritance tax in this statement. Of course, people want to be able to pass on what they have worked hard for to their children, but in the middle of a cost of living crisis, when families face rises in mortgage costs, in prices across the board, and in NHS waiting lists, we simply could not understand how the Conservatives saw that tax cut for the wealthiest 4% as a priority. The truth is that this would have been the wrong tax cut—

Harriett Baldwin (West Worcestershire) (Con): On a point of order, Madam Deputy Speaker. Is it appropriate for the Opposition spokesman to be talking about measures that were actually not announced today?

Madam Deputy Speaker (Dame Eleanor Laing): That is a perfectly reasonable point of order and I am grateful to the hon. Lady for raising it. I was listening carefully to the hon. Gentleman's speech and had begun to think to myself, "That's strange. The hon. Gentleman is addressing a point that was not in the Chancellor's statement." However, I have not stopped him, because—[*Interruption.*] I do not need any help, thank you very much. I have not stopped the hon. Gentleman because this is a very wide-ranging debate, and I have made the assumption that he was using an example of something that the Government decided not to do. Possibly he was about to state his agreement with the Government, or something along those lines. I was waiting to hear what he had to say.

James Murray: Thank you very much for your guidance, Madam Deputy Speaker. In fact, I was about to say that we welcome the fact that the Government appear to have finally realised that it would have been the wrong tax cut at the wrong time. I am sorry that it makes the hon. Lady so uncomfortable to talk about this, because, frankly, it speaks volumes about this Government's instincts that they entertained that plan for so long.

My central point is that Government should not be wasting time daydreaming about an inheritance tax cut. With inflation still double the Bank of England's target, they should be resolutely focused on what they can do now to tackle the cost of living crisis. The truth is that anything they offer now is far too little, far too late. The Conservatives simply cannot tackle the cost of living crisis that their fingerprints are all over.

Ten years ago, the Conservatives slashed energy efficiency programmes, after which insulation rates plummeted by 92%. As a result, millions of households across the country have had to pay energy bills £500 a year greater than they should be.

Last year, the Conservatives' utterly reckless approach to the economy set off market chaos and interest rate rises. The Bank of England has said that those re-mortgaging will see their monthly payments rise by £220, and 1.5 million families will be hit by this Tory mortgage penalty next year.

Harriett Baldwin: All our constituents who pay mortgages are concerned about the increase in rates. Did the hon. Member hear the Governor of the Bank of England accept yesterday, as he has in earlier Treasury Committee sessions, that it is the Bank of England taking independent decisions to tackle inflation that has led to those increases? The hon. Member is wrong to label them "Tory" mortgage increases.

James Murray: The Opposition accept the independence of the Bank of England, unlike some Government Members, but frankly that was a fairly shameless attempt by the hon. Member to distance herself from what the Government did to the economy last year in their disastrous mini-Budget. The British people will not forget, as they are still paying the price.

Dame Angela Eagle: My hon. Friend is making some important points. Does he agree that, if it is the decisions of the Bank of England that have halved inflation, as the Opposition think, the Government cannot go around claiming credit for it?

James Murray: As always, my right hon. Friend makes an important point. The Government are trying to have it both ways. When inflation goes up, it is someone else's fault. When it comes down, they claim the credit. I think that we can trust the British people to see through whatever way they try to distort the truth.

Dr Liam Fox (North Somerset) (Con): Will the hon. Member give way?

James Murray: No, I will make some progress.

The truth is that the Conservatives' fingerprints are all over the cost of living crisis, and it would be ludicrous for anyone to expect the prime suspect to be asked to solve the crime. It is clear that we cannot trust the Government with the cost of living crisis. It is also clear that we cannot trust them with our money. No wonder they want to run from their record in office when they have wasted taxpayers' money so badly. The levels of fraud and waste on their watch make the 25 tax rises over this Parliament all the more galling, and even harder for hard-pressed families to stomach. From the £7.2 billion of public money that was lost on fraud during the pandemic to the £50 million spent on a new helicopter for the Prime Minister to make the short trips that he is so fond of, it is clear that the Conservatives are incapable of spending public money wisely.

Labour will set up an office of value for money as part of our pledge to put fiscal and economic responsibility at the heart of our approach if we win the next election. On that foundation, we will get the economy growing after 13 years of stagnation, as we know that economic growth is the key to making people across Britain better off. Had the UK economy grown since 2010 at the same rate that it did under Labour in the years before, it would be £150 billion bigger today—£5,000 more for every household, every year. That is why Labour's plan to provide the stability, certainty and critical infrastructure improvements that businesses value so greatly is so important.

Our new fiscal lock, which the Conservatives voted against last week, will strengthen the Office for Budget Responsibility, helping to ensure that the disastrous

[James Murray]

mini-Budget of this time last year could never happen again. Our new road map for business taxation will give businesses from the UK and around the world the certainty and predictability that they need to invest in Britain. That need for certainty has been behind our calls to make full expensing permanent, which the Government have finally announced—though with this Government, businesses may well be left wondering how long their latest position will last. While small businesses and the retail, hospitality and leisure industries will no doubt welcome any further help with business rates, again the Government have failed to provide the fundamental reform promised at the general election.

Where the Conservatives have failed, Labour will deliver. Our proposals to overhaul the planning system will fast-track the decisions that we need to deliver clean energy, critical infrastructure, and the factories and workplaces of the future. Our national wealth fund will provide catalytic public investment to leverage three times as much private sector investment into jobs and industries across our country. Our approach will be one of a pro-business, pro-worker Government, ready to grow Britain's economy and make working people better off. Governments in other countries around the world know that businesses want their support in growing new industries and making the transition to a low-carbon economy. As the chief executive of the UK Sustainable Investment and Finance Association said just yesterday, the Chancellor needs to

“urgently set out the UK's overdue response to the”

US approach

“and similar measures in other jurisdictions, such as the EU, Canada and Japan”.

The truth is that through their lack of ideas, lack of ambition, and lack of the industrial strategy that we need, the Government are holding British businesses back. Ministers are making Britain the outlier, while the Governments of similar nations around the world are supporting their national industries to attract jobs and investment. The Conservatives cannot deliver what our economy needs, and people and businesses across Britain know that it is time for a change. Even the Prime Minister has conceded that our country needs change. Maybe that is why he still has misplaced confidence in the Conservatives: he thinks that because they have changed their Cabinet so much and so often, they must be on to a good thing. It is true that their record on changing who is sat around the Cabinet table is remarkable. To have had five Prime Ministers, seven Chancellors, and an astonishing 16 Housing Ministers is noteworthy—but not, of course, for the right reasons.

The problem for the Conservatives is that whatever they try to do now, they know, and the British people know, that they cannot be the change that we need. Nothing can compensate for the damage that they have already done. What on earth will they put on their election leaflets, I wonder? Will they say, “We may have increased taxes 25 times, but things will be different now—honest!” or will they say, “Don't worry—0% growth is actually better than what it could have been.”? Maybe they will play it straight with something like: “We may have failed for 13 years, but we'd like another chance.”

We all know that that simply will not wash. The Conservatives are out of touch and, increasingly, out of time. After 13 years, working people have had enough

of paying higher taxes, enough of seeing their wages stagnate, enough of their public services falling apart, and enough of Britain's economy falling behind. The change that our country needs can only come from our changed Labour party—one that is ready to serve, ready to get the economy growing, and ready to make people across Britain better off. The truth is that people in our country should be given the chance to get Britain its future back. That is why a general election cannot come soon enough.

3.6 pm

Harriett Baldwin (West Worcestershire) (Con): What a difference a year has made to this country's finances and to the economy. Last year, our inflation rate was 11.1%; it is now down to 4.6%. It is still too high, but that is enormous progress, thanks to the independent Bank of England and the decisions taken in this Chamber a year ago to manage the public finances prudently, in a way that would not increase inflation. We need to reflect on the progress that we have made in our economy. From listening to the—I am not going to use unparliamentary language—speech of the Opposition spokesperson, the hon. Member for Ealing North (James Murray), we would not think that anything had changed from a year ago. Things have changed enormously.

This time last year, our economy was reeling from the energy shock caused by Putin's evil invasion of Ukraine. It was thanks to the help given through the energy price cap that households were able to get through last winter. I do not need to remind the House how serious inflation is for the poorest households. It is the worst tax on our economy, our businesses, and people's budgets. It is a truly evil problem, and it is right that it has been the No. 1 focus of the Prime Minister and the Government this year.

Clearly, with inflation at 4.6% there is still more to do. Yesterday, the Treasury Committee heard from the Governor of the Bank of England. The Bank of England is forecasting that we will get to a 2% handle, probably by the end of next year. That is in line with what the Office for Budget Responsibility is saying. Clearly, there are still risks to the upside. Energy prices continue to be volatile, but the Governor told our Committee yesterday that it is the inflation-busting hikes in rates that have generated the increased payments that our constituents are facing on their mortgages. Therefore, when the hon. Member for Ealing North says that these are Tory mortgage hikes, that is just throwing mud and trying to make it stick. It will not stick, however, because I am hopeful that rates are now high enough to bring inflation back down under control. In the analogy the Bank of England uses, we have marched to the top of Table mountain and are now walking across the top of the mountain, and the markets are now forecasting that the next rate change will be a decrease.

Ian Blackford (Ross, Skye and Lochaber) (SNP): Does the hon. Lady remember the Budget of just over a year ago, which crashed the economy, sent interest rates spiralling and sent mortgage rates up? We must not forget that there is an interest rate premium in the UK over much of the rest of the western world, and that is forecast to remain for years to come because, sadly, it is down to the long-term mismanagement of the UK economy, which the Tory Government must take responsibility for.

Harriett Baldwin: I am very glad the right hon. Gentleman made that intervention because it allows me to repeat the point of my argument. Of course I remember what happened, and we all saw it; it is thanks to the new Prime Minister and the measures that the Chancellor took this time last year that those effects have been worked through. We can see the progress not only in reduced inflation but in the OBR's increasing its growth expectations—a year ago it was expecting a recession and now it is forecasting growth. The right hon. Gentleman makes my point: we have heard from the Governor, on the record, that those effects have dissipated and that the year has made all the difference.

Kevin Foster (Torbay) (Con): Does my hon. Friend reflect, as I do, that the US federal rate is currently very similar to our own interest rate? Can Opposition Members explain what was the effect on the US economy?

Harriett Baldwin: My hon. Friend is absolutely right. Central banks around the world have lessons to learn from this recent bout of inflation, but I am comforted by the evidence we got yesterday from the Governor, which, while acknowledging there are still risks to the upside, shows that the world is on a trajectory of having dealt with this.

Ian Blackford: I am grateful to the hon. Lady and the hon. Member for Torbay (Kevin Foster) because they have made key points. We have heard lots today about growth, but the US has grown at an average rate of about 1% more than us over the last decade, and forecasts for its growth for the years to come are also higher. We need to get real about what growth looks like and what sustainable economic growth is, but the fact remains that UK interest rates are above those in the European Union and have remained above those of the western world for most of the last decade, and will remain above those of the rest of the world for many years to come.

Harriett Baldwin: The right hon. Gentleman might think the UK should join the euro, but I shall fight strongly against him on that campaign.

I want to return to the theme of what a difference a year has made in terms of the public finances. It is remarkable to see how the priorities in the autumn statement are being delivered. First, that is seen in reducing debt, something all on this side of the House are keen on otherwise we are just passing on the costs to our children and grandchildren. Last year's forecast was 94.6%, which still feels uncomfortably high to me, and that is why I welcome that in today's autumn statement debt is falling to 92.7% in the same year. I encourage the Chancellor to keep on moving in that direction.

The challenge now is to support growth, and non-inflationary growth above all. The Chancellor announced 110 measures. I have gone through the small print of the documentation, and I do not think I have got to the bottom of all 110 of them yet, but I hope we shall do so when we take evidence from him, the OBR and independent economists next week. I welcome that the OBR is revising growth up this year, however, and that the measures announced in the statement were taken through the lens of making sure inflation continues to decline.

Cutting tax is also an important priority because it rewards hard work, and it is good that earnings are again growing faster than inflation, which means households up and down the country are seeing disposable incomes rise once again.

We all know that work is the best route out of poverty. I cannot stress how important the announcement on the national living wage is, because it means that those working full time on the national living wage now have an income of over £22,000, taking them over the poverty line. With so many vacancies in our economy, that will give more people the opportunity to work their way out of poverty. So I thank the Chancellor for that reform, and for the fact that now the income of the lowest paid comes predominantly from work, whereas in 2010 the income of those on the lowest pay was primarily from welfare. We can be proud of that real shift.

I was pleased to hear measures about the grid in the autumn statement. Building sustainable domestic energy will require improving our grid, and building more renewables and new nuclear and domestic oil and gas.

I was very pleased to see the measures backing British businesses as well, because ultimately it is British businesses that will help our country grow and tackle the important productivity challenge and deliver more jobs and prosperity for the British people.

I look forward to encouraging the Chancellor to think about simplifying even more. There were some simplifications that I welcome in today's autumn statement, particularly in terms of national insurance for the self-employed. I look forward to seeing the detail of the measures that will help our constituents invest their savings and get better rewarded for their pensions by being able to access advice more easily. Measures the Chancellor can take in terms of the advice guidance boundary will help enormously.

I welcome, too, the funding for a world class education. Schools in my constituency will welcome that record level of per pupil funding in real terms.

In conclusion, I am delighted to see many of these measures and look forward to scrutinising more of them in detail, and I am particularly pleased that the Chancellor did not heed the Opposition's advice to borrow £28 billion more every year.

Madam Deputy Speaker (Dame Eleanor Laing): I call Scottish National party spokesman Drew Hendry.

3.17 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): It is a pleasure to follow the hon. Member for West Worcestershire (Harriett Baldwin), the Chair of the Treasury Committee, which I have recently joined.

I shall concentrate on the choices the Chancellor and his Government have made. Government is about choices; it is about choosing priorities and who to help, and choosing the future we want to create. Today the Chancellor chose his priorities, and he chose to ignore the millions struggling with the cost of living crisis. The OBR has confirmed this afternoon that the UK is still on course for the largest reduction in living standards since the 1950s. Of all those struggling or who cannot pay their bills or are worried about heating their homes, the decision today was pretty much to ignore them. The

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Chancellor is either offering no comfort or cold comfort. *The BMJ* warned last month that the cost of living crisis “will cut lives short”. The Chancellor’s choices mean the Government are saying to millions of people, “We don’t care.”

The Chancellor could have looked at VAT cuts, especially in tourism and hospitality, to boost spending and lower inflation. He could have taken action to reduce the level of the energy price cap or introduced an energy social tariff; he has not done so. The national insurance measures announced today will not make up for the inflationary price increases in mortgages, rents and food and energy bills, which will still be higher than last year. I misspoke earlier when I said that the UK is still paying the highest tax for seven years; it is paying the highest tax for 70 years. No action today on people’s housing costs, no action on food prices, no action on energy costs, but never mind—at least bankers’ bonuses are now unlimited.

Let us start with food costs. Food prices in the UK are still climbing at an alarming rate and the trend of increasing costs remains. The UK’s food price inflation is double that of Ireland and Estonia, for example. The Centre for Inclusive Trade Policy notes Brexit’s role in increasing UK import prices by 11% and analysis by the London School of Economics earlier this year showed that the UK had the highest food price inflation in the industrialised world. It remains sky-high.

The Chancellor’s inaction on food prices is glaring. As people worry at the checkout, companies such as Marks & Spencer are reporting record profits on food sales. Consumer rights organisation Which? has expressed concerns over dodgy pricing and loyalty card practices, yet the Government remain silent on discussing food bills with supermarkets. There is nothing from Labour either; when Labour goes shopping at Sainsbury’s, it is for millions in donations. The SNP is left to fight for families over food costs.

The Joseph Rowntree Foundation paints a grim picture of the impact of those inflated costs, with many struggling to afford basic food items. The foundation’s chief economist emphasises the severity of the situation for lower-income households, with essential goods unaffordable for millions. That unaffordability is creeping upwards, with those who previously saw themselves as relatively comfortable now also feeling the squeeze.

The Chancellor had a choice. The Government could have heeded the Bank of England’s warnings about skyrocketing food inflation and they did not do so. France got companies to commit to freezing or cutting prices on 5,000 everyday products. In Canada, the five largest grocery chains made an initial commitment to help to stabilise food prices and say that that is just the beginning of their work. For six months, the Greek Government covered 10% of food expenses for households, funded by a windfall tax on two oil refineries.

Here in the UK, we have the Joseph Rowntree Foundation’s stark warning that millions cannot afford basic food items. Food bank use has grown a further 10%, according to the Trussell Trust, and donations to food banks, usually collected at supermarkets, are also dramatically down. We have a situation where not only do more people need food, but fewer people have the spare money to donate food. Unlike the Chancellor, people using food banks do not have choices.

The Chancellor could have made some choices on energy costs this winter. Before his speech today, one in four social housing households had already reduced their heating to save costs. He decided not to reinstate the energy bill rebate. It is not enough. Before his speech today, energy bills still remained double what they were in 2021, and Cornwall Insight predicts that energy prices will remain high until the 2030s. Where does the Chancellor think folk are getting the money from? It is not coming from any long-term measures today—there is no social tariff, he has not decoupled gas prices from renewables, and the SNP’s call for the reinstatement of the £400 energy bill rebate, which would have gone a long way to help in the short term, has been ignored.

The Chancellor could have chosen to act on that and he chose not to. He chose not to help the two thirds of people who live in a household where someone is suffering from a pre-existing health condition or is disabled and worried about being cold this winter. He should have committed to increasing working-age benefits in line with inflation next year as well and legislated for an essentials guarantee, giving basic necessities to those who need them most. Instead, as we heard, he intends to punish the sick. People who are sick and unable to work are already regularly being referred to work coaches. I have had constituents of mine, who were listed as having cancer or indeed as being terminally ill, being told to report to a work coach. This is just another step further to the right for the nasty party.

The Chancellor chose not to help the more than one third of households with children under five, the pregnant, or people over 65 with pre-existing health conditions who think they will not or may not be able to afford to put the heating on at all this winter. He chose not to help the millions of people already struggling with mounting energy debts. Citizens Advice expects that the number of people unable to top up their prepayment meters will be nearly half as high again as it was in 2022. Meanwhile, National Energy Action found that more than one third of adults are expected to struggle to afford to pay their heating bills this winter.

The Chancellor did not even listen to the pleas of charities. Ofgem has reported that energy debt has reached £2.6 billion—its highest level ever. A quarter of people are now behind on at least one bill, and we are not even in the heart of winter. Does anybody think that that figure is going to be lower come January? Energy bills and council tax arrears are the most commonly encountered debts for households.

What does that mean for the Scottish people? According to Ofgem, northern and southern Scotland, which are colder, rural areas, pay two of the four highest standing rates of all the regions of the UK.

Ian Blackford: One of the inequities we suffer from is the regional distribution market, which means that people in the highlands—the coldest, wettest and windiest part of the United Kingdom—pay the highest prices. The real scandal is the fact that the highlands is a net exporter of energy, and we get charged to export the energy from the highlands. That is the reality of Westminster control over Scotland’s energy. We have the energy, they have the power and we pay the price.

Drew Hendry: I could not agree more with my right hon. Friend. According to the House of Commons Library, in energy-rich, energy-exporting Scotland, energy

costs make up 5.3% of total spending, while in England they make up only 4.4%. We have an energy-rich country, a centre of excellence for renewables where many people can literally look out of their windows and see the energy being generated, yet some of them cannot even afford to put on the heating. It is unacceptable. Reinstating the energy bill rebate was a necessary short-term policy that the Chancellor chose to ignore. He should go back and reconsider that decision. In independent Ireland, the Government will introduce €450 in energy bills support to all households to help them through the winter.

Now let us look at housing. More than 300,000 Scottish homeowners have seen their mortgage payments skyrocket, soaring by an average of £2,500 per year. That is a direct result of the choices of this Chancellor's predecessor—choices that drove interest rates to punishing heights. Nor does the pain stop with homeowners; despite what has been announced today to help renters, they are equally trapped, as rents will continue to surge despite those measures. Today's measures are a drop in the ocean compared with the pressure they face.

The majority of buy-to-let landlords, grappling with those interest hikes, have no choice but to pass the costs on. The result is rent increases that outpace inflation, squeezing every last penny from tenants. Of course, the Chancellor is no stranger to hiking rents for his own tenants well above inflation rates, as has been reported this week. If he had delivered the extra funding across the UK to fund public services and fair public sector pay awards, we could all do a bit more to help—but, of course, he chose not to. That will not change the fact that UK households now spend a fifth of their disposable income on housing, surpassing the EU average of 17.4%. For renters, the figure is even more alarming: it is almost a quarter of their income. Yet while other European countries similar in size or smaller than Scotland implement welfare policies to reduce poverty, the UK Government's response, as we have heard today, is to punish the most vulnerable.

The statement should have been about helping people to survive and helping our economy towards proper growth. Instead, growth is barely above zero and is not expected to climb by more than fractions—if indeed it does not decline. The Chancellor could have increased the Scottish Government's capital budget in line with inflation, which would have helped us to build even more social housing and vital infrastructure. He chose not to.

Costs for insurance, mobile phone bills and other household basic requirements are also ballooning at the moment. A House of Commons Library report found that since January 2022, UK car insurance inflation grew exponentially, peaking at 43.1% in May this year. Before the Conservatives tell us that that is not down to their Brexit fixation, let me add that our European neighbours saw either no rise, or limited rises of only up to 6%, while car insurance inflation in both Belgium and Ireland has actually reduced. Here, households face cost rise after cost rise after cost rise, and people are begging for it to stop.

The Chancellor still wants us to believe that we are on the path to sound fiscal management. How many times will the Conservatives tell us that there is no money to support people with the cost of living—that there is no money tree—while they find room for what they want

to do? Let us have a look at some of the priorities they have managed to fund while they have been in office. The infamous mini-Budget managed to overshadow some staggering stories of fiscal mismanagement. It is a showcase for how not to spend taxpayer money.

First, there was High Speed 2, which started as a £32 billion rail project, exploded into an eye-watering £100 billion project, and then, in a twist, was cancelled—from a dream to a debt nightmare for taxpayers. Despite cutting the project, the Government somehow lost £2.3 billion on a Manchester to Birmingham line that leads nowhere. There was the £5.6 billion on tanks that are 12 years late and not in service; the £2 billion supposedly for aircraft carriers, but which turned out to be £6 billion when one of them had to be stripped for parts for the others; and let us not overlook the £105.6 million splurged on now redundant architectural plans for Euston station—those plans are now as useful as a chocolate teapot. The Elizabeth line is a classic case of too little, too late—five years delayed and £4 billion over budget. And who can forget the covid supplies fiasco? A staggering £15 billion was spent on unusable personal protective equipment, tests and the rest—a fast-track to profits for a few, including an infamous inhabitant of the House of Lords, and a financial burden for our people to share.

The Ministry of Justice was not far behind with its £98 million electronic tagging misadventure. There was the £900,000 paint job for the Prime Minister's aeroplane, because fiscal responsibility means flying in style, obviously; the £5 million spent to confirm what we already knew, that MPs must vacate the Palace of Westminster for renovations—paying double for the privilege of checking; and the £120 million spent on the Brexit festival. I have no words to add to that. Finally, let us not forget the £100,000 spent on a fake bell-bonging mechanism for Big Ben—try saying that, let alone paying £100,000 for it. Those are choices that those in Westminster make time and again—choices that speak volumes about their priorities—while our constituents struggle with the cost of living. They are disconnected from the harsh realities faced by the public. They do not just misspend money; they throw it out of the plane they have just repainted.

What of choices for a better future? Where is the ambition on net zero? The Conservatives have chucked it. It is utterly bizarre that, as other advanced economies invest in net zero and jobs, the UK goes backwards. Instead of grasping the gold rush of renewables, they dither and delay, just as they did for carbon capture at Peterhead. UK business investment has grown by just under 1% a year since 2016, and 6% overall; by comparison, it has grown 25% in the US. Right now in the US, the Inflation Reduction Act is helping businesses and communities to grow through radical plans to invest in renewables and hydrogen. Are the UK Government looking to maximise the supply chain benefits for Scotland and elsewhere? No. They are focused on their climate change culture war, costing Scotland millions, if not billions, in potential investment.

The SNP Scottish Government choose differently. We value investing in our future—in green energy, in a fairer society. That is another reason why the UK Government should have focused on funding net zero, at the very least matched the Scottish Government's £500 million fund for a just transition in the north-east of Scotland, and included funding for offshore wind

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projects in Scotland. Our values lead us to want to alleviate poverty. We seek measures now and in the future to help people with that: a council tax freeze, investment in childcare, no tuition fees, and using our limited powers to mitigate the cruel policies from this place, such as the rape clause and the bedroom tax. We choose to put people first; those are our values—values that build a fairer, more prosperous Scotland.

The Scottish Government have taken the steps that they can to help alleviate the worst impacts of poverty, offering people a degree of stability through the council tax freeze and a cap on rent increases. We would do more, but the fiscal powers needed are here. If we had the power to help people today, we would. The Chancellor has the power to help people, but he refused to lift a finger to right some of the wrongs that his Government have inflicted on people. People are not this Government's priority—we see who goes through their priority lanes.

The UK Government have little to offer Scotland. Our route out of the chaos that Westminster has created—perma-austerity and the cost of living nightmare that people are having to endure—is through independence and re-joining the European Union.

3.34 pm

Dr Liam Fox (North Somerset) (Con): I warmly welcome the Chancellor's statement as a move back towards some sound Conservative principles that have been somewhat lacking in recent years. I would have liked his language to have been even more explicit, because the No. 1 principle that underpinned what the Chancellor was saying—if not expressed so explicitly—was that there is no such thing as public money, or Government money: there is only taxpayers' money, whether they are personal taxpayers or business taxpayers. We are beginning to get away from the sterile tax and spend debate that has bedevilled our country and, I would argue, our party for too long, and to get back to the territory of how to create wealth.

It was right of the Chancellor to remind us of Nigel Lawson's maxim that borrowing is just the deferred taxation of the next generation. No one would think it was reasonable behaviour to max out their credit card and then give the bills to their offspring, but that is exactly what overspending and over-borrowing leads to, and it is exactly the same recipe that the Labour party is putting to the British public all over again. Like the shadow Minister, the hon. Member for Ealing North (James Murray), I very much look forward to a general election: we will be able to expose the fact that the Labour party cannot even tell us as a matter of fact—as a matter of its credibility—what proportion of current inflation it thinks is due to, for example, the commodity price shock that resulted from the invasion of Ukraine. Labour Members absolutely refuse to accept that anything is responsible for inflation other than UK domestic pressures and domestic policy. If they believe that that gives their party credibility in the markets, they have got another think coming. We will want to make sure that the electorate understand that analysis very well.

Catherine West (Hornsey and Wood Green) (Lab): Will the right hon. Gentleman give way?

Dr Fox: If the hon. Lady will answer that specific question on behalf of her Front Benchers, which they will not answer, I will happily give way.

Catherine West: The right hon. Gentleman talks about which questions will be asked during a general election campaign. Since last year, my constituent has had to move with her husband and children back into her parents' home: she cannot afford a mortgage, because when she went to renew hers, the right hon. Member for South West Norfolk (Elizabeth Truss) had crashed the economy. My constituent and a lot of other people who live in Crouch End and Muswell Hill cannot afford their mortgages because this Government crashed the economy. Can the right hon. Gentleman tell the House what the Government will say to my constituents at a general election?

Dr Fox: Unsurprisingly, the hon. Lady was both incapable of answering the question and unable to do so. The question was, "What was the cause of inflation?" It was inflation that drove up interest rates. I reiterate the point that my hon. Friend the Member for Torbay (Kevin Foster) made: the Fed rate is 5.5%, while the Bank of England rate is 5.25%. I presume the hon. Lady thinks that—in her words—my right hon. Friend the Member for South West Norfolk (Elizabeth Truss) crashed the American economy too. It is complete nonsense; it is a bogus economic analysis.

We all know the impact that inflation has. We know that it hits the poorest people in our society hardest, which is why the Government, along with the Bank of England, were willing to see the pain of higher interest rates applied. Inflation does not help anyone. What I wanted to know, which I did not get from the hon. Lady or from her Front Benchers—surprise, surprise—was what they thought was the external responsibility for that inflation. We do not have an answer from Labour, and therefore we have an Opposition who have no credibility on one of the most basic questions: what causes inflation? If they do not know the answer, they cannot possibly be trusted to be in charge of this country's finances.

One of the other things that I welcomed today is that we are moving slowly—still a little too slowly, I would argue—towards a lower-tax economy. The Chancellor set out the reasons why a lower-tax economy is a good thing. It is not just an abstract economic argument; it fits with Conservative ideas of individual responsibility, reducing the size of government, giving individuals greater choice, and providing incentives for those who will generate the wealth on which our future public services will depend. By emphasising the importance of creating prosperity, rather than the sterile debate about whether we should spend less or tax more, we are getting back into the right territory for a Conservative Government.

I was especially pleased to hear the measures for small businesses. My hon. Friend the Member for Sevenoaks (Laura Trott) recently had to endure my previous speech on this subject recently, in which I pointed out that, unlike what you would believe if you listened to the Labour party, public sector and private sector jobs in our economy are not in balance. The public sector produces only about 17% of the jobs in our economy; it is the small businesses and the private sector that produce the jobs and prosperity on which our country depends.

We have had too high a tax burden on small businesses as they have come out of the pandemic, so I welcome the measures today.

I still have trouble with this term “growth” that goes around. I do not believe that growth as measured by the standard definitions is appropriate for a UK economy so highly geared towards services compared with goods. I know that it is the accepted norm, but I think we need to find better ways of describing it.

I welcome some of the moves towards improving capital availability, because if our businesses face one real problem, it is the lack of capital available for growth in our economy compared, for example, with the United States. That is because our economy is still too heavily geared towards the banks, and not enough towards private equity. We need to look at the breadth and depth of the private equity or venture capital industry in the United States and find out how we can replicate that in the United Kingdom if we are to give even more help to our small businesses.

I very much welcome the incentives to work that the Chancellor announced. Again, getting people back into work is not just an economic exercise; it is what I would regard as a moral imperative. If the only value people know they have is what the state gives them to do nothing, how can they possibly know what value they could be to themselves, their families and their communities if they were allowed to realise their full potential? Getting 200,000 more people back into work is a socially progressive thing to do, and if we are able to get more disabled people back into the workplace, so much the better for them, not just for the economy. I welcome what the Government have announced, because the best way to tackle poverty is to get people into work, and it is not just financial poverty but poverty of aspiration and poverty of hope that we are addressing by making this important social change.

There were one or two other elements on which I would have liked to have had some more detail from the Chancellor. I hope my hon. Friend the Minister might be able to provide that in responding to the debate. One of the problems right across the economy, particularly for small businesses, as the Chancellor stated, is late payment. However, one of the most important culprits in late payment is local government. Local authorities are spending the taxes that we in this House have to raise, in addition to the taxes they raise themselves, and surely it is not acceptable to us that the taxes we raise are spent in a way that actually adds an extra burden to small businesses. It should be a requirement on local authorities that they pay all their bills to small businesses on time. I hope the Government will look at that, because I believe there would be widespread support across this House for measures that compelled local government to do so.

I very much welcome the additional £20 billion investment over the next decade. That will help to address the one problem that has bedevilled our economy more, I think, than any other factor: productivity falling behind that of our competitors. Improving the horizon for freeports by up to 10 years will give additional stability, and again I hope we can look at how we can have a deregulatory exercise in those areas. That could test exactly how much we would get were we to expand the concept of freeports. I hope we can look more at the experience of countries such as the United States, where

freeports have greater freedoms than they have in the United Kingdom. The Government are moving in exactly the right direction, but let us move further and faster on that.

The Chancellor talked about other supply-side reforms to the economy, one of them being the speeding up of improvements to the grid so that we can take advantage of the investments that have been made, for example, in renewables. I do not expect a response to that in the wind-up today, but I introduced a private Member's Bill exactly to ensure that individuals impacted by the speeding up of improvements to the grid would have access to an independent arbitration programme, and not have National Grid deciding whether they should get compensation and how much they should get. That was an unacceptable position. We have not yet seen the regulations that will produce that independent arbitration, and we need to see them quickly. If we are to see the roll-out of an improved grid, it will impact more people, and we have to see a fair, equitable and affordable system where individuals can seek redress if they feel they have been dealt with unfairly.

I will briefly mention the continuing whinging victimhood of the nationalists. When they were talking about the ridiculous position that they are put in by being part of the Union, they just forgot to mention—I am sure it was an omission—that the block grant has now risen to the highest level since devolution began, at £41 billion this year. For every £100 that the UK Government spend in England, the Scottish Government receive £126 per person in Scotland.

Drew Hendry *rose*—

Dr Fox: The hon. Member gave his side of the case. I am just pointing to the fact that individuals in Scotland do extremely well out of their membership of the Union. If SNP Members want to see a crash, they know exactly which way to go about it, although I fear that the electors of Scotland at the general election will ensure that they do not get the opportunity to test their mad theories to destruction.

I was glad that we had a Conservative financial statement today that sets course for the spring Budget and the chance to set out genuine differences of ideology when we get to a general election. We believe that we should have a smaller state; we believe in lower taxes, public sector reform, and getting better value for money for the taxpayer. The Labour party will want to increase spending, increase borrowing and pass it on to the next generation. As with all things, the primal difference between socialists and Conservatives is that we believe in equality of opportunity; they believe in equality of outcome and equal mediocrity for all. What we want to see is the betterment of the United Kingdom for the sake of all its people.

3.46 pm

Sir Stephen Timms (East Ham) (Lab): I congratulate the hon. Member for Sevenoaks (Laura Trott) on her appointment as Chief Secretary to the Treasury. I am pleased to see a former Pensions Minister in that role, and I want to make some points about the pensions measures announced in the autumn statement.

First, on benefit uprating, I wrote on behalf of the Work and Pensions Committee to the Chancellor a month ago asking for two things: first, for working-age

[*Sir Stephen Timms*]

benefits to be uprated in line with the normal formula, which is September's rate of inflation; and secondly, for local housing allowance to be rebased to the 30th percentile. I am relieved that both those points were in the Chancellor's statement. The Joseph Rowntree Foundation reported last month that 3.8 million people were experiencing destitution in the UK last year. A fortnight ago, the Trussell Trust reported that food bank demand is 16% higher this year than it was last year, with 1.5 million emergency food bank parcels given out in the six months from April to September.

How is it that our economy is failing to meet the basic needs of so many in our society? We need the economy to start functioning properly again in a way that it clearly is not and has not been for a number of years. Spurious justifications were proposed for uprating working-age benefits by a lower amount in the autumn statement. Had those been adopted, they would simply have made things even worse, so I welcome the fact that the Treasury resisted those calls. I congratulate the Secretary of State for Work and Pensions on achieving the outcome that we have heard this afternoon.

I also welcome the rebasing of local housing allowance. By next April, it will have been frozen for four years, when rents have risen sharply. The freeze was causing widespread homelessness among working families who were doing perfectly decent jobs, but could no longer afford the rent. That was then imposing enormous costs on local councils for temporary accommodation, so I am pleased the allowance has been rebased, but I want to call for annual rebasing of the local housing allowance. It should be at the 30th percentile each year. I hope we will be told that it will. I am also glad that the temptation to water down the pension triple lock has been resisted.

Last week, the Work and Pensions Committee published a report on the Government's cost of living support payments in which we identified a number of gaps in payments made. I was relieved that the Chancellor said in answer to my question that the household support fund is being maintained. There is a strong case for making it a permanent feature of our system so that local authorities know that they will have funds each year for providing local welfare support. That has been important in the crisis over the last few years. I hope that we can make it longer term and that its rules do not keep changing as they have over the last few years, making it difficult for local authorities to make a good job of administering it. I am glad that it will be there next year and I hope that the rules for it will not change next year as well.

The consultation on proposed changes to the work capability assessment, which were mentioned by the Chancellor, has been rushed and is inadequate—only eight weeks to consider major changes. Those changes that he said will go ahead will make things difficult for a significant number of people. We are told in a document that I think has been published since the Chancellor sat down that the vast majority of those who have already been assessed as having limited capability for work-related activity will not have to go through another work capability assessment, because that assessment is to be abolished. That, of course, will be of some relief for many, but it remains unclear what will replace it in the long term and when the promised legislation will come forward.

I am glad that the Chancellor is progressing the aims he set out at the Mansion House to increase pension fund investment in the economy to increase returns to pensioners, as he said, as well as to improve outcomes for investors and unlock capital for our growth businesses. There is a good deal of benefit in that approach, but where is the pensions Bill? I am genuinely mystified by that. In July, when the Chief Secretary was the Pensions Minister, her Department promised a “permanent regulated regime” for pension superfunds

“as soon as the parliamentary time allows”.

Evidence to our Committee has been clear that in the absence of a permanent statutory framework, superfunds will continue to struggle, undermining the Chancellor's aims. I think the Chancellor reiterated his commitment to a regulated regime for pension superfunds, but there is no sign of legislation. I wonder if anyone can tell us what is proposed.

The Select Committee called on the Pensions Regulator to make changes to the new scheme funding regime—the Chief Secretary will be familiar with this from her previous role—to enable open defined-benefit schemes, like the railways pension scheme, to continue to invest in the economy, as the Chancellor rightly wants to happen. The Department has told us that concerns about the wellbeing of open defined-benefit schemes will be addressed, but they have not been yet, and the new code, which is causing a lot of anxiety, is, as the Chief Secretary knows, due to be introduced in April. Any clarification of the intention there will be gratefully received. I look forward to hearing more about the role in consolidation among smaller defined-benefit pension schemes that the Chancellor mentioned in his statement, and the role he envisages for the outstandingly successful Pension Protection Fund in taking on that task.

The Chancellor has talked about a consultation on a “pot for life” approach to pension saving. There are certainly benefits to that approach, and he referred to them, but there are problems as well. He said that there will be a consultation, and I think that is appropriate. In particular, there is the challenge for employers of having to manage lots of different pension funds among their different employees. There will be a significant increase in employer costs of handling that, and I hope that will be properly explored in the consultation.

I welcome the changes announced in Monday's written statement to improve the support for people out of work on health grounds and with disabilities, including better employment support, plans for a severe disability group and, as the Select Committee recommended, trying out matching ill health benefit claimants with an assessor with experience of their primary health condition. There were ideas for assessing fluctuating health conditions, which I hope will be helpful. I wholeheartedly welcome the expansion that the Chancellor mentioned of integrated placement and support, which was recommended in the Committee's report on the Government's plan for jobs. The evidence is clear that it is helpful for people with mild to moderate mental health conditions to get back into work. The increased access to talking therapies is welcome too.

The Chancellor has announced an expansion of the restart scheme. We do not know how good that is because, until now, the Department has refused to publish the outcome data for restart. I am glad that, in response to the Select Committee, it has said that it

will start publishing that data, so we will see whether the scheme is doing a good job. The Committee took evidence this morning on the UK shared prosperity fund, which targets inactivity. One of the problems with the scheme is that the allocations were made in the middle of the year in which the money was supposed to be spent, so it is not surprising that people have not been able to set up the programmes that the funding supports. I hope that the Government will get their act together and ensure that the allocations are announced in good time for local authorities to award providers contracts to deliver the help that is needed.

The promised improvements for employment support have been matched by announcements of harsher sanctions. It is clear that sanctions are already high for people claiming universal credit and the other working-age benefits. There is no evidence at all that what is proposed will make people more likely to move into work. Particularly, where people are out of work because of a mental health problem, there is growing evidence that increasing sanctions makes matters worse. There has been a large response to the Government's announcement, particularly for people out of work on mental health grounds, that the proposed increase in sanctions will make people less likely to get into work.

Yesterday, I received a letter with 70 signatures from single parent groups, children's charities, domestic abuse charities and others, asking that the Select Committee look at the newly increased work obligations imposed on carers of young children. At the moment, carers of young children expect to work 16 hours a week—that is to be nearly doubled to 30 hours a week. The letter challenges those proposals for reasonableness and feasibility. If someone is looking after young children, is it appropriate to demand such large working weeks—far greater than the requirement until now?

After the misery of the past few years, we must all hope that the plan set out by my right hon. Friend the Member for Leeds West (Rachel Reeves) in answer to the Chancellor's statement is put in place next year, finally, to reignite much needed growth in the UK economy.

3.59 pm

Dr Ben Spencer (Runnymede and Weybridge) (Con): It is always a pleasure to follow the right hon. Member for East Ham (Sir Stephen Timms). I had the pleasure of serving on the Select Committee he chairs and I listened very carefully to the points he made. Like him, I intend to focus on the elements supporting people to work and back into work. Before I do so, let me say how much I welcome today's statement. The measures will have a huge impact on people across the nation and, of course, in my constituency. To draw out one thing which for me is a huge headline, making full expensing permanent is a real game changer for businesses, giving them certainty in investment.

What I see as the social contract is our striving for equality of opportunity, knocking down the barriers to people's getting on in life and in employment, while also providing support so that if things do not work out for people—they become ill—there is a safety net to catch them and help them through. That is really important. One common reason people drop out of employment is illness and disability.

Following becoming unwell, one of the most important outcomes in someone's treatment pathway is getting them back into work. Why is that? Because work gives agency. Work provides opportunity. Work is hope. All of us need stable employment—a statement that colleagues will perhaps be mindful of, a year from a general election. Work gives people a reason to get up in the morning. It provides a structure to the day. It provides opportunity and the aspiration to invest in one's self and to invest in society, and to continue as a citizen in our communities. Work is a core good. It is absolutely right that we do everything we can to support people back into work, to support people into work for the first time, and to help people who are struggling in work to ensure that they stay in employment. Several measures we have heard today are absolutely critical in that offering to people from the state.

