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HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY
DEBATES

(HANSARD)

Monday 21 November 2022

HIS MAJESTY'S GOVERNMENT

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OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-EIGHTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 17 DECEMBER 2019]

FIRST YEAR OF THE REIGN OF
HIS MAJESTY KING CHARLES III

SIXTH SERIES

VOLUME 723

TENTH VOLUME OF SESSION 2022-2023

House of Commons

Monday 21 November 2022

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

LEVELLING UP, HOUSING AND COMMUNITIES

The Secretary of State was asked—

Section 21 No-fault Evictions

1. **Sarah Green** (Chesham and Amersham) (LD):
When he plans to end section 21 no-fault evictions.
[902291]

21. **Wera Hobhouse** (Bath) (LD): When he plans to
end section 21 no-fault evictions. [902312]

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Felicity Buchan): On behalf of the Department, I would like to wish every good luck to the England and Wales football teams. I have just heard the latest update, and I understand that England are leading 4-0.

In line with the Conservative manifesto, we remain fully committed to ending section 21 to ensure that renters feel secure in their homes and are empowered to challenge poor standards and unjustified rent increases. That is rightly a priority for the Government and we will bring forward legislation during this Parliament.

Sarah Green: I thank the Minister for her response and echo her good wishes for the England and Wales football teams.

Three years ago, the Government pledged to ban section 21 no-fault evictions and it is good to hear that they are committed to doing so. During this time, YouGov estimates that 227,000 people in England have been served such notices. I recently spoke to representatives from a local homelessness charity who were concerned about the rising demand for their homelessness prevention service. May I push the Minister a little further and ask her to confirm when in this Parliament the Government will put an end to no-fault evictions and what additional support will they be providing to those working to end homelessness?

Felicity Buchan: We are committed to taking forward this legislation, which is why we published the White Paper in June. Our consultation on the decent homes standard concluded on 14 October and we are currently evaluating the responses to it. We will introduce the legislation as soon as parliamentary time allows. I want to give the hon. Lady a personal commitment: I am very focused on the private rental sector and the issues in it, and I am determined that we will reduce the number of non-decent homes in that sector.

Wera Hobhouse: In asking my question, I refer Members to my entry in the Register of Members' Financial Interests.

The tragic death of Awaab Ishak has highlighted the deadly consequences of poor-quality housing. Many tenants in the private sector face similar if not worse problems with damp and mould, but do not dare to speak up due to fear of being evicted. Is it not high time that the private rental sector is also more tightly regulated and that the tighter inspection regime and penalties that the Secretary of State announced last week should apply to that sector, too?

Felicity Buchan: I wish to give all my condolences to the family of Awaab. Clearly, it is simply unacceptable in today's world that a young boy can die in that way.

I am committed, as I have said, to implementing a decent homes standard and to making sure that the enforcement of it is strict.

Sir Christopher Chope (Christchurch) (Con): How will abolishing section 21 increase the supply of rented housing?

Felicity Buchan: We are looking to abolish section 21 at the same time as we strengthen the grounds for landlords to take possession of their properties if they have a good reason to do so—that could be because of antisocial behaviour, rent arrears, or needing to sell the property. The two go in tandem, but it is absolutely imperative that we go ahead with the abolition of section 21.

Mr Speaker: I call the shadow Minister.

Paula Barker (Liverpool, Wavertree) (Lab): Later this week, the Department is scheduled to release stats for the second quarter of the year on section 21 evictions. The emerging picture is clear: section 21 evictions are going up. We saw a 26% increase during the first quarter of this year. We are now three years down the track from the publication of the 2019 Conservative manifesto promising to end section 21. I note that the Minister has committed today to ending section 21 in this Parliament, but may I push further and urge the Department to commit to bringing forward emergency legislation early in the new year to end this scandal, working with the Opposition to do so? Will those on the Government Benches accept that, through their inaction, the Department is leaving tenants vulnerable to eviction in the meantime?

Felicity Buchan: As I have said, we are committed to abolishing section 21 in this Parliament at the earliest opportunity.

Land Banking

2. **Dr Luke Evans** (Bosworth) (Con): What steps his Department is taking to tackle land banking by property developers and encourage development. [902292]

The Minister of State, Department for Levelling Up, Housing and Communities (Lucy Frazer): Too often, planning permission is granted and building work simply does not start. Through the Levelling up and Regeneration Bill that is currently going through the House, developers will be required to notify local authorities when development starts, and existing powers to serve completion notices will be streamlined. Last week we went even further and tabled amendments to ensure that housing developers will now have to report annually on delivery, and local authorities will have the power to decline to determine applications made by developers who fail to build out at a reasonable rate earlier on the same land.

Dr Evans: I am grateful for the Minister's answer. This issue is important for areas such as mine, where we do not have an up-to-date local plan because the Lib Dem borough council has not sorted it. That leads to a vulnerability in our community to speculative development. Coupling that with the duty to co-operate with Leicester city, which is not building up and out either, results in huge amounts of pressure on our countryside and green spaces. What does the Minister suggest can solve this problem? Will it come forward in the new legislation?

Lucy Frazer: My hon. Friend is absolutely right to highlight the need for local areas to build on brownfield sites. In Leicester, the 35% uplift applies, meaning that as an urban area they ought to be building more. Where an authority is demonstrably unable to meet the needs in full, there remains a duty to co-operate. The Levelling Up and Regeneration Bill recognises that the duty to co-operate is too stringent a test. The duty will be abolished and replaced by more flexible policy requirements.

Local Service Delivery

3. **James Morris** (Halesowen and Rowley Regis) (Con): What steps his Department is taking to provide (a) tools and (b) funding to help local leaders deliver services. [902293]

5. **Rob Butler** (Aylesbury) (Con): What steps his Department is taking to provide (a) tools and (b) funding to help local leaders deliver services. [902296]

11. **Simon Baynes** (Clwyd South) (Con): What steps his Department is taking to provide (a) tools and (b) funding to help local leaders deliver services. [902302]

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Lee Rowley): The Government hugely value the work of local authorities and make significant taxpayer subsidy available to ensure that the work they do is successful. Last week, my right hon. Friend the Chancellor confirmed that additional funding will be made available for local government in 2023-24, particularly with regard to adult social care, where we know there are pressures.

James Morris: The Conservative party 2019 manifesto said that we would seek to

“level up...across the whole United Kingdom.”

It went on to say:

“In the 21st century, we need to get away from the idea that ‘Whitehall knows best’...Because we as Conservatives believe you can and must trust people and communities to make the decisions that are right for them.”

Does the Minister agree that now is the time for us to take action on levelling up in places such as Halesowen and Rowley Regis, where communities are crying out for the prioritisation of projects across my constituency? The time has come to stop talking about levelling up and to take action. We need action this day.

Lee Rowley: My hon. Friend is absolutely right that levelling up is hugely important not just for communities in the west midlands but for those all across the country, both in areas traditionally labelled as levelling-up areas and in those with high needs and high deprivation throughout the country as a whole. He is a huge advocate for the work that is being done across the west midlands and in his constituency. I know that it will be successful both there and wherever else we can do something across the country.

Rob Butler: Buckinghamshire Council successfully secured £170 million from the housing infrastructure fund in 2020, to enable the delivery of Aylesbury's long-awaited and much needed link roads programme. It was met by much celebration locally, as the town has suffered traffic gridlock during rush hour for many years. With the costs of construction materials spiralling, it is essential that these roads are built as soon as possible. Will my hon. Friend work with me and the

council to help us get a little bit of necessary flexibility on the precise way that the funding is deployed, to ensure that this vital new infrastructure is completed?

Lee Rowley: The Government are absolutely committed to ensuring that infrastructure is in place at the right time. My hon. Friend has worked incredibly hard in in this place in the period he has been here to make clear that the traffic challenges in Aylesbury are because of pressure from new housing, hence this grant. My hon. Friend the Under-Secretary of State for Transport, the hon. Member for North West Durham (Mr Holden), who is responsible for this area, and I are happy discuss this issue further with him to help his constituency.

Simon Baynes: In Clwyd South, Wrexham and Denbighshire councils are enthusiastically embracing the opportunities provided by UK Government funding, including the councils' central role in ensuring the success of the Clwyd South £13.3 million levelling-up fund bid. Can the Minister ensure that future UK Government funding always contains provision for councils to grow further their own project management skills and resources?

Lee Rowley: My hon. Friend makes an important point about capacity within local government and the opportunities this Government are making available for local councils to make decisions on how to make their area better over the long term. I know he is a huge champion of his area and I wish him every success in those applications.

Mr Speaker: I call the Chair of the Select Committee.

Mr Clive Betts (Sheffield South East) (Lab): The Local Government Association has calculated that councils are facing extra inflation costs of £2.5 billion this year and extra costs of £3.5 billion next year. If we look at the autumn statement, apart from social care there was no mention of any extra money whatsoever for local government. All that will come is a potential £0.6 billion if councils put up their council taxes by the 3%, aside from the social care precept. Surely £3.5 billion versus £0.6 billion means significant cuts to council services or the prospect, as the LGA has said, of some councils going bankrupt next year?

Lee Rowley: I am grateful to the hon. Gentleman, who brings a huge amount of experience from his Select Committee perspective, but the combination of what the Government have offered, which is a substantial increase in funds from the financial year 2023-24, plus a recognition that local councils can make decisions about their council tax bases, plus the usual efficiency savings that every large organisation should be making—*[Interruption.]* The Labour party seems to have a problem with local councils being as effective and efficient as they can, but I know most councils will respond to that challenge as they see fit.

Barbara Keeley (Worsley and Eccles South) (Lab): The Local Government Association has said that,

“Council Tax has never been the solution to meeting the long-term pressures facing services, particularly high-demand services like adult social care, child protection and homelessness prevention. It also raises different amounts of money in different parts of the country unrelated to need”.

Salford is the 18th most deprived local authority in the country. Increasing council tax and the levy by 5% is the equivalent of 1.8% of spending on public services there, whereas in Surrey an increase of 5% is equivalent to 3.1% of that spending. How will Salford pay for the high-demand services it needs when raising council tax seems to be the Government's favoured solution to local government funding needs?

Lee Rowley: One of the services the hon. Lady highlights as being under pressure is adult social care. As the Member for Sheffield South East (Mr Betts) indicated, there is additional money going into adult social care—*[Interruption.]* The hon. Lady shakes her head, but it is absolutely the case that there is additional money going in. While acknowledging and understanding the principle and the underlying point that she is making, I struggle with the concept that local tax bases are not important within this discussion. They obviously are and they obviously should make a contribution. It is about trying to find a balance, and part of that balance is providing a lot of additional funds for next year, as we have done through last Thursday's announcements.

Kerry McCarthy (Bristol East) (Lab): I invite the Minister to come to Bristol to sit down and talk to the council about what it has done over the years to try to ensure it can deliver services. We now face an £87.6 million shortfall over the next five years. We have done absolutely all we can in terms of efficiency savings. Will he come to Bristol to sit down with us and see what the true picture is on the ground?

Lee Rowley: I was going through Bristol's documentation on the council website only yesterday; I am happy to talk to any local council to understand the pressures and challenges it faces and the concerns it has. By the same token, however, while local government does a hugely valuable job, one part of that valuable job has to be to ensure that it is providing the most efficient and effective services for ratepayers over the long term.

Alberto Costa (South Leicestershire) (Con): Being able to raise council tax is a very welcome measure in the autumn statement. Leicestershire County Council is the lowest-funded upper-tier authority in England. Will the Minister meet me and representatives of the council to discuss its fairer funding situation?

Lee Rowley: My hon. Friends from Leicestershire have made that case repeatedly, and as a fellow east midlands MP, I understand the concerns about the challenges that individual councils face. I have already been in a meeting with representatives from Leicestershire County Council, who made their points known, and I would be happy to talk to my hon. Friend further about this matter.

Kim Leadbeater (Batley and Spen) (Lab): I was pleased to submit a levelling-up bid earlier this year to transform Batley town centre. The proposal would create new shopping and leisure opportunities, support local businesses, attract new investment and reduce dangerous driving and parking through modernisation and pedestrianisation. I know the Secretary of State understands the importance of this bid to Batley, and I thank him for agreeing to visit the town centre with me in the near future. Does the Minister agree that long-overdue Government support

is now more vital than ever, given the severe impact of inflation and rising costs on already overstretched local authority budgets?

Lee Rowley: I congratulate the hon. Lady on making the case for that important campaign and the important changes that she wants. We can already see a successful delivery of levelling-up funds and town funds all across the country. I know that further applications are coming forward, and I hope that they are successful and can make the most of the money as quickly as possible.

Lia Nici (Great Grimsby) (Con): I am delighted to see the Secretary of State back in his Department, where I had a very brief summer job this year. I know that he is passionate about making sure that we can get councils where we need them for our funding. As he knows, Great Grimsby secured the first town deal, and we have also had future high streets funding, but we have had some of it for two and a half years now and things are not happening quickly enough on the ground. Will he commit to coming back to Grimsby to make sure we can push the council forward to get things happening on the ground?

Lee Rowley: My hon. Friend's constituency is an excellent example of the transformation that is happening as a result of the support that the Department is giving. Although I cannot speak for my right hon. Friend the Secretary of State, I am sure that one of us will be very happy to come to Great Grimsby to support the work that she is doing.

Stephen Flynn (Aberdeen South) (SNP): The Minister and the Secretary of State will be familiar with the fact that council leaders in Aberdeen are fairly supportive of the north-east of Scotland's green freeport bid. Yet despite the bid being launched five months ago, we have had no decision whatever from the UK Government and, indeed, no indication of when that decision will be taken. Can the Minister provide clarity on that, and if he is unable to do so, will he and the Secretary of State meet me to discuss it?

Lee Rowley: We know that freeports have the opportunity to be transformative for many areas that are ultimately successful in their bids. We know that so many places, including those in Scotland, are looking forward to taking part in UK Government-led activities such as this. The hon. Gentleman has made a strong case for the north-east of Scotland, and I wish him well. We will make announcements in due course.

