

Vol. 810  
No. 202



Friday  
12 March 2021

PARLIAMENTARY DEBATES  
(HANSARD)

# HOUSE OF LORDS

## OFFICIAL REPORT

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<b>Abbreviation</b>	<b>Party/Group</b>
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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# House of Lords

Friday 12 March 2021

*The House met in a hybrid proceeding.*

11 am

*Prayers—read by the Lord Bishop of Southwark.*

## Arrangement of Business

*Announcement*

11.05 am

**The Deputy Speaker (Baroness Garden of Frognal) (LD):** The Hybrid Sitting of the House will now begin. Some Members are here in the Chamber, others are participating remotely, but all will be treated equally. I ask all Members to respect social distancing and, if the capacity of the Chamber is exceeded, I will immediately adjourn the House. I see that some noble Lords are standing—the custom is that, when the Lord Speaker or Deputy Speaker is standing, no one else is.

## Supply and Appropriation (Anticipation and Adjustments) (No. 2) Bill

*Second Reading (and remaining stages)*

11.05 am

*Bill read a second time. Committee negatived. Standing Order 44 having been dispensed with, the Bill was read a third time and passed.*

## Arrangement of Business

*Announcement*

11.07 am

**The Deputy Speaker (Baroness Garden of Frognal) (LD):** The time limit for this debate is five hours. I remind Back-Bench speakers that they have two minutes to speak; time is very tight, so please do not exceed your time.

## Budget Statement

*Motion to Take Note*

11.07 am

*Moved by Lord Agnew of Oulton*

That this House takes note of the economy in light of the Budget statement.

**The Minister of State, Cabinet Office and the Treasury (Lord Agnew of Oulton) (Con):** My Lords, the Budget that the Chancellor set out last week has three key elements. First, it protects jobs and livelihoods and provides additional support to get the British people and businesses through the pandemic. Secondly, it is clear and honest about the need to fix the public finances. Thirdly, it starts the work of building our future economy, including by providing opportunities to level up across the country.

The Budget announced additional measures worth £65 billion to support the economy through the pandemic this year and next. Added to last November's spending review, the number is £352 billion and, taking into

account measures from the spring Budget last year, the figure rises to £407 billion. The OBR now expects the UK economy to recover to its pre-crisis level six months earlier than originally expected—in the second rather than the fourth quarter of 2022.

Importantly, the Budget extends the furlough scheme until the end of September. Support for the self-employed will also continue until September, with an additional 600,000 people now potentially eligible to claim. The universal credit uplift of £20 a week will be maintained for a further six months and working tax credit claimants will receive equivalent support over the same timeframe.

Among other things, the Budget also reaffirmed the Government's commitment to increase the national living wage to £8.91 an hour from April. It also announced a new restart grant in April to help businesses to reopen and get going again, as well as a new recovery loan scheme to replace our earlier bounce-back loans and coronavirus business interruption loans.

The Chancellor was also open about the longer-term fiscal challenge that we now face. The Budget does not raise the rates of income tax, national insurance or VAT. Instead, it maintains personal tax thresholds on income tax, inheritance tax, the pensions lifetime allowance and the annual exempt amount in capital gains tax, with higher earners affected the most. It also announced an increase in corporation tax to 25% from 2023. Importantly, 25% is still the lowest corporation tax rate in the G7 and companies that make less than £50,000 profit annually will only be subject to a 19% tax rate. Given that the Government are providing businesses with over £100 billion of support to get through the current crisis, it is only right to ask them to contribute to our recovery.

The third component of the Budget is a series of initiatives and measures to support the investment-led recovery that the country needs. A new super deduction will, in some cases, allow companies to reduce their taxable profits by 130% of the cost of the investment that they make in plants and machinery, which is equivalent to a 25p tax cut for every pound that they invest. Worth £25 billion over the two years that it is in place, the super deduction represents the biggest business tax cut in modern British history.

The Budget also announced, among other things, the creation of the first ever UK infrastructure bank, headquartered in Leeds. Two new schemes—Help to Grow and Help to Grow: Digital—will help tens of thousands of small and medium-sized businesses to get world-class management training and help them to develop their digital skills. We are helping to ensure that we have access to the talent that we need through the reforms that we are making to our visa system.

Achieving an investment-led recovery means allowing investment to flow more freely, which is why we want to give the pensions industry more flexibility to unlock billions of pounds from pension funds into innovative new ventures. Alongside these measures, our commitment to levelling up across the United Kingdom is reflected in the £4.8 billion levelling-up fund; accelerated city and growth deals in places such as Ayrshire, Falkirk, north Wales and Swansea Bay; more than a £1 billion for 45 new towns deals; and a £150 million fund to help communities across the United Kingdom take

[LORD AGNEW OF OULTON]

ownership of pubs, theatres, shops or local sports clubs at risk of loss. This complements the inward investment that will be attracted through the announcement of eight new freeports in eight English regions.

The country has experienced the worst fall in GDP in three centuries—not the 1976 sterling crisis, not the Second World War, not the First World War, not the Napoleonic War; this has been harder financially than all those. In response, the Chancellor has presented a plan that will continue to protect jobs and livelihoods and to support British people and businesses through this moment of crisis. It will begin to fix the public finances and will start the work of building our future economy through investment-led recovery.

**The Deputy Chairman of Committees (Baroness Garden of Froggnal) (LD):** My Lords, I should have added that the maiden speakers all have an extra minute and the welcomers an extra 30 seconds. I call the noble Lord, Lord Eatwell.

11.12 am

**Lord Eatwell (Lab):** My Lords, in these very uncertain times, it is inevitable that some of the Budget measures will prove an unexpected success and some an unexpected failure. So, instead of dealing with detail, I will focus on the inspiration and what the Budget tells us about the Chancellor's thinking—his economic philosophy, if you like.

Fortunately, that philosophy is summed up in the Budget speech:

“The only reason we have been able to respond as boldly as we have to covid is because 10 years of Conservative Governments painstakingly rebuilt our fiscal resilience.”—[*Official Report*, Commons, 3/3/21; col. 255.]

Note that he said: “The only reason”. For the Chancellor, the prime objective of government policy must be fiscal resilience—the heartbeat of austerity. There was no mention of the impact of those 10 years on public services desperately understaffed as the pandemic hit, no mention of the lack of 35,000 nurses in the NHS—indeed, no mention of the NHS at all—and no mention of the fact that we entered the pandemic with a little over six intensive care unit beds per 100,000 population, compared with double that number in France and Italy and five times that number in Germany.

For the Chancellor, fiscal resilience is paramount and the unique determinant of economic success. Hence the grandstanding on future tax rises in the Budget. For the future is to be dominated not solely by higher taxation but by cuts in government spending on top of the cuts already announced in the autumn. These are deemed necessary to pay off the debt. Overall, it is deflation in excess of £30 billion a year—year after year. How well founded is the Chancellor's assertion that austerity is

“The only reason we have been able to respond”?

As is evident from the OBR report, the increase in government spending to counter the pandemic was funded almost entirely by the Bank of England. Does anyone really believe that the Bank would have refused to fund the increase?

Is the Chancellor right to suggest that fiscal resilience should be his principal objective, or is his obsession distorting the Government's entire approach to economic policy? Let us be clear: the prime objective of government economic policy should be the management of demand for the nation's real resources, labour and productive capacity. The Government should set fiscal policy to ensure the very best use of resources today and development of resources for the future. If this involves more debt, then that is the best economic decision; if it involves more taxation, then that is the best decision. The role of taxation is not to pay off the debt but to be part of a balanced programme of fiscal and monetary policy to stimulate the real output needed for the achievement of the Government's goals: health, education, defence of the realm, decent living standards, tackling climate change and so on.

Of course, the mixture of taxation, spending and debt decrease or increase may have other consequences that must be taken into account. For example, the OBR demonstrates that quantitative easing has lowered the maturity of UK debt, making it more interest rate-sensitive. That is serious. There may be other effects in the money markets. For example, holders of government bonds may come to believe that current policy will increase inflation. It does not matter whether the belief is true or false; if the result is that they sell off bonds, interest rates will tend to rise. Given his important responsibility of managing expectations, there is market danger in the Chancellor's suggestion that fiscal resilience should be the paramount goal.

If, instead, we view the Budget through the lens of a programme of monetary and fiscal policy that secures the highest real output, some key consequences emerge. In a speech last week, the Governor of the Bank of England defined the ideal post-pandemic economic policy: the cost of the Covid shock

“has to be managed, and it will be easier to do that with a higher trend rate of growth, boosted by stronger investment.”

Have the Government provided a plan for stronger investment? The approach in the Budget is best characterised as, “There's a problem, so throw money at it and hope it works. There's a lack of investment, so throw money at super deduction for two years.” The result is spelled out by the OBR: long-term investment will not be increased, just shifted around. There will be a two-year boost to take advantage of the subsidy, then a decline. For companies to invest, they do not need super deductions; they need the prospect of growing demand for their products. What does this Budget offer them? Miserable rates of demand growth: 1.5% in 2023, 1.6% in 2024 and 1.7% in 2025—no long-term strategy for investment.

Similarly, there is a housing crisis. Let us throw money at it in the form of stamp duty holidays and a mortgage guarantee. The result? Sharply rising house prices and a few more houses. Has the Chancellor not noticed that house prices have risen by 8.5% in the midst of the worst recession of modern times? There is no long-term strategy for housing.

So, where is the plan for investment? Well, there is what I can only describe as a PR brochure, *Build Back Better: Our Plan for Growth*, published by the Treasury. It is full of wonderful, glossy photographs and a lucky



dip of proposals on infrastructure, skills, innovation and the environment, but the photos fail to disguise the fact that there is no unifying framework, a complete absence of any plan for implementation or monitoring, no institutional oversight and no evidence of consultation—nothing to encourage the commitment of private investment, and no strategic thinking for an investment decade. How could there be when fiscal resilience and spending cuts have to come first?

The pandemic has imposed a massive cost on the British economy, the real cost of lost output, lost jobs, furloughed idleness and collapsed businesses, the highest death rate in the G7 and the biggest fall in production. But there is an economic opportunity. New thinking can define a break from the policies of the past 10 miserable years. Just as, after the war, Britain built a better society, we can build a new economy and a new society now, but only if monetary and fiscal policy are the servants of a building programme; not if, as for the Chancellor, the real economy is to be squeezed in the service of outdated fiscal orthodoxy.

11.21 am

**Lord Fox (LD):** My Lords, we have a long debate in front of us and, in opening for the Liberal Democrats, I will not try to cover every single item in the Budget. I will not have time to go into detail about the £10 billion of debt amassed during the Covid crisis by the poorest households. I will leave it to others to explain why the universal credit uplift should be made permanent, and why this debt should be addressed before we see a further escalation of homelessness across the country. Similarly, I will not speak in detail about the challenge facing small businesses, viable enterprises that have supported jobs in our communities in the travel, tourism and creative sectors, for example—viable businesses, but already experiencing a debt crisis while facing spiralling fixed costs. Instead of giving them a ladder out of this hole, the Budget offers them a chance to dig themselves into more debt through the recovery loan scheme. This debt will haunt the economy for years.

I want to focus on two other big gaps in this Budget. The first is the national strategy deficit. Anyone reading the two inches of documents that come with modern Budgets will see that there is no shortage of the word “strategy”, but no actual evidence of strategy; instead, we have broad aims. There is the aim of net zero by 2050, for example, but no plan in this Budget or anywhere else for how we are going to get there. Indeed, some of the Budget measures cut across net zero.

Then we come to industrial strategy. In this instance, the Chancellor inherited something that had worked across several Parliaments. Sitting atop this was the Industrial Strategy Council. It was launched as a joint industry-government body that would steer the UK to higher productivity. As the noble Lord, Lord Henley, the then Conservative Minister for BEIS, said in 2017:

“The Industrial Strategy Council will be independent. It will be responsible for putting the right evaluation and reporting structures in place and make recommendations to government on industrial strategy.”

Then, last week, it was abolished. There was no announcement to Parliament, no Statement to your Lordships, just short letters to the council members.

There was a chorus of disapproval in British manufacturing. In justifying their decision, the letters note:

“The UK is in a completely different situation than it was in 2017.”

It cites Brexit, the net zero challenge and Covid. Can the Minister explain why these three challenges make the need for an industrial strategy less, rather than more, urgent?

This decision officially confirms that BEIS is a vassal of the Treasury, a Treasury led by a Chancellor to whom the concept of a strategic approach to manufacturing seems anathema. Instead of this, Her Majesty’s Government have the *Build Back Better* document. This is actually a rehash of existing activities. It recycles 142 pre-existing policy initiatives, and these do not hang together that well. I would call the document flimsy, but it is bulked out with acres of colour photography, and therein lies the explanation: this is a Government dazzled by flash photographic announcements and bored by the hard graft of strategic development. They are insouciant about delivery.

The second gap I want to briefly cover concerns social care and its relationship with local government finance. This Budget is eerily quiet about this vital service, and this silence is a scandal. We all know what it means to elderly, vulnerable people to have recourse to proper care, and we all know that this is failing people every day. But there is a second, knock-on issue. The 5% rise in this year’s council tax will hit everyone, the poorest and richest, and 60% of this rise is due to the social care precept that the Treasury is essentially forcing local councils to raise. Since 2016, this precept has added hundreds of pounds to individual council tax bills all over the country. In short, councils are being made to tax local residents to shore up the failing social care system, so that the Conservatives can pretend that they are not doing it.

Once again, this is no strategy for social care, just a tactic of lumping it to hard-pressed councils. Meanwhile, the money these councils have to spend on other services—roads, libraries, the bins and other care—is being squeezed, so squeezed that the Government are allowing some councils to capitalise revenue spend. This capitalisation is essentially mortgaging future revenue. I ask the Minister: how is this prudent or just for future council tax payers? How do the Government think the levelling-up agenda can succeed when red wall seat councils are being squeezed so hard in this way?

This country is just beginning the long road to economic recovery from Covid. Our businesses are only now realising the huge economic stress of Brexit, and we are in the very first stages of addressing the climate emergency. To meet these three challenges, we need something more than glossy photographs and clever slogans; we need strategic focus and a Government who get down to the hard graft of delivery. This Budget offers little prospect of that.

11.27 am

**Lord Lamont of Lerwick (Con):** My Lords, this is the first time I have ever spoken in a Budget debate in the Lords and I am making my “maiden speech” only

[LORD LAMONT OF LERWICK]

because I want to support the Chancellor at a time when there are no easy answers—it is a very difficult situation. I always listen with respect to the noble Lord, Lord Eatwell, but I disagree with him over fiscal resilience and its importance. The central dilemma for the Chancellor in this Budget is how he can start repairing the public finances without endangering the recovery. He resolved that dilemma by delaying the increases in corporation tax and the freezing of personal allowances, again delayed for one year. This staging gives the recovery the chance to get established, and I believe that was the right judgment.

Overall, the Budget increases the tax burden by 1% of GDP, which is uncomfortable for many of my noble friends on this side of the House, but we have been through phases like this before, in the early 1980s and other periods when fiscal tightening, far from killing off growth, ushered in long periods of expansion, which is what enables us to pay for good public services. We should not succumb to the mistaken interpretations of Lafferism or Reaganomics that led America astray in the 1980s. Some will criticise the increase in corporation tax, but once you have ruled out the three main taxes, as was done in the Conservative manifesto, the Chancellor had little choice. The question remains whether such a large increase in corporation tax can be delivered: moving the tax up in one go to 25% may cause prospective investors a bit of hesitation.

The OBR talks of lowering investment in the medium term, and I would appreciate it if my noble friend Lord Agnew would comment on that very obvious reservation that the OBR expresses. I believe that the Chancellor has risen to these unprecedented challenges flexibly and pragmatically, and I support him.

**The Deputy Speaker (Baroness Garden of Frognal) (LD):** We welcome the maiden speech of the noble Lord, Lord Khan of Burnley.

11.29 am

**Lord Khan of Burnley (Lab) (Maiden Speech):** My Lords, it is indeed an honour and privilege to make my first contribution to your Lordships' House. I express my gratitude to noble Lords across the House for the warm and kind welcome which I have received. I particularly thank Black Rod, the clerks of Parliament, the doorkeepers and the security guards for their patience and guidance and for always going the extra mile in these challenging times. I could not have asked for better supporters than my noble friends Lord Harris of Haringey and Lady Hayman of Ullock. Both are inspiring public servants who have taught me so much already and continue to answer my never-ending questions.

Choosing Burnley for my title is recognition of the pride and affection I have for the town where I was born and have always lived. When working as a taxi driver as I studied for my master's degree in European law, I really enjoyed the warmth of local people. As my taxi driver father agreed, it also felt like a public counselling service late on Saturday nights.

My first connection with your Lordships' House was when I collected my noble friend Lord Clarke of Hampstead from Preston train station and drove him

to Burnley, where he was leading a commission on the 2001 disturbances in the northern towns. This takes me to the current debate.

We are still waiting for a balanced economy where there is equal distribution of wealth across all regions and, in particular, the north. Will the Minister reflect on this point and ensure that investment is not just for infrastructure but also to empower local people to engage in decisions affecting their lives? I hope the concept of a “northern powerhouse” does not end up being a “northern poorhouse” due to the lack of attention and perpetual rhetoric without any action or meaningful devolution.

Having served in the European Parliament, I am accustomed to time-restricted speeches. I finish by saying that I will continue to work on the issues which I have always championed: human rights, climate change, workers' rights and gender equality. I look forward to working with and getting to know noble Lords across this remarkable House and in this great city—the mayor of which shares my surname. Although I am the first Lord Khan to take a seat in this magnificent Chamber, I hope not to be the last.

11.31 am

**Lord West of Spithead (Lab):** My Lords, I am delighted to follow my noble friend Lord Khan of Burnley and congratulate him on his splendid maiden speech. Born in 1979, he is the youngest ever mayor of Burnley. He makes me feel ancient; when he was born, I was a lieutenant-commander serving on HMS “Norfolk” in the South Pacific—noble Lords can imagine that it was hell out there. I was shocked to find that there had never been an HMS “Burnley”, but the town had an affiliation with a sister ship I fought alongside in the Falklands, HMS “Active”, so all is well.

My noble friend Lord Khan graduated in law in 2002 and gained a masters in 2004. As he mentioned, while studying he worked as a taxi driver. I think we will have to wait to find out who else he had in the back of his cab. He became a local councillor in 2007, was re-elected in 2011, was elected unopposed in 2015 and had 90% of the vote in 2019—which, I have to say, all sounds a bit like the Chinese legislature, but never mind. During this time, he was a university lecturer and he became an MEP in 2017. The Burnley race riots of 2001 had a huge impact on him and inspired him to develop numerous community cohesion projects. I think he should be particularly proud of his ground-breaking higher education programmes to increase academic participation among women of the south Asian community. Wajid, you are a very valuable Member of this House, and I extend to you all our warmest welcome.

The Budget says it delivers security today. It is a bold claim, and one that demands not just economic strength and financial security for our people but also robust defence. I have spoken after every Budget for the last decade and bemoaned the fact that defence normally gets only one sentence. In this Budget—admittedly, post Covid—it does not get any. The world is more dangerous and unstable than for many years, and the pandemic has exacerbated that trend. I hope that, after 11 years of cutting defence spending, the

Government will not rest on their laurels of the welcome increase in the spending review last November, because without more resources our military capability will continue to decline. We all know that in 10 days' time we will find out whether that is happening, and I look forward to that with interest.

On a more positive note, I welcome the formation of an ARPA equivalent and the increase in R&D funding. We need technological innovation, not least to ensure zero-carbon energy in the future. A small number of large nuclear reactors, supported by many advanced modular reactors, and a massive use of hydrogen in conjunction with renewables is the way ahead. We can no longer afford to delay the nuclear programme.

Lastly, on a subject close to my heart, how will the Government contribute to kick-starting the much-needed decarbonisation of the maritime sector? Will it be through the newly established infrastructure bank or other institutions?

11.34 am

**Lord Palmer of Childs Hill (LD) [V]:** My Lords, first I congratulate the noble Lord, Lord Khan.

This is surely a Budget of unintended consequences. For two years, investment in plants and machinery will qualify for a 130% capital allowances relief, which means an extra £25 tax reduction for a spend of £100. I am sure the creative tax avoidance industry is already working on a redefinition of what is “plants and machinery”. It has been suggested that fixtures such as fire alarms, swimming pools and jacuzzis could qualify. I suppose that we could see a claim for an industrial duck house. Let us be clear: the tax relief is not only for the cost of the duck house but for more than the cost. At the same time, this Budget will drag more people into the tax net by freezing personal allowances. Then there is the increase in corporation tax—but not until 2023, so as to give enough time for business to relocate overseas.

The Government have failed to appreciate the administration burden they create, such as the implementation of the VAT reverse charge, which is a severe burden on the construction industry. I hope that the Minister can announce, at least, a suspension of the charge, reducing administration and thus rectifying the restriction to cash flow in the supply chain.

I compliment my noble friend Lord Fox on raising the lack of strategy in this Budget and the lack of noticing the problems with social care. These are the overall faults of this Budget—a Budget of unintended consequences with nice-sounding words.

11.36 am

**Lord Macpherson of Earl's Court (CB) [V]:** My Lords, I add my congratulations to the noble Lord, Lord Khan of Burnley, on his eloquent maiden speech.

There is much in this Budget which is sensible. It is right to support the economy at the current time. It is right to support people who cannot work and businesses that cannot open. Some of the measures are ingenious; I regret not having advised the then Chancellor Alistair

Darling to implement a super-deduction. The Chancellor is also right to focus on repairing the public finances once this crisis is over. Unlike the noble Lord, Lord Eatwell, I do not think that we can rely on the Bank of England indefinitely buying the huge amounts of debt that the Government are issuing.

As they repair the public finances, I encourage the Government to be mindful of two issues. First, the proposed rise in corporation tax is very steep, and here I agree with the noble Lord, Lord Lamont. The deductions available against the tax are small. Britain risks becoming uncompetitive as a result, with activity moving to lower-tax jurisdictions. I am sceptical that the tax will raise as much revenue as the OBR suggests.

Secondly, the Government have further tightened their spending projections in the medium term. But, apart from cutting overseas aid and announcing a pay policy which may or may not be deliverable, they have shown little inclination to take the tough decisions to live within those plans. All the pressures in the coming period are going to be upwards—whether improving NHS capacity or the quality of social care. Meanwhile, demographic pressures are accelerating.

Controlling spending is hard work. The so-called unprotected programmes are now so small they cannot yield the savings that the Chancellor needs. He will have to take difficult decisions, and soon—for example, revisiting the triple lock on the state pension. But, in the end, I fear further tax rises will be necessary, so I continue to recommend a temporary social solidarity charge.

11.38 am

**Lord Risby (Con):** My Lords, a year ago the OBR forecasted a horrendous rate of unemployment of 11.9%. It is now likely to be 6.5%—of course, that is bad enough. But, most fortuitously, our finances were virtually in balance when the pandemic struck, and we should simply remind ourselves that the lack of good budgetary housekeeping before the financial crash played its part in seeing unemployment rise to 8.5%.

We will bounce back quicker than many countries, assisted by high cash levels, but, most importantly, we must drive our trade and export capabilities. Every Member of your Lordships' House should welcome the enormous efforts to do this and wean ourselves away from such traditional dependence on the British consumer. The 63 signed trade deals offer the prospect of forging trade relationships in faster-growing regions. A huge increase in UK export finance will help to facilitate this and export promotion extends to small and medium-sized businesses too. Surely the Commonwealth offers considerable potential for trade and investment. That really needs focus and attention; many of their leaders will be here for COP 26.

With our gigantic level of borrowing, in due course fiscal restraint will be imperative. That will mean, as announced, targeted tax rises. There are some inklings of higher interest rates emerging already. Thus, without real prudence we could just potentially face renewed financial pressures of severity. However, I hope that greater growth will provide an offset. Meanwhile, the so-called super-deduction will give an enormous incentive to invest for innovation and to modernise our industrial



[LORD RISBY]

and technological capabilities, which would be very welcome. This Budget, in such enormously difficult circumstances, deserves our support.