The first measure, mentioned a moment ago by the right hon. Member for East Ham, is individual placement support. This is an incredibly good package. There is now a huge evidence base behind it supporting people into work, but, critically, retaining employment, which often is the real challenge. It is about not just getting a job but being able to sustain employment and ensuring it works out. I have been calling for it for years. Years ago, before I was an MP, I learned about the benefits of IPS and what an important package it is to support people in employment. In my constituency, we have a branch of Richmond Fellowship. The team, based in Chertsey, do fantastic work. They have spoken to me about the importance of IPS and what it will deliver to help people back into work and to continue in work.

The second measure is the expansion of broad support packages. I am particularly interested in the reform of the fit note system to try to get better pathways between health and social care, integrated care systems and the Department for Work and Pensions. We still have very siloed institutions and anything that will help them all work together, because it is a full package that works holistically, will lead to improvement.

The social contract I referred to is also about fairness. It remains the case that there are people—a small minority—who can work but decide not to. All things being equal, they can get into work and sustain a job but choose not to. It is not fair to ask our taxpayers to pay taxes, which they cannot refuse to pay, to subsidise someone's decision to exit the employment market. What is fair is for us to say, "Hey—we will do everything we can to support you into work. We will provide packages to help you when illness happens, either because you cannot work because the illness is so severe, or"—and this is the primary focus—"to make sure that you can get back into work and you can get better, and that is part of your recovery plan for the future. But if you do not want to be part of that and you can be, it is not fair to ask other people to subsidise your lifestyle choice."

I support, 100%, reforms that are fair not only to people who are receiving benefits and who are living with complex illness, but to our society as a whole.

4.5 pm

Dame Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Before launching into my speech, I will pick up some comments made by the right hon. Member for North Somerset (Dr Fox). He said that his Government were in favour of the measures laid out today but that

[*Dame Meg Hillier*]

the official Opposition, represented by my right hon. Friend the Member for Leeds West (Rachel Reeves), were in favour of public spending. I think it worth pointing out, as I have the privilege of chairing the Public Accounts Committee, that this Government have been putting off issues repeatedly until they reach crisis point. It is all very well for them to say that they do not want to spend money on the public sector, but they are actually costing it more. For instance, our Committee recently produced a report on the school building programme which revealed that 700,000 pupils were in inadequate premises; and although a former Prime Minister announced a programme for the building of 40 hospitals, there are still only 32, and the building of those hospitals is expected to “bunch” by the late 2020s or thereabouts.

Matt Rodda (Reading East) (Lab): My hon. Friend is making an excellent speech, and has just made an important point. My local hospital, the Royal Berkshire Hospital in Reading, is one of those that were promised something but have not yet received anything. This is a problem for many communities around the country

Dame Meg Hillier: It is a real concern. Those 32 hospitals are just the tip of the iceberg of what is needed, and nothing is in train yet, so if it bunches into the late 2020s and then into the 2030s, that could leave some—the seven affected by reinforced autoclaved aerated concrete—beyond their useful life, and it will mean a squeeze on construction.

For schools and hospitals alone this is a huge challenge, but it is also worth mentioning an animal health centre in Weybridge, in the constituency of the hon. Member for Runnymede and Weybridge (Dr Spencer), which has suffered from under-investment for a long time. If we had two zoonotic diseases in this country, we could not currently cope with that, because the centre is greatly in need of public sector investment.

These are things that the Government cannot dodge, because it is not possible to bring in other resources. It is easy to make jibes, but in reality there is a big challenge. We have, of course, seen councils squeezed until the pips squeak, although they are vital to the delivery of services that will not be delivered by anyone else. There is no private sector alternative, even for those whose ideology leads them in that direction.

Overall, there was a great deal of smoke and mirrors in the statement. I have had a look at the Green Book, although I cannot claim to have gone through every pledge in enormous detail because there has not been time since the Chancellor sat down, but we have already seen pledges in earlier Budgets and autumn statements unravel. One pet idea of a former Chancellor, the lifetime ISA, was not mentioned today; I certainly could not see anything in the Green Book about it. Those who have a lifetime ISA can invest in a property that is worth up to £450,000. In my constituency, it is impossible to find any new-build property for £450,000. The level has not kept up with prices, and as far as I can see there is to be no uprating. This means that many young people who hoped that this would help them to get a foot on the housing ladder have no hope. If any of the Treasury Ministers can say anything about that, my constituents will be glad to hear it.

I have just given an example of a dud financial product, delivered and then forgotten about. The Chancellor also mentioned childcare. Notwithstanding the pledge to provide free childcare for parents of children aged one and two, not enough places are available, because the money has not gone into delivering those places. Childcare facilities will not be able to provide childcare at less than the cost of the hourly rate of the people providing it. This is simply a pledge without any back-up, which is of real concern.

I am pleased to see that the local housing allowance has received its long-overdue increase, but I am not sure whether it will make any difference in many parts of the country where there is still a shortage of housing, apart from very expensive private rented housing. I will be touching on housing costs in Hackney.

Local government is struggling and failing, and the much-vaunted levelling up has been opaque. We cannot see exactly where the money has been spent and we have not really seen results. There is a lot of flim-flam and promise but the money is spread very badly, as reports this week have highlighted. Local government is one area that is being squeezed considerably, and now there is this idea that if a big planning application is not dealt with in a given timeframe, the council will have to refund the planning fees. Where are all the planners who are supposed to do this work, given the enormous shortage of that skill in local government?

Also, the fees do not currently even cover the costs of a planning application, as many developers tie planning departments up in knots as they argue for more storeys or fewer affordable housing units, and they can go on doing that for a year. It is not always the fault of the planners when there are delays in planning applications, but that is an easy statement to make. My party wants to ensure that the planning system works so that we can get those new homes built and get all the necessary capital infrastructure moving. There will be a proper plan behind the pledges of my party when we get to our manifesto.

On skills, we all want to see a skilled-up economy, but again we are looking at a failure over 13 years, after all the promises. The Green Book tells me that there will be £50 million for a two-year pilot to stimulate training in growth sectors and address barriers to entry. I think we have heard this one before. It is great to see a pilot, and great to see investment in it, but it is always too late. I was arguing over a decade ago that we needed skills in the green growth industries. An industrial strategy that included that would have boosted the economy and got us ahead of the game internationally on green issues. We need construction industry skills, including in the skilled trades. That was predictable when we went through the Brexit vote in 2016, yet here we are in 2023 and we still have those challenges.

There are huge skills issues in civil and nuclear defence, as my Committee, the Public Accounts Committee, has repeatedly highlighted. We cannot create highly experienced people in a decade, but we could have gone a long way if work had been done earlier. We also lack skills in fire safety. I should declare an interest in that I live in a block that had cladding. We need fire safety engineers to get through the process, and there is a shortage of them. It only takes three years to train for that role, and if we had started doing that after Grenfell, we would be much better placed now.

I will be generous and say that I welcome some things in the autumn statement. The piloting of additional jobcentre support for universal credit claimants at seven weeks in 90 jobcentres is a good thing. As we repeatedly say on the Committee, it is good to pilot initiatives—and 90 is quite a big pilot—so that we can learn and make sure that they work properly and become embedded. Seven weeks—nearly two months—is a long time to be without work, and if people can get that extra bit of intense support early on to keep them off long-term unemployment, that will be a good thing.

But I am massively concerned about ending benefits after 18 months for people who say that they will not go to work. People have many issues that are health-related but that do not qualify them for the personal independence payment. I pay tribute to the jobcentre coaches in the jobcentre in Hackney, and particularly those who work with the most vulnerable and disabled people. They provide amazing support to people, but we need a lot of those really good people to deliver this, and they will all need to be trained and developed. All previous work programmes show that health is one of the big final barriers to getting people into work, and that there is a residual group of people who, for various health reasons, cannot easily access work. The DWP is often called the Department of wonderful people, but however great its staff might be, they cannot always cross that barrier to deal with someone's health problem, because that is a whole different issue for that individual in relation to their medical support, if they have it. The Public Accounts Committee has repeated endlessly that sanctions do not work and that they just cause real problems for people. In Hackney, we have just over 16,000 people claiming universal credit and over a third of them are in employment, so these are not all people who are not working.

But there are many other barriers, including childcare and travel costs, as well as significant logistical barriers matched to particular jobs. I vividly remember a gentleman coming to my surgery who was a kitchen porter. He wanted to improve his English, as it was not his first language, and he was struggling to get a job. He went to the jobcentre and they were sending him to zone 6. For people outside London, my constituency is in zones 1 and 2, and zone 6 is quite a distance away and a lot more expensive to travel to. The time and cost of travel for someone on a kitchen porter's wage, even with an uplift in the minimum wage, will still be challenging in London, combined with the fact that he had two small children and a wife who also had a low-paid job. It was logistically impossible for him to do what the jobcentre was asking of him. If we are going to have all these changes, there needs to be an awful lot of investment in jobcentres to get anywhere near making them work. What will happen at the end of 18 months if someone is not in work? Will they be left destitute? There are lots of questions there.

I am interested in the national insurance contributions for self-employed people. The Public Accounts Committee has looked at serious challenges with pensions and pension records in the DWP. I will not go into too much detail now—for those who are interested, our work is all on our website—but there have been issues with inaccurate record keeping and the databases and systems in the DWP not talking to each other. The problem first affected a group of women—widows over 80 and others—who did not get their full state pension, but an issue was uncovered more recently that affects mostly women who

had caring responsibilities and should have had credits but, because of the links between HMRC and DWP not working properly, those were not properly recorded and reflected.

Whatever the policy, we need to make sure that it works technically. It says in the Green Book that credits will be applied, but we need to make sure that the technical system is in place, because it would be a tragedy if people who are self-employed found later down the line that they could not claim the state pension because that circle had not been squared.

The 1%-a-year increase in funding to Whitehall is, of course, a repeat of what was said earlier in the year, but it is a real-terms cut, so every Department will have to trim what it is delivering.

There are so many other failing areas. We have talked about hospitals and schools, where we know that demand is really big. The Department for Education wanted to build 200 new schools a year. In the 2020 spending review, it was allocated £1.3 billion for just 50 new schools a year. Now, there are 100 schools with reinforced autoclaved aerated concrete that need to be in that programme—the Secretary of State identified that problem at the end of August, just days before term started—and they are knocking other schools down the list. Eventually, there will be 500; goodness knows how long that will take on the current timeframe. Public spending is not always a bad thing; in fact, delaying it can cost a lot more to the taxpayer and those trying to receive services in the meantime.

I welcome the money for debt management in HMRC. That is good, but we on the Public Accounts Committee will of course be watching closely how it works. If money is invested well in the DWP and HMRC, we can see real dividends for the taxpayer, and no one wants to see fraud and bad debt.

Despite the increase in local housing allowance, which is a help, the LHA rate still causes problems. In the private rented sector in Hackney, the average rent for a two-bed is just shy of £2,000 a month, and there are 30% fewer private rented properties available now than there were before the pandemic. Before today—I have not been able to establish whether today's announcement will have a real impact in Hackney—not a single property was available to those on low incomes at LHA rates. If we are only going up to the 30th percentile, there will still be a real challenge in a borough where we have seen more homes for rent built at the luxury end of the market than at the lower end. Anyone lucky enough to be in a low-cost, relatively stable private sector home does not really have the option to move, so the supply is not being replenished.

That brings me to a really difficult issue for my constituents. One in two children lives in poverty, we are the 22nd poorest borough in the country and we have such a serious housing problem. I mention that every time I speak in the Chamber, and I make no apology for that. Not only do we have generation rent living in insecure properties, with rents spiralling out of control, but we have a huge shortage of social housing. In the year to 2022, only 671 social housing units became available, down from 1,200-odd in 2016-17.

That diminution is explained partly by the fact that, once someone has got social housing, they do not move out, because there is nowhere to go. That is leaving

[*Dame Meg Hillier*]

many of my constituents living in massively overcrowded conditions. Someone came to see me at my last surgery who has three children in a one-bedroom housing association flat, but the housing association has nowhere to put him, so he is bidding on the council list. If his case is typical, he will be waiting 12 years for a two-bedroom property. We have 3,759 children in temporary accommodation, which is enough to fill eight primary schools and is 1% of the population of my borough. We are having to close schools because children are leaving, as lots of families cannot afford to live in Hackney any longer. Those children are often housed outside the borough, because of the cost of housing in Hackney. So this is a really big concern.

In the year to 2023—in the last financial year—more than 4,000 residents approached the council seeking housing help, which is an increase of 18% on the figure for 2018-19. These figures are increasing exponentially every year, despite the best efforts of our excellently run Labour council. Under the new mayor, Caroline Woodley, and her predecessor, there has been a real desire and effort to build properly affordable social housing, including council housing. However, this is a drop in the ocean for the need. This autumn statement does nothing to help the people I am talking about. People are living in poverty and in overcrowded conditions. As my hon. Friend the Member for Ealing North (James Murray) says from the Front Bench, they are not better off than they were 13 years ago. They are considerably worse off and there is no hope—except, I hope, a general election, when my party will come in to try to sort out this mess.

4.20 pm

Priti Patel (Witham) (Con): I am pleased to follow the hon. Member for Hackney South and Shoreditch (Dame Meg Hillier). She has made some important points, some of which I will come on to shortly. I am grateful to my right hon. Friend the Chancellor of the Exchequer for his statement. As we go through the details of the announcements and the delights of the OBR forecast, there will be much discussion in the forthcoming debates. I always take the view that Budgets and fiscal events, some of which I have been part of in the past, need to address three crucial challenges: whether they support the economic freedom of our constituents; whether they empower businesses and enterprise to create economic growth, as it is the private sector, not the state, that grows the economy—I will come on to state spending shortly; and whether they manage the public finances in a sound and sustainable way.

I suspect that you, Mr Deputy Speaker, like me are old enough to remember the great Conservative Budgets from the 1980s delivered by Geoffrey Howe and Nigel Lawson—you do not need to agree with me on that right now. They set the benchmarks that any Chancellor, especially a Conservative one, should look to and follow to get the right balance of creating economic growth and sustaining the public finances in a suitable, sustainable and measured way. It should always be the mission of a Conservative Government to ensure that people can keep more of what they earn; it is right that the Chancellor used that statement a number of times and spoke about the fiscal measures he is introducing to ensure that that happens.

Of course, businesses and people spend their money far more effectively, efficiently and productively than the state, which is why low-tax economies are also naturally the fastest growing ones. A lower tax burden would mean more money in the pockets of our constituents to provide for themselves and their families. Having listened to speeches made by those on the Opposition Benches, it is fair to say that we would all agree that we want all our constituents to be well-off, financially and economically, for their families and their futures. A lower tax burden would also mean more money available to businesses to invest and expand. The Chancellor touched on some measures, and I shall do so shortly, on jobs and higher salaries. Naturally, this leads to more resources for economic growth. That is also why I fundamentally believe the Government should look to bring the levels of personal taxation down. The Chancellor mentioned that today, but I might suggest a few cheeky measures to say what more we can do on that, as more can be done.

Today's autumn statement marks—these might actually be the words of the Chancellor—a major moment when the Government and the country change gear and focus on how to drive growth in the decade ahead with the a package of tax measures, while seeking to ensure that inflation continues to fall. That is absolutely right. There are different ways in which it can be achieved, and the Chancellor has outlined the ways in which he wants to make sure that it happens.

On the measures announced today, naturally I support cutting the main rate of national insurance contributions—the infamous NICs—from 12% to 10%. It was refreshing to not only address but go as far as abolish class 2 contributions for the self-employed. That will have implications and the devil is in the detail, as touched on by the hon. Member for Hackney South and Shoreditch, including issues of interoperability, such as how that will relate to and engage with the pensions system, technical measures and delivery. That is a fact of life. I do not want to be pointed, but HMRC and DWP use two different systems that are not always interoperable; I am a former DWP Minister and a former Treasury Minister, so I have seen that in action. I urge the Government to pay attention to the delivery of that measure, and I have no doubt that the Public Accounts Committee will be watching very closely as well.

On reducing the tax burden, my colleagues on the Treasury Bench will expect me to say that I maintain, fundamentally, that we can do more to freeze income tax levels. I know Treasury Ministers have heard me and indulged me on that subject before. Back in 2010, the measures around the tax-free threshold and increasing the higher rate threshold were a significant way to help families directly, in a sustainable way. I point to that example because it did not lead to a fall in inflation. Of course, the inflationary measures we see now—external measures, such as the war in Ukraine and energy prices—are different, but I will continue to lobby the Government relentlessly because I want to see a shift in tax-free and higher rate allowances.

That is important in the context set out by the OBR today, which states:

“Tax changes in this Autumn Statement reduce the tax burden by 0.7 per cent of GDP but it still rises in every year to a post-war high of 37.7 per cent of GDP by 2028-29. Income tax increases explain most of the increase in this forecast, rising from 10.2 per cent of GDP this year, to 11.3 per cent in 2028-29”.

Those increases are driven by, dare I say it, the threshold freezes in income tax rates and the nominal earnings growth that will come from that. The implications are self-evident: more of our constituents will pay more income tax, there is the infamous fiscal drag and more people will move into higher rate bands, so ultimately 400,000 more people will pay the additional rate.

Dame Meg Hillier: Does the right hon. Lady agree that will create a burden for those people who will then have to complete a tax return? In addition, there will be an impact on child benefit, so there is a double whammy once people hit the higher threshold, if they have children.

Priti Patel: The right hon. Lady is correct and makes an important point. I do not want to be boxing the ears of my hon. Friends on the Treasury Bench today, which is their day, but I sound like a broken record on this subject. I would go for complete streamlining and simplification of the tax system, even on NI, where I would like to see measures such as the merger of income tax and NI. I would love to see a simple system where we do not have the burdens of bureaucracy. Even when we spoke about full expensing in the Budget, the business and regulatory implications are pretty vast. The childcare measures are very good and encouraging, but from, a personal perspective, even more complexities are being introduced to the system and we, as Conservatives, could do much more to streamline that.

Ian Blackford: I encourage the right hon. Lady on what she said about the integration of tax and national insurance. Although such measures are not without their complications, they can be overcome, so perhaps there should be some work across the House to examine that issue. Let us make things simpler and more straightforward for all our taxpayers.

Priti Patel: We could have a separate debate on a single income tax and all sorts of other measures. I would like to see tax transparency as well. I am so old-fashioned that I think we should be able to follow every pound of Government expenditure, and that there should be far greater transparency for the public in that regard. I am sure that the hon. Member for Hackney South and Shoreditch (Dame Meg Hillier) would support that, too, from her perspective as Chair of the Public Accounts Committee. I do not say these things lightly. In this modern day, when we have much greater digitalisation and access to information, our constituents naturally also want to see more transparency in that area, especially while the Government are investing in artificial intelligence and all sorts of other things, including bots. His Majesty's Revenue and Customs could be run by bots before we know it, although on that basis alone we might get more efficient telephone conversations and call handling. None the less, more needs to be done, and we should welcome that.

I will move on to a couple of other measures, but just while we are on the subject of taxation and revenues, I wish to make a point about the savings that can be made from Government efficiencies. This matter has not been addressed today, but the Chancellor did touch on it. There is much more work that needs to be done in this area, although I appreciate that this is an autumn statement and not a full-fat Budget. For the spring in particular, this is one area where we can do much more

in boosting state productivity. The Chancellor always mentions the P word—productivity—but in 2021-22, just as an illustration, the Government delivered £4.4 billion-worth of efficiency savings. In monetary terms, that was significant, but it represented just 0.4% of public expenditure—a drop in the ocean. For the benefit of our constituents, let me say that that is £1 for every £250 spent. Again, much more needs to be done in that area.

Let me continue on the theme of hard-pressed taxpayers. This was not mentioned today, but at previous fiscal events I have voiced support for the fuel price escalator. I believe that we should do much more to back our motorists and make sure that the 5p cut in fuel duty, which was introduced in 2022, is maintained. There is some important signalling that we can do as a Government to ensure that the UK's 37 million drivers are not seen as a cash cow. We must back them and continue to remain on their side.

That brings me to business taxes. Our economy relies on private enterprise. I am an Essex MP, and Essex is the county of entrepreneurs. Some 80% of my constituents work for small and medium-sized enterprises, which is 20% higher than the national average. We are proud of those SMEs, but we really need them to keep their head above water. That is why we must always support businesses—small businesses as well as big businesses. It is the small businesses that are the engines of economic growth.

I am proud to represent a county where we have businesses that are hungry to innovate and invest, and I want the Government to free them from the shackles that hold them back. A lot of that is regulation and red tape; and there is far too much of that. I have previously called for a freeze of the small business rate multiplier, and I am pleased that the Chancellor has agreed. That in its own right will have some benefits. I know that it has been reinstated for another year, along with other retail and hospitality measures. Retail and hospitality are burgeoning and important sectors that can help to boost our struggling high streets.

I welcome the continuation of business support with full expensing, which I have touched on, but there should be greater clarity over how that will operate, what it will mean for businesses, and the burdens that it will place on the sector. Will firms have to employ an army of accountants who will eat into their business expenses? Reducing overall taxes on businesses is, of course, welcome. It will help firms to invest, to create jobs and to boost supply, which is incredibly important.

When I call on businesses to invest, that also means that we must do much more to get them to invest in skills. Skills and productivity are the biggest challenges that we face. I would, at some stage, like to press those on the Treasury Front Bench on why we are still not committing ourselves to a labour market strategy around some of the key sectors where we know we have shortages in skills growth. When it comes to specialist sectors, we want to be the hub for technology, innovation and science, so we need to consider what more we can do. We also need to consider the work that is required around the green economy. As a former Home Secretary, I can say that we rely far too heavily on migration to fulfil our labour market needs. For the past five years, even when in Government, I have consistently and continuously called for that to be addressed. It sits with

[Priti Patel]

the Treasury, not just the DWP, and I urge the Chancellor to make good on those calls. I have discussed it with him several times.

I want to speak about the importance of the energy sector. The Chancellor touched on connectivity to the national grid in today's autumn statement. I am an Essex MP. Off the coast of the east of England, we have enormous potential when it comes to increasing our energy security, because we have been successful in producing renewable energy offshore. We are effectively a hub in the east of England, where we have had investment. Efforts to develop the sector and increase renewable energy are welcome, and we are proud of the work that has taken place, but we are now suffering from the lack of strategic planning.

Windfarms have received consent and been developed without serious thought being given to interoperability and connection to the network and to the grid. That has resulted in one of the most deeply unpopular policies from central Government, which is now affecting the whole of the east of England: the National Grid's plan to cover the east of England countryside with over 100 miles of pylons and overhead power lines. Our constituents do not support that. I am fully aware of what the Winsor review says, and of the prospect of support—financial bribes, as my constituents call it—for local residences, but we need to ensure that there is proper engagement.

We are putting forward alternatives to pylons, and offshore options that we want to work with the Government to develop. That would support our renewables sector, bringing further skills to our region and our country. Ultimately, we have to address the issue of local constituents feeling frustrated. They resent that this is being done to them, rather than it being their suggestions and some of the local investment being taken into consideration. There is a sense that decisions are being made in an opaque way and that their views are being ignored. I would welcome better dialogue and consultation from the Government on this.

The Chancellor touched on the fact that devolution deals are under way. This is a work in progress for us in Essex. I would very much like to engage with the Treasury and the Government on what a greater devolution deal would mean for our fantastic county, particularly when it comes to investment in skills and infrastructure. Devolution deals can promise the earth, but central Government have to deliver the goods, and it has to translate into a return on the investment locally. In Essex, we are net contributors to the Treasury, so we can apply the multiplier effect and work out where we are getting the benefits, and where we are not getting our return on the investment. We should have further discussions on that.

I welcome the direction of travel in the autumn statement. The Chancellor has opened the door to sound economic principles of lower taxes. I welcome the support for business, which is fundamental. I urge everyone on the Government Front Bench to continue to look at ways to lower taxes, including personal taxes. Times have been tough for the British public. We want to ensure that all our constituents are able to keep more of the money that they earn, and ultimately have a secure economic future.

4.38 pm

Dame Angela Eagle (Wallasey) (Lab): It is a pleasure to follow the right hon. Member for Witham (Priti Patel), who made an interesting and thoughtful speech.

The backdrop of the autumn statement is an ongoing cost of living crisis and a flailing Government who cannot defend their appalling record in office and know that the general election is fast approaching. The fifth Tory Prime Minister in 13 years has had four relaunches in the past six weeks. He cannot decide whether he is the change candidate or continuity Cameron, he cancelled the northern leg of HS2 in Manchester, his King's Speech was a visionless damp squib, and he has had to ditch an incompetent Home Secretary he should never have appointed in the first place.

The reality is that the Tories have delivered 13 years of chaos, incompetence and instability. They have made our country weaker, and working people are worse off. Taken together, these Tory Governments have delivered 25 tax rises since 2019. The last Prime Minister sacked the Treasury permanent secretary responsible for fiscal stability, crashed the economy and nearly melted down pension funds, and millions of people are paying higher mortgages and rents as a result.

Since the last election we have seen the highest increases in tax in any Parliament since records began and today's announcements have not changed that reality. This Tory Government have cost each and every household in the UK a massive £4,000 in tax rises since 2010. Even after today's tax cuts, the tax burden still reaches its highest level for 70 years. The Tories have delivered the worst economic growth since the 1920s and the worst performance for real wage growth since Napoleon crowned himself emperor.

Yet despite a tax burden running at a 70-year high and a debt which is the highest in peacetime, our public services are crumbling, our schools are riddled with reinforced autoclaved aerated concrete—RAAC—our rivers are full of sewage, and there are 7.8 million people on an NHS waiting list. The Tories in all their various iterations of Government have somehow managed to deliver the worst of both worlds: record high taxes and crumbling public services, and an ongoing cost of living crisis causing misery to millions.

To be fair, there have been some achievements. We have seen record levels of waste and fraud: a staggering £100 billion of it in the last four years. My constituents are furious about this, and it is right and proper that my right hon. Friend the shadow Chancellor has pledged to set up a covid corruption commissioner to get some of these lost billions back.

It is good news that since March this year growth has been revised up slightly, inflation has halved—although is still high by G7 standards—and borrowing has been revised down. In other words, inflation is twice the target and growth is so modest it could be a rounding up error. The bad news is that the economy is barely growing, with ongoing risks of a recession, and despite what the Chancellor said in his autumn statement, the OBR has downgraded growth forecasts substantially for the next three years. Living standards are now due to be 3.5% lower in 2024-25 than pre-pandemic, the largest reduction in living standards since the 1950s.

Taxes are at record levels and the national debt is projected scarcely to fall at all, meaning soaring levels of debt interest spending to service it.

Higher tax receipts in nominal terms and borrowing coming in slightly below the expectations set in the March Budget have increased the so-called headroom the Chancellor has if he is to meet his fiscal rules. He has decided to spend all of it. The OBR points out that half of this so-called headroom comes from a fuel duty escalator that keeps being cancelled and which the right hon. Member for Witham has just perfectly reasonably argued ought to be cancelled next time. That means the headroom the Chancellor has just splashed around is cut in half by that one decision on fuel duty.

This apparent largesse of his also signals—he did not talk about this much—that public spending plans which were already very tight indeed are going to end up even tighter. As the OBR has pointed out in its assessment published this afternoon, this headroom is

“mainly a reflection of a £19.1 billion erosion in the real value of departmental spending.”

The Chancellor did not give us any indication that he was going to increase public spending in real terms to compensate for that, which means that already very difficult public service and departmental budgets will be squeezed further. The Institute for Fiscal Studies has calculated that the extra spending pressures imply real-terms cuts of 16% for unprotected Departments such as Justice and flat budgets in real terms for many of the rest, but the Chancellor has conveniently pushed that scarcely credible fiscal consolidation into the next Parliament, where it is safe to assume he will not be in the job or have to deliver it. It is a scorched earth policy that Julius Caesar would recognise.

The outlook for both growth and productivity is currently gloomy. The OBR forecasts a modest improvement this year, coupled with significant downgrades for the next three years. That is slightly more optimistic than the Bank of England forecast last month, which put the chances of a recession next year at 50-50, with the possibility of three quarters of zero growth. As members of the Monetary Policy Committee pointed out in evidence to the Treasury Committee yesterday, productivity growth since 2016 has been a dismal 6%, while the USA has achieved a 25% increase in the same period.

Falling so far below our competitors will simply lock in the stagflation we are already experiencing. There can be no prospect of sustainable growth in living standards and real wages without a significant improvement in our economy's performance. Labour has long argued for a move to make full expensing of business investment permanent. The Chancellor condemned that as “irresponsibility from Labour” in the King's Speech debate just eight days ago, so we welcome his damascene conversion today, which ends the uncertainty of the three-year cut-off period and the problems it was creating. We need to increase economic growth, and, despite the blind faith of the Conservative party, tax cuts do not do that; investment in equipment and people does. Labour's green prosperity plan will put shovels in the ground and cranes in the sky, propelling us to net zero and transforming our infrastructure in every region, truly preparing us for the future.

Having spent most of the last year saying that tax cuts were irresponsible, the Chancellor has now decided to cut national insurance by 2p at a cost of around

£10 billion, spending that headroom created by higher nominal tax receipts because inflation is higher than expected. While inflation has halved, it is still very high in comparison with other G7 countries, and the Governor of the Bank of England told us yesterday in the Treasury Committee that he feared that the risks were on the upside, so there are considerable dangers in the Chancellor pursuing the strategy that he has decided on. The current Prime Minister's decision to freeze tax thresholds for six years has been revealed as a stealth tax that is due to rake in £52 billion—one of the biggest tax grabs ever, as I think the right hon. Member for Witham said in her contribution.

The cut to national insurance does not unravel that tax grab. For most people, even after that modest cut to their national insurance contributions, their taxes will still go up next April. The OBR points out on page 11 of its executive summary that the tax changes

“reduce the tax burden by 0.7 per cent of GDP but it still rises in every year to a post-war high of 37.7 per cent of GDP by 2028-29. Income tax increases explain most of the increase in this forecast”, and goes on to demonstrate that

“frozen thresholds result in nearly 4 million additional workers paying income tax, 3 million more moved to the higher rate, and 400,000 more paying the additional rate.”

Apparently, that is a tax-cutting Budget, in our Chancellor's view—well, not in mine. Close to the end of the Parliament in which the Conservative party has raised the tax take by more than any of its predecessors, giving a tiny bit back at the end will make virtually no difference.

I am pleased that the Chancellor has decided to uprate benefits as normal despite the speculation that he would not do so, but benefits have already been cut a lot and have not kept pace with inflation. With that and other cuts since 2010, the poorest fifth of the income distribution have lost £2,700, as the Resolution Foundation has shown. The social security system is not generous: 73% of universal credit recipients are in food poverty—and by the way, food inflation is still at a punishing 10.1%. In my Wallasey constituency, there has been a 54% increase in the number of people needing to use food banks in the past year. The autumn statement has done nothing to address those concerns.

We need a change of Government away from the chaos, the in-fighting, the clown show. We need a serious Labour Government with a plan to grow our economy and prepare properly for the future. We need planning reforms to be delivered, not talked about; we need Labour's green prosperity plan to get us to net zero and create good jobs; and we need a new deal for working people to ensure that work pays. And by the way, we also need a general election—the sooner, the better.

4.51 pm

Anna Firth (Southend West) (Con): It is a pleasure to follow the hon. Member for Wallasey (Dame Angela Eagle). As I listened to her speech, I came to the conclusion that we have something in common: we both seem to welcome tax cuts. She does not seem to think that they have gone far enough. I wholeheartedly welcome this Budget. It is a serious Budget for growth, a Budget that sets the course for the long-term success of our country, a Budget for businesses, a Budget that rewards hard work, and a Budget that rewards our pensioners and senior citizens.

[Anna Firth]

Tackling inflation has rightly been the Government's top priority over the past year. We have all seen the horrendous effects of double-digit inflation on the cost of living, on energy prices, on households and on our constituents. I believe that the Chancellor and his team deserve all our praise for the dogged way in which they have kept to the programme and delivered. They have more than delivered, because inflation has more than halved over the past year. That will make every single one of my Southend and Leigh-on-Sea constituents better off, which I wholeheartedly welcome.

Being Conservatives means that we believe in growing the economy by giving people and businesses the freedom to succeed. We believe that lasting wealth creation depends on cutting taxes and reducing regulation. Our way is to set businesses free. I do not want to get too party political at this stage in my speech, but that is not the way of the Opposition, who have traditionally been about ramping up borrowing, increasing debt, and, obviously, increasing mortgage rates.

My priority—always—is to make Southend and Leigh-on-Sea safer, healthier and wealthier. I judge all legislation against those three simple tests, and this autumn statement will undoubtedly make my constituents wealthier. The vast majority of Southend and Leigh-on-Sea residents work hard, work full-time, and own their own homes. They deserve to keep as much of their own money as possible, so I welcome the fact that, thanks to the long-term responsible decisions taken by the Chancellor and his team last year, we can now begin to get back to cutting taxes. We are not going as far as I would like, but we are making a good start.

Cutting taxes for 27 million working people from January, by cutting the main rate of national insurance contributions from 12% to 10%, is a great start. It means that the average person in Southend West and Leigh-on-Sea, earning an average of only £36,500 a year, will see an almost immediate tax cut of £480 per person. If it is a family with two earners, as most of them are, they will see a tax cut of £960 per year—nearly £1,000 a year, starting from January. A senior nurse at Southend hospital will be better off by £600 a year, and the average police officer will be better off by £630 a year. I welcome putting that money back into the pockets of my hard-working constituents, because we on the Conservative Benches know that employment is the long-term route out of poverty. I am delighted that the welfare reforms in the autumn statement will cut the number of people in this country who are signed off work on benefits, to ensure that their potential is not wasted in the long term. Making a concerted effort to help people back into work is not nasty: it is responsible, compassionate, and ultimately caring.

I also welcome the support for small businesses in the statement. Over 98% of businesses in Southend are micro or small businesses; Southend is a city of entrepreneurs, and I am very proud of them. As such, I welcome the extension of the 75% business rates relief for retail, hospitality and leisure until 2025 and the decision to freeze the small business multiplier, which will be a huge benefit to businesses in Southend and Leigh-on-Sea. Having been self-employed for many years, I also welcome the support we are giving to the self-employed by cutting

class 2 national insurance contributions from April 2024 completely. Again, we are putting more money into the pockets of the hard-working.

Permanent full expensing will mean the biggest business tax cut in modern British history. Again, it is clear what side Conservative Members are on: we are on the side of businesses, the job creators, and those who are working hard. I also welcome the fact that fuel duty will remain frozen, maintaining the 5p reduction introduced last year. Some 80% of Southend households have at least one car or van—significantly higher than the national average—and 40% of my employed constituents drive to work, so being a motorist is not a dirty word in Essex. We enjoy our cars and are proud of them, and of white van man. Let me say this loud and clear: there will be no ultra low emission zone in Essex. Kremlin Khan can keep his communist measures in London; we will not have them in Southend.

We must also look after our pensioners and the poorest in society. There are nearly 18,000 pensioners in Southend West, and we must do the right thing by them. As such, I welcome the fact that the Chancellor has reaffirmed his commitment to the pensions triple lock and pension credit. I thank him and his team for listening to the many representations from Conservative Members to keep that triple lock, which will rise in April 2024 by 8.5%. That is going to mean an extra £70 a month for my pensioners—nearly £900 a year.

More importantly, I welcome the fact that this Government are positioning the UK to be a global leader in the industries of the future. We had a revolution in banking when I started my career in the City, and it has created a long-term tax take on which we all depend in part today. Creating the industries of the future is an investment in high-paid jobs and in the tax take that we will all be relying on as we get older. Last year, we became the third trillion-dollar tech economy in the world; our tech sector is now double the size of Germany's and three times that of France. Our life sciences sector is the biggest in Europe. Offshore wind has been mentioned; we do more offshore wind than any other country in Europe. We are now Europe's biggest film and TV production centre. Those successes are all investments in our future, and they are not quick fixes—they are not things that just happen. They are due to long-term strategic decisions, laying the foundation for future success. It is because of these long-term strategic decisions that we have grown faster since 2010 than France, Germany, Italy, Spain, Austria, Finland, the Netherlands and Japan. In fact, I think the Chancellor even mentioned a few more countries in his statement.

I would say that what is happening nationally is reflected in Southend. I am sorry that my hon. Friend the Member for Mid Worcestershire (Nigel Huddleston), who has joined the Treasury team, is no longer in his place because he will know, from attending our trade summit in September, that Southend is not just a historic, successful, scenic seaside city but that it has a growing life sciences sector, with world leading businesses such as Olympus KeyMed and ESSLAB, to name but two. In fact, the Thames estuary, backed by the Government, has been named the UK's No. 1 growth area, with the potential to create 1.3 million jobs and add £190 billion to the nation's economy by 2050. I would welcome—and I continue to encourage the Chancellor

to look at this—the creation of new investment zones, in particular focusing on new cities. The Chancellor recently said,

“don’t bet against Britain—it’s been tried before and it never works.”

I would say, “don’t bet against Southend either”, and certainly not against the mighty Southend United, as the hon. Member for Chesterfield (Mr Perkins), who is not in his place, knows only too well.

The other area I want to touch on is apprenticeships. On skills, business-led local skills improvement plans have been a big success, particularly in Essex, where we have an excellent one run by the Essex chambers of commerce. However, we do need the Government to commit to long-term funding beyond the current 2025 cut-off point to truly embed them into the skills landscape, and I would like to continue that conversation with the Treasury team. Of course, apprenticeships offer a chance for people to earn while they learn and gain industry experience, and I welcome the fact that we are committing a further £50 million to a two-year apprenticeship pilot to explore new ways to stimulate training in growth sectors. However, at the same time, the apprenticeship levy does need to be reformed. Apprenticeships are not always the best solution to all training needs. I have a brilliant college in Southend, the South Essex College, and I have heard many times that greater flexibility is needed in the types of training for which the levy can be used. Many firms need shorter, more modular training to enable individuals to upskill quickly. I hope that the Government will look at allowing a percentage of the apprenticeship levy to be used on other forms of accredited training offered by approved providers.

To conclude, I welcome the autumn statement. The measures contained in it are good for my constituents in Southend and Leigh-on-Sea. I believe they are good for the country, and I look forward to supporting them at the beginning of next week.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Nigel Evans): Order. I am trying not to put a time limit on speeches, but as Members can see, we have 10 speakers and 100 minutes left, which roughly equates to 10 minutes each. If Members do not go wildly over that, we can get everybody in and with equal time.

5.3 pm

Jon Trickett (Hemsworth) (Lab): Thank you for your guidance, Mr Deputy Speaker, and I will try to be brief.

The first point I want to make is that the Chancellor and the Chief Secretary, who spoke at the beginning of this debate, seem to have omitted certain important facts. I do not want to suggest that they deliberately misled the House—that would be totally inappropriate—but perhaps they had memory problems, so I will try to assist those on the Government Front Bench with some things that seem to have been forgotten, but are quite important. First, right hon. and hon. Members on the other side have suggested that Labour has a problem with borrowing, but look at the figures. Since 2010, the Government have borrowed £1.5 trillion, and they seem to be heading towards borrowing of £3 trillion, an increase of 28% of GDP since Labour left office: they are the borrowers.

Look around: where has the money gone? Our services have collapsed in many cases, including schools, hospitals and the police force. Our people are living in increasingly difficult times. There is an increase in poverty and the necessity to use food banks. Our growth is more or less static. Okay, there is a small percentage increase, but over the medium term we are not looking at any growth at all. Where has all this money and all this borrowing gone? It has been spent by a profligate Government who do not have any sense of the country’s priorities, and that worries me. One section of the population has done well—the big corporations and the wealthy—and I might return to that if I have time.

The Government forgot to mention that the OBR has said that the plans published today require £19 billion worth of expenditure to maintain our public services, but the Government have provided only £4 billion. A spokesperson for one of the larger well-known think-tanks has said that the cuts that the Government are proposing are “completely implausible”. I looked at the figures. Schools are looking at a cut in real terms. There is no attempt to match inflation. The Government are going to reduce the amount of money going into schools. How will those cuts be made? Services, after 13 years, are almost beyond repair without a new Government.

The Government seem also to have forgotten that the OBR has said that working people are facing the worst cut in living standards since records began. That is shocking, when we reflect on the levels of difficulty that we see in our constituencies. The other thing that the Government seem to have forgotten, while they have been claiming that inflation is going in the right direction, is that inflation as a whole is one figure, but the cost of food is increasing by 10%. I looked at the figures to see where we are with food poverty. The bottom four deciles—that is, two fifths of the population—spend more than 40% of their total household income on food and housing. Food prices going up are driving people further and further into destitution and poverty. All those facts seem to have been forgotten by those on the Government Front Bench.

I will not speak for too long, but I will make a couple of other points. Ministers have said that this is a Budget for working people. I represent large numbers of working people—we all do, I guess—and the average salary or income in my constituency is £29,200, which is way below the national average. With wage increases needing to match food inflation, I calculated the result of today’s announcements for people on £29,200. The amount of income tax they pay will increase by £456, because the Government have not increased the thresholds. That is £9 a week. Okay, the Chancellor announced a reduction in national insurance of 2p, but that will still leave people in my constituency on the average salary more than £2 a week worse off. What the Government pretend they are giving with one hand with a cut to national insurance is then taken with the other hand, as they have not increased the thresholds. Effectively, people are falling further into poverty.