Mr Speaker: I call the shadow Minister.

Sarah Owen (Luton North) (Lab): Before the Chancellor's statement, the Conservative leaders of Kent County Council and Hampshire County Council wrote to the Prime Minister warning of their likely bankruptcy. Instead of hearing the concerns of local leaders across the country, the Government passed on responsibility to them by forcing councils to raise tax. Not only is that another unfair burden on the British taxpayer, but local government experts have estimated that the Tory plans to raise council tax will bring in more than £80 per household in Surrey but only £39 per household in Manchester and Hull. That sounds dangerously like another Tory failure in the making on levelling up. Does the Minister truly understand the financial emergency

facing councils today? If so, how can he justify local residents and businesses having their council tax raised while the Government allow non-doms to avoid paying between £1 billion and £3 billion-worth of tax?

Lee Rowley: The hon. Lady highlights a number of things that she obviously wants to make a point about. The reality is that billions and billions of additional taxpayer subsidy was made available within the settlement last week. We will come forward with further information in due course. Ultimately, the Labour party's position is fundamentally that there can be no contribution from local taxpayers. That is a very interesting place to be given that there ultimately has to be a link between services and taxation. That is something that the Government recognise while still providing billions in taxpayer subsidy from the centre to improve lives and services in the long run.

Regional Inequality

4. **Dame Angela Eagle (Wallasey) (Lab):** What recent assessment he has made with Cabinet colleagues of the potential impact of increases in (a) interest rates and (b) inflation on regional inequality. [902294]

The Secretary of State for Levelling Up, Housing and Communities (Michael Gove): It is because we are concerned about the impact of inflation and increases in interest rates that this autumn statement protected the most vulnerable by uprating benefits and pensions with inflation, strengthening the energy price guarantee, and providing cost of living payments.

With your permission, Mr Speaker, I would also like to update the House on the score in Qatar: it is now 5-1 to England. I feel it is appropriate for me to do this because the hon. Member for Nottingham North (Alex Norris) has been providing a running commentary on the answers being given from the Treasury Bench, so it is only fair that we provide a running commentary that the country actually wants to hear.

Mr Speaker: Excuse me! Secretary of State, I thought you were in charge of levelling up—it doesn't look that way with that score!

Dame Angela Eagle: I would have informed the House of that, had the Secretary of State not got there before me. After promising to match EU structural funds in the Government's manifesto, and then taking £1 billion a year out of them for the replacement shared prosperity fund, how can the Secretary of State claim to be levelling up when his Government have presided over a net loss in funding across the country, including in the north-west, which stands to lose £206 million under the shared prosperity fund, which the Government have failed even to inflation-proof?

Michael Gove: It is not just the UK shared prosperity fund, but the levelling-up fund that has seen money go to not just Liverpool city region, but all those areas we are targeting that have been overlooked and undervalued in the past. Specifically, the UK shared prosperity fund has provided £52 million for the Liverpool city region—money that I know will be well invested by Steve Rotherham and others.

Michael Fabricant (Lichfield) (Con): May I pay tribute to the Iranian team, who refused to sing their national anthem, which was very brave of them?

In areas such as Lichfield, which have very high property prices, people who hold mortgages will also be affected by high interest rates. Although Lichfield is generally regarded as an area to which others might wish to level up to, we do have areas of deprivation. For that reason, may I urge my right hon. Friend to look at our levelling-up bid because it is desperately needed for Lichfield's people—not those in expensive houses, but those who are in more difficult positions?

Michael Gove: Lichfield is the jewel of Staffordshire, but even the most glittering jewels sometimes have flaws and, as a rough diamond himself, I know that my hon. Friend will appreciate that. I recognise that there is a need to help all those parts of the United Kingdom and the west midlands where, even though there may be prosperity, there is inequality that needs to be addressed.

Mr Speaker: I call the shadow Secretary of State, Lisa Nandy.

Lisa Nandy (Wigan) (Lab): I welcome the update on the football scores; it foreshadows what we intend to do to the Government side at the next general election. The truth is, before they crashed the economy, they were already struggling. Twelve months; 12 directors not in post; 12 missions going backwards. Only a third of the levelling-up funds has been allocated, and after wasting our time with the short-lived investment zones, the second round is months behind schedule. According to a circular, a local planning department performing at this level would have been put into special measures by now, by the Secretary of State. Can we bring some sense to this madness, end the “Hunger Games”-style competition, and allow all our communities—not just his favourites—to decide how their own money is spent?

Michael Gove: I welcome the questions from the Marcus Rashford of the Labour party—the person coming on at the last minute may actually change the fortunes of the team for the better, who knows? I wish the hon. Lady good luck in all future penalty shoot-outs. If it is “The Hunger Games” we are talking about, it is the Labour party leadership contest that is closer to that than any other contest in this House. On the substantive point that she makes, it is important that we look at how we fund local government overall. There of course needs to be competitive funding to make sure we can learn from the best, but we need to look at formula funding as well, and we shall.

Lisa Nandy: I am more than happy to be compared to Marcus Rashford, feeding our kids when the Government let them go starving hungry. We have almost as many funding pots in the Secretary of State's Department as we have had Ministers in the past 12 months. Can he not see the problem? We both know that the only way out of this crisis is to get local and regional economies growing, so how can it be that the key Department responsible for that was the biggest loser in last week's autumn statement? It makes no sense, unless the Government have collectively decided to abandon attempts to level up our regional economies. Can he clarify this

for the House: when they came for his budget, was he just ignored by the Chancellor, or did he not put up any fight at all?

Michael Gove: The autumn statement was at a time of challenging news for the global economy. It was absolutely the right response and, again, not only did we secure a significant, record increase in funding for local government at the previous spending review, but we, as my hon. Friend the Member for North East Derbyshire (Lee Rowley) pointed out, secured billions additionally for adult social care and for children's services. Once more, local government is securing the funding it needs under a Conservative Government who are putting stability and growth first.

Mixed-use Development

6. **Matt Warman** (Boston and Skegness) (Con): What steps he is taking to support mixed-use developments. [902297]

The Minister of State, Department for Levelling Up, Housing and Communities (Lucy Frazer): We cannot have houses without services and infrastructure. The national planning policy framework recognises the need for mixed-use developments, including local facilities and transport networks. In addition, the national design guide and national model design recognise the importance of mixed-use development in creating sustainable, active and vibrant places.

Matt Warman: The Skegness Gateway project is a 1,000-home development, but it is also home—thanks to the levelling-up fund—to a new college for Skegness and, if all goes well, it could be a significant boon to local NHS services. Will the Minister join me in welcoming the huge contribution of the Sanderson family, some of whom are in the Gallery? Will she also join me in welcoming the prospect of Departments working together, breaking down the silos to deliver the maximum possible potential for such projects all in one hit and at the first opportunity?

Lucy Frazer: I echo my hon. Friend's praise of the Sanderson family and their commitment to the local area, and I welcome them to the House of Commons today. I am delighted that Government funds are helping Skegness thrive. I know that officials in the Department for Levelling Up, Housing and Communities and other Departments continue to work closely with local partners to ensure that, as the Skegness town deal programme enters its important next phase, the vision for the new local college that he mentions and the wider gateway can be realised.

Homes for Older People

7. **Bob Blackman** (Harrow East) (Con): What steps he is taking with the Secretary of State for Health and Social Care to increase the supply of homes for older people including housing-with-care. [902298]

The Minister of State, Department for Levelling Up, Housing and Communities (Lucy Frazer): I know that my hon. Friend has considerable expertise in this area as a member of the Levelling Up, Housing and Communities Committee. As our population ages, we are committed to increasing the supply of specialist elderly accommodation, including housing-with-care.

We work closely with the Department of Health and Social Care to incentivise supply through capital funding, such as through the affordable homes programme. We have also announced an older persons housing taskforce to examine this area and I hope to have more details of that in due course.

Bob Blackman: I thank my right hon. and learned Friend for her answer and welcome her to the Dispatch Box in her new role. The “Levelling Up” White Paper, released in February, promised this taskforce to build more homes for people who need care. I wonder when we will see it come into operation and start the important work of providing that accommodation.

Lucy Frazer: As a new Minister in post, I wish to reassure my hon. Friend that I am committed to taking forward the taskforce and I have already spoken to the Minister for Care about re-establishing it.

Stephanie Peacock (Barnsley East) (Lab): One of the stated aims of levelling up is to “restore a sense of community, local pride and belonging”.

Barnsley does not lack pride or community—we lack resources. After slashing 40% of our council’s budget, rejecting two levelling-up bids and now backing a Budget that places a heavy burden on councils, what are the Government doing to make sure that levelling up delivers a genuine economic boost to areas such as Barnsley?

Lucy Frazer: I am sorry that Barnsley has not been successful in its levelling-up fund bids, but of course a variety of schemes have been put forward to improve local areas. Those are not finished and I wish her area every success in future bids.

Levelling-up Agenda

8. **Gavin Newlands (Paisley and Renfrewshire North) (SNP):** What recent discussions he has had with his counterparts in the devolved Administrations on the potential impacts of (a) levels of Government spending and (b) the cost of living on the levelling-up agenda. [902299]

24. **Alan Brown (Kilmarnock and Loudoun) (SNP):** What recent discussions he has had with his counterparts in the devolved Administrations on the potential impacts of (a) levels of Government spending and (b) the cost of living on the levelling-up agenda. [902315]

The Secretary of State for Levelling Up, Housing and Communities (Michael Gove): Ministers meet their counterparts in the devolved Administrations regularly, and on 10 November the Prime Minister and First Ministers met in Blackpool to discuss the economic outlook and working together on the cost of living. The Chancellor of the Exchequer joined that meeting virtually. The Chief Secretary to the Treasury met with Finance Ministers in the context of the autumn statement, and officials in all Departments remain in constant contact in the interests of all of the people across these islands.

Gavin Newlands: This Government like to talk levelling up, but implementation delays have robbed poorer areas of £1.5 billion, with an additional £0.5 billion lost due to spiralling inflation. The Tories de-industrialised west

central Scotland in the 1980s. We are bringing it back with the advanced manufacturing innovation district, including the National Manufacturing Institute Scotland and the medicines manufacturing innovation centre in my constituency. When might we hear that this Government will play their part by ensuring that the stand-out Clyde Green freeport bid and the Renfrew community hub levelling-up bid will be successful?

Michael Gove: We will announce shortly the details of levelling-up bids and freeport bids. But when it comes to delays in implementation and the industrial investment that the west of Scotland needs, I simply and gently draw the hon. Gentleman’s attention to the divergence between a UK Government who have recently delivered six new warships on the Clyde and the Scottish Government who in the meantime could not even finish painting the windows on a ferry.

Alan Brown: We are supposed to be eternally grateful for the £1.5 billion of Barnett consequential over two years, but that is easily dwarfed by the £1.7 billion of inflationary pressures on the Scottish budget this year. When the Secretary of State discussed with the Scottish Government Scotland’s needs, such as the need to cover that £1.7 billion inflation cut, the additional money for pay and their other spending priorities, did he just ignore what they were saying?

Michael Gove: No, we never ignore what the Scottish Government are saying. We have fruitful relationships with Ministers in not just the Scottish but the Welsh Government. I gently point out to the hon. Gentleman that, although he rightly acknowledges the Barnett consequential—the Union dividend—that the Treasury pays to the people of Scotland, when he talks about inflation, he does not acknowledge that, if we were to follow the Scottish National party’s approach to a separate currency for an independent Scotland, we would see a flight of capital, massive interest rate increases and galloping inflation there. There would be no worse consequence for working people in Scotland than the currency folly that his colleagues put forward.

Virginia Crosbie (Ynys Môn) (Con): I am delighted to support the Isle of Anglesey County Council’s £17 million levelling-up bid, which includes excellent representation from the Holyhead Town Council, Môn CF, the Ucheldre Centre and the Church of Wales. Does the Secretary of State agree that the levelling-up fund can transform places such as Holyhead? Can we have an update on timing? Will he accept my invitation to see first-hand how transformational the fund could be to Holyhead?

Michael Gove: Yes. Every time I visit Wales, I am continually impressed by the superb advocacy that Conservative MPs bring to bear for their communities, not least in Ynys Môn. I look forward to making that visit, I hope, early in the new year after the levelling-up fund bids will have been confirmed.

Mr Speaker: I call the SNP spokesperson, Patricia Gibson.

Patricia Gibson (North Ayrshire and Arran) (SNP): It has been quite something to listen to hon. Members on both sides of the House arguing for more powers for councils in England while they conspire to prevent powers for the Scottish Parliament—they are better together.

After several tumultuous and wasted months while the Tories fought with each other as households struggled, I welcome the Secretary of State back to his place. During the autumn statement, levelling up did not merit a single mention, yet we are told that it is the Government's flagship policy. With deeper austerity cuts slated for after the next election, the future of the levelling-up agenda is more in doubt than ever. Does he agree that levelling up requires a long-term commitment and that a levelling-up agenda cannot credibly survive the planned Tory austerity on stilts?

Michael Gove: The hon. Lady knows that I have enormous affection for her. As one of the first and most effective advocates for levelling-up funding going to her constituency, alongside the Holyrood representative for that constituency, I look forward to working with her and her colleagues to make sure that the levelling-up fund bids from Scottish authorities, which are enthusiastically supported by many SNP colleagues, are delivered on time. It is wonderful to see so many people in the Scottish National party arguing for more UK Government spending in their constituencies—long may it be so.

Patricia Gibson: Despite what we have just heard, the Office for Budget Responsibility estimates that there will be a 7.1% fall in real-terms wages over the next two years in the sharpest fall in living standards since the second world war. That is before the Government implement their new rocket-charged austerity agenda, which will reduce living standards significantly more—so much for levelling up. With Scotland short-changed and suffering from a Brexit-inflated recession as part of broken Britain, can the Secretary of State explain if that is why the Government are reduced to seeking to deny democracy to Scotland, because Scots now know that, with all the powers of an independent country, we could do better?