11.41 am

**Baroness Quin (Lab) [V]:** My Lords, I begin with warmest congratulations to my new noble friend Lord Khan.

The Chancellor of the Exchequer understandably spoke at length in his Budget speech about the effect of Covid on the economy but managed to avoid any mention whatever of the Government's Brexit deal, which is creating huge problems for our economy and our exporters. We remember the Prime Minister trumpeting his deal on Christmas Eve and claiming, astonishingly, that it meant no non-tariff barriers. In saying this, was he deliberately telling us a lie, or did he not understand the deal that he had put his signature to? The new barriers to doing business in our biggest and nearest market are harming industries as diverse as the fishing industry on the one hand and our hitherto outstanding successful creative industries on the other. In my local area, some small businesses which export to the EU and which want to grow have suddenly lost half of their trade, with the food and drink sector particularly badly affected.

The Prime Minister also promised us a Brexit windfall for the NHS, but nurses' pay goes up only 1%. Please can the Government reconsider that?

The Budget contained controversial announcements on the levelling-up agenda. For example, the Chancellor's own area in North Yorkshire was given a higher priority than other much less well-off places. I note that in my own region, the north-east, the only good news was for Teesside and Darlington, both of which have Conservative politicians the Government are keen to shore up. Nothing was given to any areas north of Teesside. Why were those areas excluded?

Finally, I regret strongly that the levelling-up money is being distributed by centrally controlled and centrally judged schemes, which involve would-be beneficiaries spending valuable time and resources in putting forward bids with no guarantee of success. Can we not have a fair allocation of this money based on need and on a genuine partnership between central government and the local areas concerned?

11.43 am

**Baroness Bowles of Berkhamsted (LD) [V]:** My Lords, the Chancellor has put in place more support for the economy. Unfortunately, it still contains unfairness, especially to the self-employed, such as freelance musicians, which mars what are otherwise generous provisions. It is hard to see generosity going everywhere else, knowing that you will share in the payback. While continuing help through furlough schemes, rate support, stamp duty and VAT reductions is to be phased out, it looks like a cliff edge for universal credit—although I think the £20 should be made permanent and that spare money would be better spent on stimulating growth than on house prices.

Balancing longer-term public finances looks challenging to meet by 2025; there is plenty of time for corporate pressure before the 25% tax rate kicks in, and the public service savings plans look unrealistic, horrifying,

or both. The autumn spending review already took £12 billion a year out of pre-pandemic plans, and the Budget claims another £4 billion. How can that be done with backlogs in spending needs everywhere—in school catch-up, cancelled operations, court hearings, broken public transport and failed social care?

We may have had honesty about some of the problems that lie ahead and when tax changes will take effect, but while the Chancellor has stuck to tax promises in the manifesto, he has not stuck with the pandemic manifesto of "Save the NHS". There is no saving the NHS with a 1% pay rise for nurses or with the pre-Covid spending plans, when there is a year's backlog of missed treatments, some, sadly, causing loss of life, but many creating greater need, and alongside that, long-term Covid requirements and vaccine top-ups.

11.45 am

**Lord Bates (Con):** My Lords, in this long debate and in the substantial number of documents that accompany this Budget Statement, one fact should stand out to all of us. It states that we have experienced a shock the like of which we have never seen in the 300 years we have been keeping records of our economic performance—we have never seen anything like it in 300 years. And yet we are told by the noble Lord, Lord Agnew, and by the Chancellor, that we can expect to recover to pre-Covid levels in the second quarter of 2022. That is tribute to the remarkable and breath-taking resilience of the British people and British business, and that should give us pride and confidence for the future.

11.46 am

**Lord King of Lothbury (CB) [V]:** My Lords, none of us envies the Chancellor, who faces bigger challenges than those confronted by many of his predecessors. However, Budgets should be judged by their contribution to economic stability, not their political gimmicks.

I am concerned about the change to the remit of the Bank of England. Independence of the Bank was accompanied by a clear mandate expressed by the inflation target. When asset purchases commenced in 2009, the framework was established to ensure that the Bank did not become the arbiter of credit allocation among different sectors and different companies. But the new remit requires the bank to do just that, and to "reflect the importance of environmental sustainability and the transition to net zero"—[*Official Report*, Commons, 3/3/21; col. 259.] in its purchases of corporate bonds.

Some may argue that this is a harmless gesture; after all, given the inflation outlook, it is far from obvious that there will be new asset purchases by the Bank. But what seems a harmless gesture today may prove damaging tomorrow. I know that climate change arouses passions, but that is no reason to embroil the Bank of England in what should be the responsibility of government. Climate change and declining biodiversity are serious issues that merit proper debate. Fiddling with the Bank of England's remit, while at the same time taking no action on a carbon tax and freezing fuel duty again, are gestures, not a coherent policy. More importantly, they are the first steps on a slippery slope to undermining the independence of the Bank, and we cannot afford to lose that.



**The Deputy Speaker (Baroness Garden of Frognal) (LD):** The noble Lord, Lord Davies of Oldham, has withdrawn, so I call the noble Earl, Lord Caithness.

11.48 am

**The Earl of Caithness (Con):** My Lords, the Chancellor will long be remembered for his clever and sympathetic handling of the terrible pandemic that we have been through. As my noble friend Lord Bates just said, it is a remarkable tribute that we are where we are.

However, I hope that he will be remembered for something else, too. It is a word that my noble friend Lord Agnew did not use when he opened this debate: productivity. In the 1980s, productivity was about 2.5%. We could double living standards every 30 years. Since the 1990s, it has fallen to an abysmally low level and the OBR forecast is that it will not improve that much in future. My noble friend mentioned that he was planning to do something on management, but can he be more specific on how we will get the long tail of British businesses that are unproductive to be more productive with better management? It has been a long-term failing of the British, and we really need to get a grip on it for the future. Without productivity, we cannot increase the economic cake and therefore cannot get larger slices.

I turn to VAT. I would like to see one area of it increased. In our report, the Food, Poverty, Health and Environment Committee recommended increasing VAT on unhealthy food. The Government noted the idea but have not acted on it. Will my noble friend take that away and come back? Getting us to eat better food will reduce the costs for the NHS hugely—by billions of pounds.

My third and final point refers to free ports. Why do the Government think that free ports will work this time when they did not work terribly well last time?

11.50 am

**Baroness Doocey (LD):** My Lords, much of the tourism sector has fallen through the cracks of government funding for business during the pandemic. Touring coach operators, English language schools and event organisers are not eligible for leisure and hospitality grants, despite the fact that they bring in £15 billion a year, which is half of all inbound tourism revenue. The Budget has not changed that, so will the Government ask councils to prioritise some of the £425 million in new ARG grants specifically to those sectors and agree to include those businesses in the extended business rate and start-up grants? The details of those grants have not yet been announced, but it is essential the Government do not make the same mistakes as we have at the moment.

For example, a travel agent who sells a ticket to a customer for a tour is eligible for support, but the tour or coach operator who actually takes the customer on the tour is not. Children's nurseries are eligible for support, despite the fact that they are open, but language schools, which have had to close, are not, despite the fact that they host half a million overseas students a year and bring in £1.2 billion a year. Finally, car hire premises, which have been open all the time, are eligible

for support, but coach hire premises, which were forced to close and have seen their business decimated, are not. Frankly, you just could not make it up.

I make a plea to the Government urgently to address those anomalies and target support to those businesses, which bring in £15 billion a year in export earnings, employ 250,000 people and are hanging on by just a thread.

11.53 am

**Baroness Jones of Moulsecoomb (GP) [V]:** My Lords, I welcome the noble Lord, Lord Khan, and look forward to working with him on climate change—speaking of which, as a Green, I was intensely disappointed by the Government's Budget. It is clear that they do not understand the climate emergency that we are facing, and they put in pathetic action on moving forward.

Green Party policy is that taxation, including a carbon tax, can incentivise the transition to a low-carbon economy while reducing inequality and supporting vital services. Corporation tax is one of the most powerful levers Governments can use to adjust the way the economy works. The argument about tax should not be about good and bad; tax should be used strategically to manage an economy for the common good. Allowing companies to avoid their tax responsibilities to pay for infrastructure and health and education services is short-sighted when they depend on those very services to function effectively. We would support a windfall tax for those companies that have seen profits spiral during the pandemic.

Our Budget proposals headline a range of environmental taxes that can provide incentives to speed up the transition to sustainability. The first and foremost is a high and rising carbon tax. We propose £100 now rising to £500 by 2030. It is a radical move, but one that reflects the existential climate crisis that we are facing and lives up to the climate rhetoric that, from the mouths of other politicians, turns out to be only hot air. Our carbon tax proposal is matched by a proposal to ensure that money is generated to compensate citizens as fossil fuel companies increase their prices to absorb the cost of the tax. We would use it to fund a universal basic income that would provide a safety net during the pandemic and after, which will be needed in the rocky times ahead. That is a Budget for a safe future.

11.55 am

**Lord Moynihan (Con):** My Lords, the announcements in the Budget relating to sport and recreation are welcome. There is £300 million available for spectator sports. At the end of last summer, major spectator sports faced debts in excess of £100 million, with a liability of a further £200 million in the absence of action by the Government, so this support is very welcome. The £25 million for grass-roots football was also essential, otherwise one in four clubs would have had little chance of reopening after the pandemic. We must also ensure that money is used to improve facilities and develop new football pitches.

Our sporting infrastructure in this country is in serious decline. Most interestingly, £150 million was made available to allow communities to take over leadership

[LORD MOYNIHAN]

of local facilities that are failing. This can keep many community sports clubs alive. Four hundred pools, leisure and gym facilities will have already gone to the wall before we emerge from this pandemic, and investing in local gyms and leisure facilities, once they can open with safe restrictions, is very welcome, with applications invited for loans and grants.

The Government's road map out of the pandemic notes:

"Exercise and outdoor sports are well documented to reduce individuals' risk of major illnesses".

It also says that physical activity is known to help with increased resistance,

"improving mental health through better sleep, happier moods, and managing stress"

and anxiety. We must build back better and build back more active. Only with a national policy for sport, recreation and an active lifestyle for well-being and a safe environment have we any chance of tackling obesity, boredom and poor health, both physical and mental, which faces the younger generation in particular to a level unprecedented in this country. Only a major cross-departmental response co-ordinated from the top will work, and only when the Government prioritise the importance of an active lifestyle policy to the nation will we be properly prepared to deliver a full recovery from this epidemic—this economically, socially, mentally and physically debilitating time in our history.

11.57 am

**Lord Monks (Lab) [V]:** My Lords, I add my congratulations to my fellow Lancastrian, my noble friend Lord Kahn, on his maiden speech. The Chancellor's measures look reckless and generous to many, but for me they are a dangerous bet, relying as they do on the economy to bounce back shortly. Contrast that with the Biden programme in the States, where small government is being replaced by an unafraid intervention on a scale not seen for 40 or 50 years. On specific measures, I miss a commitment to keep the uprating of universal credit on a permanent basis. I miss decisive action on productivity, and I miss a plan to sort out the post-Brexit problems on trade. Is there a plan? I would like to see one very soon.

What happened to fairness? Is it true that consultants on test and trace—whose performance has been ordinary, to say the least—are on £7,000 an hour and earn as much in an afternoon as a front-line nurse gets in a year? Where is the fairness in that, and in the absence of significant help for hard-pressed local authorities, struggling as they are, particularly with social care? Money that has been available has been unashamedly targeted towards Tory marginal seats on a basis that makes it look like the pork barrel still operates. The poorest parts of the country are missing out and other, more prosperous, parts are doing better.

All in all, the Chancellor has missed an opportunity to promote a transformative Budget and build a greener, fairer United Kingdom. Working people will pay the price unless decisive changes take place.

11.59 am

**Lord O'Neill of Gatley (CB) [V]:** My Lords, I give my own congratulations to the noble Lord, Lord Khan of Burnley. I particularly welcome his passion and plea for more for the northern powerhouse. In view of the short time, I will make five specific points.

First, yet again this was not a normal Budget, as it was understandably geared towards Covid-related support. This makes it hard to assess the true economic priorities for this Government, especially as we are yet to see a multi-year spending review.

Secondly, however, I applaud the Chancellor's general resistance to introducing too much fiscal restraint too early, and I commend his broad macro stance.

Thirdly, in contrast to some others, I also admire the decision to plan for an increase in corporate taxes. It has been obvious to me for years that the general Anglo-Saxon obsession with ever-lower corporate taxes, while it has boosted profits, has had no positive impact on investments. Also, given the political change in Washington, this move was savvy.

Fourthly, in the hope and on the assumption that the Autumn Statement will allow for thinking beyond Covid, I hope that the Government will again resist early fiscal restraint and give a much deeper and broader strategy around their intentions, especially on infrastructure, levelling-up and the northern powerhouse.

Fifthly and finally, in these extraordinary times with so much change happening, I also encourage the Chancellor to be even bolder in his general fiscal and monetary approach. He must seriously consider a truly transformational shift in accounting differently for investment and consumption spending, which would allow for much more genuinely ambitious investments. On monetary policy, in contrast to the noble Lord, Lord King, I believe that, given the volatility now appearing in the bond markets, the time has come for the Government to give the Bank of England a completely new approach and to formally adopt nominal GDP targeting to replace the de facto one that has emerged—not only to maintain but even to enhance its credibility.

12.02 pm

**Lord Cruddas (Con) (Maiden Speech):** My Lords, it is a great privilege and honour to deliver my first speech to your Lordships' House. First, I will quickly thank Black Rod and her team, and the many helpers and support staff who have been so helpful to me. I also quickly thank Garter, who I found very helpful. I have a special thank you for the noble Baroness, Lady Stuart, and my noble friend Lord Leigh of Hurley, for introducing me to your Lordships' House—and thank you, Howard, for being a good mentor.

In Easter 1968, I left Shoreditch comprehensive school, Hackney, with no qualifications and no job. I was 15 years old. I had no choice; my mum needed the money. I got a job as a telegram operator with Western Union. I would give all my weekly wage to my mother. I have not been out of work since. At 18, I joined a bank in the City as a money market dealer's assistant. In 1989, at the age of 36, I started my own financial services company, which I still run today and which is

listed on the London Stock Exchange. In 1996, I launched Europe's first online trading system to allow people to buy and sell financial products.

Off the back of this success, I started my own Peter Cruddas Foundation to help and support disadvantaged young people. To date, my foundation—which is funded entirely by me—has donated to over 200 charities. I have also had some political successes, namely NO2AV and Vote Leave; I was a director and treasurer for both campaigns. I will do my best to support your Lordships' House with my experience and expertise. I will do so freely and with an open mind. My objective is to be an asset here.

I am pleased to say that I think the Chancellor's Budget has established a clear path for the country to move from these difficult times, for many, to a brighter and more prosperous future for all. It is a path on which the direction of travel is rightly guided by principles that seek to equitably address, across society, the fiscal deficit due to Covid. It also provides a constructive way to stimulate and incentivise investment in the country and the future, not just to reinvigorate the economy post Covid but to help propel the post-Brexit opportunities. It was a thoughtful Budget.

12.05 pm

**Lord Leigh of Hurley (Con):** My Lords, I congratulate my noble friend Lord Cruddas on his excellent maiden speech and welcome him to your Lordships' House. He is a role model to many. Like me, he started his business in 1989 and it has grown to be a global leader, employing 700 people and with a market value in excess of £1 billion. Mine is something of a work in progress by comparison. He has contributed enormously to many charities—some of which I know but many of which I do not—and of course to British public life. We look forward to his many future contributions to this House, which will draw on his great experience, and most importantly his business experience, which is badly needed in this House. I welcome all noble Lords making maiden speeches, in particular the noble Lord, Lord Khan of Burnley, and those from whom we look forward to hearing later on, my noble friends Lord Benyon and Lord Bellingham.

As it happens, my maiden speech was on taxation—specifically, the OECD taxation of multinationals on base cost erosion and profit shifting. Since then, the OECD has produced pillars 1 and 2. I would be grateful if the Minister could tell us to what extent this Budget complies with pillar 1, and in particular pillar 2. What steps will HM Treasury be taking to ensure that we fully comply with pillar 2?

Finally, I congratulate the Minister and in particular the Chancellor on an excellent Budget and on listening to the pleas of 2,500 entrepreneurs who co-signed a letter, written by me and Shalini Khemka of E2E, strongly advising against any rise in capital gains tax for entrepreneurs. Entrepreneurs are vital to the UK economy and we want to see many more of them. We want them to aspire to the success of our new noble friend, my noble friend Lord Cruddas.

12.07 pm

**Baroness Andrews (Lab) [V]:** My Lords, it is a pleasure to join other noble Lords in congratulating both my noble friend Lord Khan and the noble Lord, Lord Cruddas, on their maiden speeches. We look forward to their many contributions in this House. I am sure that they will both be a great asset.

This Budget was more significant for what it left out than for what it contained. It was an opportunity to prepare for a future that would avoid the mistakes of the past, and which would prioritise public infrastructure and public service—but it has not. Yes, of course we face enormous, perhaps unique, challenges, but surely they can be faced down better with investment in the public services that make us resilient. Instead, austerity will inevitably be back—the same austerity that enabled the pandemic to prey on the poorest and the weakest of our communities, in this deeply unequal country.

The Chancellor has already tried and failed to justify the silence around these services in his Budget. There is nothing here about meeting the added cost to the health service, as it works through the huge backlog of diagnosis and treatment; or the unseen costs of the pandemic on mental health and family breakdown; or the future costs of staffing the NHS or funding affordable social care. There is nothing about nurses' pay or rewarding and retaining their commitment and skills, and yet the Minister has an obligation to say whether he agrees with the Health Minister, who said in this House earlier this week that a 1% rise was all we could afford. These are the same people who do and did not count the cost of continuing to work, day and night, throughout the pandemic, as they do normally. The whole Government need to answer the question of why so much was spent on the wrong people and the wrong contracts.

It is not surprising, therefore, that the OBR has said that the potential legacy of the pandemic for spending on public services is one of the most significant risks to the medium-term fiscal outlook. When we think about preparing for the future, given all the warning notes from the scientific community about the persistence of Covid, new virus strains, and the need for continuing track-and-trace and vaccination programmes, it is astonishing that there is no provision for virus-related spending in 2022-23 and beyond. I have a final question for the Minister, which I hope he can answer when he winds up. Can he explain why this is the case, when we have so many lessons to learn from the initial failure to prepare and plan for Covid? The Budget is a failed opportunity. I regret that very much.

12.09 pm

**Lord Oates (LD):** My Lords, I congratulate the noble Lords, Lord Cruddas and Lord Khan, on their maiden speeches.

The Budget provided the Chancellor with the opportunity to set out a clear vision for building back better. It was a chance to take the bold steps necessary to unleash the much talked of "green industrial revolution". Instead, it took comfort in timidity and greenwash. As a result it was a Budget of squandered opportunities in the face of unprecedented challenges.



[LORD OATES]

One area entirely absent from the Budget was the long-term programme needed to upgrade the energy efficiency of 28 million homes in the UK, which account for 35% of UK energy use and 20% of carbon emissions. I acknowledge that designing such programmes is not easy. The coalition had the Green Deal, which failed for largely the same reasons that the Green Homes Grant scheme is failing—namely, the absence of any long-term vision at the Treasury.

The Federation of Master Builders has estimated that a long-term national retrofit strategy could create 100,000 new jobs over four years and half a million over 20 years—skilled jobs offering new opportunities in every part of the United Kingdom. But to be successful the Government must do two things. First, they must provide the long-term certainty to allow industry to invest in the skills required to deliver this massive programme and for private capital to have the confidence to come in behind government initiatives. Secondly, they must provide consumers with incentives to upgrade the energy efficiency of their homes, such as stamp duty reductions or council tax discounts. We are asking consumers to do a challenging thing and we need to make it worth while if we are to get the take-up needed.

A national refit programme may not have the glamour of moonshots to new technologies, but there is no path to net zero without one. The absence of any reference to it in the Chancellor's Statement left a gaping hole in his Budget and threatens any hope of meeting our obligations under the Climate Change Act.

12.11 pm

**Lord Benyon (Con) (Maiden Speech):** My Lords, I am delighted to address your proceedings for the first time. I wish I had more opportunity to be as effusive as I want to be for all the people who have made my arrival here so seamless: Black Rod, the House authorities, the doorkeepers and others. I will always remember their efficiency and kindness. It has also been an opportunity for me to meet up with old friends—not just the people I served with in another place, but the Yeoman Usher, who commanded 10th Platoon 1st Battalion The Royal Green Jackets when I commanded 9th Platoon in the 1980s.

This is a Budget debate and therefore on the economy. We know that a successful economy is one based on harmony with nature, the natural systems on which we all depend and our good stewardship of the natural resource we have been gifted. This Budget comes at a time of pivotal importance to the global economy and to our own. In a few weeks' time, the G7 leaders will meet on these shores—a taster for COP 26 a few months later in Glasgow. This is an extraordinary moment, the prize of which is an incalculable proportion of benefits for the global economy. But the price of failure is existential. It does not come much more important than that.

Climate change and the other side of the same coin, the decline of species, are more than just an economic matter or an environmental one; it is about social justice as well. I look forward to participating in debates

on this subject, but I will do my best not to be a one-trick pony. I bring certain experiences from the other place, though not as many as others who have spoken in this debate. One of the most rewarding experiences that I had was serving on the Intelligence and Security Committee. The continuing importance of trying to keep our people safe and of global security at such a difficult time is something I find utterly fascinating.

After a decade and a half of serving in another place, noble Lords might have to forgive me if it takes me a little bit longer to get used to the relentless politeness of this Chamber. Nevertheless, it is something that I welcome and something that I am entirely looking forward to in the weeks, months and years ahead.

12.14 pm

**Lord Hunt of Wirral (Con) [V]:** My Lords, I am proud to have the opportunity to pay tribute to a brilliant maiden speech by my noble friend Lord Benyon. It sets a very high standard for us all. My noble friend quickly made a significant impact as MP for Newbury. After a distinguished career, which he has already mentioned, in the Royal Green Jackets and in local government, he was Wildlife Minister for several years, and greatly respected as a man of principle, particularly when, on an important issue, he had the Conservative Whip removed—but only for a few weeks. I have to tell my noble friend that he is warmly welcomed on these Benches. We look forward to hearing his wise words and skilful guidance in future debates for many years to come.

I draw attention to the register, in particular my interest as a partner at DAC Beachcroft, the global legal firm. I strongly welcome this Budget. The furlough scheme has so far slowed the rise in unemployment but, sadly, sooner or later, we know that many jobs will be lost. When I became Employment Secretary in 1993 we were emerging from another short and sharp recession. A decade of supply-side reforms had given us the most flexible labour market in Europe, an advantage we still possess. We also had a range of creative measures to support people into work. I even went to the TUC, at the kind invitation of the noble Lord, Lord Monks, and gave an unprecedented commitment to full employment. I hope that this Budget will, in due course, enable this Government to proclaim a similar aspiration to ensure that every citizen can enjoy the dignity of work.

12.17 pm

**Lord Reid of Cardowan (Lab) [V]:** My Lords, I, too, welcome my noble friend Lord Khan, and the noble Lords, Lord Cruddas and Lord Benyon. I am sure we will all benefit greatly from their experience and expertise.

Last week, the Chancellor announced that, over the past year, 700,000 people have lost their jobs, our economy shrunk by 10% and our borrowing reached the highest it has been outside of wartime. He blamed Covid—a fair enough alibi you may think, but it stops at half the truth. What he did not mention is that, while all our international competitors have also suffered from Covid, we have had the worst economic crisis of



any major economy. Future reviews will reveal that the failure to prepare, and the dither, delay and denial of the scientific evidence, especially in timeously implementing lockdowns, contributed significantly to the economic damage—as, too, did Brexit, another unmentionable.