The people I represent and the people of Britain as a whole are not fools. We might see tomorrow’s right-wing newspapers bellowing out a great triumph for the Conservative Government, but people will look at their pay packets, and they will see that the Treasury is still taking £100 more than it would have had thresholds changed. That is an unfortunate situation to be in. It is

[Jon Trickett]

what the economists call fiscal drag, and it is estimated that next year alone, the Treasury will take back £8 billion from working people, which is £270 a person a week. The faulty memory of Government Ministers—let us put it no stronger—has resulted in a rather rosy picture of what will happen to our country, but the people will see what has happened to their families, their households and their neighbours, and they will understand that this Government are simply for the rich rather than for the rest of society.

I return to inflation. The right hon. Member for North Somerset (Dr Fox), who is not in his seat, talked about how we should explain inflation and said it was produced purely by external forces. Of course, external forces have made a difference. But I have covered 40 separate financial statements since I was first elected 28 years ago, and I remember sitting here and seeing the faces of Conservative Members when the Budget was introduced—they started off rosy and finished up pale, even white and ashen—but what did they do? They voted for it—all of them, I think. We know what the consequences have been since.

Was there another option for the Government to try to protect working people? I think there was. Spain, for example, with the same spending pressures from oil costs, harvests, the wars and so on, has managed to keep inflation down to 2% while ours was roaring away at up to 11%. What did Spain do? It removed VAT from basic foodstuffs, capped prices, made payments to households, and reduced VAT on electricity and gas. The thing is, we left the European Union in part because we supposedly wanted to be free to adjust our VAT rates, but we have done none of those things, really. We let inflation rip.

My final point—again, this was not mentioned in the statement—is about the asymmetric way we deal with income. As we have heard, we tax earnings from work to a significant amount—part of that is just to pay for the debt that we have incurred while this lot have been in government—so someone who earns £50,000 will receive £38,400 after tax and national insurance. Someone who earns £50,000 from dividends will take home another £8,000 and receive £46,250. If we were a Parliament for working people—one that valued work and labour as a way of contributing to our society—we would not tax work more heavily than income from wealth. I will leave the House with that point. There is money in our society that could be used for public services and to help working people, which the Government pretend they are trying to do but have failed to do.

5.12 pm

Sir Geoffrey Clifton-Brown (The Cotswolds) (Con): Thank you, Mr Deputy Speaker, for letting me catch your eye in the debate. I am delighted to follow the hon. Member for Hemsworth (Jon Trickett). A long time ago, we were paired—most hon. Members in the Chamber will have forgotten that we had an official pairing system—which I am afraid dates him and me.

Many interesting points have been made, but one of the most interesting things I have heard is the number of Opposition Members who have been complaining about the level of the tax burden. I will assume that when they

produce their general election manifestos, each will say that they will reduce the burden of tax on the people of this country. I will bet you a bottle of something nice, Mr Deputy Speaker, that when the Labour party manifesto comes out, we will see a higher fiscal burden on the people of this country than there would be under a Conservative Government.

The hon. Member for Wallasey (Dame Angela Eagle) was dead right, and reinforced the point made by my right hon. Friend the Member for Witham (Priti Patel), that fiscal drag is one of the main reasons why the tax burden has gone up so much. The top rate of tax comes in at just £50,270 and, as the hon. Lady made clear in her speech, progressively over the years, an increasing number of people will fall into that. Quite large numbers of constituents who are working hard on fairly modest wages—medium-paid police, medium-paid teachers and medium-paid people in the health service—will suddenly be thrust into the top rate of tax. As my right hon. Friend said, people know how to spend their own money far better than the state does. We want a progressive look at that to see what can be done, perhaps in the Budget.

This autumn statement will be remembered for two key events. One was full expensing made permanent, at a cost £11 billion—a big relief announced today. The second one, for individuals, is the cut in class 2 and class 4 national insurance, amounting to £10 billion. Those are two big measures. I warmly welcome the measures to boost growth, employment, productivity and, above all, investment. Boosting investment will help the long-standing productivity problem in this country. There are measures to boost growth, reduce debt and, above all, see inflation come down in the way that it has.

Inflation is a tax on every single person in this country, every business and the public sector. In short, it is very damaging to the economy as a whole, and it is good to see it come down from over 11% to just under 5% in a year. We look forward to the Chancellor's predictions of it coming down to 2.8% next year. Even better, by the end of next year or the beginning of 2025, it may come down to the Bank of England's target level of 2%. That is a good thing to happen to the economy.

What have we done in this autumn statement? We have cut taxes for 27 million working people from January, by reducing the rate of national insurance contributions. We have cut and simplified tax for 2 million self-employed—I warmly welcome that, as I have a lot of self-employed people in my constituency. We have cut business rates, by freezing the small business multiplier yet again, saving the average shop £1,650. That will benefit a lot of shops in my small towns in the Cotswolds. As I said, we have increased the national living wage to £11.44 an hour, up from about £5.50 when we took power in 2010. That is a terrific achievement and will benefit 2.7 million workers. One measure that will help in the Cotswolds is increasing the local housing allowance, because rents are high, and the difference between housing benefit and what people have to pay in the market is large. Having an elderly population, I am delighted that the Government intend to keep their promise on the triple lock.

I am delighted to follow my Chair on the Public Accounts Committee, the hon. Member for Hackney South and Shoreditch (Dame Meg Hillier). She recounted

in her wise speech a lot of measures that we have heard in Committee hearings, which she and I attend diligently twice a week—a terrific workload. I absolutely agree with her on skills, as others have mentioned. Time after time in our hearings we have heard about skills shortages in certain sectors—IT programmers, digital collection, project managers and complex procurers—hampering the public sector in carrying out particularly big projects. I am delighted, therefore, by what the Chancellor said today about how our youngsters' levels of education have increased so much within the G7.

I had a good visit the other day to see the acting deputy head of Cirencester College. His is one of the leading colleges in the country for the Government's new T-levels. He now teaches 13, up from 10. His student numbers are full to the gunwales at 3,300, and he cannot take any more unless he has new buildings. It may interest the House that he warmly welcomes the Government's new proposals on advanced British standards, because the combination of vocational and technical training produces more rounded pupils who go on to do better at university. The Government have some imaginative ideas in education, and I know that my teachers in the Cotswolds will warmly welcome the record resources going into our schools through the statement.

There was one thing missing in the autumn statement and I am sorry but I am going to detain the House for a little while on it, because it is so important. I will go through it in a little detail. I asked the Chancellor why tourist tax measures were not included in the autumn statement. On leaving the EU, Britain had the chance to become the only European country where 450 million EU residents could shop tax free. I warmly welcome the newly appointed Minister on the Front Bench, the Economic Secretary to the Treasury, my hon. Friend the Member for Hitchin and Harpenden (Bim Afolami). I think he would agree with me on this. If he does, let us get on and do something about it, because businesses believe that this new market could be worth an estimated £10 billion in two years.

At the time of leaving the EU, the Treasury considered the option of extended tax-free shopping to EU visitors but decided it would cost too much. Britain ended the existing tax-free shopping not only for EU visitors, but for shoppers from around the world. That had consequences. By ending tax-free shopping for non-EU visitors, Britain is losing out on a multibillion-pound market where it was by far the leading destination in Europe for tax-free shopping. In 2019, Britain accounted for 45% of all tax-free shopping done in France, Italy, Spain and Britain combined, but it has missed out on this potentially huge new shopping-led tourist market which only Britain could have benefited from because we were the country that had left the EU.

Let us look at the data on the opportunity for Britain if the Government had chosen to extend tax-free shopping to EU visitors and visitors from around the world. We are now seeing something of the impact of allowing British visitors to the EU to shop tax free: our people going to the EU and shopping tax free, which they do in abundance. In the first full year of travel, in 2022, British shoppers spent around £500 million on tax-free shopping in the EU. This year, the figure is estimated to double, so that our people are going out and benefiting EU countries potentially to the tune of £1 billion. The Association of International Retail has made a very

rough estimate, from the behaviour of British tax-free shoppers, of what could happen were Britain to offer tax-free shopping to EU visitors. The EU has six times more people than Britain, so if that level was replicated by the EU shoppers we allowed to shop tax free in this country, the £1 billion of tax-free shopping that our people do in Europe could be turned into up to £6 billion.

The most recent forecasting reports are truly staggering and I ask my hon. Friend on the Front Bench to listen to them. The Centre for Economics and Business Research builds on a previous report by the respected Oxford Economics. The two reports forecast that introducing tax-free shopping would boost visitor numbers by between 1.6 million and 1.7 million, increase spending by between £1.7 billion and £2.8 billion, and increase GDP by between £4.1 billion and £9.1 billion annually. I cannot understand why the Treasury will not consider this measure. The difference between the two forecasts is mainly due to timing, with the Oxford Economics study released in October 2022 and the CEBR study published a little later, in July 2023.

When the Government are looking for growth measures, why has the Treasury dismissed this opportunity so quickly, without any comprehensive cost-benefit analysis? Ministers have told us time after time that the Treasury wrongly assumes—those are my words—that tax-free shopping produces little or no behavioural change by international travellers, either in choosing to come to the UK or their spending levels. That is just so counterintuitive it is unbelievable. The Treasury forecasts a £2 billion cost in refunding VAT, with little or no benefit in terms of additional numbers or spending—again, completely counterintuitive.

The Treasury constantly repeats the claim that evidence shows that tax-free shopping is not a significant reason for people to come to this country, but the actual figures show that that is complete nonsense. Out there in the market, retail levels in London, for instance, are roughly back where they were in 2019, before the pandemic, while in other European centres, such as Paris and Madrid, they are up by 300% and 200% respectively. What is also happening is that the high spenders, people from America, the middle east and China, are not coming here to do their high-level shopping, to the disbenefit of the high-level retailers. Burberry, for example, is shifting its investment away from the UK and on to the continent. Those are some of the things that are happening out there, and they are not of benefit to us.

Why, then, was the OBR not asked to look at extending tax-free shopping to the EU? Why was it not asked to assess the policy until after the decision had been made? This meant that it had no remit to assess the forecasts of EU spending on the basis of which the decision was made. It strikes me as entirely sensible to call for an independent review of that decision, because the evidence is now undermining the Treasury's forecast in a big way, and because those particular forecasts were never assessed by the OBR.

I am watching you very carefully, Madam Deputy Speaker, and I will wind up my speech now. Let me just repeat what I said in my question to the Chancellor. Our citizens benefit European and other countries by shopping duty free abroad, but we do not extend the same facility to shoppers who want to spend a lot of money in this country. I implore Treasury Ministers to commission an independent report as soon as possible

[Sir Geoffrey Clifton-Brown]

to establish whether what a number of large businesses are saying—do not just take it from me—is true, because we in this country could be losing out in a big way.

Several hon. Members *rose*—

Madam Deputy Speaker (Dame Rosie Winterton): Order. We have eight more speakers, so there is more pressure than I thought. I am afraid that Members have not been sticking to the advisory guidance of speaking for only 10 minutes, so I will now impose a nine-minute limit to aid colleagues in the length of their speeches.

5.27 pm

Sammy Wilson (East Antrim) (DUP): Let me say first of all that I welcome the Chancellor's statement. It is good to see that, at long last, the light has come on and he has realised that, "You cannot tax your way to growth," and that some of the wrong policies that were followed by him, and by the Prime Minister when he was in that post, are now being reversed.

All the economic evidence shows that the more you tax people the less growth you will have, and the more you tax businesses the less money you will have to invest, and therefore you will have low levels of growth. I know that a lot of people have spent a lot of time criticising the Chancellor today, but I am pleased that a sinner has come to repentance. There should be great rejoicing about the fact that this Damascus road experience in the Treasury is now going to bear some fruit in our country. The models contained in many studies conducted by, for instance, the Cardiff macroeconomics research group, the Centre for Brexit Policy, and the Growth Foundation have already shown that a low-tax economy can benefit in terms of growth, which then helps to increase tax revenues, reduce debt and finance public services. It is a virtuous circle.

There are some measures that I particularly welcome, including some of the tax changes. It is good to see a reduction in national insurance contributions, especially at a time when the OBR is forecasting that GDP growth per head will rise by only 0.7% and inflation will rise by 5.1%. While those figures show that the cost of living problems will continue for ordinary individuals, it is good for them to have some of their own money to keep or spend, enabling them to pay those higher prices. I also welcome the corporation tax allowance. Again, this is targeted not just to give companies profits to distribute to shareholders but, more importantly, to incentivise them to invest. That targeted way of reducing corporation tax is important.

I also welcome the business rates commitment, although I hope that the Secretary of State for Northern Ireland has paid close attention to what has been said about the importance of keeping business rates low, because one of the suggestions being made around Northern Ireland at present is that, as he has some responsibility for bringing budgets forward due to the Executive not being in operation, business rates might be one of the areas where he could save some money. I hope we do not have a policy of the Government in London saying that reducing business rates is important while the Minister in Northern Ireland says, "Oh well, it's a different situation here."

I would point out, however, that despite all these tax cuts, there are tax increases coming down the way for businesses. On green taxes, the Government have made much of wanting to try to reduce the cost of their net zero policies. The OBR forecasts suggest that environmental taxes are going to soar to £20 billion, that emissions trading taxes will go up by 50% in the next year and that environmental levies will be up 100% by 2026. That is a burden on businesses, and of course the planning policies that are being introduced are simply to allow for the expensive roll-out of the grid due to net zero policies.

I also want to mention the fact that there are Barnett consequential in this statement for Scotland, Northern Ireland and Wales. The Barnett consequential for Northern Ireland are meant to be about £185 million, but none of that is likely to be spent in Northern Ireland even though these measures were designed to promote growth and help to expand the economy. They will be taken back. We know for certain that some will be taken back by the Treasury to repay the overspend that occurred as a result of the incompetence of the Sinn Féin Finance Minister who oversaw a budget overspend in Northern Ireland. This is happening in a week when Northern Ireland has been denied money from the levelling-up fund as well.

I hope that the Chancellor will listen to the arguments from Northern Ireland and from the Fiscal Council that, despite the claims being made, Northern Ireland is actually underfunded in relation to Scotland and Wales, because need is not taken into account. On top of that, when money is allocated in statements such as these, it is not even made available in Northern Ireland. The Government cannot ignore this issue if they want to bring up the level of growth in Northern Ireland.

I welcome the fact that the Government are going to encourage people to get into work. That should not be regarded as some kind of bullying tactic. It should be seen as important for those people who are unemployed. Whatever their reason for being unemployed, they will be encouraged to get back into work and make a contribution, and of course raise their own self-esteem as well.

We also welcome the triple lock on pensions. When we had some influence in this House, we made it a condition of working with the Government that the triple lock be maintained, and I am glad that that has continued to be the case, especially at a time when the cost of living is increasing so much. Pensioners on fixed incomes require the support that the triple lock is providing.

I welcome the fact that the Government are now turning around, and I look forward to more tax reductions. As other Members have pointed out, people have been dragged into a higher tax rate as their wages have gone up, and some find that it is no longer worth their while working. Let us take a single parent on a £50,000 income who needs to pay for childcare if they want to go out to work. Some find that, by the time they have paid their childcare costs, their marginal rate of taxation is nearly 68%. If we are looking for a supply-side measure, there is one. We could release a lot of skilled people into the workforce by ensuring that their childcare costs do not prohibit them from working.

Only time will tell, but I hope that the measures taken today will have the impact that the Government hope they will have, because that will be good for the economy, for individuals and for public services.

Several hon. Members rose—

Madam Deputy Speaker (Dame Rosie Winterton): Order. I am going to be very generous and see what happens if I put the time limit back up to 10 minutes, although I may have to reduce it again.

5.36 pm

Richard Fuller (North East Bedfordshire) (Con): You tempt me in the wrong direction, Madam Deputy Speaker. I am sure that, in a few minutes, those on the Government Front Bench will wish that I had had fewer minutes.

It is a great pleasure to follow the right hon. Member for East Antrim (Sammy Wilson). He always speaks a lot of sense in the House, and I listened with interest to what he said. It is also a pleasure to welcome the Economic Secretary to the Treasury, my hon. Friend the Member for Hitchin and Harpenden (Bim Afolami), to his place. I am sure he will do a fantastic job in the Treasury, as will the rest of the team.

I congratulate the Chancellor, because at the start of this debate the Opposition were struggling to have anything to say about what was in his statement. They talked about things that the Chancellor was not doing, and then they tried desperately not to sound too enthusiastic about the things that he was doing. That is part of the success of the Chancellor's statement. I therefore congratulate him on making a reasonable and good start, but we have a very long way to go to get back to Conservative principles in public financing.

I want to draw attention to three charts that the Institute for Fiscal Studies prepared. The first shows public spending increases in real terms, going back all the way to 1985-86. As one gets older, one likes looking at longer-term trends in things. The chart shows that in this Parliament there was a significant increase in public expenditure in two fiscal years. As Ministers have said, those were caused by exceptional items: the covid response and the consequences of Russia's invasion of Ukraine.

Those one-off increases should have been followed by significant real reductions in public expenditure, to get it back to where it was. If we have real increases, we are then at a higher level, and we get back to where we were before the one-offs only if we have real reductions. There was nothing in the announcements today that indicated that the Government have got to grips with that essential point about public spending.

The second chart from the IFS looks at tax rises across Parliaments. I do not want to get into the nitty-gritty, although it is true that, at the moment, this is the largest tax-raising Parliament of any, and that will be extremely difficult for me to explain to my constituents, but if we look over the longer term, four of the six Parliaments from 1970 to 1997 were tax-cutting Parliaments, and only two were tax-increasing. Of the seven Parliaments since 1997, five have increased taxes and only two have reduced them. We have a political-class problem: whichever party is in power, we are biased towards increasing the burden on taxpayers to increase the state. That is not a Conservative approach to the economy.

Thirdly, the IFS looked at the proportion of taxpayers now captured in the higher and additional rate. Lots of sensible words have been said by Members in all parts of the House about thresholds and the drag. When this rate was brought in, 4% of adults paid that higher rate.

With measures not reversed today—it is important that we say to the Treasury, “You did not reverse this today”—that number will rise to 16% by 2027-28. That is not 16% of taxpayers, but 16% of all adults and so it includes people who are not working and it includes pensioners. The actual number will be nearly one in four taxpayers paying the higher rate of tax. That is not a Conservative way to run the economy.

There are some specific hopes in what the Government have put in. I particularly welcome some of the measures, including those set out in paragraphs 5.95, 5.96 and 5.97 in the Green Book, which form part of the Chancellor's 110 measures. They seek to strengthen economic regulation and impose, or introduce, a growth duty on Ofwat, Ofcom and Ofgem. Those important measures will stimulate growth, but my point would be: is that it? Regulators cover 25% of the productive part of our economy. Members in all parts of the House have pointed out numerous times the failures of our regulators to manage their sectors effectively, be it water or energy. What on earth are the Government doing to make regulators make more effort to stimulate growth? I ask the regulators, please, not only to stick with current efforts but to do more of what they can. I know that my hon. Friend the Economic Secretary feels similarly.

The Financial Secretary is not here, but he has responsibility for His Majesty's Revenue and Customs. The Green Book contains an interesting item at paragraph 5.57, which is heroically called:

“Investment in HMRC debt management capability”.

I have a background in venture capital and this measure, for £163 million, promises an annual return of more than £1 billion. We put £163 million of extra resources into HMRC to chase on this issue and we get £1 billion back, according to the Government's numbers. How does that happen? It is because this measure

“will allow HMRC to better distinguish between those who can afford to settle their tax debts, but choose not to, from those who are temporarily unable to pay and need support.”

That is a massive extension of the roles and responsibility of HMRC into the personal finances or the corporate finances of small businesses. Clearly, that may be a good measure, whereby we can close the tax gap. I worry, however, that HMRC is extending itself a little too far and not focusing on the bread and butter issues, such as picking up the phone and answering the inquiries of taxpayers day to day.

The Chancellor was right to introduce productivity targets for the public, as it is clear that since the pandemic the private sector has roared ahead with productivity improvements and the public sector has done absolutely nothing to improve productivity. But why go for 0.5%? What institution cannot achieve more than a 0.5% improvement in productivity year on year? The Chancellor should look at strengthening that target. While he is at it, why does he not go through all the capital projects that do not have a positive benefit-to-cost ratio, on proper discounted cash-flow terms, and cancel the lot of them? If they are going to waste public money, let us not spend the public money in the first place.

Unlike some Opposition Members, I welcome the triple lock and the living wage increase. Those long-term Conservative policies have been put in place and year on year they have done so much to take working people and many pensioners out of poverty. Those measures

[Richard Fuller]

are expensive for the state—of course, we need to understand that—but they are crucial parts of making our society more equal. I have one point to raise: I do not think anyone in this House is confident about introducing a regional living wage, as there are lots of problems with that. However, we must note that the living wage is rising to £11.44 and that is nearly 80% of median wages in Wales. There becomes an issue in certain regions as to whether this very strong push on the national living wage will have a distributional effect on unemployment.

Although I may not sound it, I am pleased that the Chancellor has announced these measures. It is clear we live in a world where forecasters now have the whip hand—how on earth we got here, I do not know. One year there is no headroom, but then they spin the forecast around and a year later there is. Who knows where this will end? Whatever that headroom has been, the Chancellor has pointed the ship of state in the right direction and I wish him full speed ahead.

5.45 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): It is a pleasure to follow the hon. Member for North East Bedfordshire (Richard Fuller). I understand the points he made about taxation. There have to be limits on how we tax people, families, businesses and so on, but the position we are in today underscores the need to deliver sustainable economic growth, because that will deliver the tax receipts that allow us to invest in our public services.

The autumn statement is clearly framed with the next UK election in mind. While some of the measures are welcome—I particularly welcome the announcement of the reallocation of the Inverness and Highland city region deal, allowing £20 million in funding for the Corran ferry in my constituency, which will be well received by the community in the Ardnamurchan peninsula and others—overall the autumn statement is a missed opportunity to deal with the structural weaknesses in the UK economy, while recognising the pressures felt from the cost of living crisis.

Let us reflect on the headroom referred to by the hon. Member for North East Bedfordshire. In large measure, that has been caused by the inflationary aspects on taxation receipts. Much of the gloss of the headline tax cuts will wash away when people realise the harsh reality: inflation will erode the fantasy that the Chancellor is making folk better off, and, as have heard, fiscal drag is real issue. While much of the focus is on the short term, where is the vision to sustainably grow the economy for the long term? Interestingly, when we look at the OBR book, we find that business investment is forecast to fall from 10.9% of GDP this year to 9.7% by 2029. The illusion that we will see an explosion of investment growth is not borne out by the analysis of the Office for Budget Responsibility.

We can debate the source of the pressure on public finances, but absence of growth fundamentally caps the growth in tax receipts that would allow us to invest in infrastructure and our public services, and ultimately pay down our accumulated debt through the delivery of growth. The harsh reality is that the United Kingdom is

falling down the league tables for investment and growth, which affects all of us here and is all too apparent to all our constituents and communities.

Let us look at the OBR forecasts: GDP growth of 0.6% for this year, 0.7% for next year and 1.4% for the year after. That is an average of 1.4% over the six-year period forecast. I do not know how the Chancellor classifies a high-growth economy—but, my goodness, this is not it. It is a fantasy if those on the Tory Benches believe that this autumn statement delivers high and sustainable growth; quite simply, it does not.

By comparison, let us look at the International Monetary Fund forecast for the US: growth of 1.6% this year, 1.1% next year and 1.8% the year after, and an economy that has outpaced the UK on average by 1% a year over the last decade. That is the reality of how the UK has fallen behind over the period of Tory Governments since 2010. The UK has failed on growth since the financial crisis and, on today's forecasts, the UK will continue to fail on growth. To quote the phrase to the Chancellor: "It's the economy, stupid".

Let us look at the reality of policy failure in broken Britain. The Resolution Foundation suggests that the current parliamentary term is on track to be the worst for living standards since at least the 1950s. The OBR suggests that real wages will only get back to the 1998 level in 2028: two decades of no growth in real wages—yet you wouldn't believe any of that when you hear the bürach coming from the Tory Benches. Why do they not just admit that over the course of their Administration—and thank goodness it is coming to an end—people have got poorer?

We can talk about the tax burden and we can talk about the investments they have trumpeted, but the harsh reality is that what we have seen is a massive, massive mismanagement of the economy. I ask colleagues across the House to dwell on that, and the Chancellor and his Treasury team to accept the failure of financial management that has resulted in such poor outcomes. My goodness, what a disgrace. With our debt and taxation burdens, people have got poorer. Those on the Government Benches should look at themselves in the mirror and at what they have presided over.

It is not just a failure of leadership and management in this parliamentary term; the problems run much deeper. In particular, we have been stuck with a low-growth economy since the financial crisis of 2008. Low growth, low investment and low productivity growth led to that lost decade and that squeeze on living standards.

When we think back to the period post the financial crisis, the only game in town was quantitative easing; much of it was required, but there were two failures. The complete misalignment between monetary and fiscal policy for much of the period meant that the circumstances to create sustainable economic growth could not be delivered. The failure of that lies at the door of this Tory Government. Then the continued printing of money through the QE scheme was one, but not the only, cause of the increase in inflation that we have seen. The Government say that they are not responsible for the increase in inflation to 11.1%—of course recognising the independence of the Bank of England, but let us not kid ourselves about the alignment that takes place—but much of that increase in inflation was a failure of

policy, in particular a failure of policy at the time of covid. Let us accept some responsibility where it is necessary to do so.

The Government had some cheek congratulating themselves on the decline in inflation when the increase in the first place was driven by policy failure. Although the growth in inflation is falling, let us please not forget that it is hurting ordinary folk. We know about the continued increase in food prices, the cost of energy, and the painful choices that people are having to make. The lack of direct support to counteract all that is hitting home for millions of folk who are struggling to make ends meet.

Tomorrow the energy cap will be announced, and it is expected to increase from £1,800 to £1,900. That is the reality of what is happening to people—that increase in cost and the impact on consumers. Of course, there is also the fact that the Bank of England is warning that interest rates will remain high, and millions will face the impact of rising mortgage costs yet to come. And let us remember that the international markets attach a risk premium to the UK; our interest rates will remain higher for longer than our international counterparts, and that has been the case for a while now.

What we see with the tax cuts that are being trumpeted today is that our UK economy is very much based on a trade and current account deficit. What happens in the end is that the currency takes the hit and investors say they want a premium to hold UK assets. Again, that is the failure of long-term planning for the UK economy—not just the disastrous Budget last year, but the penalty of being in the UK, and for us in Scotland of being in broken Britain.

Let me return to the future and to the questions about vision and the sort of economy that the UK is. Fundamentally, the UK is a trading economy, not a manufacturing economy. When we are discussing this autumn statement and the prospects for growth, we cannot ignore the self-harm of Brexit or the lost growth opportunity that impacts the UK to the tune of 4% of our GDP—when we are struggling for growth, we actually inflict that self-harm on ourselves. Just look at the OBR forecast for growth. Where is the plan to change this? Where is the green industrial strategy?

I am delighted that the Scottish Government have been presented with an industrial strategy—it is sitting with the Government now—because we recognise the enormous opportunity that there is to increase our green energy output fivefold and to create, between now and 2050, 325,000 jobs. What a contrast it is to have a Government who will make sure that we have that just transition, who will prioritise investment in net zero, and who will make sure that we tackle fuel insecurity. The Scottish Government estimate that there are 830,000 fuel-poor households in Scotland—a third of all our households. It is a scandal that energy-rich Scotland is paying the price for the failure of UK energy policy. It clearly demonstrates that, while we have the power in Scotland, Westminster has control—and in Scotland, we pay the price.

Let me wrap up. The UK Government should have reinstated the £400 energy bill support scheme. Protecting people from the cost of living crisis should have been a priority in the autumn statement. My colleagues in the Scottish Government, through initiatives such as the Scottish

child payment, are helping to drive young people and families out of poverty. We understand the importance of using our capital funding to strengthen the conditions for economic growth, but we are having to do that while our capital budget is being constrained and cut by the UK. That is the real-terms cost to Scotland of being held back by broken Britain—

Madam Deputy Speaker (Dame Rosie Winterton): Order. I do have to pull people up if they go over. I call Maggie Throup.

5.55 pm

Maggie Throup (Erewash) (Con): Thank you, Madam Deputy Speaker. I am sure that I will be able to remain within the time you have allocated, as my voice today is a limiting factor.

I am delighted to contribute to today's debate, and I congratulate my right hon. Friend the Chancellor on his autumn statement. After what has been a testing year steadying the ship, this afternoon he laid the foundations for long-term growth, and demonstrated that Britain is again on the right track to prosperity. By taking the tough decisions when he did—decisions that in just over year have seen inflation halved, recession avoided, borrowing down and unemployment remaining low—my constituents can look ahead to 2024 with renewed confidence.

My right hon. Friend's plan for the economy balances sensible and proportionate tax cuts against the continuous threat posed by inflation. The engine of the economy—its workforce—must always be our main focus, so I particularly welcome the Government's new back to work plan, which will help those who are long-term sick, disabled or unemployed to look for, and crucially to stay in, work. We know that not everybody is able to work, and that is obviously taken into consideration, but the new plan will provide opportunities and boost self-esteem at the same time.

Translated, the Latin motto of Ilkeston—one of the towns that I am so proud to represent—means “work conquers all”. By applying Ilkeston's principle, this Conservative Government are building on the reforms introduced by my right hon. Friend the Member for Chingford and Woodford Green (Sir Iain Duncan Smith) a number of years ago when he served as the Work and Pensions Secretary, and unlocking the potential of up to 1.1 million people, supporting them to improve their lives away from the benefits system and achieve whatever they want to achieve in paid employment.

In a similar vein, it is estimated that the private sector alone loses over 100 million work days each year to sickness absences, greatly impacting productivity and hindering wealth creation. With targeted public health measures aimed at prevention, there is a clear opportunity to make a significant reduction in the number of days lost to the UK economy through sickness absences, as well as a financial saving for businesses and the taxpayer in terms of associated costs such as long-term sick payments and benefits. I am pleased to see the Under-Secretary of State for Health and Social Care, my hon. Friend the Member for Lewes (Maria Caulfield), on the Front Bench. I am sure that she will take those messages back to her Department, and work with the Treasury to ensure that we get the right funding and use the right fiscal measures to move public health forward in a combined way.

[Maggie Throup]

Using the right fiscal measures is important. Ahead of today's statement, I raised with the Chancellor removing VAT from high-factor sunscreen as one such public health measure that could make a significant and immediate difference. This is an issue close to my heart, as I had a melanoma removed in 2019. As a former Public Health Minister, I believe that tackling preventable diseases must be a priority if we are to relieve the ever-increasing pressures on our NHS. With 90% of skin cancers estimated to be preventable by the use of high-factor sunscreens, this really is a fiscal measure that would work.

Skin cancers are estimated to cost the NHS £465 million every year. That does not take into account other associated costs, such as long-term benefits and the loss to the economy, which far outweigh the revenue from VAT on high-factor sunscreen. Removing VAT on high-factor sunscreen would also put out the message to the public that the Government are doing everything possible to help to prevent cancer, and make it easier for individuals to protect themselves from this serious killer. I therefore urge my right hon. Friend the Chancellor to look seriously again at the cross-party proposals and to work towards removing VAT on high-factor sunscreen in the Budget next spring.

In the autumn statement my right hon. Friend has already used fiscal measures to help protect the public, and I welcome the increase in duty on hand-rolling tobacco. This should act as a disincentive to smoking and help the UK realise its ambition to become smokefree by 2030, as well as, more importantly, saving lives.

Turning to the levelling-up agenda, the Government can never claim to have truly succeeded in their mission to level up the midlands and the north if they fail to invest in places such as Erewash. It is therefore deeply disappointing that once again my constituency was overlooked in Monday's announcement relating to round three of the levelling-up fund and I want to use this opportunity to make an early bid to my right hon. Friend the Chancellor for the inclusion of new funding to support major infrastructure projects in next year's Budget, to help develop schemes such as my campaign to secure an additional motorway junction to support the multimillion-pound development at New Stanton Park and relieve the already congested local roads around my constituency.

On the wider measures announced for the east midlands, it would be remiss of me not to put in another early bid for a fair share of the benefits that will come from the east midlands investment zone. Erewash has a proud tradition of manufacturing and adapting to changes in markets and technology over time. I am sure we can accommodate advanced manufacturing and green industries, which will help regenerate our brownfield sites and contribute to the levelling-up agenda.

Whether of a Government's own making such as the economic crash which exposed the "no money left" mantra of new Labour or caused by unprecedented global events such as the covid pandemic followed by war in Europe, during times of great economic uncertainty sound Conservative economics have always triumphed over the reckless tax-and-spend policies of the Labour party. It is in that spirit that today's statement has been delivered, and the British people will prosper because of it.

6.1 pm

Rachael Maskell (York Central) (Lab/Co-op): I concur with the commitment of the hon. Member for Erewash (Maggie Throup) to public health measures in today's statement. It is fascinating, however, that when given a rare chance to make life better for millions of people—people just about managing, or people not managing but really struggling—the Conservatives turn on them, as we heard today, making their lives even harder.

The economic success we heard about is glossy, but we are coming down from last year's disastrous Budget. Inflation has halved this year because it went so high last year, causing our constituents to have exceptionally high mortgage rates, which they are paying for day by day. Borrowing is at an all-time high, just shy of 100% of GDP, and the economy will be £40 billion smaller in 2027 than was predicted in March this year. That shows that the economy is still fragile and volatile, and even after 13 and a half years of this Tory Government all we have seen today is money being moved from welfare to the wealthy. Do we wonder why people are worse off when we see such decisions being made?

I believe economic policy—how we tax and spend—must focus on creating a fairer society, alleviating poverty, tackling injustice and inequality and helping people to be independent yet collectively contribute to the vital services we depend on across our society. Public sector services hardly got a mention today, yet they are on their knees. Council, health and public service leaders across the country will therefore be baffled by the decisions the Chancellor made.

We have seen 13 and a half years squandered, with poor economic productivity, poor investment in our people and planet, and increasingly poor social outcomes. We have more people sick—7.8 million on waiting lists—more needing a home and more in need, and we have 14.5 million people on the edge, in poverty, in debt, struggling with heating, rent and food. And of course there was no promise of additional help today. We must remember that 4.3 million children in York and across the country now live in poverty; 18% of pensioners are counting the pennies to get by and we have a harsh winter ahead of us, with the energy price cap due to go up tomorrow and a tough year beyond that. Food prices are up about 25% on April 2022 figures, while gas prices are 60% and electricity prices 40% higher, yet wages have not matched that growth. In York, residents face the fourth-highest rents in the country.

While the fall in inflation is an important factor, because it will have an impact in the long term, none of us will ever forget how we got to where we are today. The economy needed the Chancellor to do more than just talk about cutting the revenue into the Treasury; the autumn statement should have been more about redistribution and, sadly, it was lacking in that—not least when the national insurance measures that he introduced will bring the greatest benefit to the richest people, who pay more national insurance, meaning that working people continue to pay more.

Turning to those working people, we know that working hard really matters, and I want everyone to have the opportunity to use their skills and talents to the full and contribute to society, and in return receive just reward for their labours. However, our public services are on their knees. York Council has seen £11 million in cuts

this year and £40 million in the last four years. York's schools are underfunded—the 17th worst in the country—and vital services are absolutely desperate.

We must understand the consequences of the cuts that the Chancellor talks about, not least those to national insurance. We are working hard in York to create opportunities, with exceptional schools, colleges and universities, a Labour council, businesses, charities and public services. Despite our calling out for two and a half years for funding for BioYorkshire, which will create 4,000 good-quality green-collar jobs, the Government have not brought forward the investment long promised, alongside UK Research and Innovation. Likewise, the creative sector, particularly the visual effects sector, has a real impact on my constituency, and I welcome a deeper dive into that area, but why have we not seen that money brought forward until now?

All we see are services cut back, underfunded, understaffed and just not working. People are paralysed by the pressures of life, suffering with mental, economic and physical stress. They are simply not coping. Rents are too high and wages too low; there are bills to pay, but no money left and no hope.

I want to make three points. First, we have no spare social housing, as I said to the Chancellor. York is one of the worst places in the country to access housing, with rents in the private rented sector the fourth highest in the country. The broad market area is too broad. As a result, people in my constituency, even after receiving £650 a month in local housing allowance, still have to pay an additional £983 on private rent. They cannot afford to live in my city but, if they move away, it will skew the economy even more. We need the broad rental market area to be reviewed. I urge the Minister to take that away and ensure that it happens, because it really matters for my constituents.

Secondly, I am sickened by paragraph 3.25 of the autumn statement. People at their most vulnerable do not engage with the DWP because they cannot, because life is too hard for them. To introduce such punitive measures as those we have heard about from the Chancellor is a complete disgrace. It is ill-conceived, immoral and economically illiterate, because those people will end up elsewhere in our public services, creating even greater demand. They will end up in our NHS in desperate need, not least if the Government take away their prescriptions. What an utter disgrace to do that to people who are already sick and struggling. I will fight the Government every step of the way on that measure, and I trust that my party will, too. That is not how we should treat human beings who are struggling and suffering. The Government should be ashamed of themselves, not least because the Chancellor then tried to pitch those individuals against other people who are struggling—people who come to our country for sanctuary. I could not believe that I was hearing that in this House—shame. We have to change that. I trust that the Labour party will be at the forefront of that charge.

On the DWP, the bedroom tax is still hurting people, sanctions are still hurting people, and the two-child limit is still hurting families in my constituency, as is the benefit cap. If we reversed those measures, we would see a big number of people move from poverty into being able to have dignity in their lives. Surely, this place is meant to achieve that.

Thirdly, the Joseph Rowntree Foundation's work on the basket of essentials guarantee—providing every person enough money to survive on, with £120 a week for a single person and £200 for a couple—would really make a difference for people who are dependent on social security. I often hear Members on the Treasury Bench ask, “How would you afford it?” Well, according to the University of Greenwich, a wealth tax on people with an accumulated wealth of over £3.4 billion, for example, would bring in £70 billion. We must remember that the 50 richest families in our country own 50% of the wealth.

Change is so achievable. We must think about priorities. Politics is about morals, justice and fairness, but we have not seen that today. I know that it will not be long until we have a Labour Government, who will be here to serve, give hope, and do everything humanly and economically possible to turn things around. We believe in fairness, honesty, justice and equality, and we will deliver them.

Madam Deputy Speaker (Dame Rosie Winterton): I am afraid that I will have to take the limit down to nine minutes.

6.11 pm

Kevin Foster (Torbay) (Con): It is a pleasure to speak in this debate. It is always easy to throw stones from the Opposition Benches, but it is slightly more difficult to be in government and make decisions based on the situation before us. I will focus on one or two of the things that directly affect Torbay.

Certainly, the Government need to have a clear and distinct Conservative message based on our being the party of aspiration, economic growth, home ownership and people keeping more of the fruits of their labour. Those are the principles that have seen us win general elections and reach out to a whole new group of Conservative supporters, whether in 1979, in the 1980s, or last time in 2019, when we were lucky enough to get a majority under the leadership of Boris Johnson. It is always a privilege to serve in government, and we need to ensure that we continue to deliver for those who put their faith in us.

I welcome in particular the business rates relief for tourism and hospitality. That will be of no surprise to anyone given that I represent the part of the country that we call “the English riviera”, where tourism plays a large part in the community. I was pleased to join colleagues in lobbying for the Chancellor to extend the relief, and am pleased that he has done so. We need to think about business rates because they penalise businesses that need a place to do business. Clearly, an online hospitality venue would not have quite the same outcome for people as being able to go somewhere to meet their friends and enjoy spending time together. Hospitality innately means having a place to get together, be part of a community and enjoy time with friends in celebrations and other events. That is a very serious business, so it is something that is there.

The promise to honour the triple lock will resonate strongly in Torbay among those who have worked hard all their lives and retired to enjoy the natural beauty of our bay. The other side of the issue is those who are of working age. Certainly, the rise in the national living wage will benefit quite a number of people working in

[Kevin Foster]

the bay, and the national insurance changes are particularly welcome, enabling many workers to keep more of what they earn.

Sadly, the right hon. Member for Ross, Skye and Lochaber (Ian Blackford) is not in his place. I will miss him in the next Parliament, because he is standing down; even though we disagree on some quite profound points, particularly around the Union, he is right that we should move towards more tax simplification in the long run. Clearly, the issue with national insurance that those who are of state pension age do not pay it. Any unification would have to preserve that part of our system, so that those who are over state pension age do not end up paying the replacement or simplified tax. However, there are many arguments to be made—some of which were made very well by my right hon. Friend the Member for Witham (Priti Patel)—about how we can have not just lower taxes but simpler taxes, recognising that for many businesses, the cost can come from administering the tax as much as paying the amount that is due.

We have just heard some of the debate about welfare changes. It is welcome that we are going to make a difference to so many people's lives by giving them support to get back into employment, and it is right that for the DWP to expect something in return. If we listen carefully to what the Chancellor actually said, it was about engagement with the DWP. It is not a high bar to say that people should at least engage with the projects and schemes that are being put in place to try to support them in getting into employment, because we know that employment makes a massive difference: it is the thing that lifts people out of poverty and gives them choices in their life, which is what all of us should aspire towards. My good and hon. Friend the Member for Corby (Tom Pursglove) is the Minister for Disabled People, and I know he is looking to make sure that the balance is struck correctly between encouragement and sending a clear sign that there is an expectation that the support that is being offered will be taken up—that that support comes with responsibilities.

Earlier this week, further support to develop Torbay's economy was announced, in the form of an extremely welcome £20 million from the third round of the levelling-up fund. That brings the funding available to support Torbay's regeneration to a total of around £100 million. However, I again emphasise that this is not just about Government funding for regeneration, but making sure that private businesses and investors have the confidence to invest. I very much welcome the news in the last 24 hours that two large groups, Willmott Dixon and another investment group, will not only be working with Torbay Council to deliver many of the Government-sponsored schemes, but investing in jobs and housing.