Michael Gove: It is certainly the case that there are many talented politicians in the Scottish Government and on the SNP Benches, including the hon. Lady. I gently point out, however, that in England, there has been a devolution of powers to local government, and there has been cross-party consensus between Labour and the Conservatives that we should have that. Sadly, while the Scottish Government have been in power, we have seen no similar devolution of powers to local authorities in Scotland; quite the opposite: we have seen centralisation, with business rates hitting the north-east of Scotland and Police Scotland centralising powers in a way that goes against the spirit of trusting local people. I know from the many conversations I have with people in the north-east, the highlands, the islands and the Borders, that they wish to change the central belt centralisation of the Scottish Government—and I know that she agrees.

Levelling-up Fund

10. **Grahame Morris** (Easington) (Lab): When he plans to announce the successful bids from the levelling-up fund round 2. [902301]

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Dehenna Davison): As the Chancellor set out in his autumn statement, the Government remain committed to the levelling-up fund and will allocate at least £1.7 billion in the next round to priority infrastructure projects that improve everyday

life for residents across the UK. I look forward to announcing the outcome of round 2 before the end of the year.

Grahame Morris: I thank the Minister for that response, and I welcome the Secretary of State and his ministerial team to their new roles after a three-month hiatus. While we have had the merry-go-round of a revolving door, with Ministers changing and, indeed, Prime Ministers changing, communities such as mine in Horden in the Easington constituency are being starved of investment. We need the Secretary of State and his Ministers to approve our bid so we can address some of the serious issues, including the poor standard of the private sector housing in Horden. It would be marvellous if the Minister could give a date and ensure levelling up remains a Government priority by approving the Easington bid sooner rather than later.

Dehenna Davison: The hon. Member will know that at this stage I cannot comment on the merits of individual bids, but I know how passionately he campaigns for his own constituency and for County Durham from meetings that we have locally, and he will be informed of the outcome in due course.

Mr William Wragg (Hazel Grove) (Con): Could I use this opportunity to make a shameless plug for the Marple active communities hub, which in round 2 must surely be among the strongest applications in my hon. Friend the Minister's in-tray? Does she agree that it is high time we put health and wellbeing at the heart of levelling up, and her approving this bid, in a totally transparent process, which I know it is, would be just the ticket?

Dehenna Davison: I am grateful to my hon. Friend for raising his bid. Again, I cannot comment at this stage on the merits of individual bids, but I am certainly happy to engage with him further on this. I know what a great champion he is for Hazel Grove, and I know he will continue to push for every levelling-up opportunity for his constituents.

Ronnie Cowan (Inverclyde) (SNP): I have heard “shortly” and I have heard “sometime before Christmas”, so I am thinking maybe there is a date in Ministers' minds here, and I would be grateful if we could have a share of this. In Inverclyde, local government money and Scottish Government money work hand in glove with us to improve the area. We need to know when so that local stakeholders can be involved in this decision process and take the whole thing forward.

Briefly, I say to the Secretary of State that earlier he made a slur on my constituency and the good workforce of Ferguson Marine. If he wants to come to Ferguson Marine with me, and stand toe to toe and make that same remark, I will hold his jacket.

Dehenna Davison: I am grateful to the hon. Member for his question, and looking at the Secretary of State I think that point was heard loud and clear.

The hon. Member will know that, in round 1 of the levelling-up fund, the amount that went to Scotland was above the Barnett formula calculations. Round 2 will be coming in due course and I am sure that many people across this House who have been so involved in their bids will have an incredibly happy Christmas.

Chloe Smith (Norwich North) (Con): In Mile Cross in my constituency, healthy life expectancy is below the national average, children's social mobility is in the bottom 10% of the country, per capita rates of violent crime are double the national average and claims to universal credit are also double the national average. Will the Minister and the Secretary of State throw their support behind the bid in my constituency to improve community facilities around Sloughbottom park to help people on all those counts?

Dehenna Davison: I am grateful to my right hon. Friend for her passion in campaigning for her constituents. Again, at this stage, I cannot comment on the merits of individual bids, but she is a great, passionate advocate for her constituency and we will be announcing the results of levelling-up fund round 2 in due course.

Dan Jarvis (Barnsley Central) (Lab): Barnsley town centre is thriving. That is as a result of hard work locally, but also powered by our belief not in a handout but in a hand-up. To that end, can I commend the Barnsley Central levelling-up fund bid to the Minister? It is an excellent piece of work that would make a huge difference to my constituents. I very much hope that the Government will be able to support it.

Dehenna Davison: I am very grateful to the hon. Member for his pitch. I was in Barnsley a few months ago—an area very close to where I grew up—and I did have some local people making their own representations on the importance of this particular fund. At this stage I cannot comment on the merits of individual bids, but I heard loud and clear his pitch, and we will be announcing the result in due course.

Kit Malthouse (North West Hampshire) (Con): Will the Minister please confirm as she moves towards the award of these moneys, that she has sharply in her mind the fact that hidden among the averages of the otherwise prosperous south-east, there are some serious pockets of deprivation, not least in those London overspill towns that still ring the capital? Those include Andover in my constituency, which as well as importing an unfortunate number of Arsenal supporters, also brought with it a number of social and demographic problems with which the town still struggles, and towards which the grant award could significantly assist.

Dehenna Davison: I had best keep my comments about Arsenal to myself in this House, but my right hon. Friend is right: levelling up is not something that can be simplified purely by region or by north and south, and there are pockets all over the country that need to benefit from funds such as the levelling-up fund. I know how much of a passionate advocate he is for the Andover bid, and we will be announcing the result in due course.

Mr Speaker: I call the shadow Minister, Alex Norris.

Alex Norris (Nottingham North) (Lab/Co-op): The autumn statement confirmed that round two of the levelling-up fund is to be frozen in cash terms, meaning that the Government's inflation crisis has significantly eroded the value of the fund in real terms. The Government must now either reduce the quality and scope of the winning bids, or accept fewer bids—which will it be?

Dehenna Davison: This is an incredibly difficult time for economies across the world, based on global factors—*[Interruption.]* Right across the world, based on global factors. We are working with local authorities to see how we can help support them to ensure that they deliver their bids to the maximum potential. We have made adjustments to the project adjustment request process, to make it easier for local authorities to take that autonomy and make decisions about what is right for their community.

Topical Questions

T2. [902317] **Simon Jupp** (East Devon) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Levelling Up, Housing and Communities (Michael Gove): The House will, of course, be aware that following the tragic death of Awaab Ishak, the chief executive of Rochdale Boroughwide Housing stood down at the weekend, but there is still so much more to do to ensure that the lessons from that tragedy are learned. I have written to local authorities and registered social landlords, to ensure that the dangers of damp and mould are at the front of all our minds, and further action will be taken in due course.

Simon Jupp: Colleagues across the House are eagerly awaiting the results of the latest round of the levelling-up fund, and I obviously want to draw the attention of my right hon. Friend to Devon County Council's bid to cut congestion in Exmouth. Does he agree that levelling up must make a real difference in every region, including mine in the south-west?

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Dehenna Davison): I am grateful to my hon. Friend for his passionate plea. As a former Parliamentary Private Secretary in the Department—and a very successful one, if I may say so—he will know that at this stage I cannot comment on individual bids. I am delighted that Devon County Council has put in a bid to the levelling-up fund, and we will be announcing the results of that bidding process in due course.

Mr Speaker: I call the shadow Minister, Matthew Pennycook.

Matthew Pennycook (Greenwich and Woolwich) (Lab): It is almost five and a half years since the horror of Grenfell, yet the building safety crisis remains unresolved for the vast majority of affected leaseholders. Will the Secretary of State tell the House when the overdue developer remediation contract will be published? When will Ministers finally resolve the problems relating to mortgages and buildings insurance, and when will those leaseholders who are currently excluded from protections learn whether their Government intend to help or abandon them?

Michael Gove: Across the House there is a determination to ensure that the terrible tragedy of Grenfell is met with appropriate steps, both legislatively and in regulatory terms, and also that those who are trapped in buildings through no fault of their own are given the opportunity to move on with their lives. We will shortly be publishing

the details of those contracts. We are meeting lenders to discuss moving away from the situation in which so many people have found themselves, and we are also talking to the insurance industry about the steps we need to take.

T3. [902318] **Damian Green** (Ashford) (Con): In the care White Paper the Government committed to investing £300 million in supported housing for people with long-term health conditions, the numbers of whom are likely to go up by 125,000 this decade. In the wake of the autumn statement, will the Secretary of State assure me that that money is still available?

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Felicity Buchan): The Government remain committed to our 10-year vision for the reform of adult social care, and we are taking forward proposals in the “People at the Heart of Care” White Paper. As my right hon. Friend will appreciate, following last Thursday’s fiscal statement, Departments are reviewing specific spending plans, and details will be announced in due course.

T8. [902323] **Richard Burgon** (Leeds East) (Lab): Tory austerity has hit councils hard. Under the Tory Government, Leeds City Council has been hit by cuts of £2 billion, which is money needed for key local services. Would not another round of austerity be an act of Government vandalism punishing the poorest areas in our country?

Michael Gove: No.

T5. [902320] **Bob Blackman** (Harrow East) (Con): I thank my hon. Friend for her support on Friday in the debate on my private Member’s Bill. Has she seen in today’s *Inside Housing* that last year exempt accommodation cost 174 of 333 councils a staggering £883.5 million, with 100 authorities who provide it not reporting anything? Given that huge amounts of money are going out the door—potentially to rogue landlords—will she commit to closing the loophole as fast as possible?

Felicity Buchan: I congratulate my hon. Friend on his Bill passing its Second Reading on Friday. This is clearly an important sector and there is no question that we need to put in place the licensing regime, on which I made a commitment that we would lay regulations within 18 months. However, it is critical that the taxpayer gets good value for money.

Tony Lloyd (Rochdale) (Lab): I strongly welcome the Secretary of State’s letter to local authorities over the weekend. It is right and proper that mould should be seen as a serious hazard to health. Does he agree that we also need regulatory powers, with resources to allow local government to implement those powers? Without that, we are simply using words and not action.

Michael Gove: The hon. Gentleman makes an important point. We do place responsibilities on local authorities—the letter reinforces that—but they do need to be appropriately resourced. I look forward to working with them to ensure that the personnel and resources are there to keep everyone safe.

T6. [902321] **Sir Christopher Chope** (Christchurch) (Con): May I ask the Secretary of State direct how he believes it is either compassionate or conservative to be increasing council tax poverty? What message does he have for thousands of households in Dorset who next year will have to pay more than £90 every week in council tax as a direct result of his failure to reform the grant funding system?

Michael Gove: I say to my hon. Friend, who is a brilliant advocate for his constituents, that we face a need for economy across the board and, funnily enough, as Opposition MPs have reminded us, the council tax base is often broader in areas that are relatively more prosperous such as those that he represents. Of course, I recognise the strains and pressures faced by his constituents. However, at a time when belts are having to be tightened everywhere, although it is a terrible thing to say, I actually feel sorrier for some people not in Christchurch but in other parts of the country because the relatively wealthy and the relatively older in our country already have it relatively better.

Rachael Maskell (York Central) (Lab/Co-op): Since I met the Secretary of State, the pace of short-term holiday lets in my constituency has exploded, with the flipping of private rented homes and the hoovering up of homes to purchase meaning that people in my constituency have nowhere to live. When will he bring forward legislation to license short-term holiday lets? Will he support my private Member’s Bill, which aims to do that?

Michael Gove: The hon. Lady raises an important issue also raised by Members from North Devon, North Norfolk and elsewhere. Through the Levelling-up and Regeneration Bill and other measures, in co-operation with the Department for Digital, Culture, Media and Sport, we are looking at what we can do to alleviate some of the pressures that her constituents and others face.

T7. [902322] **Maggie Throup** (Erewash) (Con): Our precious green belt should never be prioritised over brownfield sites. However, local authorities are coming under increasing pressure to include green belt in their core strategies because of unfair housing targets. Will my right hon. and learned Friend help councils to better implement a “brownfield first” policy by reforming the formula used to set housing targets? Will she meet me and representatives from Erewash Borough Council to discuss the matter further?

The Minister of State, Department for Levelling Up, Housing and Communities (Lucy Frazer): We are absolutely committed to making the most of brownfield land. In fact, the national planning policy framework sets out that planning policies and decisions should give substantial weight to the value of using suitable brownfield land in settlements and should prioritise that. I am happy to meet my hon. Friend to discuss that.

Chris Stephens (Glasgow South West) (SNP): The Secretary of State is well aware of Bell Building Projects and the work it is doing to remove cladding across these islands. What representations has he made to Homes England, which is taking four to five months to pay the invoices of this company and other contractors?

Michael Gove: The hon. Gentleman makes an important point. Organisations in the private sector, such as the one in his constituency, are contributing to dealing with the building safety crisis. It is the responsibility of Homes England and indeed my Department to make sure that small and medium-sized enterprises that are making a contribution are promptly paid. I have raised the issue with Homes England and in the Department, and I hope that prompt payment will follow. I am grateful to the hon. Gentleman for speaking up for small business in his constituency.

T9. [902324] **Sir Paul Beresford** (Mole Valley) (Con): Will my right hon. Friend take steps to ensure that green-belt sites set aside for housing in local council draft plans are removed prior to plan adoption?

Lucy Frazer: The national planning policy framework is clear that a local authority should not propose to alter a green-belt boundary unless there are exceptional circumstances and it can show at examination of the local plan that it has explored every other reasonable option. Any proposal to release land from green belt is subject to rigorous examination by the planning inspector, who is independent and who acts on behalf of the Secretary of State.

Daisy Cooper (St Albans) (LD): Taxpayers in St Albans district are shelling out £3 million a year to subsidise big developers because the Government's cap on planning fees prevents my local councils from charging the full amount for processing a big application, and last week I tabled the presentation Bill to scrap that cap. Given the enormous pressures on household budgets, will the Secretary of State meet me to discuss how we can urgently address this issue, perhaps through the Levelling-up and Regeneration Bill?