But so much for the past. As for the future, the Budget represented a missed opportunity to respond to the magnitude of the economic damage that has been done. The Budget could have introduced a radical plan to sponsor productivity, innovation and wealth creation. It could have included a major green stimulus or provided a transformative change for the decades to come. It could have provided a credible plan to ease the £70 million burden of debt hanging over so many businesses, or avoided the £2 billion council tax rise affecting households across the country. Of course, it could have protected NHS workers against inflation—the least we could have done, given the efforts, risks and courage involved in their work over the past year. Sadly, it did none of these. Therefore, I believe that it fell far short of what the times and the circumstances demand.

12.19 pm

**The Lord Bishop of Portsmouth [V]:** My Lords, I welcome from the Bishops' Bench the noble Lords, Lord Beynon, Lord Cruddas and Lord Khan of Burnley, and congratulate them on their speeches. I am looking forward to hearing them. I also welcome the noble Lord, Lord Bellingham, and my namesake, the noble Baroness, Lady Foster of Oxtou.

Every Budget has consequences in every community, including those I serve as Bishop of Portsmouth. In these last comments that I shall make on a Budget Statement, I have four points on how this Budget is likely to make the sharp end sharper still for many, with little slack, even in better times. A decade on from the Dilnot report, there is still no proposal to address the social care challenge, even though apparently the Government have a package ready. We should have bitten this bullet years ago. We must bite it now.

Freezing income tax thresholds will level not up but down for many, squeezing household budgets, especially in the interaction with benefits, for those already squeezed. The extended uplift in universal credit offers some welcome respite for those at the sharp end, but it will be cold comfort to those facing a cliff edge as the nights draw in. Not a single word was uttered on meeting the needs of children, as Mark Russell, chief executive of the Children's Society, pointed out. It is a startling omission.

I do not envy the choices facing the Chancellor. I applaud his attempts to improve the macroeconomic situation, but I am far from convinced that this Budget meets his objective of protecting those most in need.

12.21 pm

**Lord Forsyth of Drumlean (Con) [V]:** My Lords, I join others in congratulating the noble Lord, Lord Khan, and my noble friends Lord Cruddas and Lord Beynon, on their maiden speeches.

I hope that the usual channels are hanging their heads in shame this morning. The country is facing its worst ever economic shock in peacetime, and we are

asked to debate these two Motions in two minutes. Not even the late Nicholas Parsons would have expected the profound questions facing our country to be dealt with in “Just a Minute”, although our new imposed procedures ensure that ministerial replies are delivered without interruption.

We are sleepwalking into an unemployment crisis. Public sector borrowing is at astronomical levels. Productivity is almost stagnant. Quantitative easing is on an industrial scale. The independence of the Bank of England is being questioned, as the noble Lord, Lord King, indicated earlier in the debate. We need a strategy that shifts public spending from job protection to job creation. The youngest and lowest paid in our country have suffered the most damage to their livelihoods, with folk under 25 more than two and a half times more likely to work in a shut-down sector. Businesses and families are saddled with crippling debt, and the Budget does not provide for inevitable future demands in areas such as social care, local government and transport.

Higher taxes are not the answer now. We need an economy that is growing again, with supply side measures and encouragement and support for the self-employed and small business, for technology, for the seed corn of recovery. To reduce all of these and other questions for consideration to speeches of two minutes makes a mockery of this House. Why we could not have had two days' debate or started at 9am and finished in the evening escapes me. If this House cannot hold the Executive to account, it has no purpose, and there are an increasing number of critics outside who will relish spectacles such as today's.

12.23 pm

**Lord Butler of Brockwell (CB) [V]:** My Lords, I congratulate the noble Lords, Lord Beynon, Lord Khan and Lord Cruddas, on their maiden speeches.

I make a single point on the proposed 1% pay increase for the National Health Service. I accept that to decelerate borrowing, the Government need to restrain their own wage costs. On the other hand, the public want to express their gratitude to the NHS. My conclusion is that the pay review body should determine ongoing NHS pay levels on what is necessary to recruit and retain staff, but there should be a one-off bonus to recognise the extraordinary demands of the last year on the NHS.

I have a specific suggestion. A one-off, tax-free bonus of £1,000 to all in the NHS would cost £1.3 billion. How should that be paid for? While many in the economy have suffered in the last year, the income of others has been maintained or even enhanced. A temporary 1% increase in the 40% higher rate of income tax would raise something over £1 billion, which would go a long way towards covering the bonus I have suggested.

Of course, I am well aware that the Government's manifesto ruled out increases in income tax rates. However, in this exceptional situation, a one-off surcharge for this fiscal year to reward NHS employees would be acceptable to those in the higher tax ranges. If I may speak personally, it would certainly be acceptable to me. I hope that this suggestion might be considered.

12.26 pm

**Baroness Janke (LD) [V]:** My Lords, I add to others' my congratulations to the three noble Lords on their very excellent maiden speeches.

Being disabled is expensive and the failure of the Chancellor to extend the £20 uplift to legacy benefits is a curt dismissal of this basic fact. Legacy benefits, which are vital to disabled people and their carers, have been excluded from the £20 uplift to universal credit for the second consecutive year. The financial situation of disabled people and carers has been worsened by the pandemic. Scope calculates that, on average, disabled people already face extra costs of £583 per month related to their impairment or condition, even factoring in benefits designed to meet these costs. Many have had the burden of additional costs of risks to health, such as taking taxis to appointments to avoid public transport, purchasing more PPE for those who with respiratory conditions, or using more heating to reduce the risk of complications from Covid-19. This means that less money is available for essentials.

In September 2020, 25% of disabled people reported that they have less money available for food. Some have had to pay around £30 an hour for privately sourced care, to make up for shortfalls, causing them to fall into debt or use up already low levels of savings. For some unpaid carers, caring responsibilities have expanded so much that they have had to give up paid employment, a major loss of income. The uplift must be extended to legacy benefits if there is not to be a two-tier social security system that unfairly discriminates against people with disabilities and their carers.

The £20 uplift to universal credit was widely welcomed as a recognition by the Government that universal credit did not provide a realistic income for people to live on. We call for this payment to be made permanent, so that 200,000 children will be safe from poverty, and hard-pressed families on universal credit will not suffer a crippling cut of £1,040 as they face next winter.

12.28 pm

**Lord Young of Cookham (Con) [V]:** My Lords, I have two suggestions, which will raise revenue for the Chancellor in the medium term without breaking any manifesto commitments. He will need more money, as the current public expenditure limits are not deliverable—a point made by the noble Lord, Lord Macpherson—particularly on health. I would be amazed if the nurses are settled at 1%.

First, it is time to end the freeze on fuel duty, which has cost £50 billion since it was introduced in 2011, making Robert Halfon the most expensive Back-Bench Member of Parliament in my party's history. The freeze sits uneasily with the increase in fares on public transport when government policy is to shift longer journeys from the car to the bus or train. It is incompatible with our commitment to net-zero carbon emissions by 2050, it is an embarrassment when we host COP 26—mentioned in his excellent maiden speech by my noble friend Lord Benyon—and it reduces the incentive to switch to all-electric cars. I understand the concern about inflation, but fuel prices are lower now than they were in January last year, and down from a high

of 140p in 2013. In the longer term, we should move to pay-per-mile to manage the road network more efficiently.

Secondly, we should introduce at least one higher band of council tax. In the longer term, we should revalue all property, with the change to come into effect when a property changes hands. In a recent report, the IFS described council tax as

“increasingly out of date and arbitrary, and highly regressive with respect to property values. It is ripe for reform.”

It is absurd that the most valuable properties pay only three times as much tax as the least valuable. A new, higher band would make the tax more progressive and, crucially, help bring in the resources to fund the much delayed social care reforms for which no provision has currently been made.

12.30 pm

**Lord Hain (Lab) [V]:** My Lords, I welcome all our new noble Lords joining us for their maiden speeches today.

The Chancellor responded to an unprecedented threat in 2020 by giving the economy an unparalleled fiscal boost—twice as big as the package with which Alistair Darling successfully tackled the 2008 global financial crisis. Rishi Sunak now insists that

“it would be irresponsible to withdraw support too soon”.—[*Official Report, Commons, 3/3/21; col. 255.*]

But the Office for Budget Responsibility's central forecast shows that that is exactly the risk he is planning to run by withdrawing half the 2020 fiscal support this year and nearly 90% of it by 2022. He is pulling the plug on the economy prematurely and cutting fiscal support for recovery twice as fast as George Osborne did so draconically in 2010, launching 10 years of disastrous Tory austerity and low to nil growth.

The furlough scheme, the self-employment grants, the 5% VAT rate for hospitality and tourism and the universal credit uplift all end in September. The Chancellor even plans to start withdrawing the furlough scheme and the business rates holiday for hospitality businesses on 1 July, only nine days after Covid restrictions are due to end no earlier than 21 June. He cannot possibly be confident that recovery will be firmly established so soon. His Budget cheats the challenge and fakes the change, most notably by including more than £16 billion of public spending cuts relative to his March 2020 pre-Covid spending plans.

The Chancellor is trying to find an early exit from his fiscal dilemma. By rushing his fences he risks removing support for the economy and derailing recovery just when the vaccine offers a way out of the virus, piling even more pressure on massively underfunded health and care services.

12.32 pm

**Lord Bilimoria (CB) [V]:** My Lords, the Chancellor's spring Budget has succeeded in protecting the economy with a vital suite of measures: taking Covid-19 support spending to more than £400 billion; extending the job retention scheme to September and tapering government contributions from July; extending the 5% VAT cut for hospitality and tourism, which have suffered so much

over the past year; extending the business rates holiday for hospitality, leisure and tourism for six months and then on a reduced basis until March 2022; and the business recovery loan scheme. However, there is disappointment for the aviation sector, where the support is unlikely to be enough, and for the 3 million excluded individuals who have received no support whatever over the past year.

In the build-up to the Budget, I said time and again to the Chancellor that the Government of India, who had their Budget a month ago, said they deliberately did not increase taxes because they did not want put more pressure on businesses which have suffered so much, and because they did not want to stifle the recovery. Against this backdrop, the Chancellor set out plans to increase corporation tax from 19% to 25% in two years' time. This increase sends a worrying signal to those planning to invest in the UK, and Northern Ireland must compete with the Republic of Ireland next door, which has a rate of 12.5%. The leap of 6% in one go has caused a sharp intake of breath for firms. Britain is the second or third-largest recipient of inward investment in the world. We must not jeopardise that in any way.

In the meantime, the Chancellor's super-deduction tax initiative over the next two years to bring forward business investment is a bold and positive move for the UK. Super-deduction will allow companies to cut their taxes by up to 25p in every £1 that they invest. The CBI, of which I am president, called for a focus on incentives to increase investment, and this is just the sort of thing we need to be doing in the UK. We were disappointed not to see fundamental reform of the unfair business rates system, or significant reform to the apprenticeship levy. On the other hand, the help-to-grow package is fantastic, offering free MBA-style management training for SMEs, and the new review of the R&D tax credit could make a big difference. The new infrastructure bank is fantastic, and the free ports idea could help with levelling up.

To conclude, with the phenomenally impressive performance of the UK in developing and delivering vaccines and the Chancellor's priorities of protecting businesses and jobs and incentivising investment to help create growth, our economy is like a crouching lion, poised to spring and roar.

12.35 pm

**Lord Gadhia (Non-Aff)** [V]: My Lords, I offer five brief reflections on the Budget. First, faced with the sharpest economic contraction in more than 300 years, the Chancellor's overall fiscal judgment and priorities are hard to fault. The narrative of "spend now, tax later" has stuck but, as the OBR points out, there is a risk that the Government cannot rein in spending and does not raise enough revenue. Consequently, further tax increases cannot be ruled out.

Secondly, addressing the slump in business investment through the super-deduction scheme is a bold and welcome move. It should bring forward investment and help propel the recovery as government spending falls away. However, it may not increase the overall level of investment. That jury is still out.

Thirdly, the contribution of trade to GDP growth is disappointing. The Budget Red Book shows this flatlining if not reversing. Data on bilateral trade flows with EU countries also shows sharp declines. This might be the temporary effect of Covid and new customs procedures, but it could also be more ominous. We must monitor these trends closely.

Fourthly, while the peak in unemployment is expected to be lower, at 6.5%, employment levels remain broadly flat. The labour force is therefore declining, and up to 1.3 million migrants have departed during the pandemic. Our economy will soon falter without the resumption of a steady flow of migrant talent.

Fifthly, our vulnerability to rising interest rates has increased and has been exacerbated by the new wave of quantitative easing from the Bank of England. A 1% increase in rates adds more than £20 billion to interest costs. Restoring fiscal discipline is not a political choice but an economic and macroprudential necessity.

To conclude, crises are like buses; they come in pairs. The cumulative impact of the financial crash and the pandemic have stretched government and central bank balance sheets to their limit. We must hope that the third bus does not arrive too soon, so that the Chancellor's plan for rescue, recovery and repair has enough time to work through.

12.37 pm

**Lord Rooker (Lab)** [V]: My Lords, there are eight free ports in the Budget and nine regions of England, so we now know the effectiveness of the West Midlands Mayor, Andy Street. The report on free ports from UK in a Changing Europe concluded that the main impact was

"likely to be to relocate rather than create economic activity and jobs."

So with no free port in the West Midlands, jobs will leave the West Midlands—thanks, Andy.

We are 10 days from the Budget and still unaware of the technical details and methodology of spending the £4.8 billion levelling-up fund on priority towns. The *Financial Times*' analysis states that these priority areas for levelling up

"are not simply the most deprived."

There is a deprivation rank system within government, which I used in the past when Regeneration Minister at ODPM. The *Financial Times* charts show no connection or correlation with this ranking. It is crystal clear that we are seeing a failure in the accepted standards of conduct of public administration. The Civil Service is being bullied by dodgy Ministers operating pork-barrel politics. The reasoning is vague, the bias is blatant and the retrofitting to justify rankings is nothing short of corrupt.

As someone who played a small role in indexing tax thresholds in 1977, I support the plan to freeze them. It can and should be tweaked for the very low paid—those who are not paying tax at the moment—in a way that does not cause a ripple to the higher rates. That can be done.

The key missing policy is that national insurance should be paid by all ages on income, however the income is created. I was on a salary until I was 72 years



[LORD ROOKER]

old, so I did not pay national insurance for seven years, yet I was still using services and I potentially required services that I was not using but which needed to be there for others. This would help to pay for social care reform.

12.39 pm

**Baroness Randerson (LD) [V]:** My Lords, the UK economy faces three stark challenges: climate change and Covid are shared across the world while the third, Brexit, is entirely self-inflicted. The Budget failed as a coherent response to all three. It was a chance to take firm steps towards carbon reduction targets. Instead, we have a promise to reduce air passenger duty, making internal flights cheaper than rail journeys. Fuel duty, frozen again, encourages us back into our petrol and diesel cars, yet rail fares have increased above the rate of inflation. The Government are not just failing to incentivise green choices but actively incentivising pollution. They should reform vehicle and fuel taxation to discourage highly polluting SUVs. As the NAO points out, average emissions from cars actually increased by 6% between 2016 and 2019.

The Budget missed the chance to support the travel industry, which is just as hard-hit by the pandemic as the hospitality industry. Carefully tailored support could encourage a fairer deal for passengers, who have often been denied refunds, and could incentivise greener choices such as greater use of sustainable aviation fuels. The impact of Brexit is only just emerging and the overall picture is grim. UK exports to Germany, our second largest trading partner, fell by 56% in January; that is €2 billion. Exports to Italy were down by 70%. This catastrophe is much more than teething problems. It is a major threat to jobs and prosperity—and the Government's strategy seems to be limited to shouting at the EU.

12.41 pm

**Lord Davies of Gower (Con) [V]:** My Lords, I begin by congratulating the noble Lords on their maiden speeches. Noble Lords do not need me to remind them how significant this Budget was for the whole United Kingdom at a time when stability for our economy is more important than ever. Support for our nations was essential and, on that score, the Chancellor delivered. Indeed, as a result of the policies announced in last week's Budget, the devolved nations as a whole benefit greatly in Barnett consequentials. In particular, I was delighted to see the support that central government gave to my home nation of Wales. In fact, taken together with the additional funding in last year's spending review, the devolved nations are receiving an additional £7.2 billion from the UK Government in 2021-2 through the Barnett formula. That is on top of the UK-wide measures announced last week, which saw Wales alone benefit by an additional £740 million under Barnett.

Purely from a Wales perspective, I was more than delighted to see the match funding provided by the Treasury of up to £30 million towards the global centre of rail excellence, which will create up to 120 high-skilled jobs in Port Talbot and highlight Wales as a hub for

research and development investment and rail technology. Additionally for Wales, the Budget announcement that central government is to invest £4.8 million to pilot a hydrogen hub in Anglesey, creating local highly skilled green jobs that will reduce UK transport emissions, is an exciting prospect for an area in need of financial investment. The news that the Government are reprofiling three city and growth deals by bringing £58.7 million forward from 15 years to 10 in Swansea Bay, north Wales and mid Wales is again encouraging, and evidence of the commitment to supporting devolution.

Wales continues to benefit from the UK-wide support schemes that the Government have put in place. Over 400,000 jobs have been saved through the furlough scheme and 295,000 self-employed people have benefited from self-employed grants, while the loan guarantees schemes have supported over 57,000 Welsh businesses. Lastly, I very much look forward to progress being made in the discussions to deliver freeports to places such as Holyhead in Anglesey, which play such an important part in our national economy. Overall, it is a brave budget and the Chancellor is to be congratulated.

12.44 pm

**Lord St John of Bletso (CB):** My Lords, I join in congratulating the three outstanding maiden speakers and look forward to the next two maiden speeches.

While I support much of this Budget and applaud the Chancellor for the measures that he has taken to ease the pain of lockdown on individuals and businesses both large and small, I have reservations about the furlough scheme being extended to September. I had hoped that more would be mentioned on getting people back to work; we should be supporting jobs for the future rather than jobs in the past. It is obvious that many who have benefited from furlough will become unemployed and will have to start looking for work in a radically changed working world. The focus should be on more subsidised training for jobs in growth sectors, leading to improved productivity and economic growth.

I would also like to have seen more measures to support the green economy, promoting an energy revolution and more job creation. We have the energy White Paper on net-zero carbon emissions; more could be done to support this. While it is inevitable that there will need to be some tax rises, increasing corporation tax to 25% in 2023 has shattered the dream of the United Kingdom becoming the Singapore of Europe. There will naturally be a strong economic bounceback in Q3 and Q4 this year, but in the medium term, unless this can be followed by greater growth, the threat of inflation runs the risk of enduring stagflation.

12.46 pm

**Lord Campbell-Savours (Lab) [V]:** My Lords, I strongly support the proposal from the noble Lord, Lord Rooker. I shall concentrate my remarks on inheritance taxes. The Budget statement proposes a freeze on nil-rate bands until April 2026. This means qualifying estates can pass on up to £500,000, and the qualifying estate of a surviving spouse or civil partner can pass on up to £1 million, without tax.



On 1 February 2007, I proposed an amendment to the law governing inheritance taxes. I proposed then—and do so again today—that we use inheritance tax on death as an opportunity for the wider distribution of wealth with a substantial increase in net beneficiaries. We should abolish the tax completely, transfer the liability to tax from the deceased estate to the recipients, and tax the recipient beneficiaries at their marginal rate. We could introduce an inheritance allowance, thereby increasing a recipient individual's tax threshold. Inter-spouse transfers would remain tax-free, as would protections for working farms and family businesses, as well as donations to genuine charities and some heritage assets.

This reform would transform the recipient base as many estates would be tapered, or profiled, to minimise liability. A wider beneficiary base would have a huge effect on enterprise and innovation by introducing a real incentive for the development of small businesses with knock-on consequences for competition policy. It would also increase the tax take. I make it clear once again that there are no circumstances under which either I or my wife would accept, or have accepted, inherited wealth. This was a decision taken in principle to last a lifetime, at considerable cost to myself, I might say.

12.48 pm

**Lord Lang of Monkton (Con) [V]:** My Lords, I welcome the five new noble Lords, who are joining us unmuted today. It is also a pleasure to follow the noble Lord, Lord Campbell-Savours. Just over 40 years ago, when he and I had been elected to the other place for the first time, we were invited to subscribe to the introduction of a tight monetary policy to tackle the nation's severe problems and send the IMF packing. I cannot speak for the noble Lord, but I supported it fervently. This was not because I supported the ideology; I do not believe in ideologies where money and the economy are concerned—there are too many variables, and change can be sudden and unexpected. But I believe in doing what seems the right thing at the right time according to the circumstances.

Today, the circumstances are wildly different, and I think my right honourable friend the Chancellor's handling of both the pandemic itself and now, as we hope, the aftermath, has been absolutely right. The Keynes doctrine of changing one's mind when circumstances change has never been more apt. We must now capture the tide of an expected growth rate in the economy of 4% this year and 7.4% next year: the coiled spring of pent-up demand. Spending and investment become very important indeed at that stage in forming, we hope, a sustained recovery. That is what the Budget should do, with powerful incentives for companies on investment and public duty. At the same time, the Chancellor has to signal strongly to the wider world that he is determined to tackle our debt when our exposure is serious, and bring things back towards a steadier discipline. The future of corporation tax changes and the freezing of personal allowances signal that, and they should not affect the recovery.

The biggest threat to recovery is inflation. Loose money supply, once thought to be disinflationary with low interest rates, is now seen as the reverse, especially if its velocity of circulation grows as the economy

expands. As we all know, where inflation rises, interest rates follow. I hope and feel sure that the Chancellor is already watching this carefully, as inflation could be the next enemy.

12.50 pm

**The Earl of Clancarty (CB):** My Lords, I too congratulate noble Lords on their maiden speeches.

The arts and creative industries are worth over £116 billion a year and second only to financial services in their value to the UK's economy, in the traditional sense. However, the value of these industries can also be understood in relation to other economies: creative capital, the cultural landscape, the social economy, the economy of health and well-being, and that of soft power, which is rarely measured but highly valued by Governments. However, there is now a double threat to these industries from Covid and Brexit, and, in the long run, Brexit is the greater threat.

Most immediately, the sector is grateful for the extra money and for extensions to the JRS and SEISS, but there are still many self-employed people who continue to fall through gaps in support. Will the Government ensure, as Wales has done, that money from the Culture Recovery Fund will go to freelance artists? Will they introduce their own insurance, as they have done for film and TV, to help the return of performance? Some festivals have decided that they cannot risk going ahead, but UK Music has estimated that a £650 million fund would allow £2 billion-worth of events. Will the Government introduce a new tax relief—similar to the successful theatre tax relief, as the ISM proposes—for live music, touring and new work, beyond the relief which already exists in part for orchestras?

Before Covid, the biggest crisis in arts and cultural funding was that for local and regional museums, libraries and venues, including theatres, whose essential support from local authorities has been cut to the bone over many years. Covid has exacerbated that. That is not due to poor management, as Community Secretary Robert Jenrick has said; it is a step-by-step withdrawal of central government support from local authorities, support that should be applied equally and fairly across the country.

12.52 pm

**Lord Bruce of Bennachie (LD) [V]:** My Lords, a radio ad currently running in Scotland says, "If you are producing shortbread in the Highlands or prime beef in Aberdeenshire, the UK Government can help you find markets in Toronto or Tokyo." That could have been done years ago, but what has happened to the established markets in Toulouse, Turin or Toledo?

Facing the combined impact of Brexit and the pandemic, I was looking for a Budget that put recovery first. As we look forward to an easing of lockdown and an uptick in economic activity, should we not be doing more to give our young people the education and skills training that they need? Should we not be making climate change and the digital economy the drivers of recovery?

In Scotland, four sectors are of key importance. Our food and drink industry is creative and dynamic but has been hit hard by lockdown and new frictions

[LORD BRUCE OF BENNACHIE]  
in traditional export markets. Fishing has been betrayed. Of course we should seek new markets, but not at the expense of established markets at home and across the EU. What measures do the Government propose?

The hospitality sector has been dealt a body blow and will struggle to survive and rebuild. When will hotels reopen and what will the Government do as furlough ends to enable them, and pubs and restaurants, to recoup losses and thrive?

In our strong financial services sector, jobs and assets are already being relocated out of not just Scotland but the UK. How will the Government ensure that we retain and grow Scottish jobs in the sector?