However, things like planning can make such a huge difference. I welcome some of the Chancellor's comments, particularly around major infrastructure, because it takes far too long to deliver key infrastructure in this country. I was one of those who said we should get shot of the effective moratorium on onshore wind. In the same way, it is high time that the Scottish Government got rid of their ridiculous blocks on new nuclear, given the potential for energy independence and security—as well as jobs and prosperity—that it would bring to Scotland.

Overall, we need to look at cutting the time between making a decision to do something and something happening.

Turning to housing, as I said in the debate on the King's Speech, we need to look again at cases where local councils have come forward to say they would be happy to have flexibility in some areas, mostly in town centres and areas that are in need of regeneration. I would, however, strike a slight note of caution about the idea of allowing virtually every property to be converted into two flats. I am not necessarily sure that that would produce the best of outcomes, particularly when I look at the experience in parts of Torbay, such as Melville in Torquay. Some properties have been subdivided there, and it is safe to say that that has not produced a great standard of accommodation. There are some issues that come with that, so from what I heard today, that is an area in which I would urge the Chancellor to exercise some caution.

However, I hope the statement is a sign of a Government pointing to where they may look to go further in future. Other colleagues have rightly raised the issue of tax thresholds, not just for personal taxation but for the taxation faced by businesses. The VAT threshold is probably the most dramatically visible impact of a tax threshold. We can see guest houses and small businesses closing literally the day before they would have reached the relevant amount. They are literally stopping doing business because, unless they can jump up significantly in their trade, the cost would not be worthwhile. That is particularly true in the hospitality sector, for example, with businesses not buying large amounts of product on which they could expect to reclaim the tax.

We heard some speculation in the run-up to this statement about inheritance tax. I have to be clear that there are those in Torbay who would find that quite a thought and would like to be able to hand on a little more to the next generation, but I do accept the point that there are other priorities for easing the burden of taxation first, not least those that affect working families.

Finally, it is right that productivity has been mentioned several times. It is what drives wage growth, drives prosperity and generates more income. Clearly, there is a need to link our efforts to increase productivity with a genuine labour market strategy that also covers our immigration policies. Again, my right hon. Friend the Member for Witham mentioned the need to try to link those together, because too often we find ourselves debating one day why a sector is not being invested in and then the next day arguing that we should provide visas to avoid having to do so.

Overall, this is a welcome autumn statement. I think it shows the right direction of travel towards key and core Conservative principles, because we will need to have within the next year a clear message for the electorate on how our party seeks to back their aspirations for them and their family, how we reward innovation and how we will be responsible with the nation's finances, because those are the keys to winning another term in government.

6.20 pm

Catherine West (Hornsey and Wood Green) (Lab): It is a pleasure to follow the hon. Member for Torbay (Kevin Foster), and I fully concur with his ideas on workforce planning.

I am going to focus my remarks on the poverty of ambition on public services in today's statement. We know that we have sky-high inflation and crumbling schools and hospitals, but it is really that poverty of ambition on public services to which I want to turn. Thirteen years of Conservative cuts to social care have left elderly and disabled people going without the care they need, and long-promised social care reforms have been repeatedly postponed. The Prime Minister three Prime Ministers ago, Mr Johnson, pledged to reform social care "once and for all", announcing a cap on lifetime care costs and a health and social care levy. The levy was scrapped by the ex-Chancellor in 2022 and the cap has been delayed until 2024, but I suspect that this will also be scrapped—chopping and changing, chopping and changing.

Following publication of the "next steps" document in April 2023, many of the remaining measures from the Government's White Paper on social care have been cut back or even abandoned. This includes halving the funding for workforce training, and this goes to the points the hon. Member made. This is funding for qualifications, and funding for the wellbeing of individuals who need extra support to come into the workforce. There was some mention of that in today's statement, and I do welcome that, but we need to turn our attention to the detail on the social care workforce, because unpaid carers have been left to pick up the pieces of the Government's repeated failure to deal with the staffing crisis in social care, at huge cost to their own physical and mental health and to their finances. Every weekend people, mainly women, criss-cross the country to deal with older people, disabled people and children who are struggling. There just are not the care workers that there were before.

Over the summer I did a survey in my own constituency of social care arrangements for older people, and I was able to visit the wonderful place called the Hornsey Housing Trust. It owes its existence to one person, Margaret Hill, the sister of John Maynard Keynes. She founded it in 1933, and nurtured it because she felt that

"the underlying cause of much discomfort, ill-health and unhappiness in many families was the bad conditions of their houses".

This little history, written by Rosie Boughton, who is the former chair of the Hornsey Housing Trust, sadly outlines so many of the issues we are seeing today. As the years have gone on, the trust has focused more and more on older folk, but this autumn statement does not really offer to fix the crisis in social care and has failed to lay out a real vision for dignity, care and quality of life for older people. I do welcome the triple lock decision, but I think the detail of some of the issues we are facing in our care sector have been ignored.

A Labour Government would work towards a world-class national care service. We will transform access to care with new national standards, and recruit and retain more carers through better rights at work, decent standards, fair pay and proper training, with a fair pay agreement collectively negotiated across the sector as a first step towards building a national care service. The hon. Member for North East Bedfordshire (Richard Fuller) mentioned regional rates, and I just wanted to correct him. There is a London living rate for the London living wage—it is a genuine living wage, not the minimum wage—and he should definitely look at those rates.

Richard Fuller: The hon. Lady is exactly right on that. We have to have the courage to understand that there are different pressures in labour markets. As we push forward the national living wage increases, we need to take those pressures into account if we are to get the right balance for employment.

Catherine West: As you will know with your lifetime of experience in social care and other sorts of public services, Madam Deputy Speaker, the good councils—I have to say they are mainly Labour councils—have introduced the living wage for all their contracting and subcontracting. That makes an enormous difference in the local economy. I challenge every single council to try to push for more from its procurement pound.

In the survey results from all the places that I visited over the summer with my wonderful staff and an ex-BBC journalist who helped me to get the survey right, some 55% felt that their quality of life had deteriorated since the pandemic. The British Red Cross research reports "Life after lockdown" and "Lonely and left behind" found that 41% of UK adults feel lonelier since the start of the initial lockdown. Millions are going a fortnight without having a meaningful conversation. The pandemic showed the importance of tackling loneliness, and it is clear that the Government strategy on loneliness simply is not working. The Red Cross said that "tackling loneliness should be built into Covid-19 recovery plans", and:

"Governments should ensure those most at risk of loneliness are able to access the mental health and emotional support they need to cope and recover from Covid-19."

These are the very people whom the Chancellor was trying to address when he said that there were increased rates of worklessness in people over the age of 50. I am sure that access to mental health services and emotional support is very much a part of that puzzle.

As well as mental and physical health and wellbeing, we must also consider the impact that grief, bereavement and the economic struggles that people are facing have on people's sense of wellbeing. Some 51% of respondents to my survey said that they are unable to participate in events because they are online, and that also needs to be looked at, because the digital divide is real and desperately needs to be addressed by local authorities and all Departments. Some 45% said that it was harder to see their GP than before the pandemic. Some 48% said they had experienced a reduction in NHS services, particularly in podiatry, chiropody and physio. Those are crucial services that people need to keep mobile, which reduces the cost to the NHS and the queue of people waiting for care in the NHS.

Before I conclude, I will make one point on the importance of primary care and that relationship with a GP. If individuals are not on the internet and they go to see their GP, eight minutes is not really enough. In some cases, they are not even getting eight minutes every six months. So many people are living without seeing a human being day-to-day. For 13 years now, social care has lacked the funding and attention that it deserves, with £8 billion lost from adult social care budgets. In my constituency, I hear from residents having to pay thousands of pounds for their care or care for a loved one. There are high levels of unmet or under-met care needs. The Association of Directors of Adult Social Services estimated that around 246,000 people were waiting for a care assessment in August 2022.

[Catherine West]

The final finding from my survey is that 60% of the people I spoke to in all different sorts of care settings said that they felt lonely or isolated, and 34% rarely had visitors. The loneliness strategy simply is not working. It is having a real effect on our economy and on our older folk. I hope that can be addressed as this debate goes forward.

Madam Deputy Speaker (Dame Rosie Winterton): As the hon. Lady's speech was a little shorter, I shall allow the final speaker 10 minutes—just to prove that it is not always bad to be the final speaker.

6.28 pm

Alex Cunningham (Stockton North) (Lab): You are most generous, Madam Deputy Speaker. So often I have stood here and seen my time go from 10 minutes to three minutes, so I am grateful. We have an autumn statement that does no more than tickle our economy and does more harm than good for those in the greatest need. We needed to see policies that support working people and hard-pressed families, all of whom are suffering from a cost of living crisis not of their making. We need to see measures that tackle the scourge of child poverty in particular. Almost 34% of children in my constituency live below the poverty line. In the north-east, 67% of children in poverty are from working families. That is thousands of children going to bed hungry and missing the opportunities available to their better-off peers. Every parent wants the best for their children, but many are struggling. Wages are too low, childcare is too expensive, decent homes are unaffordable and the social security system is not properly protecting and supporting those who rely on it. Food bank use and in-work poverty have risen, and more than 4 million children are now living in poverty.

The social security system should provide genuine security for all families, but cuts since 2010 have pushed children into poverty. I believe that by reducing poverty and providing effective early help, we can also alleviate some of the pressures on families that are contributing to the rising numbers of children in the care system. We need to support foster and kinship carers to increase the number of secure, loving homes for children, tackle profiteering by private children's homes and provide co-ordinated support for care-experienced people to reduce the disadvantages they face.

Responding to the King's Speech, the interim chair of the North East Child Poverty Commission, Michele Deans, said:

"The King's Speech spoke today about building a better future for our children and grandchildren, and yet completely failed to address one of the single biggest barriers to achieving this for the North East—unacceptably high child poverty and growing levels of hardship for families right across our region."

Sadly, the same can be said after today's statement. It is simply not good enough. More must be done to address the unacceptable position we are in with hundreds of thousands of children up and down the country living below the breadline.

We know that the right policies can make a difference. Analysis in 2020 by the Institute for Public Policy Research shows that the north-east saw the biggest fall in child poverty of any region from 1999 to 2013. People from all walks of life are suffering, though. Chris McDonald, who I expect to succeed me as the MP for Stockton North,

was out in Wynyard, the most affluent part of my constituency, if not the north-east, and he was getting a clear message: even families with good incomes are suffering at the hands of the Tories. Some are facing increases of thousands of pounds on their mortgages as fixed-term interest rates run out, but everyone is feeling the effects of inflation, with the poorest suffering most as food inflation is way higher than the current headline figure.

The Prime Minister claims that the Government took difficult decisions to halve inflation. He has got some nerve, claiming the work of the Bank of England as a policy success. Paul Johnson, the director of the Institute for Fiscal Studies, said that the Government's pledge to halve inflation was

"opportunistic...given the fact that the Bank was, in January, forecasting that inflation would...halve."

At the start of the year, the Prime Minister and the Chancellor promised to get the economy growing, but growth is flattening. The Bank of England has downgraded its economic forecasts, and the IMF says that the UK will be the lowest grower in the G7 next year. In spite of that, we have a rising tax burden, and public services are on their knees, but there is little if anything for those in greatest need, and certainly not for those public services.

Job creation should have been a focus for the autumn statement. Teesside is fit to burst with potential when it comes to emerging energy-intensive industries and carbon capture, utilisation and storage. The jobs and opportunities that they could create for our area are huge, but many of the promises from the Government and the Tees Mayor remain just that—promises. Sometimes, it feels that we have heard more promises than we have seen jobs delivered.

I would have liked to have seen the Chancellor announce a proper package of support to get our net zero cluster under way and a strategy that supports businesses as they transition to net zero. Commitments have been made, and I welcome them, but the stream of organisations that have come to talk to me about net zero, CCUS and industry all say the same thing: the lack of a proper industrial strategy and snail-paced decision making is hampering their ability to get on with their job and often win the investment needed from their overseas bosses. The more the Government dither and delay, the more they will hinder the UK's chances of leading the world on the path to net zero. The UK has led the world in clean energy investment, and its market is mature, ambitious and ready to invest to hit net zero, but the failure to get on with the decision making is impacting businesses confidence.

As chair of the chemical industry all-party parliamentary group, I attended the Chemical Industries Association dinner last week, where its president, the director of Ineos, Tom Crotty, reminded us that chemicals is one of our major industries, but that we are not getting our fair share of investment. He said:

"The most recent figures show that in the UK, the global chemical industry invests a little over 1% of what it invests in China, 4% of what it invests in Europe and 4% of what it invests in America. And the situation has significantly tipped in favour of America, away from our continent."

The reason, he said, was the Biden's Administration's Inflation Reduction Act. Paul went on to say:

"12 months ago I stood here and said: Where is our equivalent of the USA's IRA? A piece of regulation that will see an historic down payment on deficit reduction to fight inflation, invest in domestic energy production and manufacturing, and reduce carbon emissions by roughly 40% by 2030."

Tom pleaded with the UK Government to act, but the wait goes on. Today, the CIA has welcomed some measures in the Chancellor's statement.

No strong economy can be created without a healthy workforce. For a healthy workforce, we need a robust, 21st-century health service. For 13 years I have campaigned for a new hospital for Stockton-on-Tees, which was planned but axed in 2010 under the Conservative-Lib Dem coalition Government. Our area was lagging behind on health inequalities then, and they have got worse, not better. It is no good the Chancellor penalising sick people because they cannot work, when he fails so spectacularly to properly fund our NHS. We need our best facilities to support people to live healthier lives, and the dedicated healthcare professionals who work so hard to improve the health of our communities. Sadly, the same problem exists in communities across our country, and there was no indication of any real change. The next Labour Government will sort it out, and have a social care service that justifies the word "care" in its title.

I will finish on smoking and health. The all-party parliamentary group on smoking and health, of which I am a vice-chair, recently published data showing that smoking cost public finances in England £21 billion in 2023—nearly double the tobacco tax take of £11 billion. Of that cost, £3.5 billion is accrued by the NHS and social care, but the majority is lost productivity, which reduces direct taxes and increases social security payments.

Analysis for the National Institute for Health and Care Excellence shows that smoking cessation treatment is one of only a handful of healthcare interventions that are cost saving to the NHS. In the first year, it reduced hospital admissions, improved surgical outcomes, improved birth outcomes and was as effective at reducing anxiety and depression as anti-depressants. However, according to the *Health Service Journal*, NHS England has told trusts that they can cut NHS long-term plan prevention funding, which includes smoking cessation, to help balance their overstretched budgets. That is the falsest of false economies.

The solution recommended by the APPG is a "polluter pays" levy on tobacco manufacturers, which make an average 50% profit compared with less than 10% for UK manufacturing. I welcome the Government's measures to deal with smoking, but they need to go so much further. In 2015, when the Government consulted on a polluter pays tobacco levy, it was prohibited by the EU. No more. It can be done now—it may be one of the very few benefits of our leaving the EU. We need to do much more than tickle our economy. We need to hit it with a sledgehammer of measures that will address our decline and better look after our people. We did not get that today. It is time for a Labour Government.

6.38 pm

Tulip Siddiq (Hampstead and Kilburn) (Lab): Listening to the Chancellor today, one would believe that the economy has turned a corner and the cost of living crisis is over. The truth is that after 13 years of economic failure, millions of people are struggling to make ends meet. Some of the comments we have heard from the Government Benches show just how completely divorced the Government are from the reality of working people's lives.

We hear heartbreaking stories every single day from our constituents about how they skip meals to pay higher bills, with the price of food up 30% in the past two years, electricity up 40% and gas prices up 60%. We hear how they are struggling with the highest tax burden this country has seen in 70 years. The freezing of current thresholds has confirmed an additional 4 million of the poorest in society will now pay income tax by 2029. We hear from constituents worrying about where to find the money to pay their mortgage, to avoid having to sell their family home due to the reckless actions of this Government. Millions continue to pay the price of the Tory mortgage penalty. Working families will see an average increase of £220 a month in mortgage costs because of Tory economic failure and 1.5 million households are also set to suffer as they re-mortgage their deals next year.

Dr Fox: If it is because of the Government's economic mismanagement that the Bank of England's rates are at 5.25%, why is the American rate at 5.5%?

Tulip Siddiq: I think the right hon. Gentleman is trying to absolve himself of the fact that it was his former Prime Minister and Chancellor who crashed the economy of this country. He just needs to go to his constituents and, I tell you what, they will provide him with the answer at the next election.

The OBR revealed today that household incomes will still be 3.5% lower next year in real terms than before the pandemic hit. To put that in context, it is the biggest hit to living standards since records began, as my hon. Friend the Member for Hemsworth (Jon Trickett) neatly summarised in his speech. My hon. Friend the Member for Wallasey (Dame Angela Eagle) brilliantly articulated, as she always does, the biggest insult to working people, which is that in return for their hard-earned contribution, their reward is crumbling public services. The Conservatives' mismanagement of the economy has left our public services on their knees, with people unable to get hospital appointments and waiting lists 7.8 million people long.

According to the latest IMF forecast, if people have not seen it, the UK will have the slowest growth in the G7 next year. Today, we learnt that growth in the economy has been downgraded not only for next year, but for two years after that. As British people already know, the promises made today cannot compensate for the damage that has already been done. The measures announced today are equivalent to handing back £1 for every £8 of the Conservatives' tax increases in 2019 alone. The freeze in the personal allowance threshold means that a couple on an average wage will still be £350 worse off per year, even after all of today's announcements. After 13 years of economic failure, the Chancellor is asking people to be grateful and telling them that their lives will suddenly improve, despite the Government's continuing to make them worse off. So the question is this: do people feel better off today than they did 13 years ago? I think our constituents know the answer.

Before I sum up the powerful contributions to the debate that we have heard from the Labour Benches, it would be remiss of me not to welcome the hon. Member for—[*Interruption*—the hon. Member for Hitchin and Harpenden (Bim Afolami). Excuse me for forgetting, but he is the fourth Economic Secretary I have shadowed in two years. I know he is an ambitious young man,

[Tulip Siddiq]

but he will have a very hard job trying to get the title of the most charismatic Economic Secretary I have shadowed so far. The right hon. Member for Salisbury (John Glen) has earned that. I shall watch the new Economic Secretary to see how he performs in his job. If there are any words of wisdom he wants from me, he is welcome to contact me. I hope he lasts longer than his predecessors.

I am grateful to my Labour colleagues for their important contributions. My hon. Friends the Members for York Central (Rachael Maskell) and for Hackney South and Shoreditch (Dame Meg Hillier) rightly talked about the huge demand for social housing. Private renters are paying the price of Tory failure, along with mortgage holders. My right hon. Friend the Member for East Ham (Sir Stephen Timms) rightly argued that we need to go further on the consolidation of defined contribution pension funds and questioned whether the Government are rushing their reform of work capability assessments. My hon. Friend the Member for Hornsey and Wood Green (Catherine West) gave an important speech on the complete failure of the Government to strengthen adult social care. My hon. Friend the Member for Stockton North (Alex Cunningham) powerfully raised the plight of rising child poverty and once again raised the need for a hospital in his local area.

A Labour Government will always prioritise supporting working people. We will deliver an ambitious plan for growth that meets the scale of the challenge that we face—to turn around the UK economy. Labour will get Britain building again. We will deliver a robust industrial strategy on a statutory footing that will in turn deliver high-skilled, high-paying jobs across the country. We will close unfair tax loopholes to ensure that we can support our schools and hospitals with the investment that our people are crying out for. We will scrap the non-dom tax status loophole, which costs the Exchequer £3 billion in revenue. That money will help us to reduce the NHS waiting list and provide free breakfast clubs for all children of primary school age.

Labour is leading the charge on unlocking investment in high-growth firms. Through our national wealth fund, a Labour Government will work in partnership with industry to deliver the investment that our businesses need to scale up and deliver growth across the economy. We will empower industry to invest, alongside our Labour Government, in the industries that are crucial to Britain's success, such as hydrogen, electric battery factories, wind and nuclear, and we will do so in a way that meets our fiscal rules. We will set the fund a target to ensure that for every pound that Labour puts in, we leverage three times as much in private investment. That is because we believe in growing the economy. We want to raise living standards, and we will fund our public services better.

The Tories have claimed that they have a plan for growth, but forecasts are down. They claim to be reducing debt, but it remains at record levels. Despite their claim to be reducing taxes, the tax burden will be the highest since the war. After 13 years of failure, this Government cannot deliver a serious plan to address the fundamental challenges faced by our constituents and the country. All they can do now is take their record to the voters, and call a general election.

Madam Deputy Speaker (Dame Rosie Winterton): Order. Before I call the Minister, may I say how important it is for Members to return to the Chamber in good time for the winding-up speeches? There are still some Members who are not present. It is extremely discourteous not to get here in good time to hear from the Opposition spokesperson and the Minister, and I hope that that will be conveyed to those who are not present.

6.47 pm

The Economic Secretary to the Treasury (Bim Afolami): I am delighted to bring today's debate on the measures in the autumn statement to a close, and also to pay tribute to my shadow, my good friend the hon. Member for Hampstead and Kilburn (Tulip Siddiq). I am very glad to follow in the footsteps of Members as eminent and as good at this job as my right hon. Friend the Member for Salisbury (John Glen). He was excellent in his job, and I am happy to follow his example.

Tulip Siddiq: I miss him!

Bim Afolami: Don't miss him; he's still here.

Make no mistake, Madam Deputy Speaker: this is an autumn statement for growth—one that supports entrepreneurs, cuts business tax, rewards work and brings prosperity to every corner of our wonderful country, and one that the OBR says will permanently increase the size of our economy. [Interruption.] That is what the OBR says. As my right hon. Friend the Chancellor said this afternoon, the Government understand that a successful economy depends less on the decisions and diktats of Ministers than on the "energy and enterprise" of its people, and that is the thrust of this autumn statement. It is about a Government taking action that reduces the burdens on businesses, while also empowering people and getting Great Britain growing and moving again.

But the context really matters. We are only able to pursue these policies now because of what the Government, under our Prime Minister, have achieved up to this point. We have brought inflation down from 11.1% to 4.6%, meeting the Prime Minister's pledge, and we are on track to meet the 2% target by the middle of 2025. The OBR has confirmed that the measures announced today will make inflation next year lower than it would otherwise have been. We have achieved this while growing our economy, which is already bigger than it was pre-pandemic, contrary to what was often said on the Opposition Benches in debates in recent weeks and months. Our economy has grown faster than many of our competitors since 2010, which is when this Government first came into office.

Ian Blackford: I welcome the Minister to his position. Will he not acknowledge that, under the current plans, it will take until 2028 for wages to get back to their 1998 levels in real terms—a 20-year absence? That is the reality.

Bim Afolami: The measures here are designed to grow the economy, to make us more prosperous, to make businesses invest more and to cut taxes for working people, so I am confident that that prediction will not be borne out in the way that the right hon. Gentleman suggests. This autumn statement provides the foundation for the next decade of growth—not just for next year or the year after that. Next year, just as a start, the economy

will be 2% higher—that is worth around £40 billion—than was forecast only in March this year. That is a result of the actions we have taken today.

I have been hearing about what the shadow Chancellor said to the parliamentary Labour party earlier this week. I am told that this is what she said, but I am happy to be intervened on if it is incorrect. She said that the next election would be a fight on the economy, a fight on fiscal responsibility, a fight on making working people better off and a fight on who would be the party to show that it backed British business. This autumn statement firmly shows that this Government and this party are the only choice for the British people and the British economy on these measures—[*Interruption.*] I see chuntering among Opposition Front Benchers. If they and the shadow Chancellor wish to fight an election on those matters, I say bring it on.

Let us talk about fiscal responsibility—[*Interruption.*] The Opposition do not want to hear about that. This Government have brought inflation down by half. Debt is falling by the end of this forecast period. We have the second lowest debt in the G7. We are only able to have this sort of growth Budget because of the prudence and careful measures that we have so far undertaken. Indeed, if I may use language that the Opposition might understand, this is prudence with a purpose. Let us contrast that with the record of the Labour party and Opposition Members. They are still saying that, on top of everything we have heard today, they are going to borrow an extra £28 billion. That will lead to higher debt, because they are borrowing, and higher inflation, which will lead to high interest rates for longer.

Dame Angela Eagle: I also welcome the Minister to his position. Does he not distinguish between borrowing for capital investment and borrowing for current expenditure? If he does not, he has a very peculiar view of the national accounts.

Bim Afolami: Of course I understand that distinction, but that does not take away from the fact that if we are borrowing, it has to be paid for. Unless the Labour party can show how it is going to raise that money—[*Interruption.*] Look, the non-dom tax has been used about 15 times to pay for 15 different things; that is not going to cut it. Unless the Labour party can say how it is going to pay for that extra £28 billion, it is not fiscally responsible. So on that measure, I say bring it on.

Let us look at whether working people will be better off as a result of this autumn statement. My right hon. Friend the Member for North Somerset (Dr Fox) talked about the need to responsibly bring down taxes for working people, and that is what we have done. The cut in the national insurance rate, worth £450 to the average worker, will benefit 29 million people. That matters to my constituents and to all the constituents we represent in this House. That is what this autumn statement delivers. The national living wage is up 30% in real terms—30% after inflation—in this Parliament. Again, that is what this autumn statement delivers. As a result of the measures on the local housing allowance, 1.6 million of the most vulnerable households in this country are all going to get an extra £800.

Contrast that with the record of the Labour party. Do not let them fool you, Madam Deputy Speaker; Labour Members do not believe in tax cuts. They do

not believe in low tax. They are trying to pretend that they do, but we all know that they do not. They believe—and it is a reasonable, principled position—in ever greater, ever expanding Government control, debt and tax. That is their position.

Those of us on this side of the House and this Government have a different philosophy and a different policy. We believe in backing British business. We believe in backing the British people. We believe in cutting taxes for working people. We faced a once-in-a-lifetime pandemic earlier in the Parliament, and we spent over £450 billion supporting the lives, jobs and health of our constituents. That has led to an increase in our tax burden. But that is why this autumn statement is so important—because we are turning the corner.

Dame Meg Hillier: Will the Minister give way?

Bim Afolami: I will not.

Members may wonder how we are able to cut taxes and bring our debt down at the same time in a fiscally responsible way. We are able to do it because we back British business. There are over 100 growth measures in this autumn statement. The policy of full expensing means that for every pound that our businesses are able to invest, they will get 25p off their tax bill. There are measures to protect small businesses on business rates; on R&D tax credits, we are reducing the rate at which the credit is taxed from 25% to 19%; and we have introduced investment zones across huge swathes of our country. A few years ago, I co-authored with the Chief Secretary to the Treasury a policy on accelerator zones. These have been ideas on this side of the House for a long time, and this autumn statement puts them into practice. My good friend and constituency neighbour, my hon. Friend the Member for North East Bedfordshire (Richard Fuller), knows that I share his view that we need to make sure that regulators adhere to the need to focus on growth and competitiveness.

It would be remiss of me not to address some of the comments made during the debate. The Chair of the Public Accounts Committee, the hon. Member for Hackney South and Shoreditch (Dame Meg Hillier), addressed many points. I listened carefully to her concerns about the welfare measures, which were shared by the Chair of the Work and Pensions Committee, the right hon. Member for East Ham (Sir Stephen Timms). I say gently to them both that what we are trying to do with the back to work plan and reform of the work capability assessment is to support the most vulnerable while making sure that taxpayers' money is used sensibly and that only those who need it are given that support.

My right hon. Friend the Member for Witham (Priti Patel), who is a good friend, focused in her excellent speech on the need for a low-tax economy. She said that she would like to see some more “cheeky measures”—her words, not mine—to get personal tax down. I assure her that I will constantly listen to her and take her advice. Given her great experience, I am sure others on the Treasury Bench will do so too.

This country is full of potential, with the most innovative industries in Europe and the best minds in the world. With this autumn statement, this Government are backing this country. Labour do not have a plan. They do not understand the economy. They want to borrow £28 billion extra, yet they want to take everything in the autumn

[Bim Afolami]

statement. How are they going to pay for it? We have a plan; they do not. I commend the autumn statement to the House.

Ordered, That the debate be now adjourned.—(Mark Fletcher.)

Debate to be resumed tomorrow.

Business without Debate

DELEGATED LEGISLATION

Madam Deputy Speaker (Dame Rosie Winterton): With the leave of the House, I will take motions 2 to 6 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

RETAINED EU LAW REFORM

That the draft Occupational Pension Schemes (Amendment) (Equal Treatment) (Northern Ireland) Regulations 2023, which were laid before this House on 18 September, in the last session of Parliament, be approved.

That the draft Pensions (Pension Protection Fund Compensation) (Northern Ireland) Regulations 2023, which were laid before this House on 18 September, in the last session of Parliament, be approved.

That the draft Pensions Act 2004 (Amendment) (Pension Protection Fund Compensation) Regulations 2023, which were laid before this House on 18 September, in the last session of Parliament, be approved.

That the draft Pensions Act 2004 and the Equality Act 2010 (Amendment) (Equal Treatment by Occupational Pension Schemes) Regulations 2023, which were laid before this House on 18 September, in the last session of Parliament, be approved.

That the draft Aviation (Consumers) (Amendment) Regulations 2023, which were laid before this House on 16 October, in the last session of Parliament, be approved.—(Mark Fletcher.)

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CLIMATE CHANGE

That the draft Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 2) Order 2023, which was laid before this House on 19 September, in the last session of Parliament, be approved.—(Mark Fletcher.)

Question agreed to.

PETITION

Definition of Islamophobia

7 pm

Afzal Khan (Manchester, Gorton) (Lab): I rise to present a petition about the need for the Government to formally define Islamophobia to tackle hatred against Muslims. The all-party group on British Muslims developed a definition of Islamophobia that is supported by countless academics, community organisations, political parties, mayors, councils, trade unions and others. Last month alone there was a 600% rise in Islamophobia.

The petition states:

The petition of residents of the United Kingdom,

Declares that a formal, Government-backed definition of Islamophobia is needed; further declares that the definition by the APPG on British Muslims is more appropriate, which defines Islamophobia as “rooted in racism and a type of racism that targets expressions of Muslimness or perceived Muslimness”; notes that this definition recognises that Muslims are subject to a system of discrimination, control and socio-economic exclusion, alongside hate crime, harassment and abuse; further notes that adopting this definition is an important first step towards tackling hatred against Muslims in Britain.

The petitioners therefore urge the House of Commons to formally adopt the APPG’s definition of Islamophobia and take further steps to tackle Islamophobia in the UK.

And the petitioners remain, etc.

[P002871]

Housing Associations: Charges

Motion made, and Question proposed, That this House do now adjourn.—(Mark Fletcher.)

7.2 pm

Caroline Nokes (Romsey and Southampton North) (Con): I very much appreciate having been granted this debate tonight. I reassure the Minister that I come here not in anger, not in sorrow, but with deep, deep concern at the charges being levied on my constituents, specifically by the Aster Group, which is the largest housing association operating in my constituency. I am not alone in my concern, and I am conscious that my hon. Friend the Member for South Dorset (Richard Drax) is facing similar, although not identical, issues, as is my right hon. Friend the Member for North West Hampshire (Kit Malthouse), who is here this evening. However, it does seem as though Romsey and Southampton North is particularly impacted, and I will go on to explain why and how.

First, I draw the Minister's attention to a salient piece of correspondence: a letter from my right hon. Friend the Secretary of State dated 4 September and addressed to the chief executive of the Aster Group. He concludes it with the phrase:

"I will be taking a personal interest in how your organisation continues to deliver its responsibilities".

I come here in the spirit of wishing to help my right hon. Friend the Secretary of State in his mission to keep a very close eye on how Aster is delivering.

I also, of course, welcome the Under-Secretary of State for Levelling Up, Housing and Communities, my hon. Friend the Member for North Dorset (Simon Hoare), to his new role. He knows how pleased I am to see him on the Front Bench responding to this debate. I know that he is familiar with the Aster Group, which operates in his constituency as well as my own. I seem to recall an Adjournment debate in 2017 in this Chamber. Like him, I recognise the huge importance of housing associations and the phenomenal work they do to support many of our constituents, especially the most vulnerable ones.

To give a short history, in 2000 Test Valley Borough Council transferred ownership of its housing stock to Testway Housing, which was later bought out by Aster. By and large, that deal has worked well. There are always challenges, but nothing that even begins to compare with the current situation, which I first raised in the House several years ago, sadly to no avail.

In 2000, when the sewage treatment plants were handed over from Test Valley Borough Council to Testway Housing as part of the large-scale voluntary transfer of housing stock, those sewage treatment plants were in full working order, with the requisite environmental permits. Now, none of them is in full working order and none of them has the correct permits. As is tradition, Madam Deputy Speaker, I will give way to the hon. Member for Strangford (Jim Shannon).

Jim Shannon (Strangford) (DUP): I commend the right hon. Lady for securing the debate. She outlined a situation where housing associations become bigger by absorbing smaller ones. In my constituency, in my experience, when housing associations become bigger, their accountability to their tenants and residents decreases.

Is the right hon. Lady saying that in this case, the bigger the housing association becomes, the less responsible it becomes?

Caroline Nokes: The hon. Gentleman raises an important point. He is right to highlight how some housing associations have grown and grown. Somebody came to my constituency surgery last week to raise an issue about a different housing association, Adbury, whose ambition is to become one of the largest housing associations in the country. There is a problem with scale, because as these organisations become more remote from the residents they seek to serve and cover an ever wider geography, the individual contact and understanding of the needs of individuals can sometimes be lost.

Aster is a large housing association, with many thousands of properties and customers, and an annual profit in excess of £50 million. I do not begrudge people making a profit, but I resent it when it comes at the cost of decent relationships between Aster, as the provider of local sewage treatment plants, and residents who have worked hard and saved to be able to purchase their former housing association home. In my constituency and others, they are now living under the tyranny of a housing association that seeks to recoup the costs of the housing association's failure to maintain and repair sewage treatment plants in the villages across Test Valley that do not benefit from mains drainage.

We all know that 95% of properties in the UK are connected to mains drainage, but my plea is on behalf of the people who live in the 5% of properties that are not, some of whom in my constituency are seriously financially challenged and plunged into enormous debt, just because they cannot be connected to the mains.

I know that some in the Department were concerned that the debate would be about sewage, and therefore required a response from the Department for Environment, Food and Rural Affairs, but I reassure the Minister that the debate is not about the sewage itself, but the principle of whether it is okay to charge some residents as much as £480 per month for their waste water disposal. Aster recognises that those charges are unaffordable, because their own tenants pay about £600 a year for their sewage disposal. That figure is not means-tested in any way.

Aster has accepted that their tenants cannot begin to afford charges of many hundreds of pounds a month, but it does not accept that just because someone has been able to buy their former council house, they may not be wealthy. It does not recognise that many will be pensioners, single people with only one household income or in low paid work, particularly in very rural areas, where much of the economy still revolves around agriculture.

In East and West Tytherley, Awbridge, Ampfield, East Dean and Nether Wallop—I will not reel off every single village that is affected—the sewage treatment plants, owned and maintained by Aster, simply have not been maintained. That has resulted in long-standing and expensive tankering operations and poorly maintained plants, at the very end of their life, that in some instances discharge foul drainage into ditches, causing Aster to come to the attention—not in a good way—of not just the Secretary of State, but also the Environment Agency.

That brings us to the cost. Some residents have been receiving bills of over £400 a month and are now being invoiced £3,500 as their "share" of a replacement plant.

[*Caroline Nokes*]

I invite the Minister to cast his mind back just 12 months, when the Government quite rightly recognised that average energy bills of £2,500 per year were unaffordable, and stepped in to help. Some of my constituents have been receiving sewerage charges that are twice that. If my maths is correct, I can identify one household where the bill will be £5,760 this year, and that is before they are further billed for the maintenance of the plant.

I am very specifically not asking the Minister to step in to pay those bills, but I am asking for his advice as to how hon. and right hon. Members can best hold Aster to account, bring the weight of the Department for Levelling Up, Housing and Communities to bear, and highlight to the Secretary of State that a company in which he is already taking a close personal interest, is now seeking to rinse my constituents for Aster's failures to maintain its own facilities.

I have in my possession a report dating back some eight years plus, which identified all the maintenance and dilapidation issues of these small sewage treatment plants. And what have we seen since 2015? We have seen not a programme of repairs and replacement, but a programme of tankering, recharged to the residents who had bought their former council houses, and with remaining Aster tenants having their "share" of this cost capped. As Aster told both me and Councillor Nick Adams-King, who has been tireless in his pursuit of this issue, it recognised that the charges were unaffordable. Aster's response when challenged on this is that it is entitled to do this. This has not yet been tested in law, but I fear that it may come to that point—if only there were a resident who had not had to spend all their cash on Aster's ever spiralling demands.

Aster itself has had no dilapidation or sinking fund, so it has made no provision to replace these plants, which might reasonably have been expected after some 40-odd years of service to be coming to the end of their lives. Aster had not planned and it had not prepared. I know that because, back in 2011, this issue was first highlighted to me by the residents of Strawberry Lane in Up Somborne, who came to me at that time complaining of sewerage bills in the region of £100 per month levied by Aster. Little did we know at the time that Strawberry Lane would be just the first in a long list.

I also wish to pay tribute to the former borough councillor, Tony Ward, who negotiated a solution in Up Somborne for each property to have an individual septic tank installed. Although it was expensive in capital costs for installation, over the past 10 years those residents will have been paying only a fraction of the cost of what an ongoing relationship with Aster would have cost them.

I thank my hon. Friend the Member for South Dorset (Richard Drax) for the information that he has provided from his constituency. In Dorset, we see a very similar picture to Hampshire, with Aster interpreting deeds to mean that homeowners must pay for the maintenance of Aster infrastructure, whereas homeowners had understood that sewerage charges would be levied in line with those charged by Wessex Water for a similar service. Since the housing stock was transferred there, homeowners had only ever been charged for the service that they used, but are now being asked for an additional sum, running into thousands and thousands of pounds for replacement and upgraded infrastructure. There they

can point to the poor value Aster appears to be receiving as part of its maintenance work, with one provider charging it £18,000 for the installation of a handrail and the cleaning of a single tank. That is a very similar picture to the massive price of the tankering contract in Hampshire, where tankers are coming in from Kent to pump away waste from facilities—often several times a day. There is one example of a £1,250 charge to Aster to empty 4,000 litres from a sewage treatment plant that is not working, when a local supplier had quoted £175. That gives an idea of the scale of the waste, when we know that these tankers are operating many times a day at different locations. Local waste management companies are simply aghast at the sums being charged and the distances being travelled, when smaller companies could have dealt with a short-term crisis much more cost effectively.

That is the real crux of this: it is not a short-term crisis; it is a long-term pattern of a company that has historically made huge profits simply by not reinvesting in maintenance and upgrading systems to meet 21st-century requirements. When the crisis hits, it is forced to adopt expensive short-term solutions and then longer-term upgrades, the burden of which is passed on to those who have bought their own homes and are therefore deemed by Aster to be wealthy enough to afford it. The only comfort that Aster is prepared to give is that it will not pursue people immediately for those charges; it will simply levy a charge on the house to recover the money when they die.

There are two case studies that I will specifically highlight. Brent lives in East Dean. He bought his house in 2020 with his wife, and they now have two small children. They were told by Aster when they bought the house relatively recently that the sewage treatment plant was in working order and that their estimated cost per year would not exceed £80. He is now faced with charges of £480 per month. That is more than his mortgage. He is trapped in a home that he cannot sell, because who would buy a house with that sort of sewerage charge? Elizabeth is a pensioner from Cowleas Cottages in Awbridge. Aster is charging her an amount for sewerage that is equivalent to two thirds of her pension, leaving her just one third of her monthly income for all her other bills, food and day-to-day living costs.

I have some questions for the Minister, as you might expect, Madam Deputy Speaker. I want his advice on how we can best hold Aster to account. The housing ombudsman cannot help because these are no longer Aster tenants; they are now homeowners. Ofwat is not interested because Aster is not a registered search provider. I wonder whether that should be part of the picture going forward. The Consumer Council for Water says that, because it is a contractual relationship, it cannot become involved. At every turn we have been stumped, which is what brings me here to ask the Secretary of State, via tonight's Minister, whether he can please use his existing concern about Aster and help us to find a solution.

7.16 pm

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Simon Hoare): I thank my right hon. Friend the Member for Romsey and Southampton North (Caroline Nokes) not only for raising this important issue but for the way in which she

did so. I described her as my right hon. Friend; she is also a friend and near constituency neighbour in a neighbouring county, so it is a real delight for me to make my Dispatch Box debut responding to her debate this evening. I, too, congratulate her colleague Councillor Nick Adams-King for the work that he has been doing on this issue, along with my county neighbour, my hon. Friend the Member for South Dorset (Richard Drax).

The first question that my right hon. Friend asked was how we can help. She was right to point out in her concluding remarks that such issues can often get passed from pillar to post—different names with different acronyms, with everybody trying to, Pontius-Pilate-like, wash their hands of it. My Department will not do that. Of course, her constituents are perfectly entitled to seek legal advice. That would come at a cost, and it may well be that the conveyancing at the time of purchase is worth a re-exploration.

Pausing there, my right hon. Friend presented to the House some pretty horrible and frightening figures. We are all conscious, particularly those of us who represent predominantly rural constituencies, of the fierce hit that the cost of living has had on many families, so we can only begin to wonder at the fear generated in the homes of the families and individuals who are being presented with these body-blow bills. The idea of their having to incur legal costs to try to seek a remedy, which is likely to be a long time coming, would not be a particularly welcome solution.