Michael Gove: I sympathise with the position in which the hon. Lady's constituents find themselves. We can certainly do more to ensure that developers pay their way when dealing with applications of this kind. One of my colleagues would happily meet her.

Dame Andrea Leadsom (South Northamptonshire) (Con): There is overwhelming evidence that the building blocks for lifelong emotional and physical wellbeing are laid down during the first 1,001 days of human life. Does my right hon. Friend agree that supporting that is the best piece of levelling up we could possibly do? What more can he do to ensure that family hubs and joined-up start for life services are rolled out right across England as soon as possible?

Michael Gove: My right hon. Friend is absolutely right, and her impassioned advocacy of better support for children and families in the first 1,001 days of a child's life has helped to shape Government policy. The wider roll-out of family hubs, support for children's services and, in particular, targeted intervention when children are at risk of abuse or neglect will, when taken together, help to ensure that we level up opportunities across this country. I am grateful to my right hon. Friend for all her work on this issue.

Stephen Farry (North Down) (Alliance): European social fund projects in Northern Ireland face a financial cliff edge. Over 1,000 jobs are at risk and over 17,000 service users fear for their future. Can the Secretary of

State give me an assurance that there will be an investment plan and a process in place to give those organisations the chance to apply for shared prosperity fund support ahead of next April?

Michael Gove: I am grateful to the hon. Gentleman for raising this issue, and I will work with the Secretary of State for Northern Ireland to make sure that there is an investment plan in place.

Mary Robinson (Cheadle) (Con): The renters reform Bill will make private tenancy arrangements fit for the 21st century. Will my right hon. Friend set out what steps the Government are taking to ensure that such tendencies are also up to a decent standard? How will that be backed up with monitoring and enforcement?

Felicity Buchan: We are committed to legislating for a decent homes standard, which is critical. I agree that enforcement is terribly important, which is why we have strengthened councils' enforcement powers, including through penalties of up to £30,000.

Marsha De Cordova (Battersea) (Lab): Awaab Ishak's death was shocking, and such things should not be happening in our country in 2022. Everybody deserves a warm, safe and decent home to live in. His case shows what happens when people living in social housing are disregarded, as has been the case in my constituency after decades of Conservative control of Wandsworth Borough Council, which has allowed social housing stock to go into decay. What is the Secretary of State's Department doing to assist investment in social housing?

Michael Gove: The hon. Lady raises an important issue. I should say that Wandsworth under Conservative leadership was an outstanding and exemplary council in so many ways, but I understand that she has to make that point—the constituency Labour parties have to be kept happy and so on. The key thing is that all local authorities have an obligation, as do all registered social landlords, and we want to work with them to tackle the issue that she rightly raised.

Vicky Ford (Chelmsford) (Con): In Chelmsford we badly need more social and affordable housing. When new housing developments are built, the local authority can set a rule that a certain proportion of the new homes must be affordable. I urge my right hon. Friend to consider enabling local authorities to put in place similar rules when large commercial buildings such as office blocks are converted from commercial to residential properties.

Michael Gove: That is an important issue that relates to permitted development rights. My right hon. Friend is on to something, so I look forward to working with her.

Ruth Cadbury (Brentford and Isleworth) (Lab): As private sector rents continue to rise in west London, more and more of my constituents on low incomes and dependent on benefits are having to pay rent well above the levels of the local housing allowance. They cannot afford it and are having either not to eat or not to heat their homes. Will the Secretary of State make a statement about the urgent need for the Government to uprate local housing allowance?

Michael Gove: The hon. Lady makes an important point about local housing allowance, but I gently remind her that one thing we can do is to improve the supply of housing in west London, and I think I am right in saying that she has not always been an energetic supporter of every development that has come forward in her constituency.

Duncan Baker (North Norfolk) (Con): In June, the Prime Minister announced plans to extend the right to buy to housing association tenants to enable them to purchase their own homes. Will my right hon. Friend update me on the progress of this initiative and confirm whether a tenant who has purchased an initial equity stake in a housing association home on shared-ownership terms will be able to use a right-to-buy discount to purchase the remaining equity stake through staircasing?

Michael Gove: That is the direction in which we wish to move, yes.

Helen Morgan (North Shropshire) (LD): I have been proud to support a very good levelling-up bid in Oswestry in my constituency. With North Shropshire being such a large rural area, public transport is a really important part of levelling up the whole region, so will the Secretary of State look favourably on both Oswestry's bid and Shropshire's bid to improve bus services across the county?

Dehenna Davison: I am grateful to the hon. Lady for speaking so passionately about the bid for her constituency. I am certainly willing to engage with her and Ministers at the Department for Transport to see what more we can do.

Alicia Kearns (Rutland and Melton) (Con): Rutland and Melton councils have put forward a brilliant blueprint for rural innovation in our levelling-up bid, focused on

health and transport. The context is an urgent need to put social mobility into funding formulas for those areas of deprivation otherwise hidden by affluence. Will my right hon. Friend do what he said he would do back in February: take up an offer that is too good to be true by coming to Rutland and Melton to discuss the bid and the future of social mobility funding?

Michael Gove: What an alluring invitation—and yes. As my hon. Friend the Member for South Leicestershire (Alberto Costa) pointed out earlier, Leicestershire and Rutland are relatively poorly funded in comparison with other local authorities, which is why the particular plight of deprived communities in my hon. Friend's constituency and elsewhere is at the forefront of our minds.

Margaret Ferrier (Rutherglen and Hamilton West) (Ind): Recent analysis has found that £1 in every £13 allocated through the two levelling-up funding rounds will be lost through inflation—that is more than £560 million—so how will Ministers ensure that complex bids such as that for the remediation of hexavalent chromium at Shawfield in my constituency do not miss out on funding opportunities as a result?

Michael Gove: We will do everything possible to work with local authorities, particularly to make sure that every pound goes further. The hon. Lady quite rightly raises the whole question of bearing down on inflation; I hope that she and others will be in the Division Lobby tomorrow evening to support the Government in the measures we have taken in the autumn statement that will bear down on inflation. I note that Members on the Labour Benches have not yet criticised those measures; they appreciate, as we do, that we need to work together to tame inflation.

COP27

3.34 pm

Caroline Lucas (Brighton, Pavilion) (Green) (*Urgent Question*): To ask the Secretary of State for Business, Energy and Industrial Strategy if he will make a statement on the outcome of COP27.

The Minister for Industry and Investment Security (Ms Nusrat Ghani): After COP26, we were able to say with credibility that we kept the pulse of 1.5° alive. Recent reports from the UN show that even in extremely challenging economic and geopolitical contexts, the Glasgow climate pact is working and we have made some progress. For the first time ever, global energy policies are strong enough for fossil fuel use within this decade to peak if they are implemented. I know that the whole House will join me in paying tribute to my right hon. Friend the Member for Reading West (Alok Sharma) for his inspirational leadership as President of COP26 and for his role during COP27.

At the G20, which was attended by the UK Prime Minister, leaders agreed to implement fully the Glasgow climate pact commitments to limit global warming to 1.5° and to accelerate coal phase-down and the transition to clean energy. The Glasgow climate pact remains the blueprint for accelerating climate action in this critical decade. With a difficult winter ahead of us all, more than 100 leaders arrived at the beginning of COP27. The Prime Minister pledged to speed up the transition to renewables, create new high-wage jobs, protect UK energy security and deliver on net zero. He chaired a high-level meeting on forests and announced new support for climate-vulnerable countries. The negotiations concluded in the early hours of yesterday morning, and the Minister for Climate and the previous COP President are both on their way back.

The progress made on loss and damage at COP27 is significant. It has the potential to support the most vulnerable and to increase that support in future. We had to fight to keep 1.5° alive, but the deal in Egypt preserves the historic commitments that countries agreed to last year in the Glasgow climate pact. As the Prime Minister said yesterday, we

“welcome the progress made at COP27, but there can be no time for complacency.”

Continuing to drive global ambition and the implementation of net zero commitments is vital to the future of our planet. More must be done.

Caroline Lucas: My first question is: why on earth was this not a Government statement? Why on earth have we had to drag a Minister here to answer an urgent question? Lovely as it is to see the Minister at the Dispatch Box, the subject is not even a central issue in her ministerial brief, as far as I am aware. She mentioned the Prime Minister's statement at the end of the summit, but it was a 33-word tweet. That is just outrageous after such an important moment.

On loss and damage, the agreement at COP27 on a new finance facility is an historic step forward for climate justice, but to ensure that it does not just become another broken promise, it must be functional and properly resourced. First, what steps will the Government take to support its establishment and ensure that it is adequately funded with grants to help countries

rebuild when disasters hit? Secondly, how much will the Government commit, and when, to specific funding for loss and damage—new funding, additional to existing finance? The £5 million already committed to the Santiago Network is for technical support, let us remember, and comes out of the UK's already dwindling official development assistance budget. Thirdly, will the Minister support innovative sources of funding, particularly Prime Minister Mia Mottley's Bridgetown initiative?

The final agreement from the summit fails to commit to India's proposal to phase out all fossil fuels. Does the Minister recognise that in order to keep 1.5° alive and show any credible climate leadership on the world stage, our Government must urgently address their own climate policies? Will the Minister now reject the Rosebank oilfield and rule out any new oil and gas in the North sea? How will the Government maintain the high-level political engagement required to continue to push the COP process forward, given that the UK's presidency is ending and nobody in Cabinet appears to be leading? Do we not need a special prime ministerial envoy?

Lastly, in his statement on 9 November about COP27, the Prime Minister said:

“With the Egyptian President, I raised the case of the British-Egyptian citizen Alaa Abd el-Fattah.”—[*Official Report*, 9 November 2022; Vol. 722, c. 260.]

Alaa has faced intimidation, has suffered fainting fits and mental breakdowns, and is currently on suicide watch, yet it seems that the Government are standing idly by. Will they now listen to John Casson, the former ambassador to Cairo, who has said that the time for “polite requests” is over? We need action now.

Ms Ghani: There are so many important questions there, but as I have said, the fundamental negotiations concluded just yesterday and both the previous COP President and the Minister for Climate are on their way back—it takes a bit of time to get from Egypt to Westminster. The Climate Minister was indeed prepared to offer a statement tomorrow, but the hon. Lady secured a UQ and here we are.

As for providing a fund, COP27 agreed to establish a fund, which was negotiated just yesterday, to respond to loss and damage as part of the wider funding arrangements to mobilise support. The UK's view is that discussions should consider the widest possible sources of contributions, which will be fleshed out in further negotiations. The UK commitment of £11.6 billion to support that commitment continues, and support will continue for the most vulnerable, who are experiencing the worst impacts of climate change. We will also triple our funding for adaptation, to reach £1.5 billion a year in 2025.

The hon. Lady also talked about new oil and gas licences. The UK remains fully committed to its COP promises, as well as our domestic climate commitments, including the UK's target to reach net zero by 2050 and to phase out coal by 2024. In the near term, our priority is keeping our domestic production online to help the UK through what could be a difficult winter.

We achieved so much at COP26 in Glasgow, under the leadership of our very own COP26 President. When the UK took on the presidency, just one third of the global economy was committed to net zero. Today that figure is 90%. There is no time to be complacent, but we will continue to campaign, as we always have done, and continue to be leaders in this field.

I want to take a moment to raise the issue of Alaa Abd el-Fattah—and to make sure that my words are accurate, because I know that words matter at the Dispatch Box when we are dealing with this particular issue. Alaa Abd el-Fattah's family and the UK Government have concerns for his welfare. The FCDO made a statement at the time of the verdict, noting:

“We do not consider this outcome consistent with recent positive steps to improve human rights”.

During COP27, the PM raised the issues of imprisoned writer Alaa Abd el-Fattah with President Sisi and resolving the consular issue. I do not have any further details on that right now, but I know that those words will be incredibly impactful.

Michael Fabricant (Lichfield) (Con): Listening to the tirade of the hon. Member for Brighton, Pavilion (Caroline Lucas), one would not think that this country had cut its global emissions faster than any other G7 country. We have everything to be proud of. Will my hon. Friend pay tribute to the work of the Mayor of the West Midlands and Transport for the West Midlands? Coventry will be the first city in the United Kingdom to have over 300 electric buses, with an investment of £150 million, demonstrating that this country is indeed effective in cutting emissions.

Ms Ghani: My hon. Friend hits it on the head. When local leadership delivers net zero targets, so much can be achieved. I was the buses Minister in a previous life, so his question is close to my heart. I am so pleased that Coventry will be the first place in the country to be driving forward so many electric buses, with the £150 million grant that has been made available.

I know that the previous COP President said that the 1.5° target was hanging by a thread, but there is so much that came out of COP27 that we should be proud of. The Prime Minister reinforced the UK commitment to deliver £11.6 billion in climate finance and announced a tripling of funding for climate adaptation, to £1.5 billion in 2025. The UK also announced a further £65.5 million for the clean energy innovation facility, which provides grants to researchers and scientists in developing countries to accelerate the development of clean technologies. So not only are we leading with policy; we are also trying to help other countries to be part of the net zero technology revolution.

Mr Speaker: I call the shadow Secretary of State.

Edward Miliband (Doncaster North) (Lab): May I start by echoing the sentiments expressed by the hon. Member for Brighton, Pavilion (Caroline Lucas) about the case of Alaa Abd el-Fattah? The Government must ensure that his case is not forgotten. He must be released. I also pay tribute to the COP26 President for his service and to his team of civil servants in the COP unit.

Despite the welcome progress at COP27 on support for climate-vulnerable countries, which I acknowledge, we should be clear: on the crucial issue of 1.5°, this summit failed. The planet is hotter than it has been for 125,000 years. We already see the disastrous effects of 1° of warming, but rather than tackle this crisis, too many leaders are fiddling while the world burns. As a result, we are currently on track, according to the UN, for a catastrophic 2.8° of warming. We should tell the

truth: unless we do something different and fast, we will leave a terrible legacy. Against this backdrop, no country can be patting itself on the back. As a country that considers itself a climate leader, we have a responsibility and opportunity to set the pace in the year ahead, and our moral authority in the negotiations depends on it.