I live in the north-east of Scotland, which has made a huge contribution to the UK economy over the last 50 years. We have a wealth of resource and expertise of global importance. As the oil price recovers, the sector will pick up, but the industry is fully aware of the drive towards net-zero carbon and committed to using its capital and expertise to contribute to the transition. I welcome the support secured for the sector in the UK and Scottish Government Budgets but urge both Governments to work together with local authorities and the industry to secure jobs and investment for the future, especially in north-east Scotland, which has seen substantial job losses in the past year. What is the Government's strategy for these key sectors?

12.55 pm

**Baroness Neville-Rolfe (Con) [V]:** Although Budgets are primarily about how we raise money, the success of our Government depends on how we spend it in the interests of the country at large. There has been criticism about support for social care, so I thought I would bring some common sense and conservative observations to the matter.

The White Paper of 11 February, *Integration and Innovation: Working Together to Improve Health and Social Care for All*, included some important proposals. However, it does not tackle the most critical issue of the funding of social care. This is the sort of matter that one expects to see in the Red Book, perhaps in the form of insurance or a levy or in support to local government. There has been an eye-watering amount of spending on Covid and a lot of attention to climate change, yet in the medium term a decent system of social care is more important to more people than either, given the scale of the demographic time bomb that we face, mentioned by the noble Lord, Lord Macpherson, and the erosion of pension provision.

There are a number of important strands to the issue: get the bed-blockers out of our hospitals, perhaps by allowing hospitals to run care homes; support people to recover at home, using innovative digital care and home aids; encourage people to be healthy and active and to save for their old age, reducing pressure on the state; and make care homes decent, profitable businesses or attractive to well-run charities. The current system encourages elderly people to stay in the free NHS for too long, but the "working together" strategy will not deliver unless there are the right incentives.

I welcome the new measures in the Budget that help small businesses, such as the 130% capital allowance and the Help to Grow scheme for management and digital. Will these help the care home sector? Can my noble friend the Minister kindly indicate when he will be able to set out the Government's plans for social care funding?

I end by welcoming our five new noble Lords and the new thinking that they will bring.

12.57 pm

**Lord Hunt of Kings Heath (Lab) [V]:** My Lords, the Chancellor's claim that the Budget will support business and build our future economy seems somewhat fanciful with the raising of corporation tax, the collapse of exports to the EU, precious little action to improve our low productivity levels and the axing of the industrial strategy. I hope the Minister will explain the extraordinary decision to abolish the Industrial Strategy Council. Make UK, which represents manufacturers, says it raises a genuine fear that the critical part that companies can play in the economic recovery is no longer regarded as important. What does the Minister have to say to that?

On public finances, the Government say they cannot afford to give nurses a decent pay rise, yet they have managed to squander billions of pounds on management consultants, fly-by-night companies and friends of Ministers. This week's PAC report on test and track is illuminating: hugely costly, with an overreliance on consultants and temporary staff, and no clear evidence with which to judge its overall effectiveness. One figure that we do know is that we have the highest death rate per million of population of any country in the world. Meanwhile, there is no decent pay rise for nurses, nor any plans for the NHS to treat the huge backlog of patients.

As for social care, the Chancellor's complacency is quite extraordinary. There is no lifeline for our struggling social care sector, with the long-promised White Paper yet to surface. So the level of unmet need increases, the pressure on unpaid carers grows stronger, the supply of care providers diminishes and the strain on the care workforce continues, yet the Chancellor is silent. Will the Minister respond?

**The Deputy Speaker (Lord McNicol of West Kilbride) (Lab):** I call the noble Lord, Lord Mair. Can the noble Lord please unmute?

**Baroness Evans of Bowes Park (Con):** My Lords, can the noble Lord unmute? Otherwise, we will move to the next speaker and return to him.

**The Deputy Speaker (Lord McNicol of West Kilbride) (Lab):** Let us try one more time. No? I call the noble Lord, Lord Blencathra; we will come back to the noble Lord, Lord Mair, as soon as we have reconnected.

1 pm

**Lord Blencathra (Con) [V]:** My Lords, I congratulate all noble Lords so far on their maiden speeches and those yet to come. I support my right honourable

friend the Chancellor's Budget. It has all the right measures we need at this time to show that we will take the necessary action to begin to cut back on the essential Covid spending spree. The tax rises are unfortunately necessary but I look forward to a future Conservative Government getting back to a tax-cutting programme, since that leads to more prosperity for all. The Chancellor is shaping up to be one of the finest Chancellors of all time; getting us to a stage where we can cut taxes again will be proof of that.

I particularly welcome the free ports proposals; it seems they will be proper free ports and not the fake bureaucratic ones we had when we were still in the EU straitjacket. Let us design them to bring maximum value to the areas selected and take as much business from Europe as possible. On that note, I said in this House during our special sitting on 30 December last year:

"Of course the Prime Minister must use the diplomatic language of 'friends and partners in Europe' but, as we have seen, the EU set out to punish us and it will be ruthless in gaming the system for its benefit. Our Ministers must exploit the agreement just as ruthlessly as our European competitors will."

I went on, saying,

"let us free up our industry to be as competitive as in the United States and ensure that the City of London has the right regulations to be the finest financial centre in the world. If we get EU equivalence on passporting then great, but the rest of the world is far more important."—[*Official Report*, 30/12/20; col. 1897.]

Over the last two months, we have seen the reality of how this decaying EU empire treats us. It did not take much foresight to know that this would happen. Therefore, I urge my noble friends in the Government urgently to set the City of London free from EU controls and adopt a regulatory system that will bring even more legitimate world financial business to the City of London.

1.02 pm

**Lord Watson of Invergowrie (Lab) [V]:** My Lords, I welcome my new noble friend Lord Khan and commend him on an excellent speech, not least his nod to Kamala Harris.

I would like to address my remarks to the measures in the Budget impacting education, but if I did it would not require anything like two minutes—this despite schools and colleges having faced excess costs associated with the pandemic which they have had to meet from their own resources. They deserved government support not only to get children back to school but to ensure they stay there safely. They got none. Teachers have been working flat out for the past year and deserved to have that recognised. Instead, the public sector pay freeze means that 94% of teachers will not receive a pay increase, which is shameful and will be demoralising for many.

The Budget might also have delivered desperately needed support for the early years sector; many nursery providers have stated that they do not expect to be in existence by the end of this year. Despite having remained open to assist the economy during school closures, early years settings have received no help. As my noble friend Lady Andrews said, it is investment in public services that makes us resilient.

The noble Lord, Lord Bilimoria, mentioned apprenticeships. The one education-related measure announced by the Chancellor seems to be an attempt to kick-start them. Certainly, they have declined alarmingly during the pandemic, but if employers were not willing to take on a young apprentice with a 13% wage subsidy, it seems unlikely that they will do so with the subsidy increased to 20%. Labour has proposed funding to create up to 85,000 new opportunities, with half of a new young apprentice's wages in the first year of their apprenticeship paid by the Government, saving employers more than £3,500 per apprentice. We have costed this subsidy at around £300 million—precisely the unspent apprenticeship levy funds from 2019-20, which the DfE returned to the Treasury.

As a former Education Minister, perhaps the noble Lord, Lord Agnew, might care to address the absence of measures to support that sector in his closing remarks.

1.04 pm

**Lord Campbell of Pittenweem (LD) [V]:** My Lords, I offer anonymous welcome and congratulations to all noble Lords making maiden speeches in this rather harum-scarum debate. I have three questions. Why did the Chancellor say nothing about the long-term proper financing of social care, which is an ever-deepening crisis in this country? Why did he say nothing about the dire need for social housing and how it might be paid for? Finally, if, as some predict, the recently approved Biden plan increases global inflation, what assessment has the Chancellor made of its impact on his economic assumptions?

1.05 pm

**Lord Bourne of Aberystwyth (Con) [V]:** My Lords, I congratulate new noble Lords on their maiden speeches.

The Chancellor has, throughout his tenure, met the extraordinary needs of this extraordinary time—most notably with the job retention scheme, which has blocked the nightmare of mass unemployment. In the Budget, he has, I believe, skilfully balanced the need to continue massive government borrowing, with a national debt of over 100% of GNP, with the prospect of paying down the debt over time. Borrowing is currently very cheap, and the decision to raise corporation tax to 25% by the end of the Parliament seems sensible given that our rates are currently the lowest in the G20.

I think most people in the country will feel that the Budget is fair and sensible. I will briefly welcome two particular measures. First, continuing VAT at the reduced rate of 5% for hospitality, holiday accommodation and attractions until 30 September 2021, and then phasing back to 20% from 31 March 2022, seems right. Secondly, the plastic packaging tax is due to come into effect in April 2022; it should help to reduce plastic waste by encouraging change in producers' behaviour. It is a good measure but it needs to go further and faster, particularly when contrasted with what other countries are doing.

Finally, as we approach the Glasgow COP, I hope that we will announce further action to support our green agenda. However, on the whole, I think it an outstanding Budget from an outstanding Chancellor.



1.07 pm

**Lord Bhatia (Non-Aff)** [V]: My Lords, the House knows well that coronavirus has already caused significant harm to our economy. The scale of the impact has resulted in GDP falling by 18% in the second quarter of 2020. As a result, more than 800,000 people have lost their jobs since February. The lockdown will also have a significant economic impact. We should therefore expect the economy to get worse before it gets better.

The Government have put aside £280 billion to fund plans for jobs to support public services such as the NHS and to provide financial support for millions of people and businesses. Some 1.2 million employers have furloughed almost 10 million employees. Almost 3 million people have benefited from our self-employment grants, taking the total support for the self-employed to nearly £20 billion. Over 1.4 million small and medium-sized limited companies have received government debt loans of £60 billion.

The Government have not been able to save every job and every business, but the success in finding and buying vaccines has brought hopes for a better future—they have run it better than European countries. As a result, the Government's performance with the vaccine and getting Brexit done has improved the status of the Conservative Government in the United Kingdom.

1.09 pm

**Baroness Boycott (CB)**: My Lords, I welcome all the new noble Lords to this House and I welcome their maiden speeches.

This week the Government published their draft environmental principles policy statement, which says that policymakers must “have due regard to” the principles in their decision-making. However, there is an exception for

“taxation, spending or the allocation of resources within government.”

This would suggest that HMT is not on board with the Government's green agenda and that it has plans to make decisions that could go against these principles. One of the principles is that the polluter pays. How is this possible if there is an exemption for taxing, spending or the allocation of resources, as the Treasury must lead the way on carbon prices? If departments cannot raise taxes themselves, how on earth are we to get the polluter to pay? Fines or fee charges, which are suggested, can never be consistent or realistically workable. Can the Minister please say what is going to happen? Also uncertain is whether a Treasury decision would overrule a departmental decision or whether a department wanting to do something not within the spirit of the principles could ask the Treasury to make that decision on its behalf. This strikes me as a loophole.

The revised Green Book, by which the Treasury judges fiscal policy, supposedly takes account of net zero—in fact, it should be front and centre—but if decisions such as cutting air passenger duty for domestic flights, when in the majority of cases there are rail alternatives, passes this new test, what is the point? It does not work. Why are we still making flying cheaper and travelling by train more expensive? Climate change and biodiversity loss, which were so shatteringly revealed by Professor Dasgupta's recent report, commissioned

by the Treasury, can no longer be kicked down the road. However, this current Budget might give the impression that that is exactly what we are doing.

1.11 pm

**Lord McColl of Dulwich (Con)** [V]: My Lords, I congratulate all the maiden speakers on their splendid speeches. At the start of the pandemic, the British economy was in very good shape, thanks to Conservative Governments, but the Marxist elements of the Labour Party tried to rubbish this—no doubt because a former Prime Minister reminded us that every Labour Government since the war had wrecked the economy. They are now trying to blame the Government for the present financial situation, which is associated with the huge amount of money and help given to the British people.

The cost of the pandemic has been huge and the Marxist elements have tried to blame the Government. They then went on to accuse the Prime Minister over the deaths of more than 100,000 people in the United Kingdom. They know very well that most Covid deaths are associated with obesity and population density, so whatever possessed them to make such a despicable accusation? The answer to that was given by the shadow Minister for Education when she said, “We should use this Covid opportunity and not let a good crisis go to waste”. What a scandalous conspiracy: to misuse the Covid crisis to further the Labour Party. Its plan to win the next election seems to be to rubbish the Government every hour of every day, with the help of the left-wing media. It hopes that its deceiving propaganda will win over enough of the public. This is what Marxist regimes do. Keir Starmer's dream to become Prime Minister is the nightmare for our nation.

1.13 pm

**Viscount Chandos (Lab)** [V]: My Lords, speaking as a non-Marxist member of the Labour Party, I think that this much leaked Budget is a case study for the long-established rule that the better the immediate reception, the worse it proves to be once more measured analysis has taken place. The noble Lord, Lord Macpherson, pointed out that all the pressures on future public spending are upwards and my noble friend Lord Eatwell returned powerfully to the need to increase resilience in every area of the economy and society.

The Government have responded reasonably well to the immediate economic shock from the pandemic, albeit with devastating exceptions, such as for many self-employed, and sometimes, we understand, in the teeth of opposition from the Chancellor. But the Budget starkly exposes—as that other non-Marxist, the noble Lord, Lord Forsyth, spelled out—the poverty of the Government's longer-term plans, by unduly prioritising future fiscal consolidation over reversing the massive cuts of the past 11 years to so many unprotected areas of public services.

In this context, with a Government trying to justify deeply inadequate pay proposals for the NHS on grounds of affordability, the decision to delay the correct increase in corporation tax for two years is wrong, particularly when combined with the introduction



of the super-deduction allowance for the same period. To the extent that the corporation tax rate affects investment decisions, multinationals and global investors will take the rate set for 2023-24 onwards as the relevant one in their considerations. The tax revenue forgone would be sufficient to cover desperately needed targeted increases in public spending. This is the worst of both worlds.

1.15 pm

**Baroness Scott of Needham Market (LD) [V]:** My Lords, in many areas, lockdowns and home-working have fostered a growing sense of connection with local communities. That is evidenced in an outpouring of community and voluntary activity, as well as support for small local businesses. These businesses have a kind of built-in agility, which has enabled them to repurpose and refocus in many instances.

However, the Government were dangerously slow to recognise the role that local government could play during the pandemic. They must not make the same mistake again with regard to the rebuild afterwards. The finances of local government were parlous before; they are now in a very dangerous state. Local government cannot keep postponing the reviews that need to take place to put its finances back on a sustainable footing.

The so-called third tier of local government, the town and parish councils, face a particular set of problems. They have been hugely active during the pandemic but have received no help from government with their direct costs. Throughout the country, only three principal councils have given money to their towns and parishes. I very much support the National Association of Local Councils, which wishes to see a dedicated and targeted package of support for the small local councils or indeed third-tier councils, some of which are quite big—in major towns, for example. Local councils must get the support that they need to do the work that they will need to do going forward.

The Government have announced a £150 million community ownership fund, but local councils are not allowed to bid for it. This is hugely disappointing, given their track record in protecting and supporting community assets such as libraries, post offices and parks. Finally, can the Minister say what the involvement of local councils will be in delivering projects under the new levelling-up fund? Communities everywhere have pulled together during this pandemic. Let us make sure that we help them to continue.

**The Deputy Speaker (Lord McNicol of West Kilbride) (Lab):** I now call the noble Lord, Lord Horam, and we will then try the noble Lord, Lord Mair, again.

1.17 pm

**Lord Horam (Con):** I, too, warmly welcome our five new noble Lords. I was lucky enough to read economics at Cambridge in the late 1950s, when the influence of the late and great economist John Maynard Keynes and his followers was very high. I have always taken the view thereafter that the first rule of economics is, in all circumstances, to maximise real economic growth. As a politician, the second rule that I have always advocated—I think that Keynes would also have agreed with this—is to make the distribution of the rewards

of growth as fair as practically possible. I therefore support the Budget because it has made some real progress in both these areas.

In particular, it began to deliver on the levelling-up agenda. The brutal truth is that several regions of the United Kingdom have now been overtaken in GDP per head by countries such as Slovenia, Poland and Lithuania, which spent decades under the rule of communism. Some people worry about the huge debt that we have piled up to achieve these ends; I do not. Currently, the public debt is about 100% of our annual GDP. If you look over the long history of the UK, that is not far from the average. Nor is there a big problem with financing it while we have an independent Bank of England, which can, in the end, just print the money. The only factor to keep a beady eye on, as the noble Lord, Lord Eatwell, pointed out, is inflation. That is certainly a threat.

My only doubt about the Budget is over the proposed rise in corporation tax, which is also a reservation on the part of the Office for Budget Responsibility. I appreciate that the Chancellor is giving a super-deduction of 130% for those who invest, but this will last only two years. He might have been better to leave the rate at 19%, which compares favourably with our major rivals. Alternatively, he might consider extending the super-deduction for the full Parliament. We have a steep hill to climb as a result of Covid and Brexit—a double whammy—but the Chancellor has had a good shot at getting to first base.

**The Deputy Speaker (Lord McNicol of West Kilbride) (Lab):** I call again the noble Lord, Lord Mair.

1.19 pm

**Lord Mair (CB) [V]:** My Lords, I apologise for the problems with technology.

I speak as an engineer and will make three points. First, a number of the Chancellor's announcements will be welcomed by the construction and infrastructure sectors. Investing in infrastructure drives long-term productivity improvements. In the short-term, it is a major stimulus of economic activity. The expectation that the new UK infrastructure bank will help support £40 billion-worth of infrastructure is especially welcome. The bank can play a crucial role in catalysing investment in projects to support economic recovery and meet net zero requirements.

Secondly, skills and innovation are emphasised in the Budget. The Government's ambitions on net zero, infrastructure and digitalisation are threatened if the UK does not have the required number and diversity of people with engineering and technical skills to deliver. New initiatives have been announced for infrastructure, especially in relation to green stimulus programmes, modern methods of construction and digitalisation. These will involve welcome new employment opportunities, but they require extensive technical training, upskilling and reskilling. To achieve this, the UK must now plan for its long-term engineering and technical skills need, with an education system fit for the future.

Thirdly, net zero by 2050 must be a major priority, not least for the construction industry. The Construction Leadership Council has recently announced

[LORD MAIR]

ConstructZero, a cross-industry change programme to drive carbon out of all parts of the construction sector. This includes maximising modern methods of construction, increasingly employing off-site manufacture, innovative sensing technologies and digitalisation. All this will need more smart engineering. We will need a lot more young engineers.

1.21 pm

**Baroness Ritchie of Downpatrick (Non-Aff)** [V]: My Lords, I congratulate the noble Lords who will make their maiden speeches today.

The Chancellor said that the Government had

“a real commitment to green growth”—[*Official Report*, Commons, 3/3/21; col. 258.]

but, overall, policies to tackle the causes of climate change and biodiversity loss did not get a lot of attention in the Budget. The Government have confirmed plans to deliver the “green industrial revolution” outlined in their 10-point plan, but there is a need for much greater action to put the UK on a net zero plan. Is the Treasury signed up or not to the environmental statement that we received this week from the noble Lord with responsibility for the environment?

There was no mention in the Budget of the status of the green homes grant, whose future remains uncertain. This would be important for the construction industry, which has a multiplier effect on the economy. The Government said last year that this was their flagship scheme, but Ministers have stated that it needs improving and there has been a shortage of accredited contractors to carry out the works. It is well known that emissions reductions are more beneficial in stopping climate change the earlier we do it, so, with this in mind, will the Minister give a dedicated commitment to your Lordships’ House today to back this grant and make it a permanent feature until 2030? Only this will provide the certainty that the sector needs to invest in green jobs.

Finally, the circular economy did not form part of the Budget, suggesting that the Treasury does not recognise the important impact that better use of resources could have on cutting carbon, creating jobs and improving business productivity. Can the Minister elaborate on this and indicate the Government’s intentions?

1.24 pm

**Lord Stevenson of Balmacara (Lab)** [V]: My Lords, I welcome those making their maiden speeches today.

As the noble Earl, Lord Clancarty, said, the creative industries are a major UK success story, integral to our economy, our culture and our image abroad. The UK is recognised as a global hub for creativity and innovation, and our creative sectors have recently been among the fastest-growing elements of the economy, generating £116 billion of GVA and employing 2.1 million people. Their success makes it obvious that the sector must be supported so that it can survive and grow again.

However, today’s NAO report on the cultural recovery plan confirms that the Government risk destroying this sector, so I would be grateful if the Minister could

explain the following three points. First, when did the Government decide that the CRF should aim to preserve only 75% of the organisations at risk at the start of the Covid pandemic? It cannot generate a very co-operative environment when those hoping to receive funding from their own sponsoring department learn that it aims to cull a quarter of our creative capacity.

Secondly, why have the Government prioritised London, which got 31% of the revenue grants, while the north-east got 4% and the north-west only 12%? I thought that we were on a levelling-up agenda.

Thirdly, the loan elements of the CRF have, unsurprisingly, been undersubscribed—this is not a sector that can borrow. Only 50% of the Culture Recovery Fund has actually reached organisations so far. At the same time, the Government have not adjusted the furlough scheme or the SEISS to ensure that the 750,000 freelancers and self-employed who make up the sector’s workforce get the support they need. Could the current underspend not be used to match the excellent Welsh scheme, already referred to, which has backed up this gap, in support for our creative economy?

1.26 pm

**Lord Caine (Con)**: My Lords, a key objective of government policy in Northern Ireland since 2010 has been to rebalance the economy by boosting the private sector and bringing in more foreign direct investment. One element of this was to look at reducing the business tax differential with Ireland. Yet, following the Budget, corporation tax is set to rise in Northern Ireland to double the 12.5% rate in Ireland. While I appreciate that CT rates are not the only factor in determining where companies locate, when it comes to deciding between Northern Ireland and Ireland, it can, as I know, be decisive.

In the 2014 Stormont House agreement, the Government agreed to devolve CT powers to the Northern Ireland Executive subject to their finances being on a sustainable footing. The Corporation Tax (Northern Ireland) Act 2015 made provision for this, and all that is required to make the transfer is secondary legislation here.

In the 2015 fresh start agreement, the Executive set a date, 2018, for a 12.5% rate and began marketing this in places such as the US. Regrettably, however, a few months after that agreement, the Executive ran into trouble and, as we know, subsequently collapsed for three years.

The biggest obstacle to devolving has always been that, under state aid rules, the Executive would have to fund any reduction from the block grant. Whether there is any appetite for this in the current climate remains to be seen. Yet I am convinced that reducing the rate of corporation tax in Northern Ireland to at least the same level as that in Ireland could have a transformative impact on the economy, which could in turn help to embed further peace and stability.

The commitment to devolve corporation tax powers made it into the 2019 Conservative Northern Ireland manifesto. I therefore finish by asking my noble friend the Minister whether, in the right circumstances, this remains policy should a request be forthcoming from the Northern Ireland Executive.

1.28 pm

**Lord Desai (Non-Aff):** My Lords, I must start by saying that I have known the Chancellor since before he joined the Government. Therefore, whatever I may say about him should normally be taken to be biased. I think he is a very good Chancellor.

I like high taxation so I welcome a chancellor who can manage both to have the highest burden of tax ratio to GDP and, when needed, to spend so that we have the highest debt burden for a long time. Both were necessary, the spending and the high taxation. If we are serious about the Dasgupta report, greening the economy and so on, we shall have to face much higher taxation. We have to stop the illusion that we can have low taxation and high spending, and that in some miraculous way the numbers will add up; I can assure noble Lords that they will not.

The clever thing about the Budget is that the Chancellor has found a way of not disturbing tax rates that much, but he has expanded the tax base. The freezing of personal allowances is an example of that. By doing so, he will collect more income tax without changing tax rates. It should become a permanent policy that the indexing of personal allowances should not be done unless the rate of inflation exceeds the Bank of England target of 2%. There is no need to go overboard. My personal forecast is that inflation is now out of the system and will not come back any time soon. However, I cannot go into that in two minutes.

I welcome the suggestions made by the noble Lord, Lord Butler. I hope that the Government will take seriously the idea that we can tackle the problem of nurses' pay with a one-off levy on people paying more than 40%.