I have an invitation for my right hon. Friend to take up, together with her councillor colleague should she wish to. This is a rhetorical invitation; I think that she will bite my hand off. My noble friend Baroness Scott, to whom I have spoken, as it is her portfolio that would look at this, will convene a meeting in the Department to be attended by Aster and my right hon. Friend, picking up on the point that she alluded to in the letter of 4 September this year from my right hon. Friend the Secretary of State, which he addressed to the chief executive of the Aster Group.

Again just pausing there, I am not entirely sure this is still the situation, but I know that at the time when I introduced my Adjournment debate, which my right hon. Friend the Member for Romsey and Southampton North referenced, the chief executive of the Aster Group was the highest paid chief executive in the housing association sector. It is not just our right hon. Friend the Secretary of State who is taking a personal interest in how the organisation continues to deliver its responsibilities; so too is my noble Friend Baroness Scott and so am I, because what the constituents of my right hon. Friend the Member for Romsey and Southampton North have been presented with is indefensible and, frankly, bizarre.

From what my right hon. Friend has told the House in her powerful and persuasive speech, it seems that the housing association has spent little if any money investing in these local sewage plants, has understood the need now for investment—in some sort of a Damascene conversion to the need for housing providers to invest in maintenance and other repairs—realises that the costs are eye-wateringly high, and decides to reduce them for tenants and to pile on the costs to those who have merely, through the sweat of their brow and hard work, striven successfully to exercise their right to buy their former council house. And they are now being clobbered

with above-inflation costs, subsidising those—one can see the argument for this, potentially—in the social rented market, and the housing association is then having the magnanimity, in this almost-upon-us season of good will, of defraying the costs until death. That seems to me not exactly in the spirit that we would expect people to be operating in.

My hon. Friend the Member for Strangford (Jim Shannon)—no Adjournment debate would be complete without his presence—hit on an important point that occasionally this House has overlooked: the general transition over time of housing associations. When housing stock was transferred from local authorities, most if not all of the housing department went into that organisation, often a new organisation, and they took with them the mindset of supporting some of our most vulnerable constituents and the mindset of our public sector housing. Over time those people have retired and over time housing associations have grown very big; that does give them resilience in a fluctuating market, but it also means quite a lot of that local knowledge and empathy and understanding has been lost, and they are now operating in exactly the same sphere as our major private house builders. That is producing a change of ethos; my right hon. Friend the Member for Romsey and Southampton North has brought this situation to the House, and I have to say that that is not a change for the better.

Kit Malthouse (North West Hampshire) (Con): It is great to see my hon. Friend at the Dispatch Box for the first time and I congratulate him. I am grateful to my constituency neighbour my right hon. Friend the Member for Romsey and Southampton North (Caroline Nokes) for raising this issue and I have the same issue in the village of Hatherden in my constituency and want to make two points about what my hon. Friend the Minister was saying.

What was of course lost in the transfer he was talking about was councillors and the sensitivity that local councils would have to their residents in the way we are trying to give effect to this evening; that has been the biggest disconnection in housing. Also, one of the arguments that is put—I have had this with other issues of maintenance of stock in my constituency, where Aster is a large landlord—is a purely mathematical one: the housing association says, “You’re right, we haven’t really maintained this for 20 years, but we also haven’t charged you for it for 20 years so all we are doing is catching up on the charges,” and it fails to reflect on the economic hit to residents when an accumulation of charges is levied in one big blow.

Simon Hoare: My right hon. Friend is absolutely right. Whether Aster and others presuppose that merely the fact that a family or an individual has recognised that right to purchase their home suddenly makes them as rich as Croesus, I am not entirely sure. However, we can only imagine the very real anxiety that seeing these sorts of bills creates—particularly when this issue has come as a bolt from the blue, as I understood my right hon. Friend the Member for Romsey and Southampton North to say. People were being told that everything was fine, that those local sewage works were absolutely up to scratch and that one could sell one’s home in perfect confidence that there would be no extraordinary item for potential new purchasers to pick up.

[Simon Hoare]

Maybe it is a lack of investment, coupled with misleading those former tenants, that Aster will be questioned about at the departmental meeting—and they will attend; of that I am absolutely certain. We will make them attend to talk to Ministers and to make clear what they are going to do, because their current suggested *modus operandi* is neither sufficient nor acceptable.

Although it is in the future, I also point my right hon. Friend and her constituents to the leasehold and freehold Bill, which will be published later this month. That Bill is intended to drive up transparency of the estate management charges that homeowners have to pay, as well as giving homeowners the right to challenge the reasonableness—that is the key word, because after the *Wednesbury* case, reasonableness has a status in law—of those charges in the appropriate tribunal, which of course in England is the first-tier tribunal. The Bill will also include measures to help leaseholders to challenge service charges, including improved transparency requirements and scrapping the presumption that leaseholders should pay their landlord's legal costs when challenging poor practice.

This Government are committed to providing the framework, but it is vital that potential homeowners have access to the right information before they buy.

That information should, of course, be set out as part of the conveyancing process. I mentioned at the top of my remarks that, if a current homeowner such as those identified by my right hon. Friend is unhappy with the service they have received from the conveyancer or their solicitor, and the internal complaints process cannot resolve the issue, the legal ombudsman may be able to help.

In conclusion, I thank my right hon. Friend again for raising this issue in her inimitable style. The House always listens to her, because when she speaks she has something to say. She has spoken on behalf of her constituents very clearly and the Secretary of State, the Department and I share her concerns. She was right to quote directly from the Secretary of State's letter to Aster of just a few months ago. My Department stands ready to work with her to ensure that her constituents, as well as those of my right hon. Friend the Member for North West Hampshire (Kit Malthouse) and my hon. Friend the Member for South Dorset, are not—and here I will close by using the word my right hon. Friend the Member for Romsey and Southampton North used in her speech—rinsed.

Question put and agreed to.

7.28 pm

House adjourned.

Westminster Hall

Wednesday 22 November 2023

[SIR CHRISTOPHER CHOPE *in the Chair*]

UK Citizenship Test

11 am

Wendy Chamberlain (North East Fife) (LD): I beg to move,

That this House has considered the Life in the UK citizenship test.

It is a pleasure to serve under your chairmanship, Sir Christopher. I want first to talk about my constituent, Kate Jeffery. She is an Australian by birth, and she married her husband in Banbury in 1992. They returned to Australia shortly thereafter and then came back to the UK—her husband's home—in 2017. They have settled here, and Kate has built her life here. I am happy to say that she has now decided to make North East Fife her home; it is a lovely home.

When the time came for Kate to apply for indefinite leave to remain, she did so on 26 April, almost eight months ago. In making that application, Kate also applied for an exemption from the “Life in the UK” test due to her dyslexia, which is so severe that it means she can never study for or take the test. She did this with the formal written support of her GP, which is no mean feat, considering the waiting time to see GPs these days.

This, sadly, is where things started to go wrong. In June, her exemption was refused on the grounds that GP support did not count as evidence of a diagnosis. Kate started to worry about her right to remain, so she reached out to my office for assistance, paid out of her own pocket for a private diagnosis and sought legal advice. Evidence in support of Kate's application was sent by my office and her solicitor to the Home Office on multiple occasions between June and August, but no acknowledgment of receipt was provided, and there was no trace of that evidence when we rang for updates. We knew that at least one set of the documents was received—it was sent by recorded delivery—but still we had no progress.

After chasing throughout September, my office finally received notification on 25 September that the documents had been uploaded to the Home Office system on 15 August, so we all had a moment of temporary relief that this ongoing situation would be over. But, unbelievably, at the start of this month Kate was contacted by yet another caseworker at the Home Office who asked again for the same supporting documents to be sent. This is a farce and an utter failure, both in ensuring that leave to remain applications are dealt with consistently and in providing a basic good customer service level.

Jim Shannon (Strangford) (DUP): I commend the hon. Lady for bringing this debate forward. Many people have described the UK citizenship test as a “bad pub quiz”. The questions asked are incredible, and many people born British would not even pass the test, including you and I, Sir Christopher. Does the hon. Lady agree that for someone to understand our United Kingdom of Great Britain and Northern Ireland, we need to focus more questions on the inclusion of the

devolved institutions, such as the operation of governmental systems and how they support integration and community in the UK? She is outlining her constituent's case very well.

Wendy Chamberlain: I am grateful to the hon. Member for his intervention. I will come on to speak about the House of Lords Justice and Home Affairs Committee report last year and the Government's commitment to review the test, but I agree: there should not be a test of history or obscure facts. It should be a test that helps people who are applying for British citizenship or indefinite leave to remain to better integrate into UK society.

As the hon. Member for Strangford (Jim Shannon) said, we know that the “Life in the UK” test has serious flaws, and the Home Office knows it too, because of the inquiry I referenced by the House of Lords Committee, which concluded in June last year. Accessibility of the test for applicants with long-term physical and mental conditions, like Kate, was one of the specific issues highlighted. The Committee found that the threshold for exemption from the test is very high. That is understandable, but although the Government claim to have adaptations available to accommodate individuals, no information on those adaptations is available to applicants. Worryingly, although the purpose of the test is to promote social cohesion, all it does is test people's ability to learn and repeat a lot of information. Many people struggle with that, and when we talk about education, we say it is a bad thing.

The Government's response has been disappointing. In response to the House of Lords Committee's report, they gave a letter from the former Minister with responsibility for safe and legal immigration simply stating that test applications are driven by candidate requests, rather than the other way round. In the first instance, that might sound positive: “We don't constrain you; you tell us what you need.” But—and it is a big but—for those who are not familiar with the system, who are scared of losing their right to be here and who already face barriers to the process as a result of their disability, all that does is put up another barrier. Instead of making it easier for people with disabilities, the Government are making it harder because of that disability. It is completely subjective and dependent on a logical Home Office case handling process that, as I have outlined, does not seem to exist.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Lady on raising these issues. Does she agree that the review also needs to take account of the case I have raised many times of people in Northern Ireland who were born just over the border in the Republic, but have been Northern Ireland residents, taxpayers and voters for decades and who are still asked to do the test? That is ludicrous, given the duration that they have been UK citizens.

Wendy Chamberlain: I find that quite shocking. We are so many years on from the Good Friday agreement, which gave residents and citizens of Northern Ireland the right to be part of both countries, and that is a key issue around social cohesion. I find it quite shocking that the Government have not sorted that out. I am grateful to the hon. Gentleman for continuing to raise that issue, and I hope the Minister will respond to that.

[Wendy Chamberlain]

Other barriers to accessibility were set out in the House of Lords Committee's report. They do not directly affect my constituent, but given that the Minister is here to give us an update in response to the report, they are worth touching on.

Tim Farron (Westmorland and Lonsdale) (LD): I am grateful to my hon. Friend for making an excellent speech. Given that the objective of the citizenship test is to test and encourage the integration of people coming to this country, and that there are tens of thousands of people languishing as asylum seekers, most of whom will, on past evidence, be granted refugee status at some point, is it not a terrible waste not to allow them to work? That would help contribute to their costs and, therefore, save the taxpayer money, and would help them to integrate by developing better language skills and being part of their community so that when the test comes, they are more likely to pass it.

Wendy Chamberlain: My hon. Friend knows that we and our party are aligned on that: we should give people the right to work while they are waiting for their applications to be processed. If nothing else, it would reduce the burden on the state and take away some of the stigma, of which we have sadly seen too much in recent immigration debates. It would also start the process of integrating into our country. The person on the journey that my hon. Friend laid out might end up, many years later, taking a "Life in the UK" test, and I hope that the ongoing systemic issues that I have highlighted can be resolved before then.

Let me move on to some of the other barriers to accessing the test. The House of Lords Committee heard evidence of test centres having only male staff to carry out searches of candidates. I am sure everyone here would agree that that is unacceptable. There was evidence of test centres being inaccessible by public transport and of centres being oversubscribed, which meant that applicants have to make long journeys far from their home. That makes the test even more off-putting and, arguably, even more expensive.

Concerns were also raised about the test's contents, which other hon. Members have highlighted, and the "Life in the UK" handbook. In its response to the House of Lords Committee in September last year, the Home Office stated that it intended to set out a timetable within 12 months for a review of the test. It was the weakest of commitments—the Home Office announced that it would do something at some point within a whole-year period—yet it seems to have failed to deliver even on that. I very much hope the Minister will give us an update on the timetable for that long-promised review. The Home Office promised to look at ensuring the accessibility of centres, but I cannot see that any changes or updates have been made. It was also mentioned that the Government were considering a remote testing pilot. I would be grateful for an update on that, particularly given that they seem to be really keen on digital by design in other areas of policy.

Even in that response last year, the Home Office failed to take seriously the Committee's recommendations, particularly when it came to making sure that disabled candidates have the same access to the test as everyone

else. Why has the Home Office not considered citizenship courses to remove the need for a test? Why did it refuse to provide guidance on the sort of adaptations available? Why is the burden of proof so high that my constituent could not rely on evidence from her doctor and had to pay out of her own pocket to see a specialist? Kate cannot help but feel, and I agree with her, that she is being discriminated against by the Home Office and that her application has been made deliberately harder because of her dyslexia.

I am sure the Minister can at least agree with me that the handling of Kate's case has been beyond poor. Looking at the lost documents and delays alone, there are two possible explanations: either Kate has been discriminated against or the Home Office is just demonstrating general incompetence. It has been five months since the second round of evidence was submitted. There can be no excuses or explanations for what has happened. I always say that if systems and processes in Government at all levels worked as they should, I would not need any caseworkers, and I am sure that others here would agree. We must get to a situation where people do not need to get in touch with their MP for such process issues.

The "Life in the UK" test is the end of a long journey for people such as Kate, who have spent years building their lives and planning their futures here. This is just another brick being removed from the UK's reputation as a welcoming country in which people can live, work and contribute to the economy. The system is clearly broken and I urge the Government to outline what reforms they will make to the test, which seems to be pretty maligned. In the meantime, I hope the Minister can look at Kate's case and finally give her some good news.

Sir Christopher Chope (in the Chair): I welcome the Minister to her first outing in Westminster Hall.

11.11 am

The Parliamentary Under-Secretary of State for the Home Department (Laura Farris): It is a pleasure to serve under your chairmanship, Sir Christopher. I congratulate the hon. Member for North East Fife (Wendy Chamberlain) on securing the debate. I would like to say at the start that I cannot comment on an individual case, but I know that the Home Office will be happy to look directly into the circumstances that she has outlined in relation to her constituent. I urge her not to conflate the issues that have been experienced by her constituent, which do sound irregular, with an indication that the system as a whole is failing.

Since 2003, successive Governments have been clear that all those seeking to make the UK their permanent home should be prepared to integrate successfully in the UK, with both an appropriate level of spoken English and a sufficient understanding of life in the United Kingdom. Indeed, the guidance book that is published to go with the "Life in the UK" test makes repeated reference to respect and commitment to British values. Many citizens would recognise and agree that that should be a fundamental requirement for anyone looking for permanent settlement.

Adult applicants between the ages of 18 and 65 are required to demonstrate that they have sufficient knowledge of the UK—not just our current political systems, but

our history. I listened carefully to what the hon. Lady was saying; she was a bit critical about that, but I gently remind her that the past does inform the present. Here we are in Westminster Hall, a building that has gone through the centuries and has told the story of what this great nation really means. I have to say, with respect, that I think it is important that people are cognisant of our great history before they secure permanent leave to remain in the United Kingdom. Citizenship of this country is a privilege, and it is absolutely right that we have mechanisms in place that emphasise the importance of integration.

I want to contextualise some of what the hon. Lady was saying about her constituent. She made two points that I think are worth referring to. She talked about how her constituent has profound dyslexia, possibly veering into what would meet the statutory definition of disability under the Equality Act 2010. We will certainly look at why that somewhat higher threshold for medical evidence was required.

The hon. Lady also made the point that it was somehow surprising that the application had to be made by her constituent herself. I remind her very gently that it is likely that this case would be covered by section 20 of the Equality Act, “Duty to make adjustments”. In any case of this nature, where someone is dealing with a service provider that would be covered by that Act, it is for the person complaining to identify the “provision, criterion or practice”—here, it might be the circumstances of the test—and say why that puts them at a “substantial disadvantage”, before the service provider decides what action, if any, it is going to take. That is the statutory language that applies and it is therefore consistent with that language that the Home Office requires applications to be made on an individual basis.

To give a little bit of context, since 2013 over 1.7 million attempts have been made to pass the test, with 1.2 million people—70% of applicants—passing it the first time. Applicants do not have to get 100%, thank God. If we look even further into that data, we see that the vast majority of people pass the test by the third attempt. Although the test is quite comprehensive and, yes, it goes into history, it is not so onerous that people cannot pass it or that they do not have the right to citizenship because they fail. They are able to do it. There are 24 questions. It is computer-based and multiple choice. It requires those who wish to make their home in the United Kingdom to demonstrate a knowledge of the history, culture and government of the United Kingdom, and of the principles that sit at the core of British democracy.

Those who are taking the test will already have been living here for at least five years. The test therefore focuses on the more in-depth knowledge that is expected of someone who has presumably already sought to integrate within UK society and is committing to the next step by applying for permanent residence or citizenship. I hope that that answers, to a degree, the point that the hon. Lady made about those who are applying for asylum under the auspices of the refugee convention.

We can have a disagreement about whether those who are at the application stage should or should not have the right to work, but I will simply make three points. It is consistent with all our immigration practices that those who are applying do not yet have the same rights as somebody whose application, whether it is for

a work permit or for asylum, has been granted; that is one of the reasons why they are treated differently. It is not irregular that people who are given refugee status are not required to take an equivalent test or are not given the opportunity to learn for it, because usually a grant of asylum is finite; it is not the same as getting indefinite leave to remain, so it is right that we treat those two categories of applicant differently. Somebody could get asylum, remain in the United Kingdom for an extended period, make the application for indefinite leave to remain and then have to take the test in the usual way. There is not differential treatment between those two categories; they are fundamentally different categories.

The hon. Lady talked about a review of the test. I am certainly aware of the House of Lords Committee’s report. I am also aware that the test has been in circulation for some time. It, or at least the guidance for it, is published by the Stationery Office on behalf of the Home Office and is available in paperback, audiobook, e-book and other digital formats. In other words, the training materials certainly are available in accessible formats that somebody with dyslexia or another kind of special educational need would be able to access.

The Home Office’s contract with the Stationery Office includes a commitment to enhance current digital learning materials and develop a new online platform, and the Home Office continues to work with the Stationery Office to ensure that materials are available in a digital format to meet customer demand and support candidates. The release of a new e-learning platform in 2020, in addition to a continued improvement process for the mobile apps based on customer feedback, has helped to drive a shift towards sales in digital format, from 23% in 2018 to 60% last year. The Home Office will continue to work with the Stationery Office to offer innovative digital products that meet customer needs and value for money.

In relation to the House of Lords report, I am aware that the UK handbook was first published over 10 years ago. Although much of the material, particularly the historical aspect, remains pertinent, the Home Office is aware of the need for the content to remain up to date, above and beyond minor amendments and perhaps the improving digitalisation of the training programme.

I recognise that there are strong views on how a review should be conducted, particularly in relation to the scope of the review, who should conduct it and what consultation should be undertaken.

Mr Gregory Campbell: Will the Minister undertake, in discussion with colleagues, to ensure that the review that is going to be forthcoming will be wide-ranging and comprehensive, to take account of some of the concerns that have been raised today? Then, hopefully, we can see some improvement for the future.

Laura Farris: I thank the hon. Gentleman for his intervention; I was coming to that point. I think it is appropriate that I write to the hon. Member for North East Fife once the scope and timeframe for the review is known, so that she is aware. Of course, we will be listening carefully to the points that she has made.

Overall, it is right to say that the “Life in the UK” test is an important element of gauging commitment to integrating and to a permanent life in the United Kingdom.

[Laura Farris]

I hope that the irregularities that the hon. Lady has described in respect of her own constituent can be resolved. I do not believe that they are indicative of an overall weakness in the test, which by and large has proved highly successful and which nearly all applicants, in the end, do manage to access.

Wendy Chamberlain: Can the Minister tell us whether a review date has been set, and what the scope of the review will be? It appears that up to this point, the Home Office has not met the commitment that it gave to the House of Lords Justice and Home Affairs Committee last year.

Laura Farris: That is a fair question. I am not aware of the timeframe yet, to be completely honest. However, I hope I am giving the hon. Lady a little bit of guidance. I would say that I do not think that it is recognised that there are inherent flaws in the “Life in the UK” test, although the Home Office is completely aware of the recommendations in the Justice and Home Affairs Committee report. It is considering the scope and will do a review, which I have already indicated that I will write to the hon. Lady about, with the timeline and the scope. I think that that is the context in which I should root my answer. I thank the hon. Lady once again for securing today’s debate.

Question put and agreed to.

11.21 am

Sitting suspended.

Apprenticeship Levy

[DR RUPA HUQ *in the Chair*]

2.30 pm

Jonathan Gullis (Stoke-on-Trent North) (Con): I beg to move,

That this House has considered the apprenticeship levy.

It is a pleasure to serve under your chairship, Dr Huq, and I am looking forward to this debate on the apprenticeship levy. As a former teacher and the former Minister for School Standards, I cannot state enough how important apprenticeships are for young people. They unlock opportunities for them, allow them to earn while they learn and drive social mobility. As the proud co-chair of the all-party group on apprenticeships and the employer of two apprentices—Mya and Jess, who are based in my constituency office—I know just how effective apprentices can be in the workplace.

There have been significant achievements in places such as Stoke-on-Trent North, Kidsgrove and Talke, where we have had 13,240 apprenticeship starts since May 2020. One of the great standout legacies of the past 13 years of Conservative government is our outstanding record on education. Compared with 2010, over 2 million more pupils are at good and outstanding schools, and our kids are some of the best readers in the western world.

I congratulate my right hon. Friend the Member for Bognor Regis and Littlehampton (Nick Gibb), who served with grace and honour as Minister for School Standards—a role I held briefly, although I basically kept the seat warm for his return—on his hard work in improving literacy and numeracy rates, restoring discipline in the classrooms, empowering a generation of learners and bettering educational attainment. His legacy will live on in this House and across the nation, and we are truly thankful for his service.

I served proudly with the Minister for Skills, Apprenticeships and Higher Education when he chaired the Education Committee, and he understands, as do we all, that further education plays a vital role in providing the skills needed to revive key sectors such as manufacturing and ceramics, so that we can level up the country. We have made great strides since 2019. We introduced T-levels and the lifelong learning entitlement. Government initiatives such as the skills bootcamp scheme, which works with local employers and local authorities to fill skills gaps and vacancies in local areas, should continue to be expanded.

Apprenticeships offer a great opportunity to learn and earn, and they keep talent and skills in our local area, making a vital contribution to the labour market. The huge demand for apprenticeships is waiting to be matched by supply. Almost half of the young people registered on UCAS are interested in apprenticeships, yet only 10% go on to start one. In recent years, there has been a dramatic decline in the number of new apprenticeship starts. Since the apprenticeship levy was introduced in 2017, overall apprenticeship starts have fallen from half a million in 2016-17 to just over a quarter of a million in 2022-23. That urgently needs to be reversed. The situation is exacerbated by the fact that the number of apprenticeship starts for 16 to 18-year-olds

has fallen by 41% since 2015-16. For 19 to 24-year-olds, it has fallen by 31%, and for those aged over 25, it has fallen by 26%.

Tim Farron (Westmorland and Lonsdale) (LD): I am grateful to the hon. Gentleman for the points he is making. Last year, more than £3 billion of the levy was not spent, I guess for many of the reasons he is setting out. In my community, many of the businesses that would love to have an apprentice find it too hard to get into the scheme. Would it be wise in an area such as mine, where one in four people work for themselves and many opportunities come through small businesses, to redirect some of the underspend to encourage small businesses to take on apprentices? That would be good news for our economy and for everybody else, for that matter.

Jonathan Gullis: I could not agree more: the levy should be much easier to access for small and medium-sized enterprises, and even for big levy payers, such as Lloyds Bank, which I met recently in my constituency at Saint Nathaniel's Academy in Burslem. It said that it found it incredibly tricky to navigate the system to try to get money to the frontline. In that case, it was for digital apprenticeships and skills for those teachers and support staff, as the school went to a Google Classroom-based learning system. I will set out later how I think the levy can be reformed to make it more accessible and to ensure that more SMEs get more opportunities to take up apprenticeships. It is all well and good talking about skills, but if we do not have enough apprentices in the first place with the opportunity to access them, we will always have to overly rely on cheap foreign labour from abroad to fill vacancies. I suspect the hon. Gentleman and I have slightly different opinions on that, but the Chancellor said in the autumn statement today that he wants to see us skilling up and levelling up the opportunities for young people here.

The fall in the number of apprenticeship starts suggests that apprenticeships in their current form are not benefiting young people and helping them get into the workforce. We require businesses to invest in their existing workforce. Increasing the flexibility of the apprenticeship levy would help businesses with the cost of investment in British talent, further militating against the dependency on mass migration. Although increased collaboration between the Institute for Apprenticeships and Technical Education and the Migration Advisory Committee will not eradicate reliance on immigration for vital skills, it will shift the focus to prioritising British upskilling and offer a long-term solution to the nation's skills shortages.

As evidenced in "The New Conservatives' plan to upskill Britain", which I proudly wrote with my hon. Friend the Member for Great Grimsby (Lia Nici), red wall areas have been hit especially hard by the reduced number of younger apprentices in SMEs. In northern and coastal constituencies, the number of apprenticeships has fallen, while it has grown in places such as Wimbledon and Chelsea. As the New Conservatives' skills paper suggests, areas such as Stoke-on-Trent North, Kidsgrove and Talke need more home-grown apprentices so that we do not rely on cheap migrant labour to fill the skills gap. That is why it is so vital that we take on recommendations from industry and reform the levy, so that communities can benefit from apprentices.

One way the New Conservatives' skills plan seeks to do this is by pushing for the Migration Advisory Committee to work much more closely with the Institute for Apprenticeships and Technical Education, by identifying gaps in the market where unspent levy funding can be used to support the training of home-grown talent that will help to close the skills gap. With net migration standing at over 600,000 in the year to June, it is essential that we explore ways to wean the economy off cheap migrant labour, which puts immense pressure on our public services, including our schools, our NHS and our housing supply, with migrants now making up half the demand for new builds. I am confident that reforming the apprenticeship levy to allow underspends to target specific gaps in the job market will help to solve one of the UK's most challenging long-term problems.

In the New Conservatives' skills plan, we also raise issues surrounding the levy transfer mechanism and suggest raising the current transfer from 25% to 35%. Since the introduction of the levy five years ago, £4.3 billion has been raised by the levy but kept back by the Treasury. In 2021-22 alone, the revenue raised was £750 million—more than the entire apprenticeship budget—and according to *FE Week* analysis, His Majesty's Revenue and Customs pocketed an extra £415 million in the year to September 2023. I know that this is an issue for small and medium-sized businesses in Stoke-on-Trent, and I was shocked to see the *Sentinel* report in January this year that Stoke-on-Trent City Council was forced to send its £1 million apprenticeship underspend back to HM Treasury.

As co-chair of the APPG on apprenticeships, I have spoken to many businesses that say the system for transferring funds is immensely bureaucratic and requires excessive paperwork, which dissuades businesses from pursuing it. Our skills paper therefore sets out plans to increase the apprenticeship levy transfer to 35%. As the New Conservatives' report sets out, the current cap at 25% limits employers making the most out of their funding, and it is difficult for businesses to transfer funding to SMEs outside their supply chain. That is why we advocate increasing the ease with which funds can be transferred by including other SMEs local to the region of the levy payer, which would keep investment local and widen access to apprenticeship funding.

The New Conservatives and I want to see a greater amount of the billions of pounds of unspent levy funding—like the £1 million underspend in Stoke-on-Trent—spent on skills locally, which will help the levelling-up agenda and assist young people in finding good career prospects near to home. However, to do that, the Government need to be brave and expand access to apprenticeship funding, as we outline in our report.

We need to allow for training to be more sensitive to labour market demands, so that we can upskill our homegrown talent. We should seize on local areas' expertise, such as Stoke-on-Trent's thriving video game industry, to make apprenticeships work for the economy. Alongside using unspent levy funding to support SMEs with grants, we should look to make it flexible enough to support shorter courses. Microsoft has identified that a modular approach to apprenticeships would allow apprentices to fit into the gaps in the labour market much more effectively. It says that this is essential to ensure that people are equipped with the digital skills they need to perform an increasing number of tasks.

[Jonathan Gullis]

In some cases, labour market demands do not require long courses, so making the levy more flexible will support shorter courses that meet existing needs of the business, rather than fulfilling bureaucratic apprenticeship requirements. This will enable employees to develop much-needed skills and help employers to address specific skills shortages that they face. Microsoft identifies such flexibility as being necessary for businesses to adapt to the rapidly changing requirements of digital roles, noting that the current 18-month waiting period for the digital apprenticeship standard to be approved is too long. Such long approval times stifle growth and leave employers without the skills that they need. Increasing the flexibility of the apprenticeship levy will also help Britons to upskill, improving productivity and reducing the skills gap.

In my role as the co-chair of the APPG on apprenticeships, I have also spoken with many leading businesses in Stoke-on-Trent North, Kidsgrove and Talke as well as across the country, and they have outlined ideas about how to make the levy work. Policy Exchange's excellent paper, "Reforming the Apprenticeship Levy", makes the disappointing point that SME involvement in the apprenticeship system has plummeted since the introduction of the levy, and it states that that has wider implications because, historically, SMEs train higher proportions of apprentices, particularly from disadvantaged backgrounds.

As such, Policy Exchange has proposed a number of recommendations to streamline the process and support SME involvement in the training of apprentices, including financial support for off-the-job training. It suggests that SMEs should be supported with £2,500 to fund off-the-job training for apprentices under the age of 25, with an additional £500 on completion.

Given that *FE Week* reported that HMRC pocketed around £415 million generated by apprenticeship levy receipts last year, I want the Government to explore whether there is scope to use some of that underspend to back SMEs with the £3,000 payment advocated for by Policy Exchange, which believes that such support would cost around £200 million. The policy was backed by the Prime Minister when he was Chancellor during the covid-19 pandemic, so I urge him to consider that to get more people doing apprenticeships once more.

For some businesses, especially SMEs, the hidden costs are often what prevents them from being able to hire an apprentice in the first place. The funding is there to support our SMEs and to support our apprentices with more than just training, and this simple change could be transformative.

Alongside reforms to the levy, I want to use this time to raise the issue of functional skills requirements, which are also a barrier to apprenticeships. For someone to be an apprentice in England, they must prove that they have good qualifications in English and maths. If they cannot do so, the Government pay to enrol them on a course and enter them into exams to prove that. That is wasting tens of millions of pounds of taxpayers' money, because, in some circumstances, despite an older apprentice holding a degree or other level 4 qualifications, the fact that they cannot find their GCSE or even O-level certificates means that they must retake the exams.

The current focus on functional skills qualifications also poses a challenge to some hoping to complete apprenticeships, disproportionately impacting those from disadvantaged backgrounds and SME employers that are more likely to offer apprenticeships to younger and less well-educated students. I wrote to the Department for Education to raise my concerns about this issue and was disappointed with the response I received this week from the Minister, who said that they are "currently unable to offer any flexibility here".

If we were to relax those requirements, there would be a significant public savings benefit, meaning that money could be spent on helping businesses to support their apprentices more effectively. Over the past five years, the Government have spent £379 million on functional skills, with the per-apprentice cost increasing by 64% since 2021-22. If we reduce those costs by being more flexible about functional skills requirements, businesses will benefit.

As the co-chair of the APPG on apprenticeships, I have spoken with businesses who told me that reviewing functional skills requirements, which is also a recommendation in the New Conservatives' skills paper, will improve retention rates for apprenticeships. That will give businesses confidence that the investment they make in new employees will be worthwhile.

Data supplied to me by Multiverse shows that 60% of apprentices undertaking functional skills exams already have degree certificates, but they do not have their school qualifications to hand, or they were schooled internationally. I do not believe that it is necessary for someone to take on extra training in English and maths if they have a degree-level qualification. A degree should be an indicator of competency in English and maths, and new recruits should be focused on developing skills that are fit for industry and not on functional skills training.

Multiverse argues that this requirement is a significant and unnecessary barrier to work. Its data shows that 74% of apprentices withdrew from their course when they were required to undertake English and maths exams. Given that fewer people have been undertaking apprenticeships since the introduction of the levy, we need innovative and simple ways to improve retention rates, and removing functional skills requirements could help to achieve that.

However, outdated attitudes towards higher education are thankfully ending. Recent polling shows that the British public are more positive about technical and vocational education than they are about university education, with 48% of parents saying that they would prefer their child to get a vocational qualification after leaving school, compared with 37% of parents who would prefer their child to go to university.

More broadly, there is support for prioritising further education and higher education equally, with 31% thinking that vocational education should be prioritised by the Government over university education and only 9% thinking that university education should be prioritised over further education. It is regrettable, therefore, that equal treatment of higher education and further education is not shown through the welfare system. Families should not be penalised if their child opts for an apprenticeship rather than other post-16 education. However, current welfare policy requires child benefit to be removed from families with children aged under 19 in apprenticeships, unlike if their child were studying for A-levels or T-levels.

More needs to be done to ensure that young people from disadvantaged backgrounds benefit from apprenticeships rather than being short-changed by their university experience. For those with low academic attainment or opting for low-return courses, a quality apprenticeship could offer a better option for a variety of reasons. Such a route should not be closed off due to parental financial worries.

In conclusion, the over-expansion of university education by Tony Blair and new Labour has left too many young people in debt, without the skills needed to secure well-paying careers. At the same time, investment in high-skilled trades has dropped, leading to an over-reliance on cheap immigration from abroad to meet our ever-expanding list of job shortages. As the party that values hard work and aspiration, we need to reverse that trend and invest in local talent that matches local labour market demands.

The policy suggestions presented in the New Conservatives' skills paper aim to shift the balance from Government overspending on low-return higher education and repurpose all money saved for investment in quality technical and vocational education that keeps talent local and high-skilled. That will be achieved only by both disincentivising students from poor-quality university education and incentivising them towards high-quality technical and vocational education.

Such measures also need the support of local businesses. Small and medium-sized businesses need to feel that their investment in local talent is worthwhile and supported by the Government. With renewed prioritisation for apprenticeships and other technical and vocational training and education, our country can upskill its workforce, meet labour demands without reliance on immigration, and ensure good jobs for the present are there for future generations as well.

The central message of the New Conservatives' skills plan is to increase the parity between further and higher education funding. That means that it is essential for the Government to support all apprenticeships offered by an SME regardless of how much of the levy is used. That will help businesses and individuals get greater access to apprenticeships, which is in line with my vision to make apprenticeships a more viable option and to make clear that degrees are no longer the sole gold standard in education.

Dr Rupa Huq (in the Chair): I remind hon. Members to bob now if they want to be called, so we can work out who will speak.

Several hon. Members *rose*—

Dr Rupa Huq (in the Chair): In which case, earlier than expected, it is that moment: Jim Shannon.

2.47 pm

Jim Shannon (Strangford) (DUP): This is two days running that I have been called directly after the proposer of the debate. I am in a state of anguish and shock that I should be called so early.

I am pleased to be here. I am also pleased to see my good friend, the hon. Member for Stoke-on-Trent North (Jonathan Gullis) leading today's debate, and I look forward to other contributions from the shadow

spokespersons. We have a Minister in place—I am not saying anything that is not true, because we all subscribe to this—who eats and sleeps education; a Minister who works his butt off to do the best for all pupils. Whenever he is here to answer, we all know we will get the answers we seek, because he has the same passion for the subject matter as we all have. I mean that honestly and with all sincerity, because that is how I feel about him, and I suspect others feel every bit the same.

I am aware of the hon. Member for Stoke-on-Trent North's involvement in the APPG on apprenticeships as co-chair, and I thank him for all his work. I am a bit biased, because he is the guest speaker at my association dinner in Northern Ireland, and I am very pleased that he is coming to speak to us next year. As a true Unionist, he will be able to encourage my association members on the things that matter for us here at Westminster and elsewhere.

As I am sure everyone is aware, there are different rules regarding apprenticeships in the devolved nations, so I come here to give a Northern Ireland perspective, as I do all the time. There are two different systems. The Minister does not have responsibility for Northern Ireland, but I want to sow into the debate the thoughts we have back home. The levy is paid into an apprenticeship service account, and funds in the account must be spent on apprenticeships, training and assessment. Since 2017, there has been a large fall in the number of apprenticeship starts. The hon. Member for Westmorland and Lonsdale (Tim Farron) referred to another methodology for taking advantage of moneys that have not been used, and I support that. In fairness, the hon. Member for Stoke-on-Trent North gave an indication that he, too, would be appreciative of it.

At the end of the 2021-22 financial year, the total value of the levy funds in apprenticeship service accounts was just under £5 billion. Scotland, Wales and Northern Ireland all receive a share of that funding through the Barnett consequential. Some of the moneys go to us in Northern Ireland, but also to Scotland and Wales, so there is a spin-off, of which we can take advantage. Apprenticeship funding is crucial for society. I believe it is absolutely critical to put people on the path to work, especially young people who have no desire to go to university and who are insistent on learning a skill to better their future. I see the importance of apprenticeships to many young people who have taken up apprenticeship jobs. They ensure opportunity and are really important.

I will give a classic example that I often think of and refer to. I know of a mechanic in my constituency of Strangford who is now 25. He left school when he was 15, and was keen to do something with his hands. He started as an apprentice in a local Ford dealership on £3.67 per hour. My goodness! Apprenticeships are never highly paid. They certainly were not highly paid when he was 15. He has worked his way up the system through his apprenticeship, and qualified as a mechanic, and on the journey, he learned all the necessary skills to become a fully qualified technician for Royal Mail. What a really good example of what apprenticeships can do, and how they can change lives and give people opportunities!

Apprenticeships allow young people to learn high-level professional skills. Skills policy, including responsibility for apprenticeships, how they work, and how apprentices work their way up, is a fully devolved matter, so each

[Jim Shannon]

Administration across the United Kingdom has developed an apprenticeship policy tailored to the needs of its skill priorities. Regionally, that is done through the Northern Ireland Assembly, and the Department of Enterprise, Trade and Investment. As I have stated many times, Northern Ireland has a large agricultural industry, which is especially evident in my constituency of Strangford. I live on a farm, and there are farm-related opportunities for apprenticeships. To give two examples, Dale Farm and Lakeland Dairies offer apprenticeships for young people.

In addition, City & Guilds offers level 2 and level 3 agriculture apprenticeships through NI Direct. That is a fantastic way to get people involved in the industry, especially in the rural community where I live, where there are not as many opportunities as there could be. Apprenticeships in the rural community are on offer, and our young people can and do take advantage of them, which is good news. I know that the hon. Member for Westmorland and Lonsdale has the same interest, because he lives in a rural community as well, so we understand the role for apprenticeships and how we can move forward.

Tim Farron: We did not plan this, but it is really good of the hon. Gentleman to let me intervene. He makes important points. I represent a community in which there are well over 1,000 farms. We have a real issue with succession of farmers, and bringing new people into the farming industry. Less than 60% of the food that we consume in the UK is grown in the country, which is deeply troubling. The answer surely must be to bring more young people into farming. Does he agree that the Minister should look carefully at how we can enhance agricultural and other farming apprenticeships, so that we can make it attractive and financially possible for young people to enter the industry and feed us all?

Jim Shannon: The hon. Gentleman makes a salient and important point that underlines the issue for us as representatives of predominantly agricultural constituencies. Our role in the rural community is to feed others, and we have the potential to feed even more of our nation, which will reduce the amount of food that we have to import. Hopefully, we can look towards a time when we can be almost self-sufficient; we will never be fully self-sufficient, because we cannot grow some of the stuff that we import, but his point, which I wholeheartedly support, is that we have opportunity. When the Minister sums up, perhaps he can give the two of us—and others in this Chamber—some encouragement on the way forward.

There is no doubt that apprenticeships work and are good for society. There is much pressure on young people to go to university and get a degree. I am not saying that they should not, but not every person is of a mind to do that. Not every person has the capabilities, the functioning or perhaps the focus to make that happen. I have three boys who are now young men, and my neighbours down the road, who are also farmers, had three boys around the same age, and they all went to school together. I knew early on that the oldest of those young boys was never going to get on at school and get all the qualifications that it gives. He only wanted to work on the farm. That is where he wanted to

be, and where his love was. Those are the things that we need to focus on. Whenever the hon. Gentleman speaks highly of agriculture and how we can move forward, I endorse that, because I have examples of what he is talking about in my constituency.

When apprenticeship opportunities are successful and are proven to work in the United Kingdom, they deliver opportunities, and lifelong jobs and commitment. If apprenticeships are worse off for the levy, then I urge the Minister to look at other ways in which the moneys could be used. Despite this being a devolved issue, I believe that the Minister has an interest in the situation in Northern Ireland, and a sincere responsibility to ensure that it does not fall behind. I recognise, of course, that this is about Barnett consequential, and the moneys that come from here to us.

Apprenticeships are about ensuring that underachieving females and males can succeed. It is great that today we can talk about apprenticeships giving opportunities, and jobs for life. In other words, they are about giving not just our children, but our children's children, a future that we all endorse and would wish for—a future in a stronger United Kingdom of Great Britain and Northern Ireland, where apprenticeships matter and make a difference.

2.57 pm

Peter Aldous (Waveney) (Con): It is a pleasure to see you in the Chair, Dr Huq, and I congratulate my hon. Friend the Member for Stoke-on-Trent North (Jonathan Gullis) on securing this debate, which is well synchronised with the Chancellor's autumn statement.