First, to go further and faster, and to persuade others, too, I urge the Minister to commit, as the Opposition have, to a 2030 zero carbon power system, the new gold standard of international leadership. That means ending the perverse ban on onshore wind and the blocking of solar, the cheapest and cleanest forms of power.

Secondly, we need to acknowledge the elephant in the room: fossil fuel. The COP26 President argued, unsuccessfully, that the conclusions of COP27 should include the phasing out of fossil fuel. If we extract all remaining reserves, we will blow way past 1.5° to 3° and more, but the Government are indulging at home in a dash for new fossil fuel licences, which will not even make a difference to bills, and they refuse to rule out a new coalmine in Cumbria. What kind of leadership is it if we tell others not to have new fossil fuel exploration while saying it is okay for us to do it here at home?

Thirdly, we need to demonstrate to the world that climate leadership means we will not only set stretching targets but meet them, yet the Climate Change Committee says we are off track and our net zero strategy has been found to be unlawful. What will the Government do to put that right?

Finally, the next year, leading up to the 2023 global stocktake, is the last real chance to save 1.5°. In years to come, every Government and politician will be judged on how they responded at this moment of jeopardy for the world. I urge the Government to show consistent leadership, to lower bills, to create jobs and to act before it is too late.

Ms Ghani: It is true that the COP26 President said 1.5° is on life support, but that does not mean COP27 is a failure. Significant progress was made, especially on providing support for the most vulnerable and increasing that support for the future. We have to keep fighting to keep 1.5° alive, but the deal in Egypt preserves the historic climate commitments agreed in last year's Glasgow climate pact. It is important to recognise how much was achieved at Glasgow by the COP26 President.

Questions were raised on the further outcomes of COP, but I sometimes feel that, because so much has been negotiated, we do not appreciate how far we have come. During this presidency, there has been extensive lobbying for all countries to assess their 2030 nationally determined contributions to keep 1.5° in reach and to deliver on the Glasgow climate pact. More than 90% of the world's GDP is now covered by net zero commitments, and 169 countries have put forward new or updated 2030 NDCs, resulting in reductions compared with previous NDCs. Of those, 29 new or updated NDCs have been submitted since COP26.

Full implementation of these NDCs is consistent with about 2.5° of warming, and full implementation of the net zero commitments could see warming as low as 1.7°. Fifty-four countries and parties have submitted long-term strategies so far, and this includes 10 new or updated submissions since COP26.

[Ms Ghani]

This remains a priority for the Government, and we not only have a Minister and a Department focused on climate and energy, but it is the Prime Minister's focus, too. He came to the Dispatch Box just last week to make an extensive statement and to respond to colleagues' questions. The legacy of COP26 will continue, and we will continue our leadership role, too.

Simon Jupp (East Devon) (Con): Our energy security has never been more vital, and the bills arriving on doorsteps in East Devon are testament to that. Does my hon. Friend agree that the energy sovereignty we need will ultimately mean lower energy bills for households in Devon?

Ms Ghani: Absolutely. My hon. Friend is a true champion for his constituents, and I know energy bills are at the forefront of all our minds after spending another weekend at home in our constituencies dealing with the concerns of our constituents. Most of our constituents understand that energy security is now an issue, and they appreciate that the pressure on energy prices is down to Putin and his illegal invasion of Ukraine. This also shows that we have to be opportunistic in ensuring that we invest in the right technologies and the right renewables to ensure we are resilient and sovereign at home when it comes to fuel.

Mr Speaker: I call the SNP spokesperson, Deidre Brock.

Deidre Brock (Edinburgh North and Leith) (SNP): I also associate myself with the comments about Alaa Abd el-Fattah.

I pay tribute again to the role of the former COP26 President, the right hon. Member for Reading West (Alok Sharma), in the negotiations. Demoting him from the Cabinet sent entirely the wrong message, and I commend the dedication and diligence he brought to the position. The SNP very much welcomes the news of the landmark agreement on loss and damage.

The former COP26 President and many others, including our First Minister, have condemned the agreement's glaring lack of a clear commitment to ending our dependence on fossil fuels. To keep 1.5° alive, we need urgent action. Will the UK Government commit to building a coalition ahead of COP28 to ensure that phasing down and out fossil fuels forms part of the agreement? Do the UK Government acknowledge that, to have any authority in making this argument, they must recognise the weakness of their own climate compatibility check for new oilfields, which seems designed to enable exploitation of fossil fuels rather than to control and drive them down?

Finally, will the UK Government support discussions, as highlighted at COP and by the Bridgetown agenda, on the reform of multinational development banks to better support climate objectives?

Ms Ghani: I think we all have warm words for the COP26 President and the leadership he has shown. Obviously, he will continue to provide that leadership, and people around the world will be looking at him to see what he says in the future and at what was delivered at COP27.

We are leading a coalition to ensure that we are driving down emissions and investing in alternative renewable fuel and energy. That will ensure that we are resilient and can provide the fuel and energy that our constituents need up and down the country. We need a mix of fuel and energy, which includes offshore and nuclear as well. Unfortunately, the party that the hon. Lady represents is dead set against nuclear energy, which would enable us to have efficient, clean, green, resilient, homegrown fuel, allowing us to have a much healthier discussion when it comes not only to fuel resilience, but to energy prices, too.

Dr Kieran Mullan (Crewe and Nantwich) (Con): Despite the usual doom and gloom and negativity from those on the Opposition Benches and from campaigners glueing themselves to roads, will the Minister confirm that, according to the independent climate change performance index, the UK is the only G7 country in the top 10? We are ahead of Germany, France, the US and China. Perhaps those people glueing themselves to roads and moaning should focus their energies on those other countries that need to catch up with us. They could glue themselves to the roads over there—though, of course, they should not fly to get there.

Ms Ghani: Once again, my hon. Friend hits the nail on the head. The climate change performance index is not run by the Government; it is an independent organisation that monitors these issues. The UK is the only G7 country to be in the top 10, which shows that we are world leaders. Obviously, I cannot comment on his points about how individuals and political parties with issues about reaching net zero would do better to focus their attention on those other countries that are not doing so well.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Is this Minister aware that, since I read and reviewed Professor Steve Jones's book, "Here Comes the Sun", I have been convinced that, unless we do something really radical, life on this planet will be extinguished? That is the level of the challenge. Not one senior Cabinet Minister is here today for this urgent question on the most important thing that faces us all. My party and her party must get their act together if we are not to face the end of life on this planet.

Ms Ghani: I do not keep a tab on what papers or books the hon. Gentleman reads. I am sorry that he is disappointed that there is not a Cabinet Minister in the Chamber, but, as I have said, they were involved in negotiations at COP and they are now on their way back. The urgent question was granted and here I am. No one is denying the importance of what is happening at COP. We must make sure that we reach net zero. That applies not only to this country, but to countries around the world with which we have to negotiate.

I am anxious that we do not leave this Chamber with a picture of doom and gloom. Negotiations have taken place and there has been some progress, but sometimes we overlook that progress. I know that what matters to my constituents will no doubt matter to the hon. Member's constituents as well. On the forests and climate leaders' partnership, for example, 23 countries and the EU are accelerating momentum to halt and reverse forest loss and land degradation by 2030. The UK has also confirmed

£150 million to protect rainforests and natural habitats. That is as a result of our leadership. It is not perfect, but we should be so proud of how far we have gone.

The accelerating to zero coalition has also been launched, and it has been announced that the zero emissions vehicle declaration has 210 signatories. Furthermore, the breakthrough agenda will result in tangible actions being taken by countries that account for more than 50% of global GDP. There is much more to do, but there is a lot to be proud of. We should continue moving forward.

Sir Christopher Chope (Christchurch) (Con): Will my hon. Friend explain exactly what discussions took place in Egypt between our Government and Germany on the issue of Germany's intent to open up lignite mining and use lignite to generate electricity—lignite being the dirtiest form of electricity generation? Is there not something of an issue for us as a country in competing with Germany if it is quite prepared to ignore all the norms and use lignite to generate electricity, while we are reluctant to even open another coalmine?

Ms Ghani: My hon. Friend makes a valid point. We often focus on what we are delivering in the UK, and that is important, but we make an argument that other European countries are somehow constantly cleaner and greener. His point is a valid one. That is why global negotiations and global collaborations matter. We must shine a light not only on countries far from home, but on countries closer to home, such as those in Europe, which unfortunately are not leading the way as much as we are.

Wera Hobhouse (Bath) (LD): I add my thanks to the previous COP President and his team. I must also say that other countries being bad is no excuse for being complacent in this country. It is estimated that in eight years' time the costs associated with loss and damage will range from £290 billion to £580 billion. Those are huge sums, but they are dwarfed by the billions in subsidies that the fuel industry receives on top of its vast profits. When will the Government stop their subsidies to the fuel industry and set out their plan to phase out fossil fuels in this country? The Minister has not answered that question yet.

Ms Ghani: I have indeed answered that question and focused on the fact that we are aiming to reach net zero. We have to ensure that we have a mix of energy, and we have to phase out at a pace that means that we have a certain level of resilience and access to fuel and energy. We cannot just switch off the tap today and assume someone is going to step in tomorrow.

Barry Gardiner (Brent North) (Lab): That the UK is reducing emissions faster than other countries may be true, but it is not sufficient to meet the timescale within which we have to reduce emissions globally to realise 1.5°. Will the Minister tell me today what she is doing in terms of putting new money into that loss and damage fund, and to identify the new money? Much of what she has identified so far has been pre-announced—it is old money. Will she also tell me what she is doing to ensure that the Glasgow Financial Alliance for Net Zero will be adequately funded not only by the UK, but by other countries?

Ms Ghani: The hon. Gentleman has a valid question. The negotiations are so fresh—the agreement was concluded yesterday and the negotiations are still ongoing to flesh out the detail—that I do not have a direct answer. It is still being negotiated. However, the UK contribution will continue to ensure high value for money for the UK taxpayer from that international support, and of course we are dedicated to making sure that we reach our target and our commitment to the loss and damage fund.

Sammy Wilson (East Antrim) (DUP): While thousands of the great and the good, the chattering classes and the global warming zealots are flying out of Egypt today in their private planes and fleets of airlines, patting themselves on the back that for the 27th time they have saved the world, does the Minister accept that we still need reliable fossil fuel energy to drive our economy and to lift billions out of poverty in the developing world? Does she accept that many people across the United Kingdom who were hit with big tax rises last week will be concerned at the demand for even more billions to pay compensation because we industrialised first? Will she assure us that she will not be taken on some kind of ecological guilt trip and end up committing to pay billions in compensation when we are responsible for less than 1% of CO₂ emissions in the world?

Ms Ghani: There was so much in that question. Rest assured, I am never driven by any guilt trip whatsoever. I am not sure how far I can push the envelope, but there is a certain something about people flying in and out while we are trying to drive down greenhouse gas emissions. There is some hypocrisy there.

We know there is a huge issue at home. We are dealing with fuel bills, and one of the answers to that is making sure that we have a mix of energy. Going forward, we are absolutely committed to offshore and nuclear, which will provide us with a certain level of security and will help to manage our bills. The hon. Gentleman is absolutely right that we have to accept our contribution to global emissions, and even more so our leadership position. We will make sure we honour that.

Alex Sobel (Leeds North West) (Lab/Co-op): I was at COP27, and I spoke to people from Pacific small island developing states—climate Ministers, speakers and chairs of environment committees—who are suffering the most horrendous effects of climate change: cyclones, rising seas and lack of electricity. In 2009, at the Copenhagen COP, they were promised \$100 million a year. That money has not been delivered. When will the money come off the page, so that they can start building houses and seawalls and having new electricity systems? The UK is not delivering for those most at risk from climate change.

Ms Ghani: I know, from many of my family in Pakistan, of the devastation that has taken place there. Thirty million people have been displaced. There is a huge amount of work to be done to protect those countries and communities. We will make sure that they get back on their feet as quickly as possible, which is why the negotiations and the outcome of COP are so important. I mentioned the funding we have committed—more than £11.6 billion is already in the system. But if money is made available and negotiated at COP, we have

[Ms Ghani]

to make sure that the international institutions deliver that money quickly to the communities that deserve it the most.

Jeremy Corbyn (Islington North) (Ind): I think the whole House owes a debt to the hon. Member for Brighton, Pavilion (Caroline Lucas) for securing this urgent question and for raising the issue of human rights in Egypt. The Minister must be aware that Kenya and its five surrounding neighbouring countries have contributed less than 0.1% of greenhouse gas emissions in their existence, yet they are paying the price with climate change, flooding, devastation, and now famine and so much else. Thirty one years ago, Vanuatu asked for restitution from the richest countries in the world in order to help them to deal with the consequences of rising sea levels.

Will the Minister take this opportunity to do two things? Will she welcome the commitment of the newly elected President Lula of Brazil to protect the Amazon rainforest and ensure the biodiversity of his country as a contribution to world survival? Secondly, will she guarantee that no British companies or banks will finance any fossil fuel exploration, extraction or trading anywhere in the world?

Ms Ghani: The tail end of that question was answered by the Prime Minister when he gave his statement just last week. On the question about Brazil, at COP27 we committed to £90 million to the Congo basin, a part of the £1.5 billion put in place to invest in the world's forests. I am not sure if I already made the point that the UK is playing a leading role in developing the Indonesia just energy transition partnership, which was announced at the G20 leaders' summit in Bali and will mobilise £20 billion in the next three to five years. We should take a moment to recognise that the negotiations on Sunday morning will help a number of those countries that do not do as well as us and ensure that they have the support they need.

Ruth Cadbury (Brentford and Isleworth) (Lab): The Minister says that the Government want to address the energy crisis soon and roll out renewable energy, so will they recommit to onshore wind and solar power development, as supported by a significant majority of the population, including Conservative voters and the last Prime Minister?