1.31 pm

**Lord Bradshaw (LD) [V]:** My Lords, climate change is the real emergency that outshines any other. The UK has not, so far, taken the bold steps necessary to reach net zero by 2050; in fact, things are going the other way. We have been promised a bus strategy, but it has not appeared. How much more could be done quickly by the railways to reduce the amount of diesel oil used by trains, and the lorries that would be displaced from our roads, if relatively small investment schemes were introduced that would better connect our ports to inland distribution centres? A modest plan of railway electrification and bus building would use British labour and particularly benefit the north of the country.

I have given the Minister a simple plan that would see 50 miles of electrification in small infill schemes that each year could save 2 million miles' worth of diesel haulage, using locomotives that are at present standing idle. While I certainly want to hear his response, I want also to endorse the call of the noble Lord, Lord Young, to increase fuel duty to raise the money needed to fund properly some public services, and his suggestion that we should review council tax to make it fairer.

1.33 pm

**Lord Bellingham (Con) (Maiden):** My Lords, I start by giving my heartfelt thanks to all those people who have been so incredibly welcoming and kind to new Peers.

They range from members of the Leader's Office to the doorkeepers to my indefatigable Whip, my noble friend Lord Shrewsbury. Everyone has been so welcoming and I am grateful for that. I am also grateful to my two supporters, my noble friend Lord Glenarthur and my noble and learned friend Lord Garnier.

My first maiden speech took place shortly after the 1983 general election and lasted 25 minutes. My second maiden speech, which a number of colleagues described rather rudely as my retread speech after my electorate decided to give me a short sabbatical after 1997, took 15 and a half minutes. This is my third maiden speech, and I hope it is my last—you never know in politics—which will be a lot shorter. In fact, my Whip has impressed on me that brevity in this place never goes amiss, perhaps laced with some levity as well.

It is my plan to concentrate on a number of issues dear to my heart, including small businesses, rural affairs, legal services, justice, Northern Ireland and defence. I still live in my old constituency, so it will be a delicate tightrope not to get involved in these matters without getting in the way of my successor, Mr James Wild, who is a high flier and was returned with a record majority; I do not want to fight with him. Indeed, it is more than my life is worth to fall out with Mrs James Wild, also known as the right honourable noble Baroness, Lady Evans of Bowes Park.

On the Budget, when the Chancellor was appointed, there were no coronavirus cases in the UK. When he made his first Budget Statement, there had been one case. The Budget deficit at the time was predicted to be £55 billion. We now know the figures and they are quite horrendous, at £355 billion for this year and £234 billion for next year. But I accept reluctantly all the big tax increases and the big freeze on allowances because I think the Budget meets the mood of the moment. The overwhelming majority of people accept that the bill has to be paid at some stage in the future.

My final point is a small caveat about corporation tax. I agree with my noble friend Lord Caine and the noble Lords, Lord Bilimoria and Lord St John of Bletso, that the signal the rate sends is incredibly important. Given that, I urge the Chancellor to make it clear that when revenues increase and the economy grows again, it will be our intention to go back to having one of the lowest corporation tax rates in the world and to map out a pathway to get the rates down again in the future.

1.36 pm

**Lord Lansley (Con):** My Lords, it is a great pleasure to welcome my noble friend to this House and to congratulate him on his excellent maiden speech. It was brief, but it had a moment of humour in it. I think many of us know that my noble friend comes from what we can call a parliamentary heritage. I do not mean the 32 years that he spent in the other place, distinguished as that was, but that over 200 years ago his ancestor was responsible for the only assassination of a Prime Minister, Spencer Perceval, just beyond the Bar of the House. Happily, my noble friend is now putting a positive parliamentary legacy in place to offset the Bellingham legacy from many years past. As it happens, it is clear that Prime Ministers did not hold that against my noble friend since he was advanced to



[LORD LANSLEY]

ministerial office. Among the many subjects that he will bring to this House, on which we look forward to hearing from him, his ministerial experience will be very valuable, not least in relation to trade and Africa. We look forward to hearing from my noble friend and from all those who have made their maiden speeches in this debate.

I want to make just one point. My noble friend Lord Gadhia said that crises come in pairs. Looking at the Chancellor's Budget, I think he has addressed with many well-judged measures the pandemic crisis that we face. But, actually, we face two crises because we are also facing a climate crisis. I do not think that this Budget addresses the climate crisis in the way that we need to. Every fiscal event must now be directed towards achieving our climate objectives. In that context, I want to focus on one thing. In two months, we will introduce the UK emissions trading scheme. One month ago to the day, the Government increased the auction reserve price from £15 to £22, but nothing else was done in the Budget. We need to know how we are going to use emissions trading—and, more importantly in my view, carbon pricing—to deliver on our decarbonisation objectives. Industry needs those strategies to be set out.

1.38 pm

**Lord Brooke of Alverthorpe (Lab) [V]:** My Lords, climate change is the biggest threat to people's security, so I welcome the Budget's modest initiatives on this and wish them well. However, like the noble Lord, Lord Lansley, I think that much more is needed. I wish only that the Government would address the major driver behind climate change insecurity, which is of course the continuing world population growth. It is the elephant in the room—I know that it is sensitive, but it cannot continue to be dodged, as it is likely to be at the coming COP 26, where it is not seriously on the agenda.

There are rumours that His Holiness the Pope will visit the Glasgow summit and speak. If that is the case, I hope, and suggest to the Government, that discreet approaches should be made to His Holiness and that he should be encouraged to see how the circle can be squared between some of the policies of the Church and what needs to be done to save the Lord's planet.

Secondly, I turn to the Budget and will say something about health and care. Can we have some new thinking on this, especially the costs that arise from issues such as obesity? This was mentioned by the noble Lord, Lord McColl. It is such a major contributor to the deaths that we had and the costs that, annually and in future, the NHS has to meet—due not just to things such as diabetes but also to other health problems.

Why have the Government failed to extend the sugar tax, which has proven so effective? Why are the Government still freezing taxes on alcohol, when that is a silent contributor to obesity? We need an approach from the Treasury that starts to take health costs into account in all its approaches; it needs to give more incentives and disincentives to those who damage people's health.

1.41 pm

**Viscount Waverley (CB):** My Lords, I have not jumped ship. My contribution today focuses on trade, which is central to the economic recovery—yet there was little mention of it, except for freeports, which, in the grander scheme of things, are peripheral, with marginal economic benefits. I would commend a more ambitious approach, with investment from government.

The Budget was an opportunity to send a signal of intent that the Government mean business and to outline a trade-driven recovery, setting out a vision and how that vision would be funded. It is also essential that there is a clear industrial strategy underpinning a comprehensive trade strategy. However, we are now faced with the Government having abandoned their industrial strategy. How are we to build new green industries, generate jobs and drive exports effectively without an industrial strategy? Trade affects every walk of life, and it is essential that policy embraces a comprehensive strategy that addresses the ambitious goals of the United Kingdom at large.

The Department for International Trade cannot be expected to do everything. Secretary of State Truss has pipped me to the post this morning with a round robin announcing that the Board of Trade has launched its first report, *Global Britain, Local Jobs*. Recommendations have been set out to

“unleash the UK's full exporting potential and propel jobs and growth across the country.”

Although time has not permitted me to digest the detail, it is a commendable initiative and deserves our support. I hope that the Government have focused on where they should be adding the most value for the taxpayer and industry, driving their prime responsibility: creating the conditions to ensure that business thrives. This could include a rethink of the role of DIT and how it might work more effectively with the private sector, leveraging public finances to attract private sector resources.

Therefore, the Budget was a missed opportunity, compounded by exports having collapsed in the last 12 months—notwithstanding the Minister's confirming that the UK is set to return to pre-crisis levels earlier than expected—with exports to the EU plunging by £5.6 billion since Brexit.

1.43 pm

**The Earl of Shrewsbury (Con):** My Lords, I also congratulate my noble friend Lord Bellingham on an excellent maiden speech. As his Whip, I expect to be obeyed. I am looking forward to listening to him in the future.

I also congratulate my right honourable friends the Prime Minister and the Chancellor on the financial support initiatives that have been provided for businesses and individuals alike throughout the pandemic. They have received much criticism from the other political parties but, without those support packages, this country's economy would be in a very different place. This has all been uncharted territory, so being critical of the Government's actions is somewhat disingenuous; I doubt that anyone could have done a better job.



In the business section of yesterday's *Times*, an article based on a recent report by PwC stated that a survey of 5,000 global business leaders found that Britain is

"a more attractive investment proposition for multinational companies than it was before Brexit"

and stated that we are now

"the world's fourth most promising growth opportunity".

Therefore, we must build on that good news. Surely, instead of hiking corporation tax to 25%, my right honourable friend should instigate a root-and-branch reform of our overcomplex tax regime, developing a simplified low-tax system to attract foreign companies. We need to incentivise, not penalise, our business community—we are a nation of entrepreneurs; we need to encourage those businesses.

In such a reformed tax system, there would be less inclination to try to avoid paying taxes and more incentive to invest and grow. We have to take a long-term position, and we know that it will take a very long time indeed to repair the financial damage caused by this pandemic. I believe that tax reform is key to growth and future success.

I make a plea to my right honourable friends to recognise the tremendous dedication and service provided by our NHS nurses in a better pay award. An award of 1% is derisory. No matter how much we applaud them, kind words do not pay bills. They deserve better.

1.45 pm

**Baroness Humphreys (LD) [V]:** My Lords, I add my congratulations to all noble Lords who have made their excellent maiden speeches today.

In my short contribution, I will concentrate on the impact of the Chancellor's Budget on Wales. As a consequence of Covid measures for England, the Budget provided £735 million of revenue funding for Wales—but not a single penny more for capital spend in Wales next year, despite all that we have heard about an investment-led recovery.

With COP 26 due in Glasgow in November, I was disappointed that there was no reference to further investment in the green recovery that my party in Wales wants to see. Further investment in large-scale renewable energy projects, bringing more jobs to our communities as well as addressing the climate emergency, would have been a starting point.

This Budget confirms what the Senedd's Minister for Finance calls the UK Government's "aggressive approach" to replacing EU funding, resulting in the people of Wales benefitting from a fraction of the funding that we have had in previous years. This, together with the earlier revelation that the designation of HS2 as an England and Wales project has resulted in a drop in the consequential from 80.7% to 53.7%, has led to serious ramifications for future growth in the Welsh budget.

In a week when opinion polls show that, perhaps as a result of the actions of this Westminster Government, nearly 40% of the people of Wales would now favour independence, the UK Government really need to change their approach if they want the union to survive. Now is the time to consider strengthening our devolution settlement, not weakening it by stealth.

1.47 pm

**Lord Foulkes of Cumnock (Lab Co-op) [V]:** My Lords, the Chancellor faced two major hazards in preparing his Budget. The first, the Covid pandemic, was of course not of his making but, for the second, the fallout from Brexit, he and his Government must accept the major responsibility. Indeed, we see today that our exports to the European Union have dropped by over 40%, with huge economic disbenefit.

The worst aspect of the Brexit con trick, however, was the slogan on the side of the campaign bus promising £350 million a week for the NHS. If we are getting anything, it is not providing a decent pay rise for the staff who have cared for us through this pandemic, as the noble Earl, Lord Shrewsbury, said earlier. But there is money going to the track and trace consultants, who are no doubt struggling by on average pay of £1,000 a day.

I am one of those who will continue—as my noble friend Lady Quin said she would—to argue that Brexit was a tragic, self-inflicted wound, achieved through a flawed referendum process. I recognise, however, that we cannot now undo it, but it is a caution against stumbling into another similar, but far worse, tragic error. With the chaos and misery that we now see developing as a result of the UK leaving a successful economic union after 40 years, think how much worse it would be for Scotland to leave an even more successful economic union after more than 300 years. The separatists have no answer to the key questions of currency, debt or breaking up long-standing financial arrangements. They rely on the same emotive arguments of national identity that led us into the disaster of Brexit. We all need now to raise our game in the fight to save our precious United Kingdom.

1.50 pm

**Lord Holmes of Richmond (Con):** My Lords, I welcome and congratulate all noble Lords who have made their maiden speeches in today's debate and declare my interests as set out in the register. The Chancellor delivered a good Budget in uniquely bad times. I believe it can be best summarised as "The Government's economic strategy is their vaccine strategy; the Government's vaccine strategy is their economic strategy"—and quite right too. Will the Minister join me in congratulating all those involved in the vaccine programme and all those in the NHS and our care services who have done so much through this pandemic? Will he review the current pay proposals for our nurses?

Turning to financial technology, I welcome its mention by the Chancellor in the Budget, particularly with the recent publication of the fintech strategic review. What does the Treasury intend to do to accelerate the implementation of the recommendations in Ron Kalifa's FSR? Much of what is in the review does not require legislative change, so will the Government just crack on with that? For that in the review that does require legislative or regulatory change, what is the Government's plan to enable that? Fintech is the future, and it is the future now. We have the talent, we have the technology; we need the legislation and the regulatory environment to further fuel that future. Does my noble friend agree?

1.52 pm

**Lord Wigley (PC) [V]:** My Lords, I congratulate all maiden speakers. The Chancellor has implicitly recognised that the impact of Covid cannot be resolved by the free market economy. His actions were necessary, though they sometimes delivered rough justice. For some groups—the newly self-employed, the hospitality sector and the performing arts—it has been very rough indeed, and to plough ahead with the Brexit timetable regardless of Covid was surely crass stupidity. Exporters, including fishermen, are paying the price.

Over the past year, the impact of Covid has varied geographically, and Covid rates in Wales today are half those in England. Our ability to fine-tune policy to reflect local conditions has boosted the Welsh Government's credibility. This is because of three factors: devolution has enabled us to take decisions more closely aligned to local circumstances; our sense of community is greater; and the need to prioritise the social agenda was more widely accepted. We needed, from this Budget, a resource allocation free of strings, both to empower local communities and to enable us to address key devolved issues, such as nurses' pay, school resources, small enterprises, the cultural sector and the tourist economy, in ways which reflect local circumstances.

We must trust our local communities and that can happen only by empowering them, so the Budget should also have urged Wales to maximise capital expenditure using, where necessary, our own borrowing and tax-varying powers to respond to local needs. The Budget decision to sprinkle capital projects like confetti around these islands, through the centralised, micro-managed shared prosperity fund, not only reeks of pork-barrel politics but reflects a scattergun approach which cannot deliver sustainable economic solutions in a co-ordinated manner. The shared prosperity fund has just £220 million for the whole UK this year, compared to the annual £375 million that Wales received from EU structural funds. Brexit pledges to Wales turned to dust. I fear that this Budget may do likewise.

1.54 pm

**Baroness Goudie (Lab) [V]:** My Lords, as a result of the pandemic, women have had to face career-altering decisions. Many women have had to scale back work obligations in order to focus on a family at home 24/7. What will be the long-term implications of this on the pipeline of women into senior positions? The Government must ensure that childcare facilities are available. Throughout the pandemic, a number of childcare facilities have had to close as they did not receive financial support. We know that first interventions with children are key to their future and the future of Britain. Further, getting women back into the workforce is key to our economy.

As we progress through 2021, we must challenge what could become expected norms. We must continue to take big strides in ensuring the number of women in leadership roles. Across the world, women from all cultures need to continue to hold positions in the boardroom, as there is a place for everyone at the board table. Diversity at the board table will have the largest impact on corporate culture and decision-making.

It is crucial that we continue to strive for 50:50 representation of women and men on boards, in management teams, in Parliament and in government, and for those men and women to be diverse and from a wide range of creeds and colours.

The past 10 years have seen some progress; now it is time to raise the stakes and be even more ambitious for the next 10 years to come. To further economic progress, we must ensure that the FTSE 100 has reached 36% women on boards and the FTSE 350 has achieved 34%. Annual reporting of the gender pay gap and diversity must remain intact to continue the momentum and forward progress.

I encourage noble Lords to also challenge what is going on around them and look for ways to help us all to continue to drive towards equality for all women, men and children by not cutting education, apprenticeship or training budgets.

1.56 pm

**Lord Sarfraz (Con):** My Lords, I join in congratulating the maiden speakers today. I refer noble Lords to my entry in the register.

Despite very difficult circumstances, this might actually be one of the most start-up friendly Budgets in years. The challenge and opportunity are in last-mile delivery. I will explain what I mean by that. Take, for example, the future fund for breakthrough technologies, which is very welcome and should result in many multiples of private sector co-investment but will depend on lead investors. Those lead investors will need to be encouraged to market directly to diverse founders, particularly female founders, those from ethnic minorities and those outside traditional investment geographies.

The recovery loan scheme will be distributed through banks. Those banks will also need to be encouraged to extend credit to pre-revenue businesses with little to no collateral and other existing layers of debt. Even with encouragement, this type of risk might lie outside most bank managers' skill set and comfort zone. The same could be said about the mortgage guarantee scheme, which will also be delivered through commercial banks.

It is in last-mile delivery where we need to reduce friction and improve experiences. I hope that we can learn from the challenger bank playbook and improve design at the point of sale, where our policy interventions are ultimately consumed.

There are also several refreshing ideas around R&D tax relief, pension fund asset allocations, the EMI scheme and the crypto assets consultation, all of which could greatly benefit entrepreneurs in the United Kingdom. I congratulate the Government on delivering a Budget that gives entrepreneurs hope and optimism after such a difficult year.

1.57 pm

**Baroness Bull (CB):** My Lords, I join others in welcoming today's maiden speakers.

As we have heard, the creative industries contribute to the UK's social, cultural and economic well-being, delivering £116 billion GVA pre-Covid and 2.2 million jobs. Given this, their inclusion in the levelling-up fund and the plan for growth is welcome.

Despite this success, the sector has challenges of diversity, skills and scale, which this Budget begins to address. New flexibilities in the apprenticeship scheme will diversify opportunities. Reforms to the global talent visa and a new elite points-based visa could, if well designed, help to ensure access to skills. It is encouraging that the Government have heard the arguments for a creative industries R&D tax relief. Creative businesses undertake almost as much R&D as manufacturing, but their current exclusion rules out legitimate innovation in this fast-growing part of the economy and misses the chance to ensure that behavioural insights are built into new technologies to increase adoption rates.

Set against these positives are the continued challenges of Covid for a sector unlikely to generate income until summer at the earliest. It is disappointing that a government-backed insurance scheme similar to the Film and TV Production Restart Scheme was not introduced. Furlough and support scheme extensions are welcome, but too many taxpayers still fall through the gaps. One year on, will the Government extend the SEISS criteria to catch them? How will the Government ensure that the extra £408 million cultural funding reaches freelancers, who make up one-third of the creative workforce and are, literally, its lifeblood?

Finally, there is still no announcement of the promised alternative to the Creative Europe culture sub-programme, which contributed €18.4 million to UK culture each year. When we will hear more on this?

This is a sector hit hard by Covid and even harder by its inexplicable absence from the EU-UK TCA. This Budget's emergency support is welcome, but it is no substitute for the long-term investment that will preserve its world-leading status and help the creative industries play their role in economic recovery.

1.59 pm

**Lord Haskel (Lab) [V]:** My Lords, as well as welcoming the maiden speakers, I welcome the Chancellor's short-term methods to deal with the immediate effects of the pandemic on jobs and businesses. But that is the easy part. As other noble Lords have mentioned, the harder part is to deal with our longer-term needs of productivity and growth, Brexit and our future trading relationships.

Where there was some action, it seemed to be prompted by a rather old-fashioned view of business; we tried freeports and closed them. Modern firms are defined by capability, much of it resulting from intangible investment. This is how we developed the new vaccines. In this modern world, fiscal allowances are less of a consideration. Capital expenditure and investment is, more and more, investment in transport, water, power and systems of payments. But it has to go hand in hand with investment in education, welfare and public health. This is what helps to create the work which builds value, improves productivity and raises GDP—working together in this modern economy. The Budget hardly recognised this. The Budget was also weak on decarbonisation. Freezing fuel duty does not help achieve carbon neutrality, and there was silence on carbon border taxes.

In spite of today's advancement, there is a distinct lack of trade strategy, and industrial strategy was hardly mentioned. Where there was a strategy—such as levelling

up—it was clearly political, not economic, as the methodology published yesterday demonstrated. This is a short-term Budget neglecting our long-term problems.

2.01 pm

**Baroness Foster of Oxtou (Con) (Maiden Speech):** My Lords, first I thank my supporters, my noble friends Lord Polak and Lord Parkinson. I also thank Black Rod and her team, the clerks, the doorkeepers and everyone here for their very warm welcome. Their help has been invaluable, and it is a great honour to join your Lordships' House.

Oxtou is a lovely village on the Wirral, settled by the Vikings. Centuries later, it was one of the most affluent areas in England. The land was part of the Earl of Shrewsbury's estate—he has just left—and there is a very fine hostelry there named after him. But its real wealth was derived from its proximity to Liverpool, just across the river. The Three Graces, topped by the Liver Birds, is one of the most magnificent skylines in the world, and where I was born.

As children, we would watch the great ships discharge their passengers and cargo, then set off again to exotic places around the world: Cunard, White Star, Canadian Pacific and many more. But the city's great mercantile history would face its biggest challenge: the rise of the aviation industry.

At 16, I saved up and flew to Paris to visit my French penfriend in Épernay, and it was a moment which determined my future—I was going to fly. At 20, I left for London, joined British Airways and never looked back. That was the start of a love affair which continues today. Twenty years in Brussels, most as an MEP, allowed me to specialise in this field and extended my interest and expertise to the aerospace, space and tourism sectors, which I hope to develop while I am in your Lordships' House.

We have built a world-class industry. There are 4 million jobs reliant on this supply chain, so when I see the devastation caused by Covid, I could weep. We have the silver bullet; it is time to rebuild and provide confidence for business to move forward. The Chancellor has made a very good start, but we have to do much more. So I will play my part, and I am sure that noble Lords—whatever their political persuasions, or none—will, too, and I thank them in anticipation.

2.04 pm

**Lord Balfé (Con):** My Lords, I congratulate all maiden speakers, in particular my noble friend Lady Foster, who I have known for a good number of years, mainly in Brussels. She alluded to her role there on the transport committee and in the transport field for the Commission, where I have to say she was a distinguished and feared figure, because she knew her stuff—and that is the most important thing to get things done. She was also deputy leader of the Conservative group—the deputy leader is the one who gets the jobs that no one else wants—and she survived a good few years there. Finally, although she mentioned British Airways, she did not mention that she was instrumental in setting up a trade union. Labour loves to feel that it has all the TU people, but we have yet another person on our Benches who is an intimate in the trade union field.



[LORD BALFE]

I will move on to make myself unpopular with the Opposition, certainly, if not the Government. We cannot keep on living on credit. It is as simple as that; difficult choices have to be made. Johnson compares himself to Churchill. I see the noble Viscount, Lord Waverley, opposite; his grandfather was Churchill's Chancellor of the Exchequer. Churchill spent money like water—but it had to stop, and this has to stop. We have to construct a way of living with Covid.

I say this to our friends the nurses: they have to be subject to the same economic disciplines as anyone else in the labour force. A pound on the wages bill is a pound off the cancer treatment bill. There is no unlimited supply of money. That is the message that I would like the Chancellor to ram home to No. 10. We must start again living within our means and we must make decisions based on hard economic facts, not emotional spasms.

2.07 pm

**Lord Shipley (LD) [V]:** My Lords, first, I congratulate all noble Lords making their maiden speeches today. I will talk about English regional policy. The Industrial Strategy Council, now abolished, said that, in Europe, only Poland and Romania had larger regional productivity gaps than the UK. The Government seem to want to recognise that in *Build Back Better: Our Plan for Growth*. But, as my noble friend Lord Fox, the noble Lord, Lord Eatwell, and others have said, the plan lacks strategic focus and a unifying theme. I hope that the Government really do understand the potential growth jobs, particularly in green industries in the English regions.

The success of levelling up will depend on the willingness of the private sector to invest strongly alongside the Government, but also on the willingness of the Government to devolve power within England, which should lead in turn to greater growth in jobs. We still await of course the Government's much-heralded devolution White Paper.