If we are to unleash sustained economic growth and enhanced productivity, we need a fully functioning labour market. It requires an entry system that enables people to pursue their chosen career path and opens up opportunities in sectors that are vital to our future economic prosperity, such as low-carbon energy on the East Anglian coast. A vital means of achieving that goal is through the apprenticeship levy, which the Government introduced in 2017 as part of a package of reforms of the apprenticeship system. Those measures were rightly ambitious, and they were based on two principles. First, for apprenticeships to succeed, they must have a long-term, sustainable funding source. Secondly, apprenticeships must be rigorous, so as to gain the confidence of both employers and learners. The apprenticeship levy is designed to deliver the first of those objectives.

Six years on, I think that we can say that the levy is here to stay, but it has had a challenging start, and it has had to go through a great deal, including covid, the consequences of the war in Ukraine, and the cost of living crisis. There have also been outcomes that were neither intended nor foreseen. Now is the time to pause and refine the system.

The Association of Colleges provides the secretariat to the APPG on further education and lifelong learning, which I chair. It has identified the following challenges. There has been a dramatic decline in the number of people undertaking apprenticeships in recent years. It is now down to 60,000 young people starting apprenticeships each year. In the past six years, we have lost 160,000 engineering and manufacturing apprenticeship training places, at a time when those sectors are crying out for more staff.

The levy has been very successful in creating higher-level apprenticeships in larger firms, but there is a need to provide apprenticeship opportunities for younger people and new labour market entrants. Many small businesses are put off by the bureaucracy, as we have heard. Local skills improvement plans provide an appropriate local framework for meeting the needs of local labour markets, but we need a national strategy, so as to address such challenges as the technical skills gaps at levels 4 and 5. There is a worry that the budget allocated is nearly fully committed, though I accept that it is not necessarily all being spent. There is a need to consider how to either increase the levy and maintain growth through existing funding, for example by reforming the transfer mechanism, or look for savings that will not impact on quality.

As to how to improve the system, there should be a focus on new job starters, and consideration should be given to returning to the recommendations of the 2012 Government review, which stated:

“Apprenticeships should be redefined...clearly targeted at”,

and promoted to,

“those who are new to a job or role that requires sustained and substantial training.”

In addition, the following technical changes to how the apprenticeship levy operates should be given full consideration. First, there is a sense among some in the industry that the two-year expiration on levy funds is inadvertently encouraging the adoption of a “spend it or lose it” mentality, leading to rushed financial decisions, rather than strategic workforce development. A more nuanced, flexible approach is needed. Extending the expiration period could encourage more thoughtful expenditure, in which training initiatives are aligned with long-term business strategies.

Secondly, I am receiving feedback that the apprenticeship minimum duration requirements are too rigid. The 12-month minimum length for an apprenticeship, while suitable for some programmes, does not necessarily align with the operational demands of others. We need a more flexible approach to minimum length requirements that enables better tailoring of apprenticeships to specific job roles and industry needs. Thirdly, poor retention rates in apprenticeships require attention. High drop-out rates appear to be due to a combination of factors, including the apprenticeship wage structure and lack of clear progression pathways. Some have argued that increasing the apprenticeship minimum wage could help, by providing financial stability and demonstrating to apprentices the value of their contribution, thereby enhancing job satisfaction and increasing commitment. That is an option that, among many others, the Government should consider to improve retention rates.

In conclusion, the 2017 apprenticeship reforms, including the introduction of the levy, were good. However, the economic landscape is rapidly changing, both in the UK and globally. There is a need to listen, adapt and refine. The refinement is about more than making minor tweaks; it is about ensuring that our apprenticeship system remains relevant, responsive and effective. If we do that, people, whatever their background, can realise their ambitions and fulfil their potential, and the UK economy will be able to motor forward in fifth gear, not third.

3.5 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a pleasure to speak in this debate. I congratulate my hon. Friend the Member for Stoke-on-Trent North (Jonathan Gullis) on securing it and on the valid points that he made. I have not yet found time to read his *New Conservatives*’ paper, but I have a bit more time on my hands now, so I will make sure it becomes part of my reading material.

It is also a pleasure to follow my constituency neighbour and hon. Friend the Member for Waveney (Peter Aldous). He knows the work that we have put in. Indeed, some of the new courses have been put on in colleges in his constituency, which serve constituents of mine, and in Ipswich. Together, it is all about providing a pathway for people to access high-skilled, good-quality jobs with good salaries. That is why I commend the apprenticeship levy. I am conscious that there is a different apprenticeship system in the constituency of the hon. Member for Strangford (Jim Shannon), but his belief in apprenticeships is really important.

Last but not least of the Members who will be speaking today—I do not know quite so much about the hon. Gentleman just to my right, the hon. Member for Glasgow East (David Linden)—is the Minister for Skills, Apprenticeships and Higher Education, my right hon. Friend the Member for Harlow (Robert Halfon), who used to wear a ladder badge when he was in the Department before. He also tried to change the symbol of our party to the ladder to represent that aspiration. I must admit that, as an Environment Minister at the time, I was happy we kept the tree, but I think both symbols are good. We grow from seeds—as we know, a little acorn makes a grand oak. That is an important part of what we seek to achieve in supporting apprenticeships.

It is fair to say that the apprenticeship levy is an integral component of modern workforce development. In an era marked by technological advancements and shifting economic landscapes, a skilled and adaptable workforce has never been more critical. The apprenticeship levy, introduced just six years ago in the UK, stands as a testament to a proactive approach to addressing this need.

One of the most compelling aspects of the apprenticeship levy is its role in redefining the traditional route to career progression. By offering an alternative pathway to acquiring skills and qualifications, it presents an attractive option both for employers and for individuals seeking to expand their knowledge base. Apprenticeships provide hands-on training and allow people to earn while they learn, thereby bridging the gap between education and employment.

It should also be recognised that the levy is designed to be a tool that allows employers to be inclusive and diverse in the workforce they recruit. Such recruitment fosters an environment of equal opportunity, which not only benefits individuals seeking to enter the workforce, but enriches companies by bringing in a fresh perspective and innovative ideas that we may not get from people who have just gone down the traditional road.

I must admit that there are many good intentions behind the apprenticeship levy, and it has achieved so much. However—dare I say it, having now left Government—as plenty of Ministers and civil servants will know, in my time as Secretary of State for Work and Pensions in

[Dr Thérèse Coffey]

particular I was seeking to make reforms and have that debate in Government. Some progress was made, but I believe a lot more could still be done.

I believe without question that improving the system to make it more agile and adaptable to employers' needs is critical to addressing the productivity challenge that we face. To give a simple example, as I have already had parts of these discussions with the Minister, I have seen consistently that we need to substantially increase the take-up of level 4 and 5 apprenticeships, which I believe is a good bridge going on from T-levels. Not everybody will necessarily be able to make it to degree-level apprenticeships, nor should they have to in order to recognise that they will still be getting a substantial salary. Meanwhile, they will fill key skill gaps between levels 3 and 6, which many industries are crying out for. We all know that part of the challenge is a combination of the provider and how employers can access some of that funding and structure accordingly.

Let me turn to some of the constraints. I appreciate that every policy gets criticised from a variety of angles, but the lack of flexibility has been a consistent complaint from many employers. I think the national health service had to be given an extra £120 million to boost the take-up of nurse apprenticeships. That was because the apprenticeship levy would not be allowed—is still not allowed, as far as I am aware—to cover back staff for that one day a week that people are off. I do appreciate that there have been some good changes recently. It is about not just the 20%, but the six hours, which, if someone is working full time, can still be less than 20% in terms of out-of-job training.

Employers really do need to be listened to. I recall a visit that I made to Severn Trent as part of kickstart; I went with Boris Johnson. The chief executive, the excellent Liv Garfield, was pleading to see changes, because she believed that she would be able to produce at least 50% more apprenticeships that would help, whereas all the other costs associated with helping people to fulfil that apprenticeship route had been deemed prohibitive.

I am also very conscious that there is a substantial surplus that goes back to the Treasury. I recognise that that money is usually used for other sorts of skills, or indeed to help to access the route for smaller employers, but I think that there is still a gap there. This is not about trying to be easy on big businesses; if anything, we should be challenging them to make more use of the levy through their supply chains, which, again, is a flexibility that was introduced a few years ago. Nevertheless, I believe that it tends to be larger organisations that have the HR in place to address that. Alternatively, more of the levy needs to be used for those sorts of auxiliary services to facilitate this, as opposed to the small employer, who might be taking on one or two people and already has, dare I say it, enough to do.

I encourage the Minister—again, a little bit with my DWP hat on—to consider what has happened to the number of intermediate apprenticeships. I am very conscious that the number of higher apprenticeships has gone up, not just at levels 4 and 5 but at level 6, the degree apprenticeships, and indeed level 7. However, I ask the Minister to really interrogate what is happening, particularly with level 7 qualifications. I have heard stories, although I have not actually got the proof to

back it up, that the police superintendents' course had become a level 7 apprenticeship so that police forces could use their levy. That is not really what it is designed for.

My hon. Friend the Member for Waveney spoke about how apprenticeships should really be for new jobs and so on. I do not agree; I think that there should be an opportunity to change career within a company, or indeed to progress. One thing I hope has happened, given that there are far fewer intermediate apprenticeships, is that those people who have completed level 2 have gone on to advanced and higher apprenticeships. I hope that that has happened, but I am concerned that that might not be the case. I encourage the Minister to get the analysis for that.

Yes, the number of starts has fallen. Some of that will be linked to the costs of the different levels of courses that people are taking up; doing a level 5 or 6 will inevitably require substantially more funding than a level 2. Nevertheless, it is worth looking in detail at the analysis of whether we are really getting the transformation that this apprenticeship levy is meant to have.

My hon. Friends the Members for Waveney and for Stoke-on-Trent North have spoken about drop-out rates. It really is a worry that so many people are dropping out, although there may be very good reasons for that. I think a significant reason is that they go and get a job elsewhere, either because they have finished what they needed to do or because they want more money—let us be candid about that. Employers who do not offer just the bare minimum wage are much more enlightened, because they are more likely to keep their apprentices if they pay them a regular rate or at least something closer to it. On retention, there are too many complaints along the lines of “Oh, well—they finished it and they have gone elsewhere for more pay.” However, I appreciate that it is about more than that, and I am sure that my right hon. Friend will have a good answer.

I agree with the suggested reforms involving a shorter course to accelerate the transition where appropriate. We cannot get away from the issues that have been raised. When I went to visit Andy Street, we went to one of the HGV academies. Basically, Eddie Stobart said that it would guarantee a job to anybody who passes the sorts of course that are available through an apprenticeship; I think this one was a CPC. No more interviews—they just had to pass the course and get the job. There was a big take-up. I know that the Mayor would be keen for more options for providing that sort of apprenticeship or other aspects of professional qualification for skills that are highly in demand and are in short supply.

I encourage the Minister to see about the range of courses that are available. I think I am right in saying that the HGV course is available as an apprenticeship, but that the course to drive the smaller size of vans, which still require an additional driving qualification, is not. That is despite my best efforts to persuade the Department for Transport to take a Brexit bonus. Somebody who got their driving licence before '97, as I did, can drive a C1 and a D1 without any further qualifications, whereas nowadays it costs about £2,500 or £3,000 to qualify. I appreciate that that is a slightly different debate.

Coming back on topic, I encourage the Minister to think about the really good flexibility that we have seen in the freelance industry and in the media sector. That is really welcome, and we could see what more could be done on aspects of the supply chain.

I turn to agriculture. I represent a rural constituency. The Minister and I have had a separate discussion about the provision available through T-levels for certain sectors. I commend Suffolk New College, which has established Suffolk Rural College to try to keep the pipeline of agricultural workers open. There are definitely challenges around the funding levels given for different elements.

I know that the Department has been generous in giving capital grants. If we want to train people to be welders, there need to be colleges that have that sort of equipment readily available. Let us think about the rural college that needs to keep a herd of 30 cattle going in order to provide the equipment for people to work with.

We need diversity. Let us not just think about IT, admin and, dare I say it, traditional manufacturing. Let us think about wider elements, access to the levy and new routes that can help that to happen. The reasons why those courses is no longer being provided or offered really need to be investigated.

I know that the Minister is passionate about the issue. With the kickstart scheme that I worked on and helped to design, I feel that there was definitely a lot more flexibility. It was able to use Government grants in order to provide for people to have that ladder. Frankly, kickstart was a lifeline. I ask him to think about things we have done that worked surprisingly well, and to bear it in mind that although I fully support the fact that we are trying to get quality apprenticeships, we must make it easier for people to start and finish. This could be a further supply-side reform that would really help to unlock the growth that we need. I know that business would welcome it if he looked at these issues again.

The apprenticeship levy was critical in providing a pathway for individuals to realise their potential and for businesses to thrive in that ever-evolving landscape. The regulation and the design of the scheme needs to evolve to keep at pace. This is a commitment. It is not just a financial levy; it is a recognised commitment to invest in the future and in people of all ages. The Minister will know that the number of older people taking up apprenticeships has increased significantly. A future in which skills, talent and opportunity intersect to create a stronger and more resilient workforce is what UK plc needs.

3.19 pm

David Linden (Glasgow East) (SNP): It is a pleasure to serve under your chairmanship, Dr Huq, and to follow the right hon. Member for Suffolk Coastal (Dr Coffey). I shadowed her when she was Secretary of State for Work and Pensions, but I have to say that I much more enjoy the unchained version of her, offering criticisms of what has happened in Government. As a serious point—and the same might be true of the right hon. Member for Maidenhead (Mrs May)—there is value in having former Ministers remain in the Commons to offer constructive criticisms of policy, to dwell on their time and to reflect on what they might do differently. It helps to inform the decisions that Ministers take.

I thank the hon. Member for Woke-on-Trent North—not “Stoke-on-Trent”, for the purposes of *Hansard*, but Woke-on-Trent. I am sure he will love that. He is genuinely a good friend of mine, despite the fact that we have nothing in common. I commend him for securing the debate.

As a former modern apprentice, I must confess to having a very strong interest in the subject. I have long been of the view that in recent years we have perhaps not got the balance right in terms of what we churn out into the labour market. The reality is that if I have a leaking pipe at home, I need a plumber, not an accountant or a lawyer. In this place in particular, I think that there are far too many lawyers and not enough apprentices, but that is a separate story. We have to make that balance a bit better. I certainly did my bit by completing my apprenticeship back in 2008.

We in the SNP hold the belief that an investment in apprenticeships is, in turn, an investment in our young people. That is particularly true for young people in Scotland. I stand here as someone who left the gates of Bannerman High School in Baillieston and went on to carry out an apprenticeship at Glasgow City Council. That has stood me in good stead and has very much helped me to navigate life in my role as a Member of Parliament. According to Skills Development Scotland, as of 30 December last year there were 3,626 modern apprentices in training in Glasgow. The modern apprenticeship achievement rate in Glasgow was last reported as sitting at around 68.6%. However, we are currently in an area where the apprenticeship levy is both reserved and devolved. That presents several challenges to Scottish businesses. I want to reflect on just a couple.

Just over two weeks ago, I was lucky enough to visit a local KFC branch in my constituency of Glasgow East, where, coincidentally, we discussed the impact of the apprenticeship levy on businesses. KFC's corporate team told me how, like many businesses, they struggle to spend their levy pot because of the many barriers in meeting the UK Government's definition of an apprenticeship. Those barriers are due to the rigidity of the specified qualifications for completing an apprenticeship: they are too narrow, they are too long or they require too much off-the-job training. I was told that this year alone, KFC has lost a six-figure sum of its levy fund to the Treasury. I would hope that that is not the case for everyone who is subject to the levy, but it certainly paints a picture of what many businesses face. I should add that in the east end of Glasgow, we have four young people employed in KFC's Glasgow Forge and Glasgow London Road restaurants as a result of its pre-employability programme Hatch, which I commend to the Minister.

Scotland's share of the annual levy pot is calculated and assigned by the Westminster Government, but Scotland has adopted a slightly different approach—a more relaxed approach, I would argue, whereby Scottish employers can spend the levy on other types of training that they judge to be right for them. As the hon. Member for Stoke-on-Trent North (Jonathan Gullis) has rightly highlighted, the rigidity of the UK Government's apprenticeship levy can somewhat hinder employees as a result of the specifications of how levy funds can be spent.

I reiterate to Members across the House that the apprenticeship levy was imposed on Scottish businesses without consultation with the Scottish Government, despite skills and apprenticeships being a devolved matter. Nevertheless, the Government in Edinburgh have tried to use the funds from the levy in ways that I would argue have been more effective in increasing the skills of the workforce in Scotland. That is mostly thanks to the

[David Linden]

flexible approach that they have adopted after consulting and engaging with Scottish employers, at every step of the process, on how best to use the funds that have been made available from the levy.

In this case, the Scottish Government have been very clear that the share of the levy that Scotland receives through the Barnett consequential largely replaces money that was already made available to the Scottish Government. That is why the UK Government policies in this area have not achieved what they ought to have achieved in terms of providing new streams of funding to the Scottish Government. As a result, their policies have delivered a reduction in spending on devolved public services by imposing the levy on public sector employers.

That point takes us back to the need for a bit more flexibility. In comparison with England, the Scottish Government have adopted a more flexible approach to how levy funds are used. The options available for using funds include modern apprenticeships, college training, support for skills development and employment-focused training for young people. The Scottish Government's approach has provided Scottish employers with a greater sense of agency and freedom as to what they can spend the funding on. That begins at the point of consultation, engaging Scottish businesses in that very discussion, whereas the apprenticeship levy in England has failed to increase the number of apprenticeships: there were 145,700 fewer apprenticeship starts in 2021-22 than in 2016-17.

North of the border, our more flexible approach has resulted in the number of apprentices in training in Scotland reaching its highest level ever and surpassing the Scottish Government's ambitions for modern apprenticeships this year. However, I say to my colleagues in Edinburgh that they can and should go still further; I go back to my point questioning whether we have got the balance right in churning everybody out through university, when in my constituency we cannot get a bricklayer, for example. That makes more of a case for some of the trades.

All of this reiterates the need for the devolution of employment law. Ultimately, in my view—this will come as no surprise to this Chamber or to the hon. Member for Strangford (Jim Shannon)—it makes the case for the full powers of independence, to allow us to introduce a comprehensive strategy that develops the skills and productivity of the Scottish workforce. The successful use of funds in Scotland, compared perhaps with other parts of the UK, only highlights the benefit of Holyrood having control over skills and apprenticeships.

With control over the ability to set levies, the Scottish Government could and would work to reduce the burden that the apprenticeship levy places on businesses, to which many other Members have referred, and ensure that it works to increase the funds available to businesses to train their workforce in the way that we all know they are asking for. However, while we remain a part of the Union, we will continue to consult the industry to ensure that the funds raised from the levy are used in the best interests of Scottish businesses and Scottish employers, in the exact way that KFC outlined to me just two weeks ago.

3.27 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I pay tribute to the hon. Member for Stoke-on-Trent North (Jonathan Gullis) for securing this debate. I know he cares deeply about the issue; his experience and expertise certainly came through in his speech.

I also acknowledge the contributions from other Members, particularly the hon. Members for Strangford (Jim Shannon) and for Waveney (Peter Aldous) and the right hon. Member for Suffolk Coastal (Dr Coffey). It is interesting that there almost seems to be a consensus that there is a need for some reform and refinement of the system. The issues raised have included access for people who may be from more disadvantaged backgrounds or who may not have the standard qualifications; access for SMEs; the need for flexibility; the potential for shorter courses; the retention of apprentices after their apprenticeship starts; making sure that people are able to complete their apprenticeship; and recognising that this is a mode of work and study that seems to be catching on with the older generation, as the right hon. Member for Suffolk Coastal commented. The oldest apprentice I have heard about was 73 years old.

I also recognise the work of the Association of Colleges and the all-party parliamentary group on further education and lifelong learning, which the hon. Member for Waveney leads. He made a very important point about the need to respond to changes in the economic landscape. I hope that I will be able to address a number of those issues in my remarks.

Labour believes that apprenticeships are a gold standard in skills development, incorporating both on and off-the-job training. Apprenticeships are transformative for social justice, career progression and business growth. Of course, the greatest advocates for apprenticeships are apprentices themselves. UCAS recently reported that 63% of apprentices were likely to recommend the training route to others. Research by the apprenticeship provider Multiverse found that 78% of businesses that hire an apprentice say that it has a positive impact on their organisation.

As shadow skills and further education Minister, and before, I have appreciated meeting and hearing from apprentices in different sectors around the country and learning from their experiences. That includes those in my constituency, those working at Heathrow, those on nursing apprenticeships at Hugh Baird College in Liverpool, and those at the Newcastle Aviation Academy, which I visited last week. They have told me how life-changing apprenticeships are and how they allow people to earn while they learn, give them specialist skills and empower working people, their regions and the country's economy at the same time as teaching valuable employability skills and giving important workplace experience. At the same time, they support the employer's development of the workforce, closely aligning training with skills needs.

The Labour party knows that apprenticeships are one of the most valuable tools we have to break down barriers to opportunity and shatter the class ceiling. Right now, the way the apprenticeship levy works is letting down working people, our businesses and our economy. The Conservatives have overseen a decade of decline in skills and training opportunities. Businesses are unable to fill job vacancies, and are held back by a lack of people with the skills they need. The Tories' failure on skills is holding back our economic growth.

Apprenticeship starts have plummeted, with 200,000 fewer people starting these training opportunities. Since the introduction of the levy, intermediate apprenticeship starts have been slashed by 69%. Seven in 10 students miss out on professional careers advice, making it even more difficult for young people to discover pathways with good prospects, such as apprenticeships. At the same time, employers have surrendered more than £3 billion to the UK Treasury since 2019 in apprenticeship levy cash that they were unable to spend. According to the Government's own findings, more than one in 10 employers report at least one skills gap.

Research by City & Guilds and the charity the 5% Club early this year found that a staggering 96% of businesses wanted to see a change to the levy, with just 4% of employers spending their full apprenticeship levy funding. SMEs have been hit hard, with apprenticeship starts in small businesses down 35% since the introduction of the levy. New data also shows that less than one in 50 apprenticeship starts in the past academic year were funded through transfer from levy-paying organisations to smaller businesses.

Today, the Government announced £50 million more investment for apprenticeships, in a pilot with Make UK and others. Investment in apprenticeships is always welcome, but I await more details. Perhaps the Minister will have some. We do know that £50 million does not scratch the surface of the £3 billion handed back to the Treasury. It is important to understand what these new pilots will address.

Just this week, there were announcements of levy reform at a time when we have the botched reform and defunding of the level 2 and level 3 qualifications, as well as a decline in apprenticeship starts. That is an issue, because our number one priority as a nation must be to grow our economy and to achieve the higher living standards and better public services that our constituents deserve. That requires investment in skills.

We have a proud record on boosting skills and training opportunities. We removed the age cap of 25 on apprenticeships, and ensured that work experience was compulsory for every student. Boosting Britain's skills will similarly be a national priority for the next Labour Government, led by a new national skills body, Skills England, bringing together our regions, businesses, training providers and unions to drive the ambitions and skills of our industrial strategy and green prosperity plan. That is why we will also transform the apprenticeship levy into a growth and skills levy. Under our proposed system, companies will have the freedom to use up to 50% of their total levy contributions on non-apprenticeship training, with at least 50%—or 100%, if they wished—reserved for apprenticeships. SMEs that do not pay the apprenticeship levy would continue to receive 95% co-payments. We believe that that would give businesses the flexibility that they are asking for and would allow them to train their workforce, deliver growth, create modular skills in priority areas such as green skills, digital skills, social care and childcare and create functional skills and pre-apprenticeship training. It would tackle key skills gaps that hold back individuals and organisations.

The Minister will be well aware of the calls across business and education for greater flexibility in the levy, but let me remind him of some of them. The Manufacturing 5 have called for more flexibility. During National Apprenticeship Week, the British Retail Consortium,

techUK and others called for more flexibility. Calls came from the Co-operative Group and City & Guilds in February, the British Chambers of Commerce and Superdrug in August, and the Chartered Institute of Personnel and Development in October. Despite the Government's best efforts in recent days to resist reform through a couple of half-hearted calculations about our policy, the chief executive of the Learning and Work Institute said that the Government's analysis was

"pretty simplistic and we need a bit more of a nuanced analysis."

Opportunity for all, skills for business, and growth for our regions and our country—that is what lies at the heart of our reforms. What a contrast they would be with this Government. We plan and will build growth from ordinary people, for ordinary people. We will back young people by expanding opportunities and boost Britain's skills to meet the economy's needs over the next decade. That is how we will get Britain's future back.

3.36 pm

The Minister for Skills, Apprenticeships and Higher Education (Robert Halfon): It is an honour to serve under you in the Chair today, Dr Huq. I congratulate my hon. Friend from Woke-on-Trent North; I beg your pardon, my hon. Friend the Member for Stoke-on-Trent North (Jonathan Gullis)—slip of the tongue. He is a passionate advocate of apprenticeships and skills, and he made a very thoughtful speech, as did all my colleagues and everyone here today. I will try to respond to some of the points that hon. Members have raised, but where I do not I will write to them.

I have made it my political life's mission to champion apprenticeships and skills. My hon. Friend said he employed apprentices, which is a wonderful thing. I was the first MP to employ apprentices in Parliament. I have had many, and one of them has gone on to be the leader of my local council—I think the youngest ever leader in history. That shows the power of apprenticeships.

Let me focus on a few of the things that my hon. Friend said. It is worth noting the increase in starts between 2021 and 2022. In 2022, there were 349,000 starts, which is 8.6% higher than in 2021. I am not saying that we do not have challenges when it comes to the number of starts—Members have spoken about starts—but we have to focus on quality, not just quantity. That has been a problem in the past, especially if I may say so with the party of the shadow spokesman, hon. Member for Feltham and Heston (Seema Malhotra), although I greatly respect her. Her party had an obsession with 50% of people going to university. That was about quantity rather than quality, and we are trying to give people a choice between university and apprenticeships.

It is also worth knowing that 70% of apprenticeships are at levels 2 and 3, and more than 50% are done by young people. Both my right hon. Friend the Member for Suffolk Coastal (Dr Coffey)—who was a brilliant Secretary of State, who did a lot to protect the environment and who I massively respect—and my hon. Friend the Member for Stoke-on-Trent North talked about modular apprenticeships. I am firm in the belief that we want quality apprenticeships. We want to move away from the pre-2010 past, when many apprenticeships were not seen as high quality. That is why we moved from frameworks to standards. I believe that apprenticeships should be

[Robert Halfon]

for a minimum of a year, but of course many are over a year—two to three years. They have to be about quality. They are designed by employers. We now have over 680 apprenticeship standards, which are designed by employers with the Institute for Apprenticeships and Technical Education. However, there are career starter apprenticeships and short skills courses—bootcamps. My right hon. Friend the Member for Suffolk Coastal spoke about HGVs, and there are HGV bootcamps. Our multimillion-pound package on bootcamps has been a great success. They are 16 weeks, so people can do them and go on to an apprenticeship or get a job. Many people on bootcamps get good outcomes. They have been a huge success and are an example of the Government investing in skills.

I want to make a point about the levy budget. We have spent 98% of the apprenticeship budget given to us by the Treasury and we give hundreds of millions under the Barnett consequential formula. The hon. Member for Strangford (Jim Shannon)—I am going to call him my hon. Friend because he is a very kind friend—rightly mentioned Barnett consequentials, as did the SNP spokesperson, the hon. Member for Glasgow East (David Linden). We give hundreds of millions from the levy, but I recognise the points made about the devolved authorities. They decide their apprenticeship policies, but I am happy to work with officials to ensure that we work with Scotland, Northern Ireland and Wales to support them in every possible way to make those policies a success.

My hon. Friend the Member for Waveney (Peter Aldous)—the great FE champion in the House of Commons—asked about the minimum wage. This is really good news, and he is absolutely right. Last year, we increased it by 9%. I am pleased about today's announcement that we will increase the apprenticeship minimum wage not by 9%, 10%, 11% or 15%, but by 21%, which will benefit an estimated 40,000 apprentices.

My hon. Friend the Member for Waveney talked about levels 4 and 5, as did my right hon. Friend the Member for Suffolk Coastal. It is worth remembering that we have introduced 106 higher technical qualifications at levels 4 and 5 with 140 providers. We are spending £300 million on 21 institutes of technology all over the country. We have a national strategy on apprenticeships and skills. We have the Unit for Future Skills for data. We have the local skills improvement plan, which identifies skills needs in local areas. Only a week or so ago, we announced £165 million to benefit 38 areas in the country. There were over 66,000 starts at levels 4 and 5, which is about 20% of total starts, and 151 standards approved for delivery at levels 4 and 5.

I am excited that we have introduced not only nursing apprenticeships but doctor apprenticeships. The workforce plan puts apprenticeships and skills at the heart of the NHS workforce strategy, with 22% of all training for clinical staff to be delivered through apprenticeship routes by 2031, up from 7% today. We expect that 20% of registered nurses will qualify through the apprenticeship routes by 2028-29 compared with 9% now.

I have been to see policing degree apprenticeships in Manchester and they are second to none, but I will look into what my right hon. Friend the Member for Suffolk Coastal said. I visited Staffordshire University, where

many constituents of my hon. Friend the Member for Stoke-on-Trent North go. It does a brilliant degree apprenticeship policing programme. I know that the quality is second to none, but I will look into the question raised by my right hon. Friend and write to her.

The shadow spokesperson, the hon. Member for Feltham and Heston, was incredibly kind to mention the extra £50 million that we announced today for a two-year pilot to boost high-value apprenticeships in priority growth sectors. The Chancellor mentioned engineering today, but we will set out further details. It is worth noting that we will spend more than £2.7 billion on apprenticeships by 2025. That is a huge whack of money, especially in the current difficult economic climate.

The other point I will make is very important. My right hon. and hon. Friends and Opposition Members talked about businesses not using their levy. When that happens, the levy is used to fund 95% of the training costs for small businesses, which is what my hon. Friend the Member for Stoke-on-Trent North wants. We fund 95% of the training costs, and if a business has less than 50 employees and employs somebody aged 16 to 18, we fund all the training costs. That is where the money goes. When big business does not use its levy, we use it to fund training costs.

Given some of the things that have been raised today, it is also worth noting that we give £1,000 to every provider. We give £1,000 to every business that employs an apprentice to help them along the way, and we are trying to slash regulation. I have a phrase that I use in the Department: I call it Operation Machete. I do not like regulation, and there is too much of it. We are doing a huge amount of work in this area. We have significantly reduced regulation for small businesses when they start to employ apprentices. We have also removed the cap on the number of apprentices they can employ. There used to be a cap, which we have changed. I am absolutely determined to do everything we can, but it is important to remember that when big business does not use the levy, the money is used to fund smaller businesses' training costs.

David Linden: I do not necessarily expect the Minister to answer this, but perhaps he could undertake to write to me. Those of us on the Work and Pension Committee are interested in things such as auto-enrolment. I ask the Minister to go away and have a look at why auto-enrolment does not kick in at age 16, when a lot of people are doing apprenticeships. That might be one of the areas where we could look at retention and how we help young people. It is not the Minister's brief, but I would appreciate it if he could write to me about that.

Robert Halfon: I would be very happy to write to the hon. Gentleman, and I respect the thoughtful way he set out his remarks today.

The hon. Member for Feltham and Heston quoted organisations that do not like the levy. I have a whole list of businesses that do like the levy and use it brilliantly. Virgin Atlantic has used the levy extensively.

Seema Malhotra: It was a call for flexibility. It is not the case that they do not like the levy.

Robert Halfon: That is a fair point. I just want to point out that many businesses not only support the levy and have used it effectively, but recognise the flexibilities

that we have introduced. For example, Virgin has created an apprenticeship programme that attracted 500 engineering apprenticeships alone. I think the apprenticeship levy is like the Ronseal advert, which is one of my favourites: it does what it says on the tin. As I said, 98% of the apprenticeship budget was spent in the last two years. It is clear that employers understand this message well.

I know the value of apprenticeships to young people and under-25s. As I say, they continue to make up over 50% of starts, and just under 70% of starts are at levels 2 and 3. It is important to mention that we are spending billions of pounds not just on the apprenticeship offering and the 680 apprenticeship standards, but on skills bootcamps, T-levels and higher technical qualifications—all Government investment in skills.

The hon. Member for Feltham and Heston spoke about careers. We have introduced the Baker clause to ensure that schools encourage students to do apprenticeships. The awareness of apprenticeships in schools has now rocketed up, although there is lots more work to do. We have the apprenticeship support and knowledge, or ASK, network, reaching 2,300 schools and something like 625,000 pupils, ensuring that they know about apprenticeships. I visited the Oasis Academy to see that. We have also worked with UCAS to introduce the UCAS apprenticeship scheme, which will bring a dramatic transformation in the take-up of apprenticeships, because people will be able to access them when they decide to go to university.

Hon. Members have also spoken about apprenticeship achievement volumes, which are substantially higher than they were the previous year—in 2022-23, they are up by 20%—so we are doing a lot to drive up the achievement rate, which I know my right hon. Friend the Member for Suffolk Coastal cares about. We also have £7.5 million of investment in professional development to support the workforce.

My hon. Friend the Member for Stoke-on-Trent North talked about English and maths skills. He rightly challenged me, and if he does not mind I would like to challenge him back. I absolutely believe that people need basic English and maths if they are to do an apprenticeship. He wants that to happen in schools, and with the advanced British standard people will be learning English and maths till the age of 18, so we should have the same for apprenticeships. We should not say that one group of people does not have to do English and maths because it is too much of a burden, but that it should happen in schools, which my hon. Friend cares about. He will be pleased to know that we are increasing the English and maths funding rate for apprentices by 54% to match the adult education budget. That will kick in from January 2024.

I have talked about removing the regulation on small businesses. We have an expert provider pilot to allow the best providers to offer more support to SMEs. We have a transformation in degree apprenticeships. We created degree apprenticeships—those are my two favourite words in the English language. There have been 200,000 starts at levels 6 and 7 since 2014, and starts are almost 9% higher than last year. We are investing an additional £40 million to support more people to access degree apprenticeships.

The hon. Member for Feltham and Heston spoke about social justice, which is why I am such a passionate supporter of apprenticeships—it is what motivates me.

We increased the apprenticeship care leavers bursary to £3,000 this August and, as I said, we give £1,000 to employers and providers who take up apprenticeships; that is very welcome.

I really hope the hon. Lady moves away from the policy that the Labour party announced on skills. As I said, you had a target of 50% of people going to university because Labour believed it to be the only route to success. That led to the growth of poor-quality university courses, although of course most of our universities provide excellent courses. That was all about quantity over quality. The DFE analysis has found that your apprenticeship policy would slash the number of apprenticeship starts.

Dr Rupa Huq (in the Chair): Order. I am sure the Minister did this inadvertently, but we are always told to be very tough on people who keep saying “you”, as that is technically me. So just de-you it.

Robert Halfon: I beg your pardon, Dr Huq. I was talking about the Labour party, but I understand. I will follow your ruling.

Dr Rupa Huq (in the Chair): Just call them the Labour party and depersonalise it.

Robert Halfon: DFE analysis has shown that the policy the hon. Member for Feltham and Heston is suggesting would reduce the number of apprenticeship starts by 140,000 per year, cutting them in half. The reality is that the moment the apprenticeship levy is diluted, there will be gaming of the system and much less spending on apprenticeships. The policy would undermine the apprenticeship starts that the hon. Lady says she is so keen to increase.

Seema Malhotra: I return to the quote I shared from the CEO of the Learning and Work Institute, who said that the Government’s analysis of our policy was pretty simplistic and that we need a bit more of a nuanced analysis. There is a long way to go before that analysis challenges our policy and the outcome it would achieve. We should remember that it is up to 50%. For those who spend their full apprenticeship levy, it does not say that they have to spend it any other way.

Robert Halfon: The reality is that if the levy is diluted and people are allowed to spend it on skills, there will be thousands and thousands fewer apprentices. As I say, I want the apprenticeship levy to do what it says on the tin: it should be a levy that supports the take-up of apprenticeships. I want to build an apprenticeship nation.

Dr Rupa Huq (in the Chair): Order. Before we get into too much of a ding-dong, the Clerk is reminding me that the normal time has been exceeded. I know we are not up to the hour, but the Minister would usually be doing his conclusion by now.

Robert Halfon: The good news is that I will conclude.

I mentioned the advanced British standard, which will provide young people with knowledge and skills. That includes £600 million in investment over the next two years, much of which will go to support colleges.

[Robert Halfon]

In conclusion, these are exciting times for apprenticeships. Yes, we always have to look at our reforms and make sure things work, and I have listened to everything hon. Members have said in the Chamber today. However, it is vital that we give employers and providers the time and stability to deliver gold-standard apprenticeships across even more apprenticeships and that we offer a ladder of opportunity to every young person and to those who want to train and retrain throughout their lives.

Dr Rupa Huq (in the Chair): I wanted to leave time for Jonathan Gullis—I will not repeat that joke for the third time—to conclude.

3.55 pm

Jonathan Gullis: Thank you, Dr Huq. I thank everyone who took part in the debate, and it was great to see broad consensus across the House. As Members have said, the levy is here to stay; no one doubts that, and no one, I think, wants to see it go. Indeed, how can it, now that we have seen it in action for some time? It has been looked at, reflected on and made to work in the interests of both the apprentice and the employer, who work hand in hand and get the maximum value for the taxpayer, who pays into the system.

I commend the hon. Member for Glasgow East (David Linden) for being brave enough to admit publicly that we are friends, and I, too, put that on the public record. I certainly hope it will not cost him at the next election in Glasgow East when he has to admit that he has befriended a rabid Brexiteer and Unionist, as the hon. Member for Strangford (Jim Shannon) correctly pointed out. I hope that it does not cost him.

It was bewildering suddenly to see my right hon. Friend the Member for Suffolk Coastal (Dr Coffey)—someone I have watched on the Front Bench for so long—by my side in the debate. She has experience of the Department for Work and Pensions and the Department for Environment, Food and Rural Affairs. She not only

did great work, but she has first-hand experience of making the levy work in the interests of getting more people into employment. That will greatly benefit the wider debate as we go forward, and I hope the Minister will engage regularly and persistently, as he always does, with my right hon. Friend to make sure we get answers to our questions.

I also have huge respect for my hon. Friend the Member for Waveney (Peter Aldous), who I always enjoy listening to, particularly on these matters. He has spent a lot of time digging into the detail and making sure he understands it, which is very commendable.

Of course, I also thank the Minister himself. I love the fact that he has challenged me, and we will have that back-and-forth. Although I agree with him, and I want to see better quality English and maths coming out, nothing should be a barrier to people getting into education, particularly those who might have learning difficulties or needs that were not supported or identified when they were previously in education. There are also households where people may not have that academic attainment—in Stoke, 12% of my workforce have no formal qualification at all. I do not want generational poverty or educational disadvantage to be passed on, so we must make sure that young people can get level 3. As was pointed out, level 4 and 5 qualifications are important as well, and we must make sure we deliver on them.

I totally accept that we need to see educational attainment kept at a high standard, and I would never want a degree to be seen as a lesser qualification because of the removal—which I personally hope will happen—of this functional skill requirement. However, I understand the danger in removing it and how that could be left open to interpretation, so I look forward to going back and forth with the Minister and seeing how we can go forward.

Finally, Dr Huq, thank you for chairing the debate so well and for being so patient. I welcome any feedback from Members as we leave.

Question put and agreed to.

Resolved,

That this House has considered the apprenticeship levy.

Helicopter Search and Rescue Service

4 pm

Mr Alistair Carmichael (Orkney and Shetland) (LD): I beg to move,

That this House has considered the future design of the helicopter search and rescue service.

It is a pleasure to serve with you in the Chair, Dr Huq. I welcome the Minister to his new position. I know that this topic is not within his brief, but sits with his colleague in the other place, but I also know that he is a diligent Minister and will no doubt have full command of the facts for us today.

Dr Huq, if you were to stop anyone in Shetland and ask them what they thought of Oscar Charlie, you would get an almost universally positive response. If you were to test that in an opinion poll, Oscar Charlie would get the sort of approval ratings that I, you, the Minister and even the hon. Member for Strangford (Jim Shannon) would bite a hand off for. It is our good fortune, then, that Oscar Charlie is not a politician, but the search and rescue helicopter based at Sumburgh airport in Shetland.

Oscar Charlie was the call sign originally, but then became the name by which the helicopter service is known. The original Oscar Charlie was actually taken out of service in 2007, but in 2013 the operator of the service, Bristow, bowing to the inevitable, renamed the current helicopter Oscar Charlie—I know that because I officiated at the naming ceremony.

I say all that to illustrate that, for people in the northern isles, the helicopter search and rescue service is not somehow detached from us; it is not an anonymous service. It is a service that we value massively, and it is every bit as much of a blue light service for us as the police, fire or ambulance services are for other communities.

When Shetland has needed the service, Oscar Charlie has been there. In 1993, at the grounding of the Braer, Oscar Charlie was in the thick of it. In 1997, at the loss of the Green Lily, which led to the tragic loss of Bill Deacon, the winchman on Oscar Charlie, it was absolutely central to the rescue effort. Just a few weeks ago, when the Stena Spey drilling rig in the North sea broke free during Storm Babet, it was Oscar Charlie that came to the rescue. It is also an invaluable support for air ambulance services in the northern isles. When the air ambulance proper is not able to serve us, Oscar Charlie and the search and rescue service step in.