Ms Ghani: Our focus is offshore wind and nuclear because we see them as the best way of ensuring cheaper, cleaner and more secure power. As for onshore wind, I believe that there is a commitment to a consultation to see which communities in England want to host new onshore wind infrastructure. Fundamentally, we are focused on offshore and nuclear.

Stephen Flynn (Aberdeen South) (SNP): Over the weekend, with a straight face the Scottish *Daily Mail* ran a front page, which at the top offered advice on how to battle a blackout while the main story stated that Scotland faces a "new windfarm invasion". If we are to combat climate change and meet net zero, onshore wind is crucial. Does the Minister agree that that particular invasion as outlined by the Scottish *Daily Mail* would be one that we should all welcome?

Ms Ghani: Fortunately or unfortunately, I do not read the Scottish *Daily Mail*, so I cannot picture what that looked like. As I said earlier, our focus is on offshore wind farms and nuclear power. I find it extraordinary that, as we talk about what one would naturally call green issues, the hon. Gentlemen's party just cannot come to terms with the fact that nuclear power is a clean, green and resilient form of energy on which we should focus as well.

Richard Burgon (Leeds East) (Lab): The Prime Minister said at the end of COP that

"Keeping the 1.5° commitment alive is vital to the future of our planet",

but the Government plan to accelerate North sea oil and gas production. We need deeds, not words. If the Government are serious about keeping 1.5 alive, should they not reject the application for the Rosebank oilfield, the largest undeveloped oilfield in the UK?

Ms Ghani: We are committed to 1.5°, which is why we have a net zero strategy and why we hosted and led COP26 and continue to lead at COP27. I have already spoken about the number of programmes, policies and investments that we are making. Between 1990 and 2019, we grew our economy by 76% and cut our emissions by more than 44%, decarbonising faster than any other G7 country. Those are not words; those are deeds.

The hon. Gentleman talks about oil and gas. As I have said, the UK remains fully committed to its COP promises. We will continue to progress the expansion of renewable energy to generate 95% of electricity from low-carbon sources by 2030. No other major oil-and-gas producing nation has gone as far as the UK in addressing the role of oil and gas in their economy. The opening of the most recent licensing round by the North Sea Transition Authority followed the publication of the climate compatibility checkpoint, and it should be seen in the context of the North sea transition deal. That includes emissions-reduction targets consistent with the Government's net zero strategy, which establishes the UK's pathway for meeting carbon budget and international targets.

Matt Rodda (Reading East) (Lab): Despite some progress being made at COP27, we did not see the transformation that the world so urgently needs. Will the Minister set out what the Government will do in the next year to drive this agenda forward?

Ms Ghani: I so enjoyed that question, but I am not the Climate Minister or in line to be the next COP President, so I cannot say what our negotiations will come to, but the point is that we are leading countries both in Europe and internationally. We want to ensure that they can come along with us and are as close as we are to reaching net zero targets. We will continue to provide that leadership.

Tony Lloyd (Rochdale) (Lab): The Minister might want to remind her Back Benchers that this is not a competition. The whole world is in this together; there is no one-country solution. In that context, how can she stand before the House without addressing how, if we develop oil and gas domestically, we can dictate to others—in the Arab world, for example, or Germany with lignite—that they should not do the same.

Ms Ghani: I can offer concrete examples of where we can confidently showcase what we are doing compared with other countries. I did not say it was a competition, but every time I offer up how we have moved forward compared with other countries, I am told that we are not going far enough. We have a net zero strategy, and we know that maritime is a major issue when it comes to the climate, so we have a clean maritime plan—I believe that we were the first country in Europe to produce one. We have led the way on enabling many industries to reach net zero. We are also doing that because we know that there will be more than half a million skilled, green and well-paid jobs in all those industries, and we want to make sure that we provide that sort of support for communities up and down the country.

Stephen Farry (North Down) (Alliance): There is a dangerous loss of momentum around the 1.5° target, and continued fossil-fuel extraction is the greatest problem. Looking ahead to COP28—ironically, it will be in the United Arab Emirates of all places—what lessons have the Government taken from COP27 to better ensure that progress can be made next time around?

Ms Ghani: The hon. Gentleman challenges me again to put our programme forward before the COP27 delegation has even arrived in Westminster. I would argue that they want to ensure that, where we have not gone as far as we wanted at COP27, we can achieve those ambitious targets at the next COP. As everyone mentioned earlier, the world is watching and we cannot be in the situation of saying that 1.5° is hanging by a thread.

Rachael Maskell (York Central) (Lab/Co-op): The Minister has not mentioned methane and the disappointing agreement to reduce methane by just 30% by 2030. Why is her Department sitting on a green new deal for BioYorkshire that would put the science in place for global transformation around issues such as methane and fuel transition?

Ms Ghani: The most peculiar thing is that I assumed the Minister for Climate would be in the Chamber. I did my best to prepare for the methane question, but I am struggling to find the exact answer in front of me. If the hon. Lady will bear with me, I will make sure that she gets a written response from him, if not from me, by the end of the week.

Patrick Grady (Glasgow North) (Ind): The President of the European Commission described the COP27 deal as

“a small step towards climate justice”.

The Scottish Government established a climate justice fund back in 2012. Now that the Secretary of State is sitting next to the Minister, can she confirm whether the UK Government understand and accept the consequences and concept of climate justice?

Ms Ghani: The UK Government absolutely understand, which is why we were leading the charge in Glasgow at COP26 and continued to do so at COP27. That is why the President of COP26 had the confidence to deal with the negotiations as they were. We knew that 1.5° was going to be tricky; it is an international negotiation. Considering the international players that were involved, we are in a good place, but we need to move forward. The hon. Member also mentioned the funding that was negotiated just yesterday morning, which is on top of the £11.6 billion. I am not sure it took an intervention by his party; it was a result of international negotiations that have been taking place at COP.

Jim Shannon (Strangford) (DUP): I thank the Minister for her answers. The primary cause of our climate crisis has evidently been the lack of winding down of our fossil fuel use. Disappointingly, we have simply repeated the call to accelerate efforts to phase down our use of coal power, with still little result.

Ms Ghani *rose*—

Jim Shannon: Will she commit to a joint approach with our COP allies to protect the world’s most vulnerable and their reliance on fossil fuels, and to work harder towards actions that keep alive 1.5°, which is very much what we want to try to achieve?

Mr Speaker: The Minister should sit down until the Member sits down, so that I know who is standing. You cannot both stand at the same time—that includes me. *[Interruption.]* I also do not need any help from the Back Benches.

Ms Ghani: I was so keen to answer the hon. Gentleman’s important question. The answer to all those points is yes.

Mr Speaker: That completes that urgent question.

Newport Wafer Fab

4.12 pm

Ruth Jones (Newport West) (Lab) (*Urgent Question*): To ask the Secretary of State for Business, Energy and Industrial Strategy to make a statement on the sale of Newport Wafer Fab.

The Secretary of State for Business, Energy and Industrial Strategy (Grant Shapps): On 25 May, the then Secretary of State for Business, Energy and Industrial Strategy called in Nexperia's acquisition of Newport Wafer Fab for a national security assessment under the National Security and Investment Act 2021. Following further detailed and thorough consideration, on 16 November, I exercised my powers under the Act to make a final order requiring Nexperia to divest of at least 86% of its shareholding in Nexperia Newport, formerly Newport Wafer Fab.

My decision follows a quasi-judicial process that ensures that all relevant matters are taken into account and that the decision is made fairly. I am sure that the House will understand that I am unable to go into further detail about the national security assessments and implications that informed the decision, nor can I go into further detail about the final order.

What I can say is that the final order requires Nexperia to follow a set process leading to divestment within a specified period. This order has been shared with Nexperia and I published a notice summarising it as well. My officials, with the support of other Departments, will actively monitor compliance with the requirements set out in the final order and ensure that the national security risks continue to be mitigated effectively.

The National Security and Investment Act enables us to continue to champion open investment while protecting national security. Hon. Members can be assured that although we are unashamedly pro-business, the Government will not hesitate to act where there is a risk to UK national security. The UK has a number of strengths in the semiconductor sector, including in south Wales, and the Government aim to set out our semiconductor strategy soon to enable this technology to further support the global economy and national security.

Ruth Jones: Like many people in Newport West, I am deeply concerned by the decision made by the Secretary of State to order Nexperia to sell Newport Wafer Fab at this time and in this way. Nearly 600 people, with just one month to Christmas, have had the most unacceptable shock and worry heaped on them by this Government. We have heard so much about a commitment to levelling up, but this decision made by Tory Ministers is a disgraceful exercise in levelling down Newport West and south Wales.

Ministers have raised concerns about national security, despite the acquisition being cleared by two previous security reviews, including that by Sir Stephen Lovegrove, the former National Security Adviser. Nexperia, with the interests of its employees driving it, has proactively sought to deliver a range of far-reaching remedies that, if accepted, would fully address the Government's concerns, but Tory Ministers have chosen not to enter into a meaningful dialogue with Nexperia or even to take the time to visit the site in Newport West.

I have been informed that Nexperia will now challenge the order, and will do everything possible to keep the factory operating and protect its employees in south Wales. They have my support. I am concerned that Ministers have chosen not to listen to my constituents, and have instead taken a decision that now puts their livelihoods and their families, as well as more than £100 million of taxpayers' money, completely and unnecessarily at risk.

Nexperia has operated in the United Kingdom for nearly 100 years, and it has been at its Manchester site since 1970. Since April 2021, Nexperia has invested £160 million across the Stockport and Newport sites to expand their capacity and introduce new equipment. This is a long-term, well-established relationship, and the Secretary of State has ripped it to shreds. So I would like the Secretary of State to tell us: what discussions has he had with the Welsh Government and Newport City Council about the support Whitehall will provide to mitigate the impact of this decision on our local economy; what assessment has been made about the impact of this decision on my constituents; what specific discussions have Ministers had with the management at Nexperia; and will the Secretary of State publish the security assessment that prompted this decision?

Lastly, I want to pay tribute to the Nexperia Newport staff association, which wrote to the Secretary of State last Thursday. It has made clear its anger and sense of betrayal. Will the Minister agree to meet me and members of the staff association at the earliest opportunity? This decision does not just affect the people of Newport West; its effects will reach all corners of the United Kingdom for years to come.

Grant Shapps: The hon. Lady is quite right to be a doughty defender of her constituents, and I acknowledge that it will be a concerning time for 500 or so employees. She is not privy to the information that I have had to weigh up to come to this national security decision, which I have done with the utmost diligence and taking all of the factors into account; nor, I am afraid, can I accede to her request to publish that information. I would point her to the fact that the then shadow Business Secretary, the right hon. Member for Doncaster North (Edward Miliband), at the time of this takeover did actually call on the Government to use powers under the National Security and Investment Act to scrutinise the takeover, which I have done. In answer to her question about what the Government are doing, we had last week the £1.6 billion confirmation from the Chancellor for the nine Catapults, of which the Compound Semiconductor Applications Catapult in Wales is a part.

Sir John Whittingdale (Maldon) (Con): I welcome the measures that the Government have already taken in the National Security and Investment Act to protect critical national infrastructure companies from overseas control, but does the Secretary of State agree that it is important we do not just shut the stable door, and that where we become aware that companies may have already come under the control of hostile overseas states, we act against those as well?

Grant Shapps: My right hon. Friend is absolutely right about this. The interesting thing is that the National Security and Investment Act did not exist when this

original takeover took place, which puts this in an unusual category of being a retrospective piece of work. I believe, on the basis of the information that now comes to us and the ability to use the Act, that we would always take these decisions up front. The difference here is that we have had to look at it through a retrospective process. However, I can assure my right hon. Friend and Members across the House that we take these decisions very carefully and cautiously. We have now looked at nearly 100 such decisions, and it is unusual for us to take action to this extent overall.

Mr Speaker: I call the shadow Secretary of State.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): I welcome the new Business Secretary to his responsibilities in the House, and I congratulate my hon. Friend the Member for Newport West (Ruth Jones) on securing this urgent question and on her tireless advocacy for her constituents on this matter. I welcome the fact that a decision has finally been made on Newport Wafer Fab, but the chaotic process and the lack of strategy from the Government have left workers and businesses facing a great deal of uncertainty that the Government are now honour-bound to rectify.

Nexperia first announced a takeover of Newport Wafer Fab in July last year. It has taken 16 months for the Government to make this decision. In April, the Foreign Affairs Committee was forced to conclude that the review had

“not, in fact, been started.”

Finally, the Government have decided to block the transaction. Meanwhile, jobs have been left hanging in the balance, and the costs of unwinding the deal have risen over that time. We also have to question why we are in this situation in the first place. The south Wales compound semiconductor cluster employs thousands of workers in one of the world’s most strategic sectors, but we are still yet to see the long-awaited semiconductor strategy, which has been 22 months in the making.

Of course, the Government scrapped their entire industrial strategy altogether when the current Prime Minister replaced it with the hastily cooked-up plan for growth. That has already been replaced, because it may have been the sixth plan in 12 years but it was the first to cause a financial crisis. Meanwhile, firm after firm in the semiconductor sector has been sold off to foreign businesses. It genuinely has not been easy even to understand what Government policy in this area is, so may I ask the Secretary of State these questions? First, why has this decision taken so long, when the Government have known everything about the transaction for at least 16 months? Secondly, what is he specifically going to do to secure the future of the jobs in Newport Wafer Fab and ensure we retain this capacity in the UK? Finally, when will the Government come forward with a proper plan for growth, including for key industrial sectors? Decisions such as this, while at times necessary, must form part of a coherent and consistent policy and must be made promptly. All businesses get from this Government is chaos and crisis, and it is not good enough.

Grant Shapps: I think that is a rather unfair assessment of what has happened for this reason: the National Security and Investment Act 2021 only came into existence this January, so to say that there have been 16 months

during which we have not made any decisions is simply untrue. Secondly, nobody would expect us, particularly with 500 jobs at stake, to rush to a decision over something this important. That is what Labour seems to be suggesting it wants to do.