I welcome the opening of both the Treasury's northern base in Darlington and the UK infrastructure bank in Leeds. Both are a sign of confidence in the north, as is the second Ministry of Housing, Communities and Local Government headquarters in Wolverhampton and the West Midlands. These decisions by the Government raise the question of what else should be in the pipeline. I suggest that the Department for Transport opens a base in the north of England. I have never understood why it is essential for it to be in London. The example set by the Treasury and MHCLG is surely one for others to follow. We could create a network of government departments right across the country, where civil servants and Ministers can better understand the problems outside London.

2.09 pm

**Lord Empey (UUP) [V]:** My Lords, like others, I wish to congratulate our maiden speakers today. I am particularly pleased to see the noble Lord, Lord Bellingham, and the noble Baroness, Lady Foster, in their places. I have worked with them before and look forward to doing so again.

My noble friend the Minister will not be surprised that I wish to address a few matters concerning the Northern Ireland protocol. I know that he has done a lot of work personally to make this system acceptable, but I fear that the principles behind it will in fact make it ultimately unsuccessful. I point out that both Her Majesty's Government and the European Union say that they had to come to this arrangement because they want to support the Belfast agreement in all its forms. As a negotiator of that agreement, I assure my noble friend that the protocol is the very antithesis of that agreement and will probably be fought out in the courts in the coming weeks. There are many of us—and many of us want to talk to him and the Government—with ideas for workable alternatives that will not disrupt trade to the extent that it has been disrupted.

To point out the scale of the problem, the trade flowing across the border from the United Kingdom to the Republic of Ireland is one-tenth of 1% of European trade flows. How is it that we have ended up in such a political mess over such a modest amount of trade? It is a sledgehammer to crack a nut. There are alternatives that respect the single market of the European Union, which we have no wish to damage given it was our idea in the first place. I would like the Minister to confirm that he and his colleagues would be prepared to meet with some of us to consider our proposals.

2.11 pm

**Baroness Altmann (Con) [V]:** My Lords, I congratulate my noble friends Lady Foster, Lord Cruddas, Lord Benyon and Lord Bellingham, as well as the noble Lord, Lord Khan, on their maiden speeches. I welcome them to the House. I also congratulate my noble friend the Minister and the Government on the Budget. I applaud the aims of an investment-led recovery and the support for business and people who were badly affected by the pandemic. I welcome the St Augustinian approach to fixing the fiscal deficit by spending huge sums now, allowing fiscal drag and promising tax rises to pay for this later, but leaving flexibility to adjust the timescale and detail of future fiscal measures.

I have two main points. First, I repeat my concerns about the levels of debt across the economy, which have, ironically, risen substantially through the years since the 2008 debt crisis sparked the beginning of the Bank of England's exceptional money-tree policy called quantitative easing. It was supposed to be a temporary monetary policy experiment, having continued—unfortunately, in my view—for years after 2008 despite growth increasing and asset price inflation driving a massive redistribution of wealth towards the wealthiest while causing problems for pension schemes and savers. I urge the Chancellor to use pension assets to boost growth rather than chasing gilts in competition with the Bank of England, and to boost the green growth agenda and finance housing.

Secondly, I regret the missed opportunity to address social care funding and hope that the Chancellor will move towards integrating social care into the national insurance system alongside pensions, as Beveridge doubtless would have done had he understood the demographics that were coming.

2.13 pm

**Lord McKenzie of Luton (Lab) [V]:** My Lords, I start by offering my congratulations to all those who have made maiden speeches today. The pandemic has caused the most comprehensive and sustained economic shock that we have had to endure, and Brexit has of course added to that challenge. Witness the devastation on our high streets, the impoverishment of our councils and the continuing housing crisis.

The Chancellor's chosen method of introducing a range of tax increases was to freeze a whole bundle of tax thresholds and allowances at 2021-22 levels—a rather weasel way of circumventing manifesto commitments, but not novel; we have all been at it. It leaves the determination of the rates of real increases in tax to a range of market economic factors not necessarily under the direct control of the Chancellor.

Perhaps the time has come to get more from capital taxes—inheritance tax and capital gains tax—and one further tax. Noble Lords may be aware that the Wealth Tax Commission, chaired by the noble Lord, Lord O'Donnell, recently delivered its final report. As the report sets out, it is half a century since a wealth tax was seriously considered in the UK. Given the scale of the public finance crisis, there is an imperative, I suggest, to think big on tax. Why should we not at least develop our thinking on a wealth tax—a broad-base tax on the ownership of net wealth—to help pay the bills, as some have suggested? Public attitudes, according to the report, show a clear desire for wealth to be taxed more relative to income. I live in hope.

2.16 pm

**Baroness Bottomley of Nettlestone (Con) [V]:** Let me add my welcome and congratulations to the distinguished Peers who have made their maiden speeches today. They have whetted our appetites and we very much look forward to hearing more from them.

In the Budget debate a year ago, in his final speech in this House, the late Earl of Selborne said:

“We rightly congratulate ourselves on the quality of our basic research, yet we consistently fail to exploit this to the point where we deliver the new technologies, whether to promote the green economy or anything else.”—[*Official Report*, 12/3/20; col. 1184.]

How right he was. He was a massive force for good, maintaining priority and integrity given to science and technology. He was in the House for almost 49 years, and I hope that his memory and influence will live on with us. He would have welcomed the Government changing the Bank of England's mandate, despite the reservations of the noble Lord, Lord King, to include climate objectives. This will focus financial markets towards green investment. Many will have noted that the last governor, Mark Carney, in his impressive 2020 Reith lecture, referred to the urgency to reorient the financial system, with a massive investment needed to create a sustainable green economy.

In hosting COP 26, and our presidency of the G7, we look for an all-encompassing road map, delivering green growth at the heart of our recovery. The Chancellor's planned Leeds-based national infrastructure bank will play a key role in financing green investment. The aspiration is to attract up to £40 billion of private investment in green projects. I also welcome the

announcements of the green ports. I declare my interests as sheriff of Hull and chancellor of the university. The unemployment rate there is 7.1%; in my former constituency, it is 3%. Levelling-up and building back better, in the Prime Minister's words, are crucial. We can see in the Humber how money is already being used to convert the Alexandra Dock, the centrepiece of Green Port Hull, which has been transformed by Siemens Gamesa to manufacture phenomenal zero-carbon energy-producing mega turbine blades.

With all the other measures in the Budget, there is a note of optimism and hope, but like others, I must press the Minister for greater clarity on plans to overhaul social care. This is a Schleswig-Holstein question. It is incredibly complex. Healthcare traditionally has been free at the point of use.

**Baroness Penn (Con):** I remind the noble Baroness that contributions are time-limited.

**Baroness Bottomley of Nettlestone (Con) [V]:** There has always been an assessment of means for social care, but the issue must now be faced.

2.19 pm

**Baroness Hayman (CB) [V]:** My Lords, I declare my interest as co-chair of Peers for the Planet. Given today's excellent maiden speeches, I hope that we may even gain a few recruits.

I share the disappointment of other speakers that the Budget failed to provide the coherent, cohesive underpinning necessary to meeting our national and international obligations on climate change and biodiversity, and ignored the Climate Change Committee's recent call to front-load investment and policy rollout this year, this Parliament and this decade.

Many have spoken of the extraordinary scale of the economic challenge caused by Covid-19. Coronavirus is indeed the crisis of our time, but climate change is the crisis of our age, and the Budget fails to rise to the scale of that challenge, with big gaps in policy and funding for the decarbonisation of heating and transport, and no mention of nature-based solutions or biodiversity.

I will not follow my fellow Wulfrunian, the noble Lord, Lord King of Lothbury, on the remit on the Bank of England, but I agree that the prime responsibility is with the Government and their failure to introduce a carbon tax along with the freezing of the vehicle excise duty. Equally, the Budget is silent on the future of the green homes grant, yet a recent report by the Green Finance Institute has shown that an extensive retrofit programme could cut emissions and create 200,000 highly skilled jobs across the whole of the UK by 2030. Such a programme could be a prime candidate for the new national infrastructure bank, whose creation I welcome, and provide an example of a cross-cutting strategic approach we so badly need.

2.21 pm

**Baroness Bakewell of Hardington Mandeville (LD) [V]:** My Lords, the OEP—the office for environmental protection—was heralded by the Government in October 2019, with its offices to be in Worcester. It took two

[BARONESS BAKEWELL OF HARDINGTON MANDEVILLE] years to appoint an interim CEO on 28 January this year, but this post will last only until December, just 12 months. The G7 summit in Cornwall and COP 26 will both happen this year, but the Government's green agenda will be no further forward. The Environment Bill, having been stalled, is now seriously threatened as the Bill team has been disbanded.

I welcome the levelling-up including rural areas, but am not holding my breath. There is much in the Budget to help the environment—green gilts, green national savings, offshore wind, hydrogen and energy storage—and a plethora of strategies in the pipeline to come soon, but no mention of just when “soon” will be. The UK infrastructure bank is to assist, among others, farmers to move to net zero. It will also support new entrants into farming and tenant farmers but, as ever, there is little detail of how this will happen.

Green technological investments are one side of meeting environmental and carbon targets. The other side is an independent regulator, the OEP, to set challenging targets and enforcement to penalise the polluters. Can the Minister indicate just how the OEP is funded so that it can begin its essential work, and when this will happen?

2.23 pm

**Baroness Gardner of Parkes (Con) [V]:** My Lords, we are without doubt living through unprecedented times, and it is right that this Government should be supporting the public and the economy to help us navigate through these uncharted waters. While not a fan of taxes, I understand the need for the highest tax regime since the 1960s, but I hope that the Government will be flexible as and when needed if the opportunity to cut taxes arises in the future to boost the economy and help to rebalance the tax burden borne by the high street and the online economy.

Given the number of speakers today, I shall speak out in support of just one aspect of the Budget and ask that it be made permanent in future. I refer to the extension to universal credit by £20 per week for a further six months. This has been a lifeline to many since it was introduced, and can be the difference between keeping your head above water and drowning in debt. This pandemic has not hit everyone equally. Those on low or no income have really struggled financially, and this £20 a week has had a disproportionately positive impact on those who receive it, whereas others on a high income may see it as only the price of a nightly Deliveroo takeaway meal and inconsequential. I commend the Government for retaining it and ask that it be made permanent, as the fear of it being withdrawn is adding to the stress and worry of how people who receive it will manage as they emerge from this pandemic.

2.26 pm

**Lord Morris of Aberavon (Lab) [V]:** My Lords, I shall not dwell on the gross disservice now proposed for nurses' pay—a pay cut, given the inflation estimates. I believe the Government will be forced to do a U-turn, and the sooner the better, before it goes to the review board. Where are the whizz kids who should have anticipated this uproar—another pasty tax or, perhaps, Gordon Brown's few pence for the pensioners?

I touch on agriculture, which is a devolved matter. The joint statement of the farming organisations in Wales is very welcome. Will the Government confirm that they are committed to at least match the current EU receipts for Wales? On a wider area, for the past 20 years, Wales has received more European structural funds than any other part of the UK to bring the Welsh economy up to the EU average. What is the present position? Will the Minister kindly write to me to clarify?

It is the long-term future that concerns me. Attempts to paper the cracks are very welcome, but there is a real problem with youth unemployment and something should be done about it. The Labour Party Government of 1945 had the vision to reset our priorities when the country was also bankrupt. Harold Wilson, in whose Governments I served, had a similar view as regards the possibilities of the technological revolution. I have encouraged my party to enlist the most eminent economists to set our priorities and proposals for the future of our country. We need an economic recovery plan, and I hope that we as a party can provide it.

2.28 pm

**Baroness Uddin (Non-Aff) [V]:** My Lords, I warmly welcome all noble Lords who newly grace us with spring in their steps, and I look forward to working with them, as is our customary tradition, across the aisles. I particularly welcome the noble Baroness, Lady Foster, with whom we take an additional step towards a more balanced House.

In the light of Sir Simon Stevens' pronouncement that the Government have broken their promises and the Public Account Committee's report on the efficacy of test and trace implementation, as well as breaching the rules of awarding contracts, will the Government bow to public demand and abandon the neglectful offer of a 1% pay rise for nurses? These are the nurses and other frontline staff who we have vowed to support as a mark of respect for their services and sacrifice, for looking after patients affected by this pandemic, including the heart-breaking 125,000 who lost their lives and those who have survived.

The Women and Equality Committee's report states that existing gender inequalities have been exponentially exacerbated by the pandemic policy responses and, as result, many women are being forced to choose to leave work due to overwhelming family and childcare responsibilities.

I appreciate that the Government are committed to remedying structural inequalities in employability, housing overcrowding and homelessness. Will they therefore share the impact assessment for their spending policies and say what, if any, improvements have occurred as a result?

Finally, as the landmark Domestic Abuse Bill reaches its final stages, all Members acknowledge the significance of the funding allocated to meet immediate needs. There is consensus among experts, however, that it is not enough. Will the Government consider an imminent national campaign to eradicate violence against women and girls, which has been the cause of the murder of 189 women and children this year alone—and to



which we now add the name of Sarah Everard? I extend my heartfelt condolences and prayers to all their families.

2.30 pm

**Baroness McIntosh of Pickering (Con) [V]:** My Lords, I warmly congratulate all noble Lords who have made their maiden speeches and welcome them to the House.

I welcome the Government's support during this pandemic, but I query why aviation companies have been overlooked, with no specific targeted measures to ensure their swift recovery. I hope that this might be addressed. They have a strategic role to play in global Britain and have suffered the greatest loss of business in the pandemic. Is my noble friend aware that the restart grants focus on retail outlets, therefore excluding many in the travel sector? I hope that this also will be addressed.

I support the government programme of levelling up and improving infrastructure in the economy of the north. On free ports, though, I urge caution. They were abandoned in 2012 for very good reasons. I hope that the Government will urgently address issues of levelling up between rural and urban areas, especially concerning mobile and broadband connectivity.

Will the Government take the opportunity of the Budget to close the gender gap between men and women? I think in particular in terms of women's state pension: they are now not able to take it until 66 at the earliest, yet they find it difficult in later years to find work. Also, many part-time women are disadvantaged and deprived from not being able to enrol in auto-enrolment pensions. A woman in her 20s now will retire on £100,000 less than a man—that cannot be acceptable.

Finally, the Government will be disappointed with the monthly trade figures showing a 40% drop in UK exports to the EU and a 28% fall in imports from the EU, in large part due to checks and barriers following Brexit. Will the Government seek the earliest possible agreement with the EU to agree phytosanitary checks on the same basis as agreed between the EU and New Zealand?

2.32 pm

**Lord Berkeley of Knighton (CB) [V]:** My Lords, it is indeed a pleasure to welcome the flow of fresh blood into your Lordships' House, and I welcome its owners too.

The opening thrust of the noble Lord, Lord Agnew, was this: the Budget protects jobs and livelihoods. The creative industries cannot wait to get back to work, to start contributing the billions to the Exchequer that they have historically raised. I commend the Chancellor for the help that he gave to the sector, but he and the Minister will know that many slipped through the net of support and will now be hit by the second blow of a double whammy—the inability to tour in Europe. I fear that many actors, dancers and musicians may not be there to help rebuild our economy.

I have two suggestions: help with insurance for promoters and venues, and a return to the EU to sort out touring visas and work permits. It is no good

saying that the creative industries are being consulted and the Government's door is open; the Government simply must go back to renegotiate a reciprocal agreement, however much they appear loathe to do so. It is not just about money but about the precious exchange of ideas.

Finally, I endorse my noble friend Lord Butler of Brockwell's suggestion that those who can should pay more on a one-off basis for NHS nurses. For my part, I would certainly be up for that.

2.35 pm

**Lord Sikka (Lab) [V]:** My Lords, I congratulate all new noble Lords and welcome them to the House. The Equality Trust states that, before Covid, the poorest 10% of households paid on average 42% of their income in direct and indirect taxes, compared to 34.3% paid by the richest 10% of households. This gap has increased since 2010. Rather than tax justice, the Budget will force the less well-off to pay higher amounts in income tax, national insurance contributions, VAT and council tax, which will inevitably deplete the purchasing power of the masses and damage economic recovery.

Regressive taxation cannot build a just and fair society, but the Government do not seem to grasp that. Just two reforms—taxing capital gains at the same marginal rates as earned income and restricting tax relief on pension contributions to the basic rate of income tax—could generate an additional £25 billion per year for redistribution and levelling up and change the balance of taxation. Hopefully, the Minister can explain why the Government continue to neglect tax justice for the less well-off members of our society.

2.36 pm

**Lord Sterling of Plaistow (Con) [V]:** My Lords, I am sure that the expertise of all our new colleagues will much enrich the deliberations of this House. The Chancellor's support package during the greatest challenges in our lifetime was a tour de force, but it is now vital that we get back to work as soon as possible, thereby achieving a rapid return to economic well-being.

I have stated before that SMEs and the self-employed are the backbone of the United Kingdom. They are our true entrepreneurs; with the right leadership and encouragement, they will play a crucial role in our economic recovery. They will invest their own moneys and reputations in innovation and research, increase employment and train apprentices, to help and expand both here and in international markets. Our most helpful librarians informed me yesterday that 16.8 million people were employed by SMEs in 2020. These are businesses with less than 250 employees. Some 34.9 million people were employed in the whole of the United Kingdom; SMEs therefore represent 48% of the total. The total turnover of SMEs in 2020 was £2.3 trillion, while that of the whole United Kingdom economy was £4.7 trillion—so SMEs' turnover represented 49% of the total.

History has shown that immigrant families from all backgrounds have created their own SMEs and have total dedication to the work ethic leading to creativity. Sadly, many people will need government support throughout their lives, but many desperately wish for

[LORD STERLING OF PLAISTOW]  
the dignity of having a job, thereby contributing to the economy. I am sure the Minister will agree that we have an extraordinary wealth of talent in this country in all age groups. This will undoubtedly feed through to create a great future for our children and grandchildren.

2.39 pm

**Lord Scriven (LD) [V]:** My Lords, I declare my interest as a vice-president of the Local Government Association. People who require social care and healthcare will feel let down by this Budget. Leaving aside the 1% for front-line NHS workers and nothing for care staff, hidden away in the small print of the Red Book the Government have cut NHS England's budget from £148 billion this year to £139 billion next year. With over 4 million people waiting for healthcare and a looming mental health crisis, the Government's response is to treat health and care staff with contempt and cut NHS budgets for the forthcoming year.

In real terms, public health grant spending per head this year is £1 billion lower than in 2015-16. The Budget said nothing on the councils' public health grant for the next financial year. The lack of funding for public health runs contrary to the aim of addressing increasing health inequalities and levelling up communities.

Talking of silence, I turn to the service whose name the Government dare not speak: social care. It is estimated to have a gap of £4 billion and growing, with millions not getting the care they need. The Government's response is a sticking plaster of temporary council tax rises. The time for strategic plans is now—yet the Government lets down the most vulnerable by not bringing forward reforms of social care funding, giving those in need support and dignity. It is shameful and unforgivable.

The £20 million in the Budget is insufficient to support those who have to self-isolate with Covid. Every country that has slowed the transmission of the virus has put in place significant support and paid people the equivalent of their wages while they are self-isolating. This is another opportunity missed, one that the Government will have to readdress to ensure that an effective system of isolation and support exists.

The Budget's silence on these issues of the well-being of citizens is an abdication by the Government, not only on personal health and care but also for a healthy and growing economy.

2.41 pm

**Lord Dodds of Duncairn (DUP) [V]:** My Lords, I extend my sincere congratulations to all noble Lords making their maiden speech in today's debate, and I wish them well for the future.

I welcome the decision to extend the 5% VAT rate for the hospitality industry to maintain the £20 uplift on universal credit, although it could be for longer, which would give more certainty. This and the decision to freeze fuel duty are in line with representations made by us to government, and I welcome them. I understand the need for the Chancellor to look at revenue raising, but I think that to freeze tax thresholds for such a lengthy period is not a good idea: taxation by stealth in this way means many more people paying much more tax in the long run.

At the time of the Budget, I regretted—I still do—that there was no mention of air passenger duty reduction, which is so critical to the very damaged aviation industry. It inflicts disproportionate harm on more peripheral areas of the United Kingdom, such as Northern Ireland, which are so dependent on air travel. Since then, the very welcome *Union Connectivity Review* has been published, and I look forward to progress in this area as soon as possible. I also look forward to progress in getting some of the digital tech giants to pay their fair share of tax in the United Kingdom—and to a fair and better settlement on NHS pay.

The last year has once again proved the benefit of being part of the fifth-largest economy in the world, with unprecedented support on a vast scale for jobs and industry. I congratulate the Government on the speedy rollout of the vaccines across the whole of the United Kingdom.

Of course, to make true economic progress in Northern Ireland, the Government must act quickly to undo the damage being done by restrictions in trade between Great Britain and Northern Ireland through the Northern Ireland protocol. I welcome recent decisions by the Government on behalf of all consumers, businesses and peoples in all communities in Northern Ireland. We must go further to ensure that unrestricted trade in the UK internal market is maintained and continued.

2.43 pm

**Baroness Verma (Con) [V]:** I refer noble Lords to my interests in the register, and I join all noble Lords in congratulating noble Lords who have given maiden speeches today.

I welcome the Budget: the Chancellor has had to strike a very fine balance in protecting jobs. Could my noble friend the Minister tell me whether he or the Government are considering a review of local enterprise partnerships—LEPs—to see whether they are able to provide greater support to the SME sector, as raised by my noble friend Lord Sterling? He is absolutely right that small and medium-sized businesses are the backbone of our country, and they will need as much support as possible in creating and protecting jobs; we—certainly I—have not seen enough.

My interest is in Leicestershire, and I am extremely grateful for the work that is being done by my colleagues there with the Midlands Engine. However, there is a lot more that we can do, and I would like my noble friend the Minister to see whether it would be possible to review and look at the LEPs and how they can work more closely with the SME sector in particular—especially companies that are now looking at new areas of job creation, on digital platforms and in the science and creative sectors.

I will also ask my noble friend to be very mindful of the impact that this has had on women workers and women-led businesses. Can he give some words of comfort to, and see what further support and advice is available to support, those businesses with offices or premises on high streets that have suffered simply because they have had to close for long periods of time, because landlords will expect a renewal of their rents as soon as lockdown is over?

2.45 pm

**Lord Inglewood (Non-Aff)** [V]: My Lords, the most recent occasion I was in London was one year and one day ago, when I came up to speak about the unfolding crisis from my perspective as chairman of the Cumbria local enterprise partnership—as I do again this afternoon. I, like many others, welcome those who made their maiden speeches, but especially single out the noble Baroness, Lady Foster, and the noble Lord, Lord Khan, who are both ex-Members of the European Parliament and northerners. We are a species that, inevitably, shall become extinct.

On that occasion, I emphasised the importance of the economy functioning. If it does not, the epidemic's health crisis, which is far from over, will usher in at least as serious an economic one, with all that that entails. I stand by that proposition, which appears to be shared by the Chancellor.

Wherever you go and whoever you are, it is always possible to carp about the detail in any Budget, but it is inevitably and invariably the big, boring bits that really matter. We must remember that every furloughed job is on the cusp of being a job lost. In Cumbria, we have the highest district furlough rates in England. In January it was 23% in Eden and 26% in South Lakes.

It is therefore crucial that, when furlough ends, the economy swiftly gets back to profitability. Most of these potential employees are engaged with SMEs, as the noble Baroness, Lady Verma, and the noble Lord, Lord Sterling, pointed out. Most of these in turn have taken out loans as their working capital and reserves have been dwindling. They will have to be replenished from trading. It is a serious existential problem for them.

It is the smaller and often more low-profile economic actors who are one of the keys to getting our economy functioning again, not least in the part of the north where I come from. It must be the core purpose of economic policy now to get them working profitably again. It is encouraging and a good start that this appears to be at or near the centre of the Chancellor's thinking.

2.47 pm

**Lord Triesman (Lab)** [V]: My Lords, my noble friend Lord Eatwell has precisely described this Budget's overall strategy as an overbearing commitment to "outdated fiscal orthodoxy". The Budget fails to stimulate seed-corn innovation in green technologies, repair the social and welfare damage that has been done, or deal with the wealth divisions. Nor does it help children, who are not mentioned, or mitigate inevitable unemployment, which is on the horizon.