News of a proposed change to the way in which the service is delivered has caused enormous concern in the local community. The change came to light on 5 October this year when a whistleblower delivered two pages of a document prepared by Bristow, headed “UKSAR2G”. It is from a memorandum issued to all UK SAR personnel dated 20 September 2023. I only have pages 1 and 2, but according to the document itself, it runs to seven pages. I have asked Bristow for a copy of the memo, but it says, no, it cannot give it to us and that it has to come from the Maritime and Coastguard Agency. I asked the MCA, and it said, “No, no, it is Bristow’s document, so it has to come from them.” So my first ask of the Minister is, can we please have this document put into the public domain? I know it is not his to control either, but I suspect he has a bit more influence than I do.

It is worth reading into the record what the document says about the new generation of the search and rescue service. Page 1 says:

“The UKSAR2G system is designed to deliver greater capability at a lower price”—

it is the “lower price” thing that concerns many people—“than today’s Aerial Surveillance and Verification (ASv) and UKSAR contracts. The Rotary element will consist of: 12 bases, two more than the existing service provision...Create two new seasonal bases (Nevis and Lakes) to cover areas of high-density SAR activity”—

I am guessing that that would be for mountain rescue—and have

“18 aircraft: 9 AW189, 3 S-92, 6 AW139.”

It is on page 2 of the memorandum that we see the news that most concerns people in my constituency: it is anticipated that, under the new service, the readiness state for the helicopter based at Sumburgh, which is currently 15 minutes, is to be increased at the end of 2026 to 60 minutes. That is a significant increase in the readiness state.

Those who work in the sector and who know what they are talking about, including some who have worked in it and retired, tell me without any overstatement that this change could put lives at risk. That is why this issue must be dealt with properly; we cannot just rely on people making decisions about which the community has no prior knowledge and on which there is no meaningful consultation, and then find ourselves left without the service when we most need it.

Jim Shannon (Strangford) (DUP): I commend the right hon. Gentleman on bringing this matter forward. He rightly said that His Majesty’s Coastguard provides 24-hour maritime and coastal search and rescue across the United Kingdom. His Majesty’s Coastguard has helicopter bases in every part of the United Kingdom apart from Northern Ireland. Although I support the right hon. Gentleman in what he is calling for, given the concerns he has raised about the waiting times, does he agree that consideration should also be given to funding a helicopter base in Northern Ireland, to ensure that there is protection from potential mountain and water incidents back home? I support him, but I also seek his support.

Mr Carmichael: I think we can make a mutual support case here. As always, the hon. Gentleman makes a sensible point, and it is grounded in the understanding that where communities need this service and local industries rely on it—I know from my work in the main Chamber that the hon. Gentleman has a significant fishing and maritime presence in his constituency—everybody should be given the assistance they require and nobody should be left behind.

I say again that we can only have this discussion because we now know what is being planned. If the hon. Gentleman and others were invited in to help to shape the service—bringing in the fishing industry in his constituency and other maritime interests—all these concerns could be put out and would not have to be dealt with in this way.

When I saw the proposed change, my immediate question was, where is the risk assessment? I thought that for one particular reason. The Maritime and Coastguard Agency has some form in this regard. Three times in the last 13 years, it has tried to take away the emergency towing

[Mr Carmichael]

vessel stationed in my constituency. The most recent time it tried, it was asked, “Where is the risk assessment?” It turned out that no risk assessment had been done. Eventually, time was taken and the MCA had a proper independent risk assessment done, and its conclusion was that it was not an acceptable risk to remove the emergency towing vessel, which remains there to this day. Will the Minister find out from the MCA whether a risk assessment has been done? If one has been done, will it be published? If one has not been done, will he ensure that one is?

I have raised this matter at business questions and in correspondence with Ministers. I received a reply from the former Minister, Baroness Vere, on 31 October. She said:

“I have spoken with officials at the Maritime and Coastguard Agency...who confirm that the transition to the new Search and Rescue Second Generation contract...takes place over a period of two years with Inverness being the first base to go live in October 2024 and Sumburgh the final base to transition on 1 January 2027.”

It should not have been a long phone call, because the Department issued a press release to that effect on 21 July last year. That does, however, contradict the Bristow memo, which says that Stornoway will be the final base to transition, on 1 January 2027—I think Sumburgh is due to transition at the end of November 2026. Again, it would be enormously helpful if the Minister could clarify that when he replies.

Baroness Vere goes on to say:

“With regards the proposed changes to the readiness state at Sumburgh, internal information from our contractor Bristow was released in error and subsequently a redaction has been issued.”

I confess: the words are all identifiably English, but I have no idea what that sentence actually means. First, the information was not released in error. It was released, quite deliberately, by a whistleblower. It was not released by Bristow; and what

“a redaction has been issued”

is supposed to mean is anybody’s guess. It would be useful if the Minister explained what the Government’s position currently is with regard to this information, and if he could ensure that it is put into the public domain.

Baroness Vere concludes:

“The MCA is at the first stage of assessing any proposed changes, and discussions with the contractor are ongoing.”

The contract has been signed; why these discussions were not held before the contract was signed is anybody’s guess. It does not look like something that would particularly impress the Public Accounts Committee. On 10 November, I met in Shetland—in relation to other stuff—the Scotland director of the Maritime and Coastguard Agency. He confirmed that the issue was being looked at again, and that it could be reopened if necessary. This is a novel approach to contract negotiation but, frankly, if at the end of the day we get to a place where my constituents, and other coastal and island communities, have the service that they need and deserve, I am not going to make too many complaints about how we got there. So has that review been carried out and who will be making the final decision?

Briefly, there are a few issues of wider concern about the contract. It is difficult, at present, to understand exactly which helicopters are going to be in service under

the new contract. The Bristow memo that I have referred to speaks—on page 2, part 3, in relation to training—of a transition from the AW189, which is currently in use, to the AW139. There are also three Sikorsky helicopters—S-92s. It is believed in the industry that they are likely to be withdrawn from service; Sikorsky has apparently closed the facility that currently produces them.

It looks to me, and this is the understanding of many who currently work in the service, as if, under this new and improved contract—and there are improvements: mountain rescue is an obvious one—we are going to be relying on one type of helicopter. The service’s current resilience is due to there being more than one type of helicopter. If we are indeed going to be left with one type of helicopter, then there needs to be a plan B. We all know that occasionally accidents happen, and unforeseen design issues arise with helicopters or aeroplanes. When that happens, they are all grounded. If at some future stage—and we hope this never happens—there were to be a grounding of the AW139, and that was the only helicopter in use, where would our entire nationwide search and rescue service be left? Where is the resilience? Where is the plan B? If we were able to have an open and outward-looking consultation in the first place, we might know the answer.

The issue is not just that what is proposed is bad and dangerous—we know that—but the way in which it has been handled. If I could ask one thing of the Minister, it would be that when he goes back to his ministerial colleague who does have responsibility for this, he starts with a blank sheet of paper and says, “This has not been handled well. It is too important to be done badly, so let us have another go—and this time, let us get it right.”

4.14 pm

The Parliamentary Under-Secretary of State for Transport (Guy Opperman): It is a pleasure to serve under your chairmanship, Dr Huq. I thank the right hon. Member for Orkney and Shetland (Mr Carmichael) and congratulate him on bringing this issue before the House. It is genuinely important to his community in Shetland, which I was pleased and honoured to visit in the summer. I know Sumburgh well, because I was fogged in there for some considerable time. I got to know his constituency from going all the way to the Sullom Voe terminal to support the jobs there and, in my previous job, from visiting the jobcentre in Lerwick. I also met the amazing Shetland Community Bike Project, which the right hon. Gentleman and I both support; the lady who runs it in such an amazing way is Caroline Adamson.

Parking that to one side, for rural or coastal communities such as the right hon. Gentleman’s—likewise, my constituency in Northumberland is one of the largest in England—it matters tremendously to have air ambulance or search and rescue available. That principle is totally accepted. As he rightly identified, I am not the Minister who deals with this particular matter, which was previously dealt with by the noble Baroness Vere, but the responsibility has passed to my new Lords colleague, who will doubtless be in contact with the right hon. Gentleman on an ongoing basis.

I put on the record my thanks to my local air ambulances, and that I have raised money for them. They are a vital organisation: the Great North Air Ambulance in my

part of the world is very special and I have fundraised for it. The air ambulances in the right hon. Gentleman's constituency are also exceptionally good; I know of them and have met people from them in the past.

We need to pay tribute to the amazing work done by our search and rescue services. They continue to provide a superb response, saving lives across the country, often in the most difficult circumstances. As the right hon. Gentleman so eloquently detailed, search and rescue has clearly done great work through Storms Babet, Ciarán and Debi, over the past few years. In particular, there was the incident when helicopters from Sumburgh and Humberside, along with an oil and gas helicopter, successfully rescued 45 workers from the Stena Spey on 21 October.

I want to address some of the points made in the letter of 31 October and on the ongoing situation raised by the right hon. Member for Orkney and Shetland. For the first part, I correct the date given in the letter of 31 October: it is not 1 January 2027, but 1 October 2026. Secondly, like him, I find interesting the comment about what a redaction of a leak is, but the blunt truth is that that is not a document that the MCA has or has seen. More particularly and importantly, it is an internal Bristow document at, I suspect, an early stage of the particular processes that we are not aware of.

It is important to understand the degree of funding here. For the first part, Government funding to the MCA has gone up over the past few years and also this is a £1.2 billion investment into search and rescue on an ongoing basis. I will set out a little of that. The Department for Transport has made huge efforts to ensure that we have a robust national network of search and rescue aircraft, with the capacity to meet the operational challenges faced by His Majesty's Coastguard throughout the United Kingdom. The right hon. Gentleman is particularly concerned with Shetland, but I will give a brief overview.

An agile fleet of aircraft is not restricted to specific operational areas, but can instead be deployed across the country and it can surge according to demand. That is not simply helicopters, as the right hon. Gentleman rightly outlined; there are huge numbers of additional support, which can be provided. The award of the UK second-generation search and rescue aviation programme to the incumbent, Bristow Helicopters, was announced in July 2022. That is a further £1.6 billion investment in maintaining and enhancing our search and rescue aviation fleet for the next 10 years.

No bases are being closed in any way whatever. All the existing bases will continue to provide a 24-hour search and rescue service, as they do today. They will be supplemented by two new seasonal bases to provide enhanced support to northern England, Scotland and the coastal areas during the busy summer months from April to September.

It is always a delight to see the hon. Member for Strangford (Jim Shannon) in his place; we have crossed swords in an amicable way on many occasions in the past. He asked about this issue in relation to Northern Ireland. At the present stage, his community is covered by Caernarfon and Prestwick, and there is ongoing support across there. Obviously, he has his own situation—

Jim Shannon: Will the Minister give way?

Guy Opperman: Briefly.

Jim Shannon: I welcome the Minister's understanding of that, but the point I tried to make in my intervention is that Northern Ireland needs its own. The issue is all about time whenever these things happen, and we need the response in a shorter time than what is offered. I am grateful for the response, but I suspect that it is not adequate for Northern Ireland as a whole with its population of 1.95 million.

Guy Opperman: The point is fairly made. My noble Friend in the Lords will answer him in writing and I am sure will very happily meet and discuss that with the hon. Gentleman on an ongoing basis. There is cover from a multitude of bases on an ongoing basis, and what we are dealing with here is obviously in respect of search and rescue over and above any air ambulances that operate locally.

To return to the points raised, there is also the use of fixed-wing surveillance aircraft, with fixed-wing bases being established at Newquay and Prestwick. These aircraft, which are equipped with state-of-the-art maritime search technology, are crucial in supporting search and rescue operations across the United Kingdom. There is also the introduction of the King Air B350 extended range, with which HM Coastguard will have the ability to deploy assets to the extremity of the UK search and rescue region in the mid-Atlantic. It also uses a number of technological innovations in the form of unmanned aerial vehicles and a novel communication called OneLink.

Turning to the service provision in Scotland, I want to address the key point raised by the right hon. Member for Orkney and Shetland in respect of the situation going from 15 to 60 minutes. That was supposed to be the situation going forward, but I can confirm that the Department for Transport has been informed by His Majesty's Coastguard that it has begun an analysis of the SAR incident data compiled after the UKSAR2G procurement commenced. That work has begun and is ongoing, and obviously the results will be conveyed in the future to all Members who are particular concerned by it—the right hon. Member for Orkney and Shetland and the hon. Member for Na h-Eileanan an Iar (Angus Brendan MacNeil), who have raised this particular point in correspondence.

The analysis is in recognition of the fact that the UKSAR2G procurement was undertaken at a time of considerable societal and economic upheaval during the pandemic, and that may have had a lasting impact on demand for the service. There is no doubt, if one looks at the statistics—and I have the statistics—that on occasions, over the last few years, the numbers have clearly been potentially lower than they may be going forward.

Mr Carmichael: In fact, the briefing given to me by the Shetland Fishermen's Association this morning said that there had been something in the region of 180-plus call-outs of the Sumburgh-based Shetland helicopter—over what period that is, I do not know. But the issue is not just about the number of call-outs; it is about the fact that, because of where we are, we are that much further removed from other opportunities for rescue services. Also, we do get some of the worst weather in country—and not just in the form that the Minister has experienced.

Guy Opperman: I completely accept that August is the best time to visit the Shetland Isles in many respects, notwithstanding the fact that I was fogged in. The right hon. Gentleman's point is fairly made—the further north we go, the further the weather impacts.

I want to assure the House and the right hon. Gentleman that the UKSAR2G contract terms allow for a review of any area of the service against changes in demand, technical developments or innovations, which will be done periodically. The point is that that would have been done in any event. Should the analysis in this instance indicate that amendments to the new service are required in light of changes to the demand profile, then the Department for Transport can pursue those via the appropriate contractual mechanisms and approval processes.

The review will be undertaken at the end of this year going into next year, at which time we will be happy to share the outcome with hon. Members. It will take many months, so it will not happen in the short term. I make the simple point that there will be no change to this service, in any event, for many years to come; as the title of the right hon. Gentleman's debate on the Order Paper suggests, we are talking about the future provision. I can advise that all four current helicopter bases in Scotland will remain open, with additional fixed-wing capabilities and a seasonal base in north-west Scotland to provide additional enhancements on an ongoing basis.

The right hon. Gentleman raised other, particular points. I have answered in relation to the date and the redaction. With regard to the change in aircraft type due to take place on 1 October 2026, it is clearly the case that the introduction of the Leonardo AW189 provides a high-endurance and world-leading capability. It is proven in the search and rescue environment under our existing service. It is also comparable to the current Sikorsky S-92—operating at both Sumburgh and Stornoway—in terms of range and speed. It is unquestionably the case that there was appropriate due diligence before it was made the helicopter of choice on an ongoing basis.

I do not believe I can add much more, but I assure the right hon. Gentleman that the organisation concerned will go away and work out what documentation it is able to disclose that is not sensitive to contractual matters—those, he will understand, one cannot disclose. But this is a publicly funded service, provided for all of us taxpayers and paid for by the taxpayer, and it is right and proper that there should be proper publication of all matters in relation to that. Ultimately, that will be a matter for sign-off by my noble Friend Lord Davies of Gower, the Minister who has overall control of this, but I can give the right hon. Gentleman the assurance that we will disclose whatever we are able to in the circumstances. I thank him for bringing forward the debate. I take the matter very seriously and I fully understand the concerns he has raised. I commend this debate to the House.

Question put and agreed to.

4.27 pm

Sitting suspended.

South Georgia and the South Sandwich Islands: Marine Protected Area

4.30 pm

Sir Robert Buckland (South Swindon) (Con): I beg to move,

That this House has considered the matter of strengthening the Marine Protected Area around South Georgia and the South Sandwich Islands.

It is a pleasure to serve under your chairmanship, Dr Huq. Those are words that I have not said for a long time in Westminster Hall, so it is a pleasure to be here. I am delighted to be joined by not only the Minister of State, Foreign, Commonwealth and Development Office, my right hon. Friend the Member for Berwick-upon-Tweed (Anne-Marie Trevelyan), but other colleagues from across the House, some of whom are themselves returning to Westminster Hall after a bit of an absence in Government.

I am delighted to open this important debate on an issue that, perhaps surprisingly, is close to my heart, mainly because of the penguin—I will come back to that in a moment. First, I want to talk about great British wildlife. If we are asked to think about it, what actually comes to mind? We might think of the barn owl, the red squirrel, or—rightly, I think—the humble hedgehog, or even the newly reintroduced Eurasian beaver. But I think first of all of the Rock of Gibraltar and the Barbary macaque climbing those fabled pillars of Hercules. I think of the critically endangered mountain chicken frog on the island of Montserrat. I think of the world's smallest flightless bird, the Inaccessible Island rail. Inaccessible Island is just off Tristan da Cunha. Most importantly, I think of the great British penguin.

Why are all these things linked? It is because of the British overseas territories. Through our overseas territories, we are responsible for not only chicken frogs and Inaccessible Island rails; we are responsible for one third of the world's penguins. That is a staggering statistic—but it is only one statistic, because it does not stop there. Over 90% of the UK's biodiversity is found in the British overseas territories, which also hold over 94% of the UK's endemic species. Sometimes there is an attitude that perhaps prevails that the overseas territories are just a few rocks with no real importance to the UK and only of interest from a financial services perspective. But that is not true: it is not true from a historical perspective, it is not true from a strategic perspective, and it is certainly not true from an environmental perspective.

Spread across five of the seven seas, and with environments ranging from tropical to polar, the overseas territories are invaluable to our nature conservation and restoration work. We can be very proud that, over the past decade, the Government have taken firm action to conserve these precious ecosystems. For a start, the Darwin Plus scheme has seen over £32 million of funding go to 162 environmental projects in the OTs, including 33 projects in South Georgia alone.

I want to talk about the Government's other vital initiative with the overseas territories: the blue belt programme. Successive Conservative Governments have grown and strengthened this network of marine protected areas, working with 10 overseas territory Governments to do so. As a result, we have now protected over 4.3 million sq km of ocean. That is 1% of the world's

ocean—an area the size of India. According to the Government, the managing, monitoring and surveyance of the blue belts has come at a cost to taxpayers of only £10 per square kilometre of ocean.

One of these 10 overseas territories is the focus of our debate today—South Georgia and the South Sandwich Islands, a remote archipelago in the South Atlantic ocean, perhaps made famous in the minds of many of us by the events of 1982. It is said in this context to be more biodiverse than the fabled Galápagos islands immortalised by the journeys and travels of Charles Darwin. This uninhabited overseas territory first joined the blue belt programme back in 2013, with a commitment to review the marine protected area every five years. Having last been reviewed, and subsequently strengthened, back in 2018 after valiant campaigning by the then Back-Bench MPs, the noble Lords Benyon and Goldsmith, the time has come again for the Department and the SGSSI Government to decide whether to strengthen those marine protections further. It will come as no surprise that I believe we should.

South Georgia is a spectacular island. It is the size of Cornwall, and has over a dozen peaks that rise higher than Ben Nevis. Its wildlife is as spectacular as its geography. It is home to 3 million penguins of four different species; as I previously mentioned, one third of the world's penguins are British and nearly half of them live in South Georgia. The island is also home to most of the world's Antarctic fur seals, half of the world's southern elephant seals and four species of albatross, which we know from Samuel Taylor Coleridge and "The Rime of the Ancient Mariner" are the world's largest flying birds. I resist the temptation to quote reams of that noble Romantic verse—many of us have studied English to a very high level.

James Gray (North Wiltshire) (Con): Will my right hon. and learned Friend give way?

Sir Robert Buckland: I give way to my hon. Friend and neighbour.

James Gray: I wanted to mark in passing that, although South Georgia is indeed the home of a vast quantity of penguins, fur seals and elephant seals, they are currently being very badly affected by avian flu. Officials are extremely concerned that the numbers will be severely depleted in the months to come.

Sir Robert Buckland: My hon. Friend is right to issue an alert about the danger that those important populations face from pervasive infections such as avian flu and how quickly we can go from a situation of abundance to one of endangerment. That is why this debate is even more timely.

We must not forget the South Sandwich Islands. That chain of volcanic islands is also home to millions of penguins, including a colony of over 2 million on Zavodovski island alone—the largest penguin colony on earth. What albatross, seals and penguins share is the ocean: they are all reliant on the sea. The marine environment of South Georgia and the South Sandwich Islands is what gives life to them, and when the ocean suffers from the impacts of climate change and over-exploitation, so do the islands.

The threat that I will focus on is the exploitation of krill populations. Human-led demand for krill is growing significantly. The Chinese industrial fishing fleet that operates in the region needs more krill to fuel the ever-growing demand for aquaculture. However, krill is also the vital first link of the food chain on which the penguins, whales and other charismatic creatures of South Georgia and the South Sandwich Islands depend. As this threat increases, so too does the need to protect more of the waters from it. The UK Government and the local SGSSI Government have recognised that, and they deserve praise for the work that they have done to protect the waters. The marine protected area around the territory currently fully protects over 283,000 sq km, which is 23% of the overseas territory's exclusive economic zone. That is well enforced, at relatively low cost, by the local Government.

But as the risk from industrial fishing in these waters grows, so does the need to act to fully protect more of the waters around South Georgia and the South Sandwich Islands. With that in mind, this year's review of the MPA creates an opportunity to put in place various new measures to protect ecosystems across the territory. In particular, I urge the Government to take the bold step of designating all 400,000 sq km of ocean around the South Sandwich Islands as a no-take zone. Unlike South Georgia, which has a scientific presence and is visited by tens of thousands of tourists every year on cruise ships, the South Sandwich Islands are virtually untouched by humanity. If there is any part of Britain's global maritime estate that should be protected in this way, this is it.

I should stress that I am not calling for a full no-take zone in the waters around South Georgia. I am cognisant of the fact that fishing licences are a vital source of income for the SGSSI Government, and sustainable, limited and effectively managed fishing has a role to play in the future of South Georgia's maritime zone. However, around the South Sandwich Islands, where only a small amount of fishing happens at present, we have to be bold.

James Gray: I am sorry to interrupt my right hon. and learned Friend twice, but I want to pick him up on one matter, which is his indication that the Chinese are mass fishing in those waters. They are not. He may not be aware of this, but there has been no commercial fishing of any kind in the waters around the South Sandwich Islands in the last 30 years. Two ships go there once a year; they take in 50 or 60 tonnes, and that is all. There is no fishing around the South Sandwich Islands because it is too far away, and therefore bringing in a no-catch zone of the kind that my right hon. and learned Friend describes would not achieve anything.

Sir Robert Buckland: I am afraid that that is not the information that I have received. Even if my hon. Friend is right, there is nothing to be lost from confirming the reality that he asserts that there is little or no fishing or fishing take in that area.

I was going to go on to talk about the existing large no-take zones in both the Tristan da Cunha and the Pitcairn Islands MPAs, both of which have human populations. It would therefore make complete sense to have one around the SSIs. Together with additional targeted extensions to protections around key areas in South Georgia's waters, that would bring substantial benefits to the territory.

[Sir Robert Buckland]

Scientists have been clear on the risks to the marine environment in the region, and with krill stocks being damaged by climate change, we cannot afford for them to be also threatened by any industrial fishing. With last month's worrying news about bird flu, as mentioned by my hon. Friend the Member for North Wiltshire, it is incumbent on us all to do everything we can to protect the avian life of the islands. That would start by protecting its food source. Thirty leading marine biologists and polar scientists have called for the Government to upgrade the MPA and I urge the Government to listen to that evidence-based argument.

Some may argue that the best way to strengthen the MPA is through the Commission for the Conservation of Antarctic Marine Living Resources, the multilateral body for the Antarctic region. However, the frankly meddling activities of Russia in the process make any positive action, whether environmental or otherwise, seemingly impossible, certainly for the foreseeable future. Thanks to unilateral action by our Government in 2018 at the last MPA review, a precedent has been set for the UK to act unilaterally to strengthen protections for the waters of South Georgia and the South Sandwich Islands. Given that SGSSI is our sovereign territory, we should be able to act to do what we see as best for protecting the biodiversity that it holds. We know that marine protected areas work. Scientists have recently seen some positive signs within the territory's albatross and whale populations, which they link to the existing MPA. Ministers have a real opportunity this year to go further with those protections and give the territory's endangered species the best chance of recovery.

Before I wrap up, and at the risk of being slightly tangential, I want to touch on one other overseas territory, which is the world's largest marine reserve around the Chagos islands, with 640,000 sq km of protected ocean. I am not going to talk today about the strategic considerations the Government should make in their negotiations with Mauritius, but I ask that the Government allow Parliament to have proper time to discuss those matters. I want to stress the importance of the environmental considerations that the Government must bear in mind. The tropical environment of the British Indian Ocean Territory is very different from that of South Georgia but is of equal global importance. Having led for the United Kingdom in the International Court of Justice case against Mauritius, frankly, it is a mystery to me why we are negotiating with Mauritius in the first place. I view that judgment as advisory only and the sovereignty of the UK is inviolable. Whatever the outcome of the negotiations might be, we cannot let the environmental protections around the Chagos islands be compromised.

Coming back finally to South Georgia, if we were to visit Grytviken just 60 years ago, we would have stood among the carcasses of whales as the bay was stained red with blood from industrial whaling. The transformation in the past few decades has been incredible. In the first half of the 20th century, 175,000 whales were killed, leading them to almost vanish from the area, but in recent years, sperm, humpback and, crucially, blue whales are returning in ever-increasing numbers to those waters. We have much, therefore, to be proud of.

It makes complete sense to me that we continue this vital work and create as safe an environment as possible for the millions of fish, birds and mammals who are dependent on the waters of this territory. It is time to show that the UK is not just a world leader but the world leader in Antarctic and sub-Antarctic conservation.

Dr Rupa Huq (in the Chair): I remind hon. Members to bob even if they are out of practice.

4.44 pm

Jim Shannon (Strangford) (DUP): I congratulate the right hon. and learned Member for South Swindon (Sir Robert Buckland), who is my colleague and the acting Chair of the Northern Ireland Affairs Committee, on setting the scene incredibly well. It is hard not to be excited by the scene that he has set for us all to understand and encapsulate in our minds. The reason I am here is to support him.

The right hon. and learned Member's theme has been protection and how we can do better. He outlined what we are doing across the world, and specifically what the United Kingdom is doing, with the necessity to do more perhaps.

Healthy marine ecosystems provide benefits for human wellbeing. It is estimated that our maritime activities contribute some £47 billion annually to the economy. Our maritime protected areas aim to achieve long-term nature conservation and protection, by alleviating pressure from human activities, whether domestically or internationally. As the right hon. and learned Gentleman said, it is important that we protect our marine conservation. I am pleased to add my support to the right hon. and learned Gentleman and the others who will speak with the same obligation and focus in their hearts.

The SGSSI is a British overseas territory in the South Atlantic ocean. It is a remote collection of islands, consisting of South Georgia and a smaller chain called the South Sandwich Islands. South Georgia is the biggest at 165 km long, and the largest island in the territory. With that of the others alongside, it is grossly and fantastically important. As the hon. Member for North Wiltshire (James Gray) referred to in his intervention, last month—October 2023—the highly pathogenic avian influenza was confirmed on Bird Island. When it comes to protection, that is something we should respond to.

I am sure the Minister will tell us, when the opportunity comes, what has been done to address that. In particular, the brown skua population in South Georgia has been impacted greatly. Since then, several other cases of symptomatic birds have been reported to the Government of South Georgia. In addition, a high level of mortality has been detected in the elephant seal pups at three sites around South Georgia, and animals have all displayed symptoms that are consistent with avian influenza.

There is an issue and we are keen to help and assist. When the Minister responds, perhaps she could give us her ideas on what our Government are doing to address the issue. Our overseas territories are an important part of our maritime systems, and are crucial to understanding the vastness of nature and wildlife. There is not one of us who does not watch the wildlife programmes on TV presented by David Attenborough and others, and who is not enthused when seeing the wonderful nature that we have. The right hon. and learned Gentleman outlined that in his own way, and it is important that we respond.

Healthy seas will help to regulate climate and reduce the negative impacts, including providing seafood and supporting people's livelihoods as well as biodiversity. It has been revealed that one in three marine ecosystems in the UK have been degraded by human activities, including fishing, sewage, oil and gas disposal. There needs to be a joint approach and effort throughout the UK, to protect our ecosystems at home and further afield.

The Marine Act (Northern Ireland) 2013 requires the Department of Agriculture, Environment and Rural Affairs to establish a network of MPAs, together with the MPAs designated by other UK Administrations, to contribute to the conservation and improvement of the marine environment in the UK and the marine area. We are doing it here already, as a collective effort within the United Kingdom of Great Britain and Northern Ireland, as well as ensuring that we protect our maritime ecosystems domestically. Doing so overseas is equally important; the right hon. and learned Gentleman set that scene admirably. Just because those places are geographically further away does not mean that we give them any less of our time, and this debate has come at the right time.

I am conscious that three hon. Members have yet to speak in the limited time for debate. To conclude, we all know it can take several years to generate and analyse data to form an assessment. The right hon. and learned Gentleman set out some of that data, information and evidence. In response to last month's news about influenza in animals and birds in South Georgia and the surrounding islands, we can clearly do more, through our Minister and Government, to strengthen the MPAs. I hope that, as a collective nation, with compassion, interest and commitment, we can do so for our overseas territories, as the right hon. and learned Gentleman set the scene so admirably.

Dr Rupa Huq (in the Chair): A word of warning: we will take the three Front Benchers at 5.10 pm, so if everyone's speeches remain within six and a half minutes, everyone will get in comfortably.

4.49 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a pleasure to contribute to this debate. I want to thank my right hon. and learned Friend the Member for South Swindon (Sir Robert Buckland), whose contribution was eloquent and erudite. He covered a significant amount of the ground that I had intended to cover.

I have to say that this is a real passion of mine. I served in Government, in the Department for Environment, Food and Rural Affairs, for over four years and, just recently, for a year as Secretary of State for Environment, Food and Rural Affairs. I have to mention the work that we have done. The launch of the blue belt was a clear Conservative achievement, the Darwin Plus funds have been going for some time, and there is the Blue Planet fund. Of course, my right hon. and learned Friend has already mentioned the fact that about 30% of the world's penguins are formally British, which is not something that anyone would necessarily instinctively think.

I am very conscious that there are a number of political issues, and I also will respect collective responsibility—although officials will already be aware of my views on this matter. I think, of course, that it matters that we respect the Government of SGSSI. I am conscious of the difficult issues, but we also have to show leadership and think big. I am really pleased: I was going to ask the Minister when she expects the review to be complete—we had initially anticipated that it would be this year, but I think Dr Simon Brockington has only just been appointed. He is a former DEFRA civil servant who is excellent and who I think will really help with the review. Perhaps the Minister can indicate what she thinks the latest expectation for completion is.

I am very aware of the political issues and some of the issues around CCAMLR. We share one ocean, right around the world, but when it comes to thinking big, we should consider whether this could become part of the very first BBNJ—biodiversity beyond national jurisdiction—treaty. Lord Ahmad signed the treaty on behalf of the UK Government at the UN General Assembly—I was there for that—and I know that my brilliant former departmental officials have been working closely with the Foreign and Commonwealth Office, which has its expertise. I can assure the House that our brilliant officials are truly amazing at trying to secure these sorts of agreements. This is something on which we should think big, and it would be a great announcement for our Prime Minister, in collaboration with the Government of SGSSI.

At the very start, before I get into some of the substance, I would also like to thank my special advisers from my time in DEFRA: Ed Winfield, Meg Trethewey and Alex Kay. They all had a passion for the penguins, and they were desperate for me to go to SGSSI. That did not happen—it is a very long way away, which is one reason why it is so special—but I want to thank them for all the work they have done to support the environment.

This cause transcends boundaries and resonates with the very essence of our planet's health. The urgent need to strengthen the marine protected area around South Georgia and the South Sandwich Islands is self-evident, but I am conscious of some of the diplomatic challenges. This area, which is nestled in the southern reaches of the Atlantic ocean, is a remote and stunning corner of the world—in fact, it is featured in this month's edition of *National Geographic*—but it is also a crucial ecosystem that demands immediate attention, care and protection. As we have already started delving into the complexities of ocean conservation, we are faced with the daunting reality of declining biodiversity, overfishing and the imminent threat of climate change. Climate change, of course, is already impacting oceans, and we are now seeing ocean acidification. That has a real impact on krill, which is the foundation of our food chain.

This invaluable marine ecosystem is not, however, shielded from the growing threats that afflict our oceans worldwide. I have already mentioned rising temperatures in the ocean, unregulated fishing practices and habitat degradation, all of which pose severe challenges to the delicate balance of life. The time has come for decisive action, and a commitment to safeguarding these waters for generations to come would be a very strong commitment indeed. This would not merely be an act of preservation;

[Dr Thérèse Coffey]

it would be an investment in the future and a pledge to protect biodiversity and ensure the resilience of our oceans.

Expanding on the currently protected areas and implementing these regulations will offer a sanctuary for marine species to thrive in. It will serve as a haven for breeding populations of penguins, seals and albatrosses, as my right hon. and learned Friend the Member for South Swindon has said. Indeed, a well-managed MPA can act as a natural laboratory, providing scientists with valuable insights into marine ecosystems and their responses to environmental changes. I agree with my right hon. and learned Friend the Member for South Swindon that this is not about getting into the subject of no-take zones—I am not here to please some of the organisations that are desperate to have no-take everywhere. This is a shared resource, but I know that if we do not act, the environment and biodiversity will be challenged.

This is important for several reasons. We have talked about the different sorts of marine life—penguins, seals, whales—and enhancing that MPA would help to maintain the region's biodiversity. A well-managed MPA can serve as a refuge for marine species and ecosystems, aiding their adaptation to the effects of climate change. The overall health and functionality of the ecosystem can benefit fisheries outside the MPA by supporting healthy populations of fish and other marine species. Strengthening the MPA can provide valuable opportunities for scientific research—not the kind that, dare I say it, the Norwegians and the Japanese do on whales, but that genuinely allows scientists to study the effects of conservation measures, monitor ecosystem changes and better understand the marine environment. There is also the opportunity for sustainable tourism and economic benefits.

But I turn to krill. Krill is probably one of the least understood things in Parliament and perhaps in the wider world. It plays a crucial role in marine ecosystems and is often considered a keystone species, meaning that it holds a significant and unique ecological importance. It is the foundation of the food web and a vital source of food for many marine animals, and its abundance supports entire ecosystems and sustains populations. Through its feeding habits, krill contributes to nutrient cycling in the ocean by consuming phytoplankton and converting it into a form that is consumed by larger predators. Indeed, krill also plays a role in carbon sequestration.

The challenges facing our oceans are immense, but the resolve to address them can be greater. Strengthening the MPA around South Georgia and the South Sandwich Islands is of absolute importance. We need to stand united in our commitment to protect this remote yet invaluable ecosystem that will safeguard the very lifeblood of our planet.

4.57 pm

Chris Skidmore (Kingswood) (Con): It is an honour to serve under your chairpersonship, Dr Huq. As chair of the all-party parliamentary group on the environment, I am grateful to my right hon. and learned Friend the Member for South Swindon (Sir Robert Buckland) for the opportunity to speak, and I thank him for securing this debate.

The future marine protection of South Georgia and the South Sandwich Islands has been a long-standing campaign for the APPG and our associate members, including the Pew Trusts, and featured in our recent “Keeping 1.5 alive” report, which sets out nine priorities for the forthcoming COP28 summit, which begins next week.

The UK Government count all SGSSI waters—over 1 million sq km—as a marine protected area. However, only 23% of the SGSSI waters are currently off limits to commercial extraction. In the remaining waters, industrialised krill fishing is legal, which undermines protections according to international standards. The SGSSI Government will be reviewing the MPA with the Foreign, Commonwealth and Development Office at the end of 2023, meaning that there is one chance, ahead of the next general election, to significantly increase the protection of marine species found on the islands. To demonstrate its protection of overseas territories, the UK must use that review as an opportunity to enhance the environmental protection of SGSSI.

In my view, there are three major changes relating to the Antarctic and the Southern ocean that should be taken into account when reviewing whether to enhance protection of this biologically unique UK overseas territory, the first of which is climate change. Climate change is increasingly being recognised as a major ecological threat. Today, we are seeing projections that we are heading towards global temperatures beyond 1.5°, the safeguard agreed in Paris. We will potentially pass that guardrail in the next decade, and the Antarctic will be no exception. In the past year, we have seen the lowest sea ice extent ever recorded, major failures of Emperor penguin breeding and impacts on Antarctic fur seals breeding on South Georgia, linked to variable food resources. Business as usual may not be an option, as we learn to manage the consequences of our past actions. Management will not be easy; it will require tough decisions. Humans, above all, rely on ecosystem support—I understand this. Therefore, we need to fully protect functioning ecosystems across the planet, including within the world's oceans.

The second change concerns the great whales. Baleen whales are finally beginning to return in greater numbers to their feeding grounds in the Southern ocean. Approximately 1.5 million whales were killed in the 20th century: 90% of all catches were taken by just four nations, which sadly include the UK. A crucible for southern whaling was South Georgia. So far, the humpback whale is the species recovering the best. The stock that breeds off Brazil and migrates to feeding grounds around South Georgia and the South Sandwich Islands is now close to a full recovery, which is a fantastic example of what is possible. However, fin whales are only beginning to show early signs of recovery, while blue whales are still depleted.

All those animals depend on dense aggregations of krill. Preserving adequate krill for the natural ecosystem rather than for commercial fisheries must be a priority. Recent estimates suggest that there is insufficient krill in the Southern ocean to support the historical populations of baleen whales, from before they were hunted to near extinction.

The third important change is—as my right hon. and learned Friend the Member for South Swindon mentioned—politicisation in CCAMLR, which is the multilateral

management authority responsible for overseeing krill fisheries. There are major disputes about the development of marine protected areas, how best to manage them in the context of climate change and how the UK should be able to manage its own waters surrounding South Georgia and the South Sandwich Islands.

A perfect storm of uncertainty is ahead. The Southern ocean marine ecosystem is changing both physically and biologically, yet the organisation that is meant to manage it is unable to do so. The UK is already a leading proponent of 30 by 30, a worldwide initiative for Governments to designate 30% of the Earth's land, ocean and sea as protected areas by 2030. Where better to set an example than at South Georgia and the South Sandwich Islands? They are the breeding location of almost 15% of all penguins worldwide, with the largest penguin colony in the world on the South Sandwich Islands, where there are more than a million chinstrap penguins. The islands and surrounding waters are also home to the last 6,000 South Georgia pipits and 95% of the global population of Antarctic fur seals.

There is a unique opportunity for the UK to increase protection in the waters surrounding these islands. Given the UK's past involvement in whaling, it has a particular responsibility to implement appropriately scaled protection measures. Increasing the level of full protection through legal measures should now be a priority for South Georgia and the South Sandwich Islands MPA review.

5.2 pm

James Gray (North Wiltshire) (Con): I thank my right hon. and learned Friend, and next-door neighbour, the Member for South Swindon (Sir Robert Buckland) for calling this extremely important debate. It is a very important moment in the consideration of these matters as they are being considered by the Foreign Office and by DEFRA. I also congratulate my right hon. Friend the Member for Suffolk Coastal (Dr Coffey) on her four magnificent years in DEFRA. It has been a superb operation. We are sorry she is no longer there, but we are glad to see how active she has been on the Back Benches in the week or so since she was—dethroned, I nearly said.

My right hon. Friend the Member for Kingswood (Chris Skidmore) made some extremely important points from a position of great knowledge. I will just pick him up slightly on one point: all those things he described and on which we violently agree—about the vital importance of preserving biodiversity in both South Georgia and the South Sandwich Islands—are largely unconnected, with a question of a no-take zone around the South Sandwich Islands. The two things are not necessarily cause and effect,

I would like to declare an interest. I had the good fortune to visit South Georgia as a guest of the commissioner about four or five years ago, after which we had a debate in Westminster Hall on 19 December 2017. Many of these matters were discussed, and those keenly interested might like to consult *Hansard*. I am also taking a team from the Environmental Audit Committee to Antarctica over the Christmas recess. It is obviously being paid for, as it is Select Committee activity. I have some interest in these matters as the chairman of the all-party parliamentary group for the polar regions.

I think we were in danger of violently agreeing. No one would disagree that biodiversity is supremely important as are these creatures—including penguins, which I have had the very good fortune to mix with four or five years ago, magnificent elephant seals and the fur seals. It is superb—a heaven on Earth. My right hon. and learned Friend the Member for South Swindon was virtually poetic in describing it. He is absolutely right in his description—it is the most superb and wonderful place in the world.

I therefore strongly support the notion of the establishment of marine protect areas across the whole of the Southern ocean. There are two so far that are acknowledged by CCAMLR: one on the South Orkney Islands, and the other at Ross sea. Both were established under CCAMLR some years ago. CCAMLR is currently considering two or three others—east Antarctica, the Weddell sea and the Antarctic peninsula. We would like to see MPAs established there, but as my right hon. and learned Friend the Member for South Swindon correctly said, political influences in CCAMLR are making that impossible. The Russians and the Chinese in particular will not allow MPAs to be established around Antarctica. We think that is a great shame, and that they should be, but they are not.

By contrast, South Georgia and the South Sandwich Islands have an extremely active and very well-monitored MPA, and has done for now for some 10 or so years. Fishing around the South Sandwich Islands is very carefully monitored by the Government of South Georgia and the South Sandwich Islands. As I mentioned to my right hon. and learned Friend the Member for South Swindon a moment ago, there is very little fishing. Two vessels go there for one month a year and catch between 50 and 60 tonnes of krill. I think I am right in saying that the valuable Patagonian toothfish are not caught at all, or only in very small quantities. The waters around South Georgia are carefully monitored by the Government of South Georgia and the South Sandwich Islands. They have a very good, sustainable MPA that allows us to catch fish, thereby supporting local communities, particularly in the Falklands, and at the same time preserve these wonderful wild creatures.