I want to make sure that jobs are protected. We will be working with Nexperia on this sale to ensure that plans are, I hope, put in place that do that. I have already referred to the wider investment in semiconductors, of which a large proportion is coming to Wales, so the Government already have a strategy in this exact area. It is one of the reasons why we have 100 companies carrying out work in semiconductors.

Sir James Duddridge (Rochford and Southend East) (Con): More than five years ago, I visited this business as a Minister. It is an excellent business, with cutting-edge technologies. It employs local people, but also international people in high-quality graduate and PhD jobs. While I agree that national security should come first, I urge the Secretary of State to work across every single Department to ensure that we retain those skills that are so needed in the United Kingdom and in particular in this area represented by the hon. Member for Newport West (Ruth Jones).

Grant Shapps: My hon. Friend will be interested to hear that I think I read a report of his visit to the site. I have taken every opportunity to understand what is happening in Newport, and his experience was helpful. It is also worth the House knowing that, unlike prior to the takeover—I hear some Members still referring to “Newport Wafer Fab”—it no longer does “fab”. What it now does are wafers, and it manufactures purely for Nexperia, and most of that does not end up in this country, unless it happens to be re-imported. The jobs and skills are something we are keen to preserve, and we will be working very closely to ensure that there is a future.

Mr Speaker: I call the Scottish National party spokesperson.

Stephen Flynn (Aberdeen South) (SNP): Certainly from the outside looking in, it is very much a case of the legislation doing exactly what the legislation was meant to do when it received support right across this House. Understandably, there will be local concerns in respect of that, and I understand where they come from—indeed, the Secretary of State has appeared to acknowledge them up until now. I guess what it shows in wider terms is the UK’s lack of domestic self-sufficiency in semiconductors. I suppose it is for the Government to outline why we are in the present situation. It is perhaps not just in relation to the actions that the Government have not taken: we also need to look at the consequences of the action that they have taken in respect of the likes of Brexit. Intel, one of the biggest players when it comes to semiconductors, has outlined that it is not looking to invest in the UK because of Brexit.

In among all that, can I ask the Secretary of State to provide a little more detail on when he expects to come forward with his plan for semiconductors and to put a little more meat on the bones for those living in the local area as to how those jobs will be protected?

Grant Shapps: The Department for Digital, Culture, Media and Sport holds the plan itself. It is worth the House and the hon. Gentleman knowing that the UK has several strengths in semiconductors. The sector already includes the design of compound semiconductors and academic research, and south Wales is a very important cluster within that. I have already referred to the additional money that the Chancellor announced from the Dispatch Box as recently as last Thursday, and we know that some of that money will head to Wales. It is also important for the House to know that in this context Newport Wafer was only a very small proportion of output to UK companies directly, and it is important that we make sure that capacity is maintained. It is also important to understand what that business was doing and how it was involved in our supply chain.

Mary Robinson (Cheadle) (Con): Nexperia has operated a manufacturing site in my constituency for more than 50 years, and is a major employer in the Cheadle area, with some 1,000 people working at the Pepper Road site. They are understandably concerned by the Government's decision. Could the Secretary of State please set out what measures he is taking to ensure that we safeguard Cheadle jobs and maintain the UK's role in the vital semiconductor industry?

Grant Shapps: We welcome inward investment into this country. We have one of the most open provisions for inward investment of any country in the world, and one of the most open economies, so there is no reason beyond this decision for people to over-interpret what has happened here. This is a specific set of circumstances under a specific final order. There should not be a read-across. I can perhaps reassure my hon. Friend's constituents, through her, that this decision does not form any kind of change in their relationship.

Tonia Antoniazzi (Gower) (Lab): Is the Secretary of State concerned that the highly skilled employees at Nexperia Newport have threatened to walk out if the previous owner or an investment fund takes over ownership?

Grant Shapps: I have seen the reports that the hon. Member refers to. I do not want to get ahead of ourselves. In the next few weeks, Nexperia will provide its plan for the business, which we will come back to. I hear what she says, it is on the record and I am very conscious of her comments. In the end, it is of course a private business. The Government's involvement is to look at the national security aspects of it, but as a Government we want to see good employers everywhere. In fact, we have backed five separate private Members' Bills in this Session to improve the welfare of workers, and it is something that we take very seriously.

Mrs Heather Wheeler (South Derbyshire) (Con): I congratulate the Secretary of State on making this decision. As he knows, I have been closely involved and tried to make sure that the correct decision was taken. There are many spin-offs from our universities and UK companies that are very interested in taking semiconductors to the next stage. Can I have his assurance that the Government will look widely at who may take the business forward and keep semiconductor build business going in the UK?

Grant Shapps: Although we have not met up, I pay tribute to my hon. Friend's work in this area. As I have said, we are of course very keen to ensure that we have semiconductor manufacturing in this country. That south Wales cluster is enormously important, but there are other areas that share many of the skills. We will say more about this soon, not least because £1.6 billion has gone into the UK's nine Catapults. That is an increase of 35% on the funding cycle, and semiconductors are a very important part of more than one of the Catapults.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): During a recent session of the BEIS Committee's inquiry into the UK semiconductor industry, a representative from Nexperia indicated that there is space at Newport Wafer Fab for expansion and diversification, and we all know that we are becoming ever more reliant on semiconductors. Will the Secretary of State therefore commit not only to saving the 500 jobs currently at Newport but to bringing forward the investment necessary to transform the Newport site into a semiconductor hub that can help sustain supply chains across the UK and, in turn, sustain national security?

Grant Shapps: It is worth saying for the House's benefit—I am sure the right hon. Lady knows this—that this got going in south Wales partly through £1 billion of Government investment. Of course, it is important that we keep the investment flowing. This is principally a private business and I understand that Nexperia has indicated that it would like to expand it further. For reasons of national security, that will now happen, I hope, under the auspices of another private business. However, the Government stand four-square behind the principle that we should have high-tech industries and high-tech, well-paid jobs. That is something that we will pursue.

Sir Geoffrey Clifton-Brown (The Cotswolds) (Con): Mr Deputy Speaker, it gives me no pleasure whatsoever to say that you will be aware that Mr Speaker granted me an urgent question on 16 July last year begging the Government to use their powers under the Enterprise Act 2002 and the upcoming security Act not to allow the sale to the Chinese-dominated Nexperia company. While there was a different Minister and that was a different time, I welcome my right hon. Friend to the Ministry, in his important job as Secretary of State, and welcome his decision to use the National Security and Investment Act 2021 to block the sale and to force the company to sell off its 86% share in it. Can he give the House any indication: in what way will the sale take place and how are the jobs—as others have said, it is just before Christmas—likely to be protected?

Grant Shapps: I thank my hon. Friend, who was key in persuading the Government to take forward the national security and investment legislation. That has been important in this case—definitive, in fact. Although he may have been right at the time, I understand we did not have any powers to block the sale at that time. I therefore congratulate him on his foresight. I do not think we could have done anything other than wait for the powers afforded to us in January and the action that I took very recently.

With regard to the next steps, I am afraid that I am bound by the National Security and Investment Act not to go into terrific detail, other than to refer to what I

have already published and made available to the House with regard to the final order. However, there is in essence a process by which the company will report back to me on its plans and, over a period—it may well take several months—the sale of the company will take place.

Navendu Mishra (Stockport) (Lab): Nexperia is a large employer in the local authority of Stockport, so I welcome the urgent question secured by my hon. Friend the Member for Newport West (Ruth Jones). From the nuclear industry to Huawei, the Government seem to be lurching from crisis to crisis. The reality is that they do not have an industrial strategy. Will the Secretary of State come back to the House urgently with an industrial strategy that will deliver growth and certainty for the people who work in the sector? This is causing significant problems for people employed by the business in Stockport and Newport.

Grant Shapps: We do not agree with the hon. Gentleman's characterisation. Private businesses run these operations and 100 different companies have invested in semiconductor devices. Five thousand UK companies, 90% of which are small and medium-sized enterprises, are designing and making electronic components, devices, systems and products. I know that there are still some Opposition Members who think that the Government should take the lot over, but that is not a sensible way to go about doing business. I have already explained how the Government not only invested in what happened in south Wales but are investing more, based on the autumn statement that we heard from the Dispatch Box on Thursday. Be assured that more money is coming, but, in the end, it is for the private sector to decide how to invest it.

Mark Pawsey (Rugby) (Con): There is no overestimating the importance of the semiconductor industry and, although the UK has only a small proportion of global turnover, it is worth £8 billion to the UK and we have leading capabilities in intellectual property, research and development, and particular leadership in compound semiconductors. That is why any acquisition or sale in the sector must be closely looked at. Does the Secretary of State agree it is important that we control access to the high-tech sector knowhow we have developed, retain that expertise in the UK and take appropriate action to protect UK interests?

Grant Shapps: My hon. Friend is absolutely right—it is about protecting UK interests. I know he has great expertise on the issue from the Business, Energy and Industrial Strategy Committee, so he understands what he is talking about. It is very important, for example, that the critical mineral strategy is supporting throughout, including with semiconductors. In the end—I think the whole House will agree with this—if there is a trigger that requires us to take national security measures, and if we judge that the bar has been hit and we are concerned enough, not to take remedying action would clearly be a dereliction of duty. That is the reason we have stepped in and acted. All the other points are right. We want to see the continuation of semiconductor production, but we must take national security first. My hon. Friend is absolutely right about that.

Jessica Morden (Newport East) (Lab): Well done to my hon. Friend, and neighbour, the Member for Newport West (Ruth Jones) for securing this urgent question.

Many of the 500-plus employees live in Newport East have been in touch over the weekend. I reiterate the great uncertainty that they now feel as a result of this decision. One would have thought that at least one of this year's three Secretaries of State for Business, Energy and Industrial Strategy would have met the company to understand the impact of this decision on people's lives. The Secretary of State has not answered the question, so I ask again: what is he going to do to protect jobs?

Grant Shapps: First, because of the process there is not quite as much freedom as the hon. Lady sets out for the Secretary of State to judge a quasi-judicial case such as this in the way she describes. I agree with her and sympathise with everybody who will be concerned about their jobs. I happen to think that their future remains bright. On the requirement for those skilled jobs, demand is very high and, through this process, as Nexperia comes back with its plan, we will be looking for a plan that helps to protect those jobs.

Stephen Crabb (Preseli Pembrokeshire) (Con): I commend my right hon. Friend for the careful way he has approached this sensitive issue. I know he is acutely aware of the importance of those skilled jobs for south Wales. Will he reassure the House that he will move as quickly as he is able to under the strictures of the legislation to remove the cloud of uncertainty that is hanging over the workforce, and demonstrate that he understands that one part of Britain can precious ill-afford to lose these types of high-quality jobs, and that is south Wales?

Grant Shapps: I pay tribute to my right hon. Friend, who is on the Welsh Affairs Committee as well, I think—[HON. MEMBERS: "He's the Chair."] With correction. Either way, he knows a lot about this subject and is therefore an expert in it. On the timetable that he asks about, it is somewhat prescribed in the final order. I cannot go into excessive detail about it. There is a balance between trying to move too quickly and therefore putting the business and jobs at risk, and moving at the appropriate pace, which I hope will see a successful outcome. I reassure my right hon. Friend, and the whole House, that I will be working closely on this issue to ensure that we bring certainty as soon as we can, without jeopardising what needs to happen next.

Wayne David (Caerphilly) (Lab): Is the Secretary of State aware of the proposals that have come forward from the company directly to address the Government's concerns? Those include the offer for the Government to oversee the reproduction process. Is he fully aware that this company and production process is of central importance not just to Newport, important as that is, but to the whole south-east Wales economy?

Grant Shapps: The Government would not be looking to take over and run the semiconductor business. However, the hon. Gentleman makes an important point about its place in the chain. It is worth mentioning, because some people imagine that it still does what it did when it was Newport Wafer Fab—build semiconductors designed by others and essentially be a factory for a lot of other people—that that is not what it does under Nexperia; it produces for one specific owner, and most of the products go abroad. I am keen to make sure that the entire supply

[Grant Shapps]

chain is maintained, but the hon. Gentleman will understand, as I am sure everybody in the House does, that national security has to be the No. 1 consideration while we work through this issue.

Geraint Davies (Swansea West) (Lab/Co-op): If there is a national security issue, that must be because this is a strategically important asset for the future growth of the economy. That being said, if we do not have a strategy for semiconductors in place, which the Secretary of State does not, the Government are surely duty-bound to invest immediately—to secure current jobs and build future jobs, perhaps through an equity share, and to ensure that the taxpayer can benefit from future income streams from this growing market—rather than to destroy people's jobs. The Secretary of State's idea of protecting national security is to destroy the foundations of our economy, which is ridiculous.

Grant Shapps: I am not sure whether the hon. Gentleman is calling for the Government to run the semiconductor factory. If he is, on the other hand, asking for a plan, he will need to be patient and to wait for the Nexperia process to complete. I very much hope that he and I will be able to stand here in due course and agree that the process has ended in a good place.

I just want to say to the House—because I think this has been slightly missed—that I do not take these decisions easily. Nearly 100 cases have been looked at under the National Security and Investment Act 2021. There have been only 10 final orders, of which this is one. Two acquisitions have been blocked. Only one has been unwound—in other words, there has been a retrospective decision—and that is this one. That is how carefully we take these decisions. I do have confidence that what happens next will be in the best interests of the people who work in south Wales and of semiconducting in this country.

Richard Foord (Tiverton and Honiton) (LD): I understand that BEIS is expecting up to 1,830 voluntary notifications per year. In the first three months of the implementation of the Act, there were perhaps 222. Is the Secretary of State learning lessons from the implementation of the Act to ensure that the net is fine enough to block acquisitions that are of national security concern but not so tight as to squeeze the brakes on inward investment?