The 1% proposal for NHS staff is a grave error; 2.5% was awarded last summer for the police and this was rightly justified by the Government, not least for the extra Covid duties that they undertook. NHS staff cannot be treated worse. The hundreds of thousands of self-employed and people in micro-businesses, who have not been reached by any help, have also not been helped in this Budget. All are critical matters of resilience for the country and all show that we need a more durable form of social justice.

Finally, it remains wholly unclear how the UK and the EU will co-operate in the financial sector. It is of global importance to us and the review by the noble Lord, Lord Hill, again emphasises this. London's global leadership is not safe. Amsterdam has overtaken us as an active trade hub, and the Budget has almost nothing to say on trade. The massive, mission-critical gap opening up is of great seriousness. It is no basis for reliable business planning and does not speak to continuity or certainty. This is not special pleading for the financial sector; it is about jobs and long-term prosperity, about green growth and fairer build-back, not a plea to feather nests. The role of the state has grown significantly in the last year and it is inevitable that the Government have to be the weather maker.

2.50 pm

**Baroness D'Souza (CB)** [V]: My Lords, I begin by offering all maiden speakers my warm congratulations. Government spending in the last few months, and in last week's Budget, has delivered unprecedented resources to many underprivileged sectors of society. My particular concern is the health and welfare of children in this Covid recovery period. Some £700 million has been allocated for catch-up education and for young people in England. Overall, the education sector allocation is £124 billion in the coming financial year, which is the third-largest departmental budget after social care and health. An additional £2 billion has been allocated to providing free school meals. In addition, many local authorities will have had additional funds to provide for children's health and welfare. However, this government allocation of money in this financial year is widely dispersed among different departments and hundreds of local authorities and NGO programmes across the country. Surely, there is now an urgent need to appoint a permanent senior Minister, preferably at Cabinet level, to co-ordinate these generous budgets and schemes to ensure that the resources available are targeted cost-effectively at those most in need. I ask that the Government give this immediate and serious thought.

2.52 pm

**Lord Addington (LD)**: My Lords, I do not think I have ever been in a debate when I have been speaker number 99 and there have been five maiden speakers before me, which probably says something about today. I will restrict myself to a few remarks on something that is not in this but should be: a strategy for sport. The Government have, through necessity, dealt with the sporting sector over the last year, making sure that it still exists. There is more emphasis there today: maybe a local sports club can be taken over; possibly there is some money, if you can get by, if your elbows are sharp enough, if the local pub does not take it off you first. However, we lack a coherent approach here.

I am on the House of Lords committee currently looking at this, and we were recently given evidence by the Deputy Prime Minister of New Zealand, who is also the Finance Minister. He said that to do this, you need to drive it from the centre of government; you need somebody who takes an interest in it. The reason it is so important, to go back to what we have been talking about solidly for more than a year, is that it



[LORD ADDINGTON]

helps with such things as health. We know that the people who have been the biggest victims are those who are most unhealthy—the most overweight and the most inactive. That is something we have to start to address. Also, clubs, activities and social interaction are among the best things to help with mental health problems, something building up that we have not even seen the edge of yet. Please, can we look at this coherent sector, because the sporting community, particularly amateur sport, achieves most of what the Government are aiming for in social policy, in health and in education? Surely, it deserves some coherent strategy and support.

2.54 pm

**Lord Vaizey of Didcot (Con):** My Lords, I draw attention to my entry in the registry of Members' interests. I congratulate noble Lords on their maiden speeches, particularly my noble friends Lord Benyon and Lord Cruddas, who are sitting in front of me, and the noble Lord, Lord Bellingham, who are all great friends of mine. This was an excellent Budget and today is extremely important, because it is my daughter Martha's 13th birthday. This naturally made me think about the future and in particular the focus on technology in the Budget, which is very welcome.

I particularly welcome the Kalifa review, although it was not technically in the Budget. Ron Kalifa has focused on the UK's important lead in fintech. I encourage the Government to implement the findings of the Kalifa review and to continue our leadership in financial services, alongside my noble friend Lord Hill's important review of listings—in particular, there is perhaps the opportunity to leap ahead of Amsterdam on the listing of SPACs in the future. There is also the continuation of the future fund to invest in early-stage technology companies during this difficult time; a focus on visas for tech entrepreneurs to continue to come here, and on portable apprenticeships to allow the more eclectic creative industries to take advantage of apprenticeships; and the forthcoming consultation on employee management incentives, which is absolutely vital for entrepreneurial companies.

May I simply ask the Government to keep a watchful eye on how they implement the Help to Grow digital scheme, as it is important that this is not a deadweight cost, and on businesses having the flexibility to invest in the appropriate software including, for example, subscription software? I hope that the review of capital gains tax will not penalise entrepreneurs who invest their time and energy in their companies. On the forthcoming digital tax, while I have no truck with Amazon paying no tax, it perhaps seems unwise to penalise consumers for their change in behaviour. Finally, will they look carefully at how the central digital and data office will work with the Government Digital Service?

2.56 pm

**Lord Singh of Wimbledon (CB) [V]:** My Lords, I too welcome the new Members to the House of Lords and thank them for their impressive maiden speeches. The Chancellor is to be congratulated on the furlough

scheme and other initiatives to allow us to meet the tremendous challenges of the Covid pandemic—a pandemic for which we were grossly unprepared.

It is a tribute to the herculean efforts of our wonderful health service workers that we are now beginning to see the hope of something near normality in the near future. Sadly, the deserved hand-clapping has turned into a miserable 1% pay increase for nurses. Does the Minister agree that this is not only a slap for nurses in present employment but a severe deterrent to an enhancement of recruiting?

Will the Government also reconsider their cut in the aid budget, at a time of famine in Yemen? As a country that is, sadly, supporting arms sales to Saudi Arabia—a participant in the conflict—we have a clear moral responsibility to help alleviate the suffering.

2.57 pm

**Lord Whitty (Lab) [V]:** My Lords, I have a few key questions for the Minister and the Chancellor, because the answers do not exactly spring from the pages of the glossy Budget document, nor from the Minister's own speech. However, there are some rather worrying hints from the OBR.

First, on post-Brexit trade with the EU, this morning we saw how dire the fall in trade during January was, in both directions, even when grace periods are still operating. However, it is more important to focus on the medium term. Last week, we also saw an authoritative study from the LSE predicting that UK-EU exports will fall by one-third in the medium term. What proportion of pre-Brexit exports for goods, food and services do the Government believe will be the settled post-pandemic level?

On jobs and work patterns, post lockdown, do the Government assume that we will all revert to the status quo or will there continue to be substantial working at home or hybrid working? If so, what are the implications for our city centres, because empty offices hit retail and hospitality outlets hard? What proportion of those currently on furlough are likely to get their jobs back, or do the Government believe that the largely lower-paid jobs which have been vacated by EU citizens going home will be filled by newly unemployed UK citizens and residents?

On public services, Covid has thrown up a number of social crises that would normally have to be handled by local services—social care, mental health, housing, education and family breakdown. How can local authorities pick up these responsibilities if, of all sectors, it is to be the sector hit most harshly by the revival of austerity problems and policies, as the Chancellor now threatens, with the most disadvantaged areas hit hardest?

Lastly and most vitally, what is the estimated net effect of all Budget measures on UK global emissions of greenhouse gases? A number of things that could have been done in this Budget were not. Meanwhile, I welcome all the new Members to the House and thank them for their maiden speeches.

3 pm

**Lord Sharpe of Epsom (Con):** My Lords, I join in the general congratulation to all noble Lords who have made their maiden speeches today and welcome them to this House.

I also join many of my noble friends in congratulating and thanking the Chancellor of the Exchequer for the skill and sympathy with which he has handled the pandemic. Coming out of this pandemic was never going to be easy but, in broad terms, he has delivered a Budget that will fuel an investment-led recovery for the whole of the UK. It is good to see international and domestic commentators tweaking up their growth forecasts in its wake. This Budget displays a commitment to sound public finances in spite of the difficult circumstances.

Like many, I would have preferred not to see tax rises but I recognise their necessary expediency under current conditions. Corporation tax rises are delayed until after the recovery takes hold and it is very pleasing to see generous R&D exemptions; I hope that has the intended effect of stimulating productivity gains among SMEs. It is also worth reiterating that, even after these tax rises, Britain will still have the lowest corporation tax rate in the G7. We should remember that it is not only tax that makes us globally competitive. Meanwhile, I hope that the Minister can reassure me that the Treasury is in active discussions with those “new economy” corporations that score highly on ESG metrics but are adept at blurring their tax borders, which I believe is known in the jargon as base erosion and profit shifting. “Shifting” should not be the S in their ESG.

Time is short so I will confine the rest of my remarks to saying how welcome the free port decision is. I believe that these will make the case for more supply-side growth measures across the economy. Praise is also due to the Tees Valley Mayor, Ben Houchen. He and the Chancellor have been making the intellectual case for free ports for many years. Not only will these help us to level up; they are a manifestation of what global Britain can mean in practice.

With that in mind, it was particularly pleasing to see Wednesday’s news that GE Renewable is to open a new factory making wind turbine blades on Teesside, delivering 750 high-quality green jobs. It is probably too early to give the credit for that to the free port announcement, but it cannot have hurt. It is certainly not too early to say well done to Ben for being such a hands-on and excellent mayor who gets on with the job rather than jumping on every passing bandwagon.

3.02 pm

**Lord Greaves (LD) [V]:** My Lords, I echo what has been said by three noble Lords: the noble Lord, Lord Forsyth of Drumlean, on our procedures; my noble friend Lord Shipley on regional importance; and, in particular, my noble friend Lady Scott of Needham Market on the importance of town and parish councils, and the way they are being significantly sidelined by the Government.

I have asked various questions of the Government on financial support for town and parish councils. I keep being told that the Government have no powers to support them. I find this extremely unlikely but, if that is true, it needs changing. In particular, they need funding schemes for investment projects that they cannot raise council tax for, as an important part of the levelling-up process. In many parts of the country,

we are seeing local governments evolving; towns are again exerting themselves, developing a civic importance and becoming a centre of civic pride, which they have not had for quite a long time—particularly in places where large unitary authorities have been created.

Town councils are taking on ever more services and facilities, some of which are as large as the previous boroughs and urban districts that used to exist before 1974. The so-called red wall seats include many of these towns. It is town councils, with the focus of local involvement, civic dedication and commitment, which will be so important in these places. The Government need to look very hard indeed at how they support them in all the facilities and services they are increasingly getting involved in and taking over.

3.04 pm

**Lord Lea of Crondall (Non-Aff) [V]:** I have two points—one economic and one social—and there is a connection between them. I am afraid that, although it does not feel like it, we are living in a fool’s paradise. One aspect that the noble Lord, Lord Whitty, pointed out is Brexit. Three years ago, it was predicted that foreign direct investment in Britain would dry up. It has; it is zero. Technology transfer, as the Earl of Selborne would have pointed out, is denied to us. We have a crisis about where new jobs will come from. Other noble Lords cited the disasters for our visible exports to the EU, and our trade balance is becoming a nightmare. Singapore-on-Thames indeed—it is more like Singapore in 1941.

I was struck by a letter from a nurse in the paper a couple of days ago. It referenced this £3.50-a-week increase. It is funny, she said, as that is what her hospital car park charges for an hour’s parking. My sense is that we need to get back to a period of income policy, because the social crisis requires a social contract.

I played a part in that for the TUC in the 1970s. It was much maligned at the time, but was in the national interest. I was interested in the suggestion made by the noble Lord, Lord Butler of Brockwell, who in the 1970s had a very good feel—and still has a good feel—for income distribution and the social partnership needed. I am not quoting him, but I drew the inference that there is a need to reinvent a body like the National Economic Development Council to deal with the relation between the two parts of the problem.

3.07 pm

**Lord Wharton of Yarm (Con):** My Lords, I draw attention to my interests in the register and congratulate all noble Lords who made their maiden speeches today—in particular my noble friend Lord Cruddas, who has an incredible life story, having built an impressive business and contributed significantly to our political life already. I am sure that he will contribute significantly to this place as well. It is good to see him here with us.

The Budget had a number of positive things in it, not least the investment we saw in Tees Valley, referenced by my noble friend Lord Sharpe. We will see not just the free port but the movement of significant numbers of Treasury jobs to Tees Valley and the investment that has already been unlocked by GE, which is related

[LORD WHARTON OF YARM]

more to the free port than some noble Lords would care to admit. That is more significant than anything that I have seen in that area, which I used to represent, in my time in politics. It is more than I could ever have imagined would happen when, as the Minister responsible, I brought forward and through the Cities and Local Government Devolution Bill, creating the metro mayors. I give all credit to Ben Houchen for the incredible things he has achieved so far. I hope and am confident that he will go on to achieve much more in future.

Less positively, I raise my concern about the proposals to increase corporation tax. I am pleased that there is a delay. I hope that it will give an opportunity for circumstances and policies to change. I have spent much of my political life campaigning for sound finances in government and low taxes, particularly for businesses in our economy, to encourage investment. Therefore, a significant tax rise is unwelcome, although I recognise the difficult circumstances in which the Chancellor finds himself.

As a number of Members have, I also flag my concern about the proposals to cut our overseas development aid budget. It does a great deal of good across the world. A quick cut like this is doubly harmful because of the long-term nature of the contracts to which much of ODA is committed. I hope that that will also be reconsidered by the Government in due course.

3.09 pm

**Lord Loomba (CB) [V]:** My Lords, I also congratulate all those noble Lords who made their maiden speeches today, and I look forward to hearing from them in the future.

The Chancellor of the Exchequer's Budget announcements last week to extend Covid-19 support and relief, strengthen public finances and encourage investment are all positive steps. However, I am concerned that the Government have failed to address a fundamental weakness in the UK economy, namely our overreliance on imported goods and an outsourced supply chain.

I declare my interest here, as I started my fashion business in the north of England in 1964. All my supplies were manufactured in Manchester or Leicester. I still remember that, in those days, Marks & Spencer used to sell goods made in the UK only. From the late 1970s, manufacturing shifted to the Far East and factories in this country closed.

I believe that this country has the expertise to create a 21st-century domestic supply chain, and the Chancellor ought to be targeting investment in this area through fiscal policy. I urge the Government to think carefully about how to revive domestic manufacturing, which would increase employment, reduce imports and give us greater opportunities to export our goods around the world.

3.11 pm

**Lord Blunkett (Lab) [V]:** I too congratulate new Members on their excellent maiden speeches, made in difficult circumstances.

I reinforce the points made by my noble friend Lord Eatwell at the beginning of this debate and my noble friend Lord Hain later on about the juxtaposition of last year's Budget with last week's, in respect of public spending outside of what has had to, by necessity, be invested in maintaining our economy, health service and well-being. I point out that the major cut in future investment is about our recovery; it is about what is described as the levelling-up agenda.

I congratulate the noble Lord, Lord Wharton, on his new post, but I was sorry that he did not mention knowledge transfer, the importance of anchor institutions and particularly research in terms of regenerating those parts of the country which do not have the benefit of the golden triangle. I believe very strongly that the levelling-up agenda will be achieved only by open, transparent analysis of the strategy that is needed for industrial investment and investment in the new industries of the future, including artificial intelligence and robotics. The lack of transparency in designating Richmondshire and Derbyshire Dales as tier 1 for the levelling-up funding, while Barnsley and my own city of Sheffield are in tier 2, is frankly breathtaking.

Much of what has been put in this Budget is a reversal of the previous Chancellor George Osborne's policies, with a decrease in corporation tax and a change in tax thresholds, and a change to the past agenda for what are now described as freeports. This has been mentioned several times. Freeports are a reinvention of enterprise zones from the 1980s. It is not going backwards that we need; it is a strategy for the future.

3.13 pm

**Lord Hannan of Kingsclere (Con):** My Lords, I also congratulate noble Lords who have made their maiden speeches today. It is nice to see my old comrade, the noble Lord, Lord Khan of Burnley, opposite and my noble friend Lord Cruddas, whose experience will elevate and ennoble our counsel.

There are three ways to cut a deficit: you can raise taxes, cut spending or try to grow the economy so that the deficit falls in proportionate terms. I have to say, I am astonished by how quickly a consensus formed on all Benches, here and in another place, that the first of those was the correct option, because raising taxes is not a long-term solution to a debt and deficit problem.

Essentially, the higher you raise the tax, the more that you find you are squeezing the revenue-producing bit of the economy to sustain the revenue-consuming bit, and people change their behaviour in consequence. When tax rates get to a certain level, people will begin to work shorter hours, take earlier retirement or, indeed, move their activities to friendlier jurisdictions.

By the way, this is not some abstruse point of the Chicago school of economics that has never been tried; we saw in practice that cutting tax rates leads to greater revenue with the successive cuts in corporation tax to 19%, with each successive reduction leading to more income for the Treasury.

Instead of raising taxes, we should be looking intelligently to cut taxes, especially those on employment and investment, to get companies hiring again. I would



have liked to have seen cuts in national insurance both for the employer and for the employee. If we get the economy growing then we get more people at work, we get them earning and paying taxes, we are shelling out less and, left to itself, the deficit will dwindle and fade.

3.15 pm

**Baroness Bennett of Manor Castle (GP) [V]:** I declare my position as a vice-president of the Local Government Association. I welcome our tranche of maiden speakers and start with three other welcomes.

First, my noble friend Lady Jones of Moulsecoomb addressed what she called the pathetic layer of greenwash that covers this budget, and I welcome the words of the noble Lord, Lord Lansley, who said that every fiscal event has to be directed towards achieving our climate objectives and made it clear that this Budget does not.

Secondly, I welcome the opening words from the noble Lord, Lord Eatwell, attacking the disastrous impacts of austerity and the fallacy of the thinking behind it in a way that Labour was singularly failing to do in 2015, when I was taking part in general election debates.

Thirdly, I welcome the modest increase in corporation tax in the Budget—a reversal, if a delayed one, of the encouragement of the increasing parasitism of giant multinational companies sucking wealth out of our communities and failing to contribute to the infrastructure and services that make those profits possible.

Some ideas, however, have yet to move on. The noble Lord, Lord Balfe, while opposing pay rises for our NHS workers, spoke of “living within our means”. He is, I say respectfully, talking economic tosh. The fallacy that a national budget is like a household one has clung on in the UK, when it has long been a historical artefact elsewhere. Of the £485 billion being borrowed in the financial year 2020-21, £450 billion will be owed to the Bank of England, which is not going to send in the repo man.

However, while the rhetoric of austerity has at least changed, the reality has not for many areas of government, particularly local government. Having dealt with the brunt of the Covid crisis, councils are being forced to raise council tax to fill the holes in their social care budgets. The National Audit Office tells us that at least 25 local councils are on the brink of bankruptcy. Local government provides the services that people use and rely on every day: libraries, bin collections, bus services and social care. The austerity will be seen and suffered. That is the choice made in this Budget by the Government.

3.17 pm

**Lord Taverne (LD) [V]:** My Lords, one glaring omission from the Chancellor’s Budget speech was an assessment of the likely economic consequences of Brexit. The early signs are not encouraging, with dramatic falls in trade between Britain and the European Union. There has been a drop of some 20% to 70% in exports and imports to and from Germany, France and Italy. Of course some of that is due to the pandemic, but there are strong complaints from business about

the effects of red tape and a variety of bureaucratic obstacles. Borders, including that between Northern Ireland and Britain, are anything but frictionless, as we were promised.

Good relations with the European Union are essential. However, the *Financial Times* wrote a scathing leader about the abrasive approach of the Cabinet Minister in charge of our EU relations. Even more important is trust. Why should the European Union trust a Prime Minister who is prepared to renege on the withdrawal treaty and to do the same for the agreed new checks on trade with Northern Ireland? The former French ambassador to the UK has publicly described him as an inveterate liar, and much the same has been said by one or two of Biden’s close allies.

For all these reasons, we are likely to face a serious deterioration in our trade with the European Union and a consequent drop in the value of the pound, a rise in interest rates when we are deeply in debt and, to say the least, very little chance of Boris Johnson’s dream of sunny uplands.

3.20 pm

**Lord Moylan (Con):** My Lords, I, too, welcome noble Lords who have made their maiden speech. Given the shortness of the time, I have chosen to focus on one very narrow point, in fact a single line at the back of the Budget Red Book in Table C.6, which shows the EU financial settlement. It is a single line on that topic. In addition to showing the £11 billion paid in 2019-20, the outgoing sums estimated for the ensuing six years add a further £37.9 billion, much of it front-loaded to the next three years. These are net figures and do not include any gratuitous payments we might be making for voluntary participation in EU programmes. These are huge sums and should not be brushed away. They make us the world’s largest donor to the EU and make the EU the world’s largest recipient of what is, in effect, foreign aid.

To provide some context, the cut in the overseas aid budget, of which certain noble Lords understandably complain, is dwarfed by these sums, which were hastily conceded in negotiation by a former Government in the hope, now disappointed, of earning the EU’s good will and securing a generous trade deal. The temporary cut in overseas aid is worth £4 billion a year. It could be carried for nearly 10 years by this sum being paid to the EU. Of course, some noble Lords will argue that these enormous payments to the EU are somehow owed by us because they are set in a treaty, but there is talk of renegotiation of the withdrawal agreement in respect of the unworkable, economically damaging and societally disruptive Northern Ireland protocol. If that extended to a renegotiation of these payments, I can assure the Minister that many in this country would rejoice, as would many desperately poor countries overseas which it might be considered had a greater moral right to such subventions.

3.22 pm

**Lord McConnell of Glenscorrodale (Lab):** My Lords, I have two points for two minutes. I start by referring to my interests as set out in the register and reassuring those who have made excellent maiden speeches today

[LORD MCCONNELL OF GLENSCORRODALE]  
that we will not always have such ridiculous time limits for important debates and that they will get a chance to speak at greater length. We will look forward to hearing them do so.

In his Budget speech, the Chancellor threw money around to many new projects all over the country and new initiatives, but he completely failed to mention the fact that he is at the same time reducing our overseas development assistance by one-third in a brutal cut that has already been exposed to be likely to have fatal consequences in humanitarian situations around the world. He left others to do his dirty work instead of speaking about that himself on Budget day, but we should not be surprised because at the end of the Budget speech he referred to delivering on promises and to the Budget being “honest and fair”. Of course, that cut to overseas development assistance is neither; it is a particularly cruel measure which will select the poorest to pay for an economic, educational and health crisis that they did not create. I would welcome an assurance from the Government in this debate that there will be a vote and that the Government will not break the law in reducing ODA but will put it to a vote in both Houses and let Members of Parliament decide.

The Budget also refers in many places to connectivity across the UK and invests in a number of new projects, and I will leave debate on that for another day. I want to make one general point on that. Spending money in devolved areas and planting a flag, as the European Union used to do, on projects and spending in different communities is not a substitute for a genuine partnership on economic development between the Governments of the devolved nations and the UK Government as a whole. If we want a sustainable economic recovery that truly levels up across the country and provides opportunities for all, we need to find new ways of budgeting in this country—preparing budgets, agreeing them and then implementing them—that engage all levels of government working together rather than different levels of government in competition.

3.24 pm

**Baroness Wheatcroft (CB) [V]:** My Lords, I congratulate those making their maiden speeches today. In particular I am delighted to welcome the noble Baroness, Lady Foster, to the House. We first met at sea—appropriately, given her transport interests—and I am sure her knowledge will benefit the House.

This was a very limited Budget for a country faced with the double whammy of Covid and Brexit. I agree with the noble Baroness, Lady Bottomley, that this was a missed opportunity to deal with the issue of properly funding social care. Having witnessed the tragedy that killed so many in our care homes, surely the people of the UK would have been ready and willing to confront what must be done to ensure adequate funding of social care.

The Chancellor had to offer continuing help to those whose jobs had been hit by Covid, and I welcome the steps he has taken in that direction. However, there is more that he could and should have done. Others have talked about the perilous state of our music industry and musicians; some believe that the industry

could be reduced by half unless steps are taken to ease freedom of movement for the sector. I have two specific asks, which I hope the Minister might address in his closing remarks. Here I declare my interest as chairman of the Association of Leading Visitor Attractions.