I can understand why from a PR standpoint it sounds good to say, “Let's ban all fishing! Isn't that great? Aren't we great? Britain is leading the world in banning all fishing.” There are two problems with that. The first is that there is no fishing there anyhow. Banning something that does not exist does not have any great moral standing. The only boats that fish in the South Sandwich Islands every year are two scientific vessels that look into the krill around there. They pick out 50 or 60 tonnes purely for scientific reasons, and that is entirely licensed by the Falkland Islands. Bringing in a no-take zone would not prevent any fishing that happens there at the moment. I do not believe there are illegal fisheries there at the moment, but if the Chinese or Russians were fishing there, they would still do so even if there were an MPA recognised by the world. Someone cannot be stopped from breaking the law simply by our changing the designation of the waters.

If we were to turn the very well-managed SGSSI MPA into a no-take zone, it would have two very significant consequences that we should be very careful about. First, we would no longer control the waters. At the moment, they are controlled by the Falkland Islands

[James Gray]

and SGSSI. Therefore, they are effectively British waters. If we were not licensing the very small number of vessels that do go there, we would no longer control those waters. They would become part of CCAMLR and would be subject to the Russians, Chinese and, in particular the Argentinians, who are members of CCAMLR. It might well be that the scientific research vessels that are allowed to go there very occasionally would suddenly become Argentinian vessels or Russian vessels or Chinese vessels. We do not know what the consequences would be, so there is quite a big geopolitical problem that would come with that.

Under CCAMLR, the South Sandwich Islands have some 15% of the allowable krill. If we were to say, “No, there must be no krill fished off the South Sandwich Islands”—none is fished, but we are none the less allowed to catch 15%—that would mean that the 85% that is around Antarctica would become 100%. In other words, we would be taking more krill from the Southern ocean by banning it from SGSSI. The consequence of our bringing in this ban would not be saving krill but catching more of it. We would be increasing the catch by 15%. To those environmentalists who are very concerned about the krill—quite right too, they should be—I would simply say that if we bring in a no-take zone around South Georgia and the South Sandwich Islands, we will increase the Russian and Chinese take by some 15% and will further damage the krill population.

We must be very careful about how we approach these things. Of course, we are all determined to find a way of preserving the environment and the very delicate biodiversity—the superb biodiversity—that exists down there, but the relatively easy “Let’s ban everything” line, which I am afraid my right hon. Friends have all rather easily adopted, ignores some of the very significant geopolitical difficulties that would arise from that. In particular, the long-term battle between the Falklands and the Argentine would rear its ugly head again, because Argentina would say that it has a right to fish those waters.

Sir Robert Buckland: Will my hon. Friend give way?

James Gray: I am so sorry, I have run out of time. We must therefore be extremely careful what we wish for. The consequences may well be worse than what is happening at the moment.

5.9 pm

Douglas Chapman (Dunfermline and West Fife) (SNP): It is a pleasure to serve under your chairmanship, Dr Huq. I thank the right hon. and learned Member for South Swindon (Sir Robert Buckland) for bringing this debate to the Chamber. When I looked at South Swindon, I did not consider it to be a coastal community—in fact, I am sure it is not—but the right hon. and learned Member could well have been from a coastal community, such was his understanding, commitment and enthusiasm for the topic.

It is a real relief to hear some good news about climate change with the recovery of the ecosystem in South Georgia and the Sandwich Islands. A once-exploited whaling hub has now been transformed into what might be called a wildlife haven, as one of the world’s largest marine protected areas. Densities of fish—and, as we

heard earlier, krill—are back in the food chain, leading to a resurgence in numbers of whales and penguins in the area, especially the king penguins that feed off the fish. Maybe we could have renamed them the Great British penguin—I almost feel that Boris Johnson is back with us—but never mind, we will move on.

This is a good news story, because the local government took action to protect some of the most fertile seas on Earth by enforcing tight fishing quotas and forbidding oil and gas exploration. This MPA is now going through its second five-year review, in consultation with experts and stakeholders, to ensure that the evidence-based management plans are working to their full capacity, and to assess new dangers and opportunities to make further progress.

It is this kind of local stewardship in rebuilding and supporting a once vibrant ecosystem that is key to the success of the area’s recovery. I will give a few examples of impressive stewardship programmes in Scotland, led by local communities and those who are heavily invested in their coastal waters and lochs. The Restoration Forth project in my constituency is a superb example. It is a partnership between local community groups managed by the WWF, with Project Seagrass, academics such as Dr Richard Lilley, and other organisations and charities working together to restore vital seagrass meadows and oyster beds in the firth of Forth—once an area rich in marine diversity, but one that has been sadly depleted over a long period of time. In fact, I was delighted to don some wellies and warm clothing one Thursday morning earlier this year, to be part of the project’s seagrass planting session. I was even more pleased to hear that recently, the roots have taken hold and the first seagrass meadow has been re-established in the firth of Forth. That is excellent news.

In a recent important paper, Alan Munro from the Coastal Communities Network and Fauna and Flora International spent some time examining a shared vision for marine restoration in Scotland. He highlighted the fact that Scotland’s inshore seas supported vast seagrass meadows in days gone by, but those habitats have now disappeared due to pollution, bottom-contact fishing and coastal development. He pointed out that the restoration of those habitats has enormous potential to deliver valuable services for humans, including protecting our coasts from flooding and erosion, improving water quality, fisheries production, and capturing and storing carbon for climate mitigation and adaptation. Alan’s paper examines how best to scale up successful community-led initiatives in marine restoration. We could bring success to Scottish waters if we keep the same energy and commitment shown by these amazing groups around our coast.

It is this kind of shared vision—community-led, bottom-up and in consultation with a wide range of experts and stakeholders—that leads to success in restoring our vital marine habitats. We can see it in faraway overseas territories such as South Georgia and the Sandwich Islands with their incredible and unique marine ecosystems, and we can see it led by those living next to our beautiful waters in Scotland. However, in finding the solutions, we need to talk to our fishing communities and those who make their living from energy production off our coasts. It is not beyond the wit of people in this country to arrive at win-win solutions. For example, I have been speaking to the Scottish inshore fishing association, which has real concerns about some of these issues.

These are hot topics in local communities. Again, it is not beyond us to actually come to solutions that meet our environmental objectives and aims, while maintaining a fishing industry that is sustainable in the longer term. In fact, one could argue that this actually makes the fishing industry much more sustainable, by having a better marine environment.

The overall message here is that this is based on local, local, local. It is amazing what can be done when we let local communities rise to the challenge of climate change. As one of the vice-chairs of the all-party parliamentary group on the environment, I said in a recent contribution to our COP28 publication “Keeping 1.5 alive”, “the public is way ahead of the politicians in their thinking on ocean protection and environmental wellbeing.”

I believe that that is still true today. It is local communities’ enthusiasm and dedication that leads to real change. We need to invest in the community capacity to meet our climate change targets and ambitions. That is how we can replicate the success that we have heard put so eloquently by other speakers today, and try and match their ambitions here in the UK.

5.16 pm

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): It is a pleasure to serve under your chairpersonship, Dr Huq. I thank the right hon. and learned Member for South Swindon (Sir Robert Buckland) for securing this very important debate. This area has long been of interest to me. Of course, my constituency has connections with the South Atlantic, with the Terra Nova expedition having left in 1910 from Cardiff bay, where it is commemorated. There was also the Welsh involvement in the Falklands conflict; the first I heard of South Georgia was in relation to the terrible events in 1982. I am a fan of Shackleton—as I am sure many others in the room are—and have read his diaries, “South”, and “The Voyage of the James Caird”. The arrival at South Georgia and his incredible efforts along with Crean and Worsley has never left my mind.

I take a deep interest in the overseas territories, large and small. I was delighted to meet the previous chief Ministers and representatives of the overseas territories last week as they visited London for the Joint Ministerial Council. On my visit to the Falklands in November last year—I draw attention to my declaration in the Register of Members’ Financial Interests relating to that, as a shadow Minister—I had the pleasure of meeting Laura Sinclair Willis, the chief executive officer of South Georgia and the South Sandwich Islands, and Alison Blake, who, as well as being the Governor of the Falkland Islands, serves as His Majesty’s Commissioner for South Georgia and the South Sandwich Islands. We discussed these issues in great detail. Indeed, at Mount Pleasant in the Falklands, I was privileged to meet RAF pilots who had conducted some of the patrol missions over South Georgia and the South Sandwich Islands, and they showed me the incredible footage they had taken from their A400M the week before. That was a truly special occasion.

Before I go into some of the detail, I reiterate Labour’s unwavering commitment to the UK’s overseas territories in the South Atlantic and across the world. In particular, I want to make clear our cast-iron commitment to the economic, physical and environmental security of the Falkland Islands and South Georgia and the South Sandwich Islands, and indeed every territory that makes up the

global British family. We will defend their sovereignty. It is non-negotiable—end of—particularly given some comments that we have heard in the media in recent weeks.

My visit to the region underscored to me not only the relevance of the South Atlantic as a crucial area for global environmental diversity, but the competing geopolitical and economic interests in the region, which are growing only more prominent. That is why I am thankful for this debate. I am also familiar with the wildlife in the South Atlantic and, indeed, the very, very cold waters. I had the pleasure of swimming at Yorke bay with the noble Lord Hannan as the gulls watched on, and I swam with penguins at Bluff cove. I have had some very direct experiences of the incredible environment in the South Atlantic.

Very important points have been raised by right hon. and hon. Members today about a range of issues, from avian flu to the importance of krill. We have also heard about the situation facing other overseas territories in relation to their marine resources, including from the right hon. and learned Member for South Swindon. I refer to my comments about the Chagos islands and the importance of the environmental and marine sustainability in the debate we had in this place a few months ago.

Of course, the South Georgia and the South Sandwich Islands marine protected area is one of the world’s largest MPAs. The full protection now covers 283,000 km and is supported by the Government there, with the aim of conserving the rich marine biodiversity while allowing sustainable fisheries. Indeed, as we have heard, the MPA harbours a quarter of the world’s penguins and breeding colonies of several species of albatross, along with Antarctic fur seals and southern elephant seals.

The UK overseas territories’ marine environments are of global significance, from Antarctica to the Caribbean, and from the Pacific to the Atlantic. They contain 94% of the unique species that the UK is responsible for and have marine areas that extend over 2% of the world’s ocean surface. Although they are negligible contributors to climate change and global warming, their unique environments are particularly vulnerable to the effects of not only rising sea levels, but climate change, rising temperatures in waters and the loss of biodiversity that comes with that. They must also be integral to the solutions we find going forward.

However, we also see the clear focus on the region by many global powers; China and Russia have been mentioned. I saw evidence of that in the presence of Chinese fishing vessels off the economic exclusion zones of the Falkland Islands—I am talking about the jiggers that pull up squid from the ocean. There were 300 Chinese vessels stationed there, operating on an industrial scale with little data sharing or other co-operation because of the wider disputes in the region, despite the very important efforts made by fisheries scientists, many of whom are based in the Falklands, and of course the excellent work of organisations such as the British Antarctic Survey.

James Gray: Just to clarify, the fishing vessels that the hon. Gentleman mentioned are outside the marine protected area, within which they cannot fish.

Stephen Doughty: Yes, absolutely, but the point that I am making is that the ambitions of, and indeed, the attempts by global powers to operate in these environments are increasing. We have seen that with the Chinese application for—

Dr Rupa Huq (in the Chair): Order. The Clerk is telling me that the shadow Minister should be reaching a conclusion, in order to allow the actual Minister to speak and the response at the end by the Member who secured the debate.

Stephen Doughty: I will be very quick. However, I note that the SNP spokesperson, the hon. Member for Dunfermline and West Fife (Douglas Chapman), took about seven and a half minutes and I should have an equivalent length of time, if that is okay. I will be as quick as I can, because I do want the Minister to answer.

I come on to my questions for the Minister. Concerns have obviously been expressed about sustainability by Great Blue Ocean and many other organisations. Can she explain to what extent the UK's interests and the aims and operations of CCAMLR align, and will she say how we will work to protect the region and make sure that, crucially, we make data-based decisions about the measures that are brought in?

Can the Minister explain what our ambitions in terms of climate change are and what the evidence is about how the changes in the marine environment, in particular, are affecting fishing stocks and krill stocks? There has been a mean temperature increase in South Georgia of between 0.9% and 2.3% between January and August, and 97% of glaciers have retreated. Those are really serious issues.

Can the Minister explain how we are consulting environmental and scientific experts in the region? In particular, given the nature of the governance of South Georgia and the South Sandwich Islands, can she explain how that operates and say whether we have any plans to ensure that there is full accountability? There are obviously a lot of concerns in the Falkland Islands about how decisions are taken, a little distance away across the oceans.

The blue belt programme and all the global initiatives are absolutely critical. They enjoy our full support, but we need to make sure that we are ready and aware of the challenges to come—geopolitical, environmental and otherwise—so that we make the very best decisions to protect our crucial oceanic biodiversity and resources.

5.23 pm

The Minister of State, Foreign, Commonwealth and Development Office (Anne-Marie Trevelyan): It is a pleasure to serve under your chairship, Dr Huq. I congratulate my right hon. and learned Friend the Member for South Swindon (Sir Robert Buckland) on securing this debate and I appreciate the work that he and the many environment networks are doing to help to protect some of the world's most precious places. On the point made by the hon. Member for Dunfermline and West Fife (Douglas Chapman), I believe that we are all connected to our great oceans and nature protection these days; my children certainly keep me very connected. Whether or not our constituencies are bounded by the sea, as mine and the hon. Member's are, that view is strongly held by everyone.

I am conscious both of time and that I am not the Minister formally overseeing the polar regions—the Under-Secretary of State for Foreign, Commonwealth and Development Affairs, my hon. Friend the Member

for Macclesfield (David Rutley) is away. I will therefore ensure that officials write to answer some of the more detailed questions.

This debate provides a wonderful opportunity to showcase the partnership between the FCDO and the Government of South Georgia and the South Sandwich Islands. As we have heard, that overseas territory is renowned for its near-pristine environment. It is a true haven for wildlife, with globally important populations of seals and penguins. Those waters host a vast array of marine life, including, as colleagues have set out eloquently, migrating whales and the incredibly important Antarctic krill.

Conservation of that environment is at the heart of our collaboration with the Government of the territory, which was designated as an MPA in 2012 to conserve its rich biodiversity and to establish a framework for management and research. Those provisions were strengthened in 2019, following an independent five-year review.

The zone covers more than 1 million sq km and provides for highly regulated fishing in a way that protects the unique marine ecosystem. The UK's flagship blue belt programme supports both its management and enforcement there. The destructive practice of bottom trawling is prohibited throughout, and long-line fishing is limited to depths of between 700 metres and 2,250 metres and is restricted to just 6% of the whole protected area. Toothfish and krill fishing is permitted only in four winter months to reduce the impact on seabirds, penguins, seals and whales, and nearly a quarter of the territory's most vulnerable marine areas are completely closed to fishing.

It is entirely legitimate to ask why fishing should be allowed at all in such a remote and pristine environment. However, introducing strict regulation ended the illegal practices that had decimated stocks and driven species such as the marbled rockcod to near-extinction. The sale of licences not only underpins British sovereignty and control of those waters, but—as colleagues set out—provides funding for the territory's Government to operate a patrol vessel. Importantly, the fishing vessels also provide valuable scientific data, along with watchful eyes to report any illegal activity, should there be any.

The most complex reason to maintain well-regulated fishing lies in the UK's membership of the Commission for the Conservation of Antarctic Marine Living Resources, which I will refer to as “the commission” for short. Since 1982, that has provided for fishing in the Southern ocean, where consistent with conservation. It has tackled unregulated operations and heralded a new era of international co-operation on marine science and research.

Despite Argentina's counterclaim to South Georgia and the South Sandwich Islands, it also signed up as a member, on the basis of the commission's framework for international co-operation. Careful negotiations struck a fine line for the UK and Argentina in providing an international role for the commission to determine the levels of catch to be taken across the Southern ocean. In respect of South Georgia and the South Sandwich Islands, the UK determines who receives licences to enter and fish in the territory's waters.

Meanwhile, the UK's regulation of toothfish across SGSSI underpins our sovereign rights and prevents others from seeking to fish our waters. Relinquishing

control of the fishery would leave the territory's waters at risk of incursion by others. Sadly, that is topical, because Russia has blocked consensus in the commission on the catch limit for South Georgia's toothfish for the past two years. That limit is scientifically derived, and there is no basis to Russia's assertions. To protect our sovereign rights, the Government of South Georgia and the South Sandwich Islands have continued to operate the fishery. We will carry on working with our allies and partners to address Russia's destructive intransigence.

On krill, identified and spoken of by colleagues, the fishery spans the sea from Antarctica to South Georgia and the South Sandwich Islands, and the consistent scientific advice of the commission is that vessels targeting krill should be widely spread out. That agreement has been rolled over for the past three years pending a new agreement that some hope will provide for a greater catch limit. Scientific research to support a redistribution over the full area of the fishery is ongoing. In the meantime, the territorial Government control the distribution of vessels licensed to fish for krill around South Georgia. No licences have been granted to fish around the South Sandwich Islands for more than three decades.

I am conscious of the time. On a couple of issues raised by colleagues, the second five-year review of the MPA, including a symposium in June and an internal evaluation, is ongoing. Experts and stakeholders have been invited to a workshop in December to consider whether the MPA is meeting its objectives and whether further measures are required. Great British Oceans has

submitted its proposals for further no-take zones to be declared. It will participate in the workshop, and its expertise and input will be most welcome.

To conclude, the UK is proud of our blue belt programme, which protects more than 4 million square miles of ocean, and I look forward to continuing this discussion with colleagues.

5.29 pm

Sir Robert Buckland: I am grateful to my right hon. Friend the Minister for her comprehensive answer, and to all spokespeople from all parties. I will make a few points before we end.

With regard to the argument about not extending the no-fish zone, the precautionary principle is important, bearing in mind climate change. With China seeking to have another half-a-million allocation of krill to be fished in the Antarctic region, we need to acknowledge the pressure. The precautionary principle is therefore right. Any idea that by doing that we transfer an allocation or the pressure to other areas is not right, because they are not transferable.

Finally, the last time Argentina commented on this issue was in 2018, when it wrote a letter to the Foreign Office after we extended the no-fish area. I therefore suggest that those concerns are unfounded and that the Government should act. I am very grateful—

5.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Wednesday 22 November 2023

TREASURY

Contingent Liability Notification: Mortgage Guarantee Scheme

The Economic Secretary to the Treasury (Bim Afolami):

At this year's autumn statement, the Chancellor announced that the mortgage guarantee scheme will be extended by an additional 18 months to continue to support homebuyers and movers with smaller deposits. The scheme will now remain open to new accounts until 30 June 2025.

HM Treasury launched the mortgage guarantee scheme in April 2021. The scheme provides a guarantee to participating lenders across the UK who offer mortgages to first-time buyers and existing homeowners with a deposit as small as 5% on homes with a value of up to £600,000. The Government know that access to a deposit can be the largest barrier facing first-time buyers. Since its launch, the scheme has successfully restored the availability of 91% to 95% loan-to-value mortgage products, directly supporting over 37,000 households to buy their homes, overwhelmingly first-time buyers.

While the scheme was due to close to new mortgage applications on 31 December 2023, HM Treasury has decided to extend the scheme by an additional 18 months to continue to provide lenders with the confidence to offer low-deposit mortgages to consumers.

Guarantees issued under the scheme are valid for up to seven years after the mortgage is originated. Participating lenders pay HM Treasury a fee for each mortgage entered into the scheme. This is set so that expected claims against the guarantee should be covered by revenue from the fee.

To continue to provide lenders with confidence, HM Treasury will therefore be extending the duration of the Government's contingent liability for an additional 18 months beyond the scheme's planned closing date of 31 December 2023. HM Treasury judges the risk of incurring losses through the scheme to be low, which would only materialise if the sum of commercial fees paid by lenders was not sufficient to cover calls on the guarantee.

Authority for any expenditure required under this liability will be sought through the normal procedure. HM Treasury has approved this proposal in principle. A departmental minute has been laid in Parliament today. If, during the period of 14 parliamentary sitting days, a Member signifies an objection by giving notice of a parliamentary question or by otherwise raising the matter in Parliament, final approval to proceed with incurring the liability will be withheld pending an examination of the objection.

[HCWS66]

Social Security

The Chief Secretary to the Treasury (Laura Trott):

The Tax Credits Act 2002 and the Social Security Administration Act 1992 place a statutory duty on His Majesty's Treasury to review the rates of tax credits and child benefit each year in line with the general level of

prices. There is a further statutory duty on the Treasury to increase guardian's allowance in line with price growth. I have now concluded the review for the tax year 2024-25.

I have decided to increase tax credits and child benefit rates in line with the consumer prices index (CPI) for the year to September 2023. Guardian's allowance will also increase by the same rate. This means that:

The majority of elements and thresholds in working tax credit and child tax credit, including all disability elements, will increase by 6.7% from 6 April 2024. This means, for example, that the basic element of working tax credit will increase from £2,280 to £2,435 per year. In line with established practice and the Office for Budget Responsibility's expectations in their welfare forecast, the maximum rate of the childcare element, the family element, the withdrawal rate and disregards in tax credits will remain unchanged.

All rates of child benefit, plus guardian's allowance, will increase by 6.7% from 8 April 2024. This means, for example, that the child benefit rate for the eldest child will increase from £24.00 to £25.60 per week.

The new rates will apply across the United Kingdom. I will deposit the full list of these rates in the Libraries of both Houses shortly.

[HCWS65]

CULTURE, MEDIA AND SPORT

Telegraph Media Group

The Secretary of State for Culture, Media and Sport

(Lucy Frazer): My Department has today written respectively to Lloyds Banking Group (via Bank of Scotland plc), the Barclay family and RedBird IMI—the current and proposed new owners of Telegraph Media Group—to inform them that I am “minded to” issue a public interest intervention notice. This relates to concerns I have that there may be public interest considerations—as set out in section 58 of the Enterprise Act 2002—that are relevant to the intended loan repayment by the Barclay family and the planned acquisition of Telegraph Media Group by RedBird IMI, and that these concerns warrant further investigation.

Accordingly, a “minded to” letter has been issued to each of the parties on the following public interest grounds specified in section 58 of the Enterprise Act 2002:

(2A) The need for:

- (a) accurate presentation of news and
 - (b) free expression of opinion
- in newspapers;

(2B) The need for, to the extent it is reasonable and practicable, a sufficient plurality of views in newspapers in each market for newspapers in the United Kingdom or a part of the United Kingdom; and

(2C) (a) The need, in relation to every different audience in the United Kingdom or in a particular area or locality of the United Kingdom, for there to be a sufficient plurality of persons with control of the media enterprises serving that audience.

These letters, and other relevant updates, will be published on www.gov.uk.

It is important to note that I have not taken a final decision on intervention at this stage. The “minded to” letter invites further representations in writing from the parties and gives them until 3 pm on 23 November to respond.

If I decide to issue an intervention notice, the next stage would be for Ofcom to assess and report to me on the public interest concerns, and for the Competition and Markets Authority (CMA) to assess and report to

me on whether a relevant merger situation has been created and any impact this may have on competition. Following these reports, I would need to decide whether to refer the matter for a more detailed investigation by the CMA under section 45 of the Enterprise Act 2002.

The Department for Culture, Media and Sport will keep Parliament updated on progress with this case.

[HCWS60]

ENERGY SECURITY AND NET ZERO

Electricity Network

The Secretary of State for Energy Security and Net Zero (Claire Coutinho): The UK is a world leader in renewable energy: in the first quarter of this year, 48% of our electricity came from renewables, up from just 6% in the first quarter of 2010. Our renewable electricity capacity has increased more than fivefold in the last 13 years and we must go further. Energy security means national security.

We must replace imported fossil fuels with cheaper, cleaner, domestic sources of energy. That is how we will ensure that the UK never again suffers the rising prices caused by Putin's weaponisation of energy following his invasion of Ukraine.

As we increase electrification and decarbonise heat, transport and industry in our transition to net zero, we expect a doubling in demand for electricity by 2050. This underlines just how important the grid will continue to be to our way of life, and we will need around four times as much new transmission network in the next seven years as we have built since 1990.

That is why I am announcing an ambitious programme to deliver transformation of the electricity network, ensuring that the network can support our energy security and the transition to net zero. We will halve the time it takes to build new transmission infrastructure, from around 12-14 years to seven years. We will also drastically reduce the amount of time it takes viable projects to connect to the grid, reducing the average delay from five years to just six months.

This package of announcements will reduce consumer bills, support economic growth and drive jobs and investment across the UK. Together, reforms to upgrading the transmission network and connecting to the grid could bring forward £90 billion of investment over the next 10 years.

Transmission Acceleration Action Plan

In 2022, the Government appointed Nick Winser CBE as Electricity Networks Commissioner, to advise on halving the end-to-end build time for transmission infrastructure. The commissioner's report, published in August 2023, set out 43 recommendations, which, taken together, will achieve that goal. The "Transmission Acceleration Action Plan" is our response to those recommendations. It sets out how the Government and key delivery partners will deliver all the recommendations in the commissioner's report, and in some cases go further.

There are eight key areas of action:

Strategic Spatial Planning

Through the strategic spatial energy plan (SSEP), we will have a better co-ordinated approach to how we plan generation and network infrastructure. This will increase certainty for investors and industry and create a more efficient system,

with reduced waiting times for grid connections. The future system operator will work with Government to develop the SSEP, and we will commission the electricity system operator to begin this work early next year.

Design Standards

We will ensure better standardisation of infrastructure and equipment, and we will provide clarity on the points on which communities have a role in decision making.

Regulatory Approval

By streamlining the regulatory approval process, we will unlock investment and provide early clarity on delivery. We will also stimulate investment by introducing competition into some electricity network projects.

Planning Approval

Our reforms to planning processes will include fast-track approvals and updates to the energy national policy statements (NPSs). The updated NPSs will ensure that need for new infrastructure is balanced with impacts on the environment and communities. We are also announcing a review of energy consenting rules in Scotland.

Supply Chain and Skills

To support the expansion of strong, home-grown, clean energy supply chains across the UK, the Government will ensure early engagement at scale and have announced the green industries growth accelerator. This includes a commitment to providing £960 million to support key net zero sectors, including electricity networks, and will enable the UK to seize growth opportunities through the transition to net zero, building on our world-leading decarbonisation track record and strong deployment offer. A green jobs plan will also be published.

Communities and Engagement

We will introduce a community benefits package for communities who host transmission infrastructure, alongside a national communications campaign to improve public understanding of electricity infrastructure and its benefits.

Outage Planning

To enable grid transformation, we will optimise our outage planning arrangements to strategically plan outages in the short, medium and long term.

End-to-End Process

We will put delivery governance in place to monitor and drive delivery of the overall package. A new ministerially-chaired transmission acceleration forum will convene Ofgem and delivery partners to track progress of the actions set out in our transmission acceleration action plan. We will also monitor the impact on delivery of transmission infrastructure on the ground. This forum will also align with the governance being established to support delivery of the connections action plan.

Connections Action Plan

Over the last five years the volume of connection applications to the transmission network has grown approximately tenfold. This has led to an average delay of over five years for projects applying to connect to the transmission network. This affects our ability to decarbonise our energy system, roll out low carbon technologies and attract investment into the UK.

The total connection queue across transmission and distribution is around 500 GW, five times the amount that is currently connected. We know that too many projects in the connection queue will not connect and many are hoarding capacity, preventing viable projects from connecting. Action is already underway to free up capacity and accelerate connections, and network companies are starting to offer earlier connections to customers.

However, the actions underway will not be sufficient to deliver the change we need. This led to the commitment in "Powering Up Britain: Energy Security Plan" to publish an action plan to set out how we will go further and faster to accelerate network connections.

The result is the “Connections Action Plan” which is published jointly with Ofgem and will overhaul the way projects access the grid. This will:

- Release over 100 GW of capacity from the current queue, equivalent to around a quarter of the electricity needed to power our economy in 2050;

- Remove speculative “zombie” projects, giving the ESO powers to terminate the connection agreements of stalled projects; and

- Establish a triage service for strategically important demand customers.

These measures will drastically reduce the time it takes viable projects to connect to the grid. We will reduce the average delay a project faces to connect to the transmission network from five years to six months, with the aim that the vast majority of projects connect in line with their requirements. The measures set out will ensure that Great Britain continues to be one of the best places in the world to connect.

Community Benefits for Transmission Network Infrastructure Government Response

In order to support the growth of new generation, the Government consulted on proposals for community benefits for electricity transmission network infrastructure earlier this year. I am pleased to announce that, based on feedback from the consultation and social research, we have concluded that there is a preference for a combination of electricity bill discounts and wider community benefits (community schemes such as education initiatives for young people, local parks, community energy generation or energy efficiency measures), and that communities would prefer a mandatory scheme.

Based on analysis to date, we are minded to move forward with a package of:

- an electricity bill discount for properties located closest to transmission network infrastructure. While the exact scheme design is still under development, we estimate this could offer, for example, up to £10,000 per property (£1,000 per year, £80 per month, for 10 years); and

- a wider benefit for the local community of around £200,000/km (~£320,000/mile) for overhead lines, £40,000/km (~£60,000/mile) for underground cables, and £200,000 per substation. It will be for the local community to decide in consultation with the developer what projects they would like to support.

Community benefits are separate from the planning process and will still not be a material consideration in planning decisions. They are intended to recognise the vital role that communities hosting onshore network infrastructure are playing in ensuring a cheaper, secure and low-carbon energy supply in Great Britain. Communities may oppose planning applications but still benefit from community benefit packages offered by developers if the project goes ahead.

Further work is needed to design the detail and implementation of the overall scheme, and we will work with industry, Ofgem and community representatives to ensure that the scheme works for communities and can be effectively delivered and administered, without unacceptable costs for other bill payers as we transition towards net zero. Its effectiveness will be reviewed once implemented.

To deliver community benefits as soon as possible, we will publish voluntary guidance on wider benefits and provide further information on the overall community benefits policy. This will include options for developing a mandatory approach and bill discount scheme in

2024. Whilst we continue to explore options for a mandatory approach, we will consider whether to establish a community benefits register. This would be a publicly available register, updated by local communities and/or developers involved in developing community benefit packages, setting out details such as the wider community benefit package and the level of funding. It will provide accountability and inspiration for packages.

Energy National Policy Statements (NPSs)

Having considered the responses to the consultations, I am pleased to be able today to present five revised energy national policy statements for parliamentary approval. This represents a further important milestone in our effort to ensure the energy security of the United Kingdom, and to achieve net zero. National policy statements are a crucial part of ensuring that the planning system is fit for purpose. These revised NPSs mean that developers can put forward energy projects without having to negotiate unnecessary delays, that communities can have their say about how their local area develops, and that decisions are made in an accountable way by Ministers.

Investment in our nation's infrastructure is key to enabling the growth and jobs that the UK needs. The revised energy NPS will ensure that the UK has diverse sources of electricity generation, and that we remain at the forefront of low-carbon technological development.

While ensuring that all necessary legislation to protect the environment and habitats is respected in any energy development, the revised NPSs provide for the application of a critical national priority criterion. It has been necessary to include this due to the growing pressure on the UK's energy supplies from international events and actions, and the consequent rise in energy costs for business and households across the United Kingdom.

The revised NPSs I am laying today set out national policy in key energy policy areas:

- EN-1 covers the overarching needs case for different types of energy infrastructure;

- EN-2 5 deal respectively with natural gas electricity generation, renewable electricity generation, gas and oil infrastructure and electricity networks; and

- The supporting appraisal of sustainability and habitats regulations assessment.

I am today also publishing the Government's response to the latest consultation, to which there were over 170 responses with a further 1100 inputs received via three campaigns.

I will deposit copies of all these documents in the Libraries of both Houses and they are available on gov.uk.

[HCWS62]

HEALTH AND SOCIAL CARE

Commercial Clinical Trials Review

The Minister of State, Department of Health and Social Care (Andrew Stephenson): The UK demonstrated its strength in clinical research during the pandemic through the rapid design and set-up of studies. Over 2 million people participated in covid-19 trials for treatments and vaccines across the UK.

The collaboration that arose between researchers, the Government, the life sciences sector and the NHS drove one of the greatest joint missions in history, something that no other country or international organisation was able to deliver at the pace and scale that we did.

Despite this remarkable success, data published by the Association of the British Pharmaceutical Industry (ABPI) in October 2022 highlighted a decline in the number of commercial contract clinical trials initiated in the UK, primarily in 2020 and 2021. This was due to the challenge of the pandemic, as many studies were paused to allow the system to focus on nationally prioritised covid-19 studies. This change was needed to address the urgent need to identify treatments.

While the collaboration seen during the pandemic showed the agility and resilience of the clinical trial sector in the UK, the Government have recognised that more work needed to be done to sustain and grow this momentum, and to build and strengthen the sector. The Government vision is to unleash the full potential of UK clinical research delivery to help address health inequalities, bolster economic growth and improve the lives of people right across the UK. Clinical research delivery partners across the UK have been working on a co-ordinated plan to transform delivery of clinical research in the UK since 2021, as set out in “Saving and Improving Lives: the Future of UK Clinical Research Delivery” <https://www.gov.uk/government/publications/the-future-of-uk-clinical-research-delivery/saving-and-improving-lives-the-future-of-uk-clinical-research-delivery>

In February 2023 the Government commissioned Lord O’Shaughnessy to conduct an independent review to offer recommendations on how to resolve key challenges in conducting commercial clinical trials in the UK and improve the UK commercial clinical trial environment.

In May 2023 Lord O’Shaughnessy’s review into commercial clinical trials was published. The review set out 27 recommendations, including priority actions to progress in 2023 and longer-term ambitions for UK commercial clinical trials. The review acknowledged the improvements already made and underway and highlighted areas where the system could go faster and further.

Alongside the publication of the review, the Government published an interim response to the review where the Government made five headline commitments backed by up to £121 million.

The five headline commitments were:

- To substantially reduce the time taken for approval of commercial clinical trials, with a goal of reaching a 60-day turnaround for all approvals;
- To deliver a comprehensive and mandatory national approach to contracting;
- To provide “real-time” data on commercial clinical activity in the UK;
- To establish a common approach to contacting patients about research; and
- To establish clinical trial acceleration networks (CTANs).

In addition to these commitments, the Government also accepted in principle the foundational action to develop SMART objectives for all of the ambitions in the vision for clinical research delivery, with owners held to account for delivery by the Life Sciences Council.

Since the publication of the review and the initial Government response we have made excellent progress. For example, in September 2023 the MHRA met the target of all studies receiving regulatory approval within

60 days. This is a significant achievement, providing much-needed predictability and stability for study sponsors and funders.

Furthermore, recruitment to commercial contract research is now an average of over 5,000 a month, in comparison with a pre-pandemic average of 3,200; 82% of commercial studies are on track; and set-up of new commercial studies has been reduced by over 100 days (36%) since our new approach was implemented in October 2022.

Collaborative research funded by both the life sciences industry and non-commercial funders, such as medical research charities, has also recovered to match our pre-pandemic baseline of over 6,900 people recruited on average each month.

Building on this success, I am pleased today to announce to the House the publication of the Government’s full response to Lord O’Shaughnessy’s review, coinciding with the quarterly meeting of the Life Sciences Council. We have accepted all of the problem statements and the majority of the report’s recommendations. In some places we have proposed alternative ways to deliver the ambition behind the recommendation.

This response sets out a full system-wide response with cross-sector input outlining that over the next two years delivery partners will:

- Fully implement the five headline commitments announced in May 2023;
- Make progress in tackling all the problem statements identified by Lord O’Shaughnessy;
- Continue work to improve the operating environment for all types of clinical research using national performance indicators and being transparent about the latest status of these metrics; and
- Increase adoption of more innovative, decentralised models of clinical trial delivery through clinical trial delivery accelerators in vaccines and dementia

The response builds upon the strong foundation that is our clinical research ecosystem, integrating the recommendations made by Lord O’Shaughnessy into the existing future for UK clinical research delivery framework, to make the UK one of the best places in the world to conduct clinical trials.

The health needs of the UK and our research system are broad and diverse. We are committed to maintaining a rich and balanced portfolio, early and late phase, commercial and non-commercial with a range of methodologies and sizes.

The response updates and supersedes our previous plans and provides renewed focus to ensure that we make the progress necessary to ensure that we are a global leader in the delivery of life sciences research while also ensuring continued progress towards our 10-year vision.

Implementation of the response will begin immediately, with quarterly updates and monthly cross-sector communications being made publicly available on the “Future of UK clinical research delivery” microsite.

The publication today provides a clear signal to the health research system that this Government remain committed to making the UK a world leader in conducting clinical research of all types.

Copies of the Government’s response have been deposited in the Libraries of both Houses.

WORK AND PENSIONS

State Pension and Benefit Rates: 2024-25 Statutory Review

The Secretary of State for Work and Pensions (Mel Stride): I have concluded my statutory annual review of state pension and benefit rates in Great Britain. The new rates will apply in the tax year 2024-25 and come into effect on 8 April 2024.

I am pleased to announce that the basic and new state pensions will be increased by 8.5%, in line with the increase in average weekly earnings in the year to May-July 2023. This delivers on our “triple lock” commitment to increase these rates in line with the highest of growth in prices, growth in earnings or 2.5%. This year’s increase is the second highest on record—and means that the full annual rate of the basic state pension will be over £8,800 from next April. The full rate of the new state pension will rise to over £11,500.

The standard minimum guarantee in pension credit will also increase by 8.5%, as will the weekly earnings limit in carer’s allowance.

Recognising the upward pressure in rents, despite the challenging fiscal context, the local housing allowance rates will be increased. These rates for universal credit and housing benefit will cover the lowest 30% of local rents; and the national maximum caps will be increased, so claimants in inner and central London will also see an increase in their housing support payments.

Other state pension and benefit rates covered by my review under the Social Security Administration Act 1992 will be increased by 6.7%, in line with the consumer prices index for the year to September 2023. This includes universal credit and other benefits for people below state pension age; benefits to help with additional needs arising from disability, such as attendance allowance, disability living allowance and personal independence payment; statutory payments including statutory sick pay and statutory maternity pay; and additional state pension. The pension credit savings credit maximum amount will also increase by 6.7%.

Uprating of devolved benefits in Scotland is a matter for the Scottish Government. Some of these—such as attendance allowance, carer’s allowance, disability living allowance and personal independence payment—are being temporarily delivered by the Department for Work and Pensions on behalf of Scottish Ministers under agency agreements. In these cases, the Scottish Government will bring forward corresponding uprating legislation in the Scottish Parliament.

Social security is a transferred matter in Northern Ireland. Corresponding provision for state pension and benefit uprating will be made by the Department for Communities there.

I will place the full list of proposed state pension and benefit rates for 2024-25 in the Libraries of both Houses in due course.

[HCWS63]

Work Capability Assessment Consultation

The Secretary of State for Work and Pensions (Mel Stride): The Department for Work and Pensions will today publish its response to the consultation on changes to the work capability assessment to reflect

the modern world of work and greater employment opportunities for disabled people and people with health conditions.

Through a new “chance to work guarantee”, we will effectively abolish the work capability assessment for most existing claimants who are not expected to look for, or prepare for, work. This will remove the fear of re-assessments and give people the confidence to try work, while providing continuity of service for vulnerable claimants.

This brings forward a key part of our reforms announced earlier this year in “Transforming Support: The Health and Disability White Paper”, which sets out our future direction to completely abolish the work capability assessment and introduce a new personalised, tailored approach to employment support.

Ahead of these longer-term plans, we need to ensure that the work capability assessment delivers the right outcomes, and reflects changes in work since the WCA activities and descriptors were last comprehensively reviewed in 2011.

Over this time, the labour market has changed significantly, as evidenced by the increase in flexibility, and the availability of hybrid and home working jobs. At the same time, the proportion of people assessed to be entitled to the highest tier of health-related benefits, without any requirement to look or prepare for work, has risen from 21% in 2011 to 65% in 2022. Yet we know that one in five people who are not expected to engage in work preparation would like to work at some point in the future, if the right job and support were available.

To help inform our decisions on how we intend to take forward changes to the work capability assessment, we have carefully considered all the consultation responses and feedback from our public events and engagement. We received 1,348 written responses from disabled people and people with health conditions, as well as the organisations that represent and support them. We also engaged directly with clinical experts, employer groups and disability organisations across the country.

To reflect new flexibilities in the labour market and to ensure that more people are supported to move closer to work, from 2025 we will:

- remove the “mobilising” activity used to assess “limited capability for work and work-related activity”;
- reduce the points awarded for the “getting about” descriptor used to assess “limited capability for work”; and
- ensure that the criteria used to determine a substantial risk to health of a claimant found capable of work-related activity is used only in exceptional circumstances so it is in line with the original policy intention.

We will continue to protect the most vulnerable and those who have the most significant limitations. We have determined not to make any changes to the continence or social engagement activities.

We will also change how we describe our health benefit groups in future. We will no longer refer to people’s limitations and will instead focus on what they can do. From 2025, the term “work preparation” will replace “limited capability for work”, and “health group” will replace “limited capability for work and work-related activity”.

Alongside these measures, the Government’s recently announced back to work plan will help more disabled people and those with a long-term illness to overcome barriers to work. This includes, through our new WorkWell

service, bringing together work and health support locally and an expansion of universal support to place more people in roles and provide ongoing wraparound help.

By making these changes, we will ensure fairness for both claimants and taxpayers, step up the support on offer to the most vulnerable claimants, and remove barriers to work.

[HCWS64]

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