Theatres and music festivals are major contributors to the UK economy but have been among the hardest hit victims of Covid. They are desperate to get back to work but, if they are to incur the heavy costs involved in preparing for a production or festival, they need insurance. The insurance market will not provide that at anything like an affordable rate without government underwriting it. The Government have already provided that for film and television; please could they do the same for theatres and festivals?

I also make a plea on behalf of visitor attractions. For the second time, the sector will not be open over Easter even though non-essentials shops will. Here is my second ask, which I am sure the country would welcome. Could we have a special bank holiday in September? All being well, it would be a celebration of a hugely successful vaccination campaign, but it would also allow indoor attractions to benefit from bank holiday trade.

**The Deputy Speaker (Lord Faulkner of Worcester) (Lab):** The noble Lord, Lord Duncan of Springbank, has been unable to join the call so I call the noble Baroness, Lady Kramer.

3.26 pm

**Baroness Kramer (LD):** First, I join in the very warm welcome to our five maiden speakers today. I also join in the reassurances that a two-minute speech is not our normal operating procedure. I hope they will not be discouraged from active participation in this House, because we need their voices and their views.

The first role of this Budget was to provide ongoing support to the economy through to the end of lockdown. It has done that to a significant degree, but with some key and rather cruel exceptions, which I shall discuss in a moment. However, this Budget also needed to deal with the consequences of both Brexit and Covid and set in place the framework and strategy for long-term economic recovery. In that it has very largely failed.

In the short term, the Chancellor used the Budget to extend key programmes to support businesses hurt by Covid, and that is welcome. However, I still do not understand why most of the 3.8 million freelancers and contractors—hairdressers, builders, workers in the creative industries, to which many of your Lordships referred—have been excluded from any help so far, and remain excluded. Only 600,000 have been brought into SEISS; the rest remained completely abandoned. The Federation of Small Businesses has come up with sound schemes that would allow the Government to help the 1 million or so directors of limited companies, who are in effect tiny sole traders. The Chancellor refuses to include them. Frankly, that seems petty and vicious to me and confirms that the Treasury has a vendetta against that group.

The extension until October of the £20 uplift in universal credit is needed and welcome, but I do not understand why this stops when we will have so many

people out of work as redundancies mount. This last year has demonstrated that universal credit needs that uplift to be permanent to be humane. Only one legacy benefit—working tax credit—gets an uplift. There is nothing, as many of your Lordships have pointed out, for disabled people and carers on legacy benefits. These people are really suffering. As I understand the Government, they are willing to give short-term help to people who are likely to return to the workforce, but for others their standard is very close to destitution.

The Chancellor said that he would come clean on the bad news. He talked about taxes—though he ducked the impact of the 5% increases in council tax—but he did not talk about cutting public spending plans. Only after the Budget did most people see that the day-to-day spend on public services will be £16 billion less than planned pre-Covid. This is despite long NHS waiting lists, the crisis in social care, children being in need of catch-up education and local authorities being under huge pressure. Disgracefully, the Government have now called for a below-inflation wage increase for NHS staff. I hope they will note the voices all over this House calling for a very different approach and proper compensation.

Even the plans to support economic growth are pallid. I have talked before about the huge shortfall in investment in the green economy and the digital economy, especially when compared to our economic rivals. Much of the investment by the new infrastructure bank will not be green—the Green Investment Bank was sold off by the Conservatives. The breakthrough fund is tiny, at £375 million, as is £500 million for e-cars and batteries—Germany has allocated €7 billion just for green hydrogen and €2.5 billion for batteries and charging infrastructure; France has allocated €7 billion just for electric vehicles. We do not have a proper plan to grow the economy and get to net zero.

Why is the “super-deduction” tax scheme to get businesses to invest limited to plant and machinery? It is an analogue proposal in a digital age. It should not exclude intangible investments, which are the backbone of the digital age. Even the reskilling and upskilling schemes reannounced by the Chancellor are inadequate to the task, when we have a generation of young people thrown off course by Covid

Eye-catching is not a substitute for meaningful. The Government reannounced their plans for freeports. The primary impact of freeports—and I have heard this from all sides of the House—is to displace jobs from one area to another. I suppose that is meaningful if the Government’s primary plan is to boost their votes in particular seats at the expense of other areas, but it is not a growth policy. As for Brexit, this Budget ignores it. When a close working relationship with the EU is needed to assure the future of financial services and the role of UK businesses in EU supply chains, we get little more than confrontation.

Small businesses are the backbone of our economy and no recovery is possible unless they recover. They account for six in 10 private sector jobs and many are very fragile. The Budget gives them too little too late. The recovery loan fund provides help for some, but many small firms need a mechanism to get out of debt. My party has called for a revenue loss scheme

that would cover the fixed expenses of small businesses during the period when they have been forced to close. With that in hand, recovery and growth become possible.

I recognise that the Government face a tough fiscal position, but every part of our economy needs a genuine industrial and growth strategy. That is not delivered by this Budget.

3.33 pm

**Lord Tunnicliffe (Lab) [V]:** My Lords, this has been an interesting and wide-ranging discussion. I welcome and congratulate those who have made their maiden speeches today.

In recent days, much has been made of this Chancellor’s supposed departure from the Osborne economics of the early 2010s. We have seen the former Chancellor criticise the planned increase in corporation tax, while others have rightly observed that the freezing of personal tax allowances will reverse the recent trend of taking low earners out of income tax altogether.

However, when we look at this Budget in the round, it is striking just how similar it is to the austerity Budgets of the Conservative and Liberal Democrat coalition Government. This is backed up by the IFS, which, as others have noted, believes that the Chancellor’s spending plans are likely to be undeliverable, at least not without inflicting considerable pain on individuals, families and public services.

We recognise the difficult economic situation the country faces because of Covid-19. After all, the Government’s mismanagement of the pandemic saw the UK experience the worst downturn of any major economy. Rather than use this Budget to plot a route to strong, sustainable growth, the Government have instead chosen to implement cuts and continue perpetuating the myth that the country’s finances operate in the same way as those of the average household.

Although some lessons appear to have been learned in relation to the phasing out of coronavirus support, Mr Sunak has pushed through a council tax hike and confirmed a cliff-edge withdrawal of the universal credit uplift. These decisions will leave many struggling at a time when we should be lifting people up, not forcing them back to the insecurity of the past. In the words of the Resolution Foundation, our upcoming economic recovery

“will not feel like a recovery for millions of households.”

As is often said, politics is about choice. Sadly, while the Government can find cash for Downing Street makeovers and lucrative contracts for firms run by Conservative donors, we are told that the country cannot afford to uphold its moral duty to our hero nurses in the NHS or those in desperate need in places such as Yemen.

The Budget largely skipped consideration of several of the key issues facing our country: strengthening our economic foundations; protecting family finances; and fixing the social care crisis. Let us not forget that, when he stood on the doorstep of No. 10, the Prime Minister told us that he had a plan for social care. Where is it?

This is not a levelling-up Budget. It is an austerity Budget that will damage our economy and our society.



3.36 pm

**Lord Agnew of Oulton (Con):** My Lords, it is a privilege to close this debate on behalf of the Government. I thank noble Lords for their many insightful and considered contributions. In particular, I welcome the maiden speeches of the noble Lords, Lord Bellingham, Lord Benyon, Lord Cruddas and Lord Khan, and the noble Baroness, Lady Foster.

Given the number of speakers and the limited time I have available, I hope noble Lords will forgive me if I am not able to address all the points raised. Perhaps noble Lords would like to write to me if they do not feel that the issues have been addressed satisfactorily.

I start with the noble Lords, Lord Eatwell and Lord Risby, on overall spending, borrowing and debt. In 2020-21, this Government increased day-to-day departmental spending by £20 billion, with a 6% increase in nominal terms. In 2021-22, excluding Covid, there was a further increase of £22 billion, or 6% nominal. In addition to substantial near-term support, the Budget supports an investment-led economic recovery to level up across the UK while trying to be honest about the need also to repair the public finances in the medium term. Without corrective action, borrowing would rise to unsustainable levels, leaving underlying debt rising indefinitely. Although borrowing costs are affordable now, interest rates and inflation may not stay low for ever. Indeed, a 1% increase in inflation and interest rates would cost us more than £25 billion a year.

My noble friend Lord Hunt asked about jobs and full employment. The Budget sits alongside a comprehensive package to support people into jobs, as announced in the plan for jobs. The 2020 spending review built on previous commitments to provide £3.6 billion of additional funding in 2021-22 for the DWP to deliver employment support to those who need it most. This includes £1.4 billion of additional funding to sustain the doubling of the number of work coaches to 27,000, the £2 billion kick-start scheme to help young people at risk of long-term unemployment and the £2.9 billion restart programme to help those who have been unemployed for more than a year.

The right reverend Prelate the Bishop of Portsmouth and the noble Lord, Lord Watson, asked about early years and children. The Government recognise the acute impact of the pandemic on children's lives—particularly the impact from lost learning. That is why, following the £1 billion education catch-up package announced last year, the Government are making available £700 million of further funding to help young people in England catch up on lost learning as a result of Covid.

The noble Baroness, Lady Goudie, asked about the effect of the pandemic on women's careers. It is no doubt that many women have borne the brunt of this crisis, particularly mothers. Since March, we have provided unprecedented levels of support to businesses and individuals; cumulatively, 11 million jobs have been supported by the Coronavirus Job Retention Scheme. Provisional estimates show that the number of females furloughed increased to 2.3 million as at 31 January and the number of males to 2.2 million. Temporary measures have been put in place to restore entitlement to parents in receipt of government

coronavirus support schemes which would normally be eligible for tax-free childcare and/or 30 hours of free childcare but, due to the consequences of Covid, are not able to receive it. Households with anyone aged under 14 can form a childcare bubble, which allows friends or family from one other household to provide informal childcare.

The noble Lord, Lord Eatwell, asked about stamp duty relief. Extending the stamp duty holiday will reduce the risk of a fall in house prices in the short term, which is building momentum and encouraging confidence in the housing market. The housing market drives the wider construction industry; by helping maintain momentum in the market, the extension of the stamp duty holiday will protect hundreds of thousands of jobs that rely on it.

The noble Lord, Lord Fox, asked about council tax. The Government are providing local authorities with additional funding for Covid-related pressures and giving local authorities the flexibility to raise council tax bills across their budgets. These increases are in line with similar flexibilities in previous years. To give local authorities additional flexibility in making these decisions, we will allow them to defer up to their full 3% adult social care precept in 2022-23.

My noble friend Lord Forsyth is worried about tax rises. We continue to provide substantial economic support to people in need and have committed an additional £65 billion in this Budget across 2020-21 and 2021-22. We are trying to be honest about the steps that will be taken following the record-breaking levels of borrowing and higher debt. Announcing a credible plan to repair the public finances over the medium term supports the Government to continue to have the space to borrow in the short term to support the economy. The OBR forecast is that, under the Government's plans, the economy will rebound strongly next year.

The noble Lord, Lord Palmer, asked about the freezing of personal allowances. The decisions that we have made to increase the personal allowance over the last few years mean that fewer people than ever are paying income tax. Freezing the personal allowance and HRT is progressive and fair. The highest-earning households will contribute more of the revenue: the 20% highest-income households will contribute 15 times that of the 20% lowest-income households. Nobody's take-home pay will be less than it is now. Anyone earning £12,570 or less in 2025-26 will still not pay income tax.

The noble Lord, Lord Bilimoria, asked about business rates. The Government have provided over £16 billion of support for businesses affected by Covid with their rates bill since March last year. This measure builds on the full business rates holiday for eligible properties in retail, hospitality, leisure and nurseries in 2021, worth over £10 billion. The Government have also decided to freeze the business rates multiplier in 2021-22, saving businesses in England an estimated £575 billion over the next five years.

The noble Lord, Lord Campbell-Savours, asked about inheritance tax. The Government are aware of recent reports, including from the Office of Tax Simplification, and will respond in due course. Inheritance

tax makes an important contribution to the Exchequer of some £5 billion a year, so we need to consider carefully any wide changes to it.

My noble friend Lord Caithness asked about productivity. Building on industry best practice and our international peers, we will launch a new world-leading management skills training programme to upskill 30,000 SMEs across the UK over the next three years.

My noble friend Lady McIntosh asked about the failure to provide support to aviation. The Government recognise the challenging circumstances facing the aviation industry. We will publish a consultation on aviation tax reform in the spring. The aerospace sector and its aviation customers are being supported with almost £11 billion made available through loan guarantees, support for exporters and the Bank of England's Covid Corporate Financing Facility, together with grants for research and development. This includes £8 billion of UK export guarantees. The Budget built on this, renewing support for airports and ground handlers through first six months of 2021-22 to help meet their fixed costs, such as business rates.

The right reverend prelate the Bishop of Portsmouth worries about social care. Throughout the pandemic we have continued to support social care providers to manage the impact of Covid. This includes over £4.6 billion in grant funding for local authorities to address Covid pressures across all their services, including adult social care; over £1.9 billion of enhanced discharge to accelerate discharge from hospital; over £1.1 billion for the infection control fund to support care providers in stopping the spread of the virus; free Covid-related PPE through the Department of Health's PPE portal until the end of June; and £120 million for the workforce capacity fund to ease workforce pressures in adult social care. The Government remain committed to sustainable improvement of the social care system and will bring forward proposals this year.

My noble friend Lord Young of Cookham asked about council tax. We are providing £670 million of grant funding to help local authorities in 2021-2 to continue to support more than 4 million households least able to afford their council tax bills.

The noble Lords, Lord Gadhia, Lord St John of Bletso and Lord Bruce, raised apprenticeships, skills and training. The Government are making significant investment as part of our plan for growth. Apprentices of all ages will support our economic recovery and the payments to employers will be increased so that they receive £3,000 for each new apprentice hired between 1 April and 30 September of this year, regardless of the apprentice's age. We are also investing £126 million to triple the number of traineeships next year. The Government have invested significantly in further education, including £1.5 billion of capital funding to bring the entire college estate up to a better condition.

My noble friend Lady Gardner asked about rebalancing the tax burden to help the high street. Retail is changing dramatically and the high street is too. We want to help business manage this transition. The Government published a call for evidence for the fundamental review of business rates in July 2020, which includes questions on this topic, and we will respond in due course.

The noble Lords, Lord Eatwell, Lord Hunt and Lord Fox, are concerned that the Government do not have a proper plan for growth. *Build Back Better: Our Plan for Growth* was published under the Covid recovery, post-Brexit transition and our longer-term economic growth strategy. The plan tackles long-term problems and helps to deliver growth that creates high-quality jobs across the UK. It strengthens the union as well as achieving the people's priorities, levelling up the whole of the UK, supporting our transition to net zero and supporting our vision for a global Britain.

The noble Lord, Lord Hain, worries that we are cutting fiscal support too soon. We have always said that we want to protect lives and livelihoods and be guided by the best scientific advice available. This is why we have provided an unprecedented package, with a cumulative cost of some £350 billion, to protect people's jobs and livelihoods and to support businesses and public services. The package set out by the Chancellor in this Budget allows people in businesses to plan and prepare in line with the expected easing of restrictions announced last month in the Prime Minister's road map. Schemes such as the CJRS and SEISS and support for businesses are continuing beyond the end of the road map.

The noble Lord, Lord Bilimoria, worries about excluded groups. The Government have acknowledged that we have not been able to support everyone in the way that we might have wanted. The CJRS and SEISS are designed to target support to those who need it most and to protect taxpayers against error, fraud and abuse, while also trying to reach as many people as possible. Individuals will be able to qualify for the new SEISS grants based on their 2019-20 tax returns, with around 600,000 self-employed individuals being newly eligible. This brings the total eligibility for SEISS 4 and 5 to 3.7 million people. The furlough scheme has helped pay the wages of some 11 million jobs, with £53 billion having been claimed. Local authorities in England will receive a top-up worth a further £425 million to their allocation from the ARG, which has already provided local authorities with £1.6 billion.

The noble Baroness, Lady Bowles, my noble friend Lady Gardner and the noble Lords, Lord Monks, Lord Hain and Lord Dodds, asked about universal credit. The Government have always been clear that the £20 increase was a temporary measure. We are now shifting our focus to supporting people back into work and we have a comprehensive plan for jobs, which this Budget builds on.

The Government will spend over £55 billion in 2021 on benefits to support disabled people and those with health conditions. The Government have implemented a range of measures to make accessing disability benefits easier and to protect existing claimants during the current situation. This includes temporarily suspending face-to-face assessments.

My noble friend Lord Forsyth asked about the under-25s, who of course have particularly suffered in this pandemic. The measures in the Budget seek to address this, alongside promoting the Government's belief in fairness and the aim to promote equality of opportunity.

[LORD AGNEW OF OULTON]

My noble friend Lord Lamont and the noble Lords, Lord Macpherson and Lord Bilimoria, are worried about the rise in corporation tax. The Government are providing businesses with over £100 billion of support to get through the pandemic, so it seems fair that we ask them to contribute to the recovery. At 25%, the headline rate will remain one of the lowest—or the lowest—in the G7, and the full rate will be paid by around only 10% of companies. A small profits rate of 19% for businesses with profits of £50,000 or less means that around 70% of actively trading companies will be protected from the rate increase.

The noble Lord, Lord Eatwell, asked about the super-deduction. Many world economists are big advocates of full expensing as a tool to boost investment alongside a low corporation tax rate. With the super-deduction and one of the lowest rates of corporation tax, the UK's business tax regime will be among the most competitive in the world. The super-deduction will help firms to become more productive, safeguarding and creating new jobs.

The noble Lord, Lord Palmer, is worried about incentives for avoidance or evasion. There are anti-avoidance provisions that apply to counteract arrangements that are contrived or abnormal or that lack a genuine commercial purpose. There are also existing capital allowance rules that apply, including the exclusion of connected party transactions from first-year allowances.

My noble friend Lord Caine worries about the differential between corporation tax in Northern Ireland and the Republic of Ireland. Despite the change, companies operating in Northern Ireland will continue to benefit from a headline rate that is competitive in the G7, and this will be payable by only a minority of corporate taxpayers in Northern Ireland.

My noble friends Lord Caithness and Lady McIntosh and the noble Lords, Lord Haskell and Lord Rooker, asked about freeports. Leaving the EU means that we have the opportunity to do these things differently. We have developed an ambitious new freeport model to ensure that towns and cities across the UK will benefit from new trade opportunities, attracting new investment and employment. In addition to a simplified customs process, our freeports will offer measures to incentivise private businesses, carefully considered planning reforms to facilitate much-needed construction and additional targeted funding for infrastructure improvements in these freeport areas to level up communities and increase employment opportunities.

On displacement, our focus is on encouraging new investment to create new businesses and new economic activity, which will create jobs in deprived communities. Specifically, bidders have had to explain how their choice of tax sites minimises the displacement of economic activity from wider local areas, especially other economically disadvantaged ones. This has been rigorously assessed as part of the assessment process, and we are confident that the risk of harmful displacement will be minimised.

The noble Lords, Lord Fox, Lord Oates and Lord Haskell, my noble friend Lord Lansley and the noble Baronesses, Lady Jones and Lady Hayman,

asked about our commitment to climate change and net zero. The spending review committed to spend £12 billion on green measures to support the Prime Minister's 10-point plan and boost the UK's global leadership on green infrastructure and technologies, ahead of COP 26 next year.

This Budget builds on this by encouraging private investment, using the tax system and continuing with the direct government support announced at the spending review. This is supported by Budget measures that continue to lay the foundations for the transition to net zero—for example, the green gilts and plans for a linked green retail product to be offered by NS&I and the UK infrastructure bank.

A number of noble Lords asked about the NHS. The Government are completely committed to the long-term plan, which provides a cash increase of £33.9 billion a year by 2023-24, with a £6.3 billion uplift in the next financial year. Those plans have not changed. The spending review 2020 announced a further £3 billion for the NHS next year to support its recovery from the impact of Covid and confirmed our commitment to ensuring that the NHS has the certainty it needs to plan. We continue to be committed to ensuring that the NHS gets the support it needs for the pandemic, as evidenced by some £58.9 billion of resource spending that we have committed this year, with £18 billion for the NHS.

The allocation of any funding beyond 2021-22 will be a matter for the spending review later this year. We have already announced in the last spending review in 2020 a £1.5 billion injection to improve NHS waiting lists, for mental health and for the workforce. This funding will help to tackle backlogs in the 2021-22 year as part of the £55 billion to support public services.

On NHS pay specifically, no pay award has yet been announced for NHS staff for 2021-22. As is normal practice, the Department of Health and Social Care has published evidence setting out what figure is affordable within its budgets. The independent NHS Pay Review Body and Doctors and Dentists Remuneration Review Body will report on pay for 2021-22 later this year. The pay review bodies will consider the unique circumstances that NHS staff are working in and the need to recruit, train and motivate suitably able and qualified people, as well as the Government's financial circumstances.

The noble Lord, Lord Rooker, asked about the levelling-up fund and is worried about pork-barrel politics. The methodology note for the levelling-up fund index was published yesterday. The £4.8 billion levelling-up fund will prioritise bids from places in England, Scotland and Wales with the most significant need.

Deputy Speaker, might I indulge in a couple more minutes?

**The Deputy Speaker (Lord Faulkner of Worcester) (Lab):** You should ask your Whip that question.

**Baroness Penn (Con):** Yes you can.



**Lord Agnew of Oulton (Con):** Thank you. The noble Lord, Lord Wigley, asked about funding for Wales. All four nations will receive above average levels of investment from EU structural funds in 2021-22, continuing to support existing projects and programmes. Levels of investment from the EU structural funds will also be higher in England, Scotland, Wales and Northern Ireland in 2021-22 versus the current year. We will ramp up new HMG funding over time so that total domestic UK-wide funding will at least match EU receipts, reaching around £1.5 billion a year. In addition, to help local areas to prepare over 2021-22 for the introduction of this new fund, we are providing £220 million through the community renewal fund to support our communities to pilot programmes and new approaches.

The noble Lords, Lord Empey and Lord Taverne, are worried about the NI protocol being bad for trade. We are absolutely committed to ensuring that Northern Ireland makes the most of the arrangement, and the Budget announces that almost half of the £400 million new deal for Northern Ireland funding package has been allocated across four areas, subject to business case. I offer my own personal reassurance that I am working on this as the HMRC Borders Minister and doing everything that I can to make the friction as minimal as possible for traders in Northern Ireland.

Lastly, noble Lords asked about the movement of civil servants out of London. Again, this is important to me as the Government's Property Minister. As noble Lords will know, we recently announced moving MHCLG to Wolverhampton and the Treasury to Darlington. There will be an announcement on the Cabinet Office's second HQ shortly. The key is not about numbers of civil servants but the percentage of the senior Civil Service that is outside London. At the moment, a shocking 68% of senior civil servants are in London. That is what we are trying to address.

I thank noble Lords again for their contributions. The Chancellor has been clear about the challenges we face. This is a Budget that, as he rightly said, meets the moment, that continues to protect jobs and livelihoods, and which starts the work on the building of the economy. I beg to move.

*Motion agreed.*

### **Contingencies Fund (No. 2) Bill** *Second Reading (and remaining stages)*

4 pm

*Bill read a second time. Committee negatived. Standing Order 44 having been dispensed with, the Bill was read a third time and passed.*

### **Education (Guidance about Costs of School Uniform) Bill** *First Reading*

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

### **British Library Board (Power to Borrow) Bill** *First Reading*

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

### **Education and Training (Welfare of Children) Bill** *First Reading*

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

### **Forensic Science Regulator and Biometrics Strategy Bill** *First Reading*

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

### **Botulinum Toxin and Cosmetic Filters (Children) Bill** *First Reading*

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

### **Prisons (Substance Testing) Bill** *First Reading*

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

### **Animal Welfare (Sentencing) Bill** *First Reading*

*The Bill was brought from the Commons, read a first time and ordered to be printed.*

*House adjourned at 4 pm.*