Grant Shapps: The hon. Gentleman is absolutely right: this is a new Act, so we are seeing how it works. As I mentioned a moment ago, final orders are extremely rare. An awful lot of the notifications—particularly the voluntary notifications—are looked at and then passed through very efficiently and very quickly, and I look at them most days of the week in my role. That is not causing any undue bureaucracy; we are looking at the notifications very quickly. The case before us is exceptional, inasmuch as it is retrospective, with the Act having come in only in January. In the end, we have to take a decision, and this House decided that it wanted to look

after national security and investment in a sound and sensible way. The Act is performing very well in that regard, and those who criticise have perhaps not looked at—or are perhaps unable to be familiar with—the reasons why we are acting in just a small number of cases.

Jim Shannon (Strangford) (DUP): I thank the Secretary of State for taking decisive action to block the sale of Newport Wafer Fab to state-backed Chinese Nexperia on national security grounds. Will he assure the House that he will take all necessary and proportionate action to mitigate the risks to the UK's economic security now and in the future and to protect the UK from all geopolitical leverage on the part of the Chinese, who are hellbent on taking over vital security companies in the United Kingdom of Great Britain and Northern Ireland?

Grant Shapps: I should point out that we are very keen to see inward investment—a point that also ties in with the question that the hon. Member for Tiverton and Honiton (Richard Foord) asked. We are one of the most open countries in the world, as I mentioned, and we are unashamedly pro-business, but we want to make sure that, where necessary, national security is considered. There was a point at which that was not part of the process; I am pleased that it is now. I think that the National Security and Investment Act 2021 is performing well in that regard and that we are getting the right balance between encouraging investment, particularly in non-sensitive areas, and applying the Act where required. The Act is not about China; it looks at every acquisition in its own right.

Mr Deputy Speaker (Mr Nigel Evans): I thank the Secretary of State for coming to the House and responding to questions for more than half an hour.

BILL PRESENTED

NORTHERN IRELAND (EXECUTIVE FORMATION ETC) BILL

Presentation and First Reading (Standing Order No. 57)

Secretary Chris Heaton-Harris, supported by the Prime Minister, Oliver Dowden, Secretary Michael Gove, Secretary Alister Jack, Secretary David T. C. Davies and Mr Steve Baker, presented a Bill to make provision to extend the period following the Northern Ireland Assembly election of 5 May 2022 during which Ministers may be appointed and after which the Secretary of State must propose a date for another election; about the exercise of functions in the absence of Northern Ireland Ministers; to confer powers on the Secretary of State to determine salaries and other benefits for Members of the Assembly in respect of periods in which the Assembly is not functioning; and to confer powers on the Secretary of State to set the regional rate in Northern Ireland.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 195) with explanatory notes (Bill 195-EN).

Ways and Means

Autumn Statement Resolutions

ENERGY (OIL AND GAS) PROFITS LEVY

Mr Deputy Speaker (Mr Nigel Evans): I now call the Chief Secretary to the Treasury to move the first Ways and Means resolution, with which it will be convenient to consider Ways and Means resolutions 2 to 9 and the money resolution, as listed on the Order Paper. At the conclusion of the debate tomorrow, the first resolution will be put to the House and then a single Question will be put on the remaining resolutions. The scope of the debate is the content of the autumn statement, as well as the resolutions.

4.45 pm

The Chief Secretary to the Treasury (John Glen): I beg to move,

That—

(a) provision may be made increasing the rate at which energy (oil and gas) profits levy is charged to 35%,

(b) provision may be made reducing the percentage in section 2(3) of the Energy (Oil and Gas) Profits Levy Act 2022 (amount of additional investment expenditure) to 29%, and

(c) (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made for and in connection with extending the period for which the levy has effect until 31 March 2028.

In the face of coalescing global headwinds, we have delivered an autumn statement that provides the fairest and most effective way through to brighter days. We must rebuild the economy and repair public finances after the covid-19 crisis, the Ukraine war and rising debt interest costs.

We are not alone in dealing with these economic challenges—the euro area is facing inflation of 10.6%, interest rates have risen higher in the US, Canada and New Zealand, growth forecasts have fallen more in Germany, and one third of the global economy is forecast to be in recession this year or next—but it is with honesty, integrity and compassion that we will deal with the challenges that we face. It is only by doing so that we will curb rising prices, restore faith in our country's economic credibility internationally and, ultimately, deliver growth.

Our international reputation is vital because it has a large impact on the price we pay to borrow as a country, but I recognise that many hon. Members are concerned primarily about what this means domestically for their constituents. We want to be honest with the public about the challenge and fair in our solutions. What does that mean? It means a focus on stability, growth and public services.

To provide a shelter for those most at risk from the economic winds, we are uprating pensions and benefits in line with inflation next year, based on September's figure of 10.1%, fulfilling our pledge to the country to protect the pensions triple lock. In April, the state pension will increase in line with inflation: an £870 increase, the biggest ever cash increase in the state pension. The benefits uplift will cost £11 billion and will mean that 10 million working-age families see a much-needed

increase next year. To increase the number of households that can benefit from this decision, the benefit cap will rise with inflation next year.

To support those on the lowest incomes, we are increasing the national living wage by 9.7% to £10.42, its largest ever cash increase. To continue helping households to pay for their energy use, we will levy a new tax on electricity generators and an even higher tax rate on oil and gas companies, which have been gifted higher profits simply because Putin's barbaric invasion of Ukraine sent prices soaring.

Caroline Lucas (Brighton, Pavilion) (Green): Although the increase in the windfall tax is certainly welcome, the changes to tax reliefs from January of next year will mean that a company spending £100 on upstream decarbonisation will be able to deduct £109.25 when calculating its levy. In other words, the taxpayer will be paying money to the oil and gas companies, rather than the Treasury receiving net money. Can the Chief Secretary explain how on earth that can be justified, particularly when there is an economic crisis and we need to decarbonise?

John Glen: One of the guiding principles of taxation in that sector—of these windfalls—has been a desire to retain an incentive for capital investment. What the hon. Lady says is an enduring reality of what we have done.

John Redwood (Wokingham) (Con): Will the Treasury have a look at why the Bank is being allowed to lose £11 billion between now and March, by selling at a loss bonds that they do not need to sell, rather than managing its bond account well? Would that not be a good saving to make?

John Glen: I am, as ever, grateful to my right hon. Friend, and he made the same point when I was previously at the Dispatch Box. As he knows, the Bank of England is independent. He asks about quantitative tightening, and I am sure such matters will feature in conversations between the Chancellor and the Governor.

The new taxes will help to pay for the £55 billion of help for households and businesses with their energy bills, in one of the largest support plans in Europe. From April, we will continue the energy price guarantee for a further 12 months at a higher level of £3,000 a year for the average household.

Our support for public services means that, despite needing to find £55 billion in savings and tax rises, we are protecting the amount going into public services in real terms over the five-year period. Overall departmental spending will grow at an average of 3.7% a year over the 2021 spending review period. Departments will be required to find efficiency savings to manage pressures from inflation. After the spending review period, day-to-day spending will continue to grow in real terms, but slower than previously planned at 1% a year in real terms until 2027-28. We are launching an efficiency and savings review, which will include reprioritising lower-value and low-priority programme spending and reviewing the effectiveness of public bodies.

I now turn to our most vital public service, the NHS. The nation stood outside their homes and clapped for NHS workers every Thursday during the pandemic,

[John Glen]

and we did so because of their sacrifice during the historic pandemic. It is now incumbent on us to help address the issues they face, the workforce shortages and the pressures on the social care sector.

To recruit and retain our dedicated NHS workforce, the Department of Health and Social Care and the NHS will publish an independently verified plan for the number of doctors, nurses and other professionals we will need in five, 10 and 15 years' time.

Carol Monaghan (Glasgow North West) (SNP): Will the Minister confirm that the reason why we have such terrible bed-blocking and such terrible staff shortages in care homes and social care is because we cannot recruit from across Europe in the way we did before Brexit?

John Glen: I cannot account for what is happening in Scotland, but there are £1.5 billion of Barnett consequentials from the autumn statement. I have been clear with the House that the workforce plan is designed to set out transparently where the gaps are, and obviously it will be for various Government Departments to respond to that.

Sir Robert Neill (Bromley and Chislehurst) (Con): I welcome the pragmatic tone the Government have adopted in this autumn statement. On the NHS workforce strategy, will my right hon. Friend bear in mind not just those who provide hospital care but, as has been highlighted by the Stroke Association and others, those who provide therapy and care for people with strokes and other such afflictions after they have been discharged? Such therapy and care is how we will get many of these people back into productive work in the economy, thereby reducing costs and the human suffering caused by strokes and similar conditions.

John Glen: My hon. Friend makes a very wise point about the interaction between effective care and a vibrant NHS workforce. We know about the significant changes to the character of the workforce, and we know about the patients who are not fully engaged. We need to get into that so that many of these people get back into work.

The 1.6 million employees who work in the social care sector are working extremely hard. Local authorities have rightly expressed concerns about their capacity to deliver the Dilnot reforms immediately, so we will delay their implementation for two years, allocating the funding to allow local authorities to provide more care packages. Members will recognise that only by expanding the capacity of the social care system will we free up some of the 13,500 hospital beds that are occupied by those who could and should be at home.

Jim Shannon (Strangford) (DUP) *rose*—

Karin Smyth (Bristol South) (Lab) *rose*—

John Glen: I will give way to the hon. Gentleman first and then to the hon. Lady.

Jim Shannon: The hon. Member for Bromley and Chislehurst (Sir Robert Neill) referred to the Minister's pragmatic approach. On nurses' pay, if nurses go to

work as agency staff, they automatically have a better wage structure. I say respectfully that when it comes to paying nurses, surely there must come a stage at which we need to pay them what they can get elsewhere, and thereby keep them. There will not be a crisis if we can keep our nurses.

John Glen: I give way to the hon. Member for Bristol South (Karin Smyth).

Karin Smyth: The Minister said that local government has made appeals regarding social care implementation, which is obviously the responsibility of the Department of Health and Social Care. Has the Treasury made any assessment of the waste of money across local government since the Government made announcements about implementing the reforms and systems have been put in place? Has the Treasury considered who is going to deliver these magical packages of care without a workforce plan? In my extensive experience of delivering such projects, what will happen is that we will see tents in car parks again, new hotels being registered for spaces, and agency staff supporting the care packages on higher wages, thus costing the system more. We will be back here in six months' time having not supported the workforce strategy, not properly recruited people and wasted more taxpayers' money. What has the Treasury done in respect of the Department of Health and Social Care and local government about the efficiency of this particular measure?

John Glen: Let me take those points in turn. The hon. Member for Strangford (Jim Shannon) made a point about nurses' salaries and the cost of not having that workforce in place. That is exactly what this work will do: we will look at the gaps and respond to the pay demands in due course.

The hon. Member for Bristol South asked what the Treasury has done in terms of the money that has already been expended in looking at the changes; I cannot give her a precise figure but I would be happy to write to her. The Treasury is focused on working closely with Patricia Hewitt, the Department of Health and Social Care and NHS England to grip this issue in the fullest possible way, recognising the interaction between hospitals and social care, to ensure that we have the best possible solution to deal with the challenges we face.

Members will recognise that only by expanding the capacity of the social care system will we free up hospital beds, so we are making up to £2.8 billion of extra funding available to the adult social care system in England. That will increase to £4.7 billion in 2024-25. We of course need the NHS to continue to look at where it can squeeze more out of every pound—not at the expense of those on the frontline, but so that we can deliver ever-greater care—yet even with efficiency savings we will not have the NHS we all want without more money so, because of the difficult decisions taken elsewhere, we will increase the NHS budget in each of the next two years by an extra £3.3 billion. Taken together, our actions will ensure that up to £8 billion of additional funding is made available for health and social care in 2024-25.

The NHS and schools in Scotland, Wales and Northern Ireland face equivalent pressures, so the Barnett consequentials of today's announcement will mean an

extra £1.5 billion for the Scottish Government, £1.2 billion for the Welsh Government and £650 million for the Northern Ireland Executive. We make this investment not just because it is the right thing to do but as a central plank of our economic policy.

Similarly, as my right hon. Friend the Chancellor said, an investment in education is an investment in growth. The foundation of our success lies in the classroom just as much as it is found in the boardroom. I was very pleased to see representations from my parliamentary neighbour, my right hon. Friend the Member for North West Hampshire (Kit Malthouse), who made that point very clearly, as did a number of colleagues.

We are not just going to protect the education budget; we are going to increase it. The core schools budget will rise by £2.3 billion in both of the next two years—2023-24 and 2024-25—restoring 2010 levels of per pupil funding in real terms. Not only is that the right thing to do, but it makes economic sense: more opportunity will not only reap a fairer society, but deliver a more prosperous economy.

Just as we look to improve opportunities for those aged 16 and under, we are determined to help people already in work to raise their incomes, progress in work and become financially independent. That is why we have uprated working age and disability benefits in line with inflation, at a cost of £11 billion. It is also why we will ask more than 600,000 more people on universal credit to meet a work coach, so that they can get the support they need to increase their hours or earnings, and we will invest an extra £280 million to crack down on benefit fraud and error over the next two years.

Peter Grant (Glenrothes) (SNP): The job conditionality that the Minister has just referred to has been welcomed in certain sections of the right-wing press, whose agenda says that the only reason somebody is not working full time is that they are too lazy and would rather be on benefits. For the record, can he state categorically that that is not the way His Majesty's Government regards people on benefits?

John Glen: My view is that we want to maximise the productive capacity of the labour force that exists in this country. That means doing everything we can to encourage people to take the opportunities that exist across the economy.

Dame Andrea Leadsom (South Northamptonshire) (Con): In my opinion, the real issue in the UK is that there are some unintended hidden cliff edges, particularly for women with children. They want to work, but once they start working for 16 hours, a lot hangs off that, such as free school lunches for one child or free childcare for a two-year-old. If they start working more hours, they are worried that they might start losing all sorts of other benefits and will not be able to afford to work. It is not a question of who thinks people are too lazy, but there is a real question for the Treasury, which I hope will be considered, on how to resolve those unintended cliff edges.

John Glen: I thank my right hon. Friend for her observations; she is one of the most respected voices in the House on this subject, and I am happy to meet her to go into some detail on where we are and what she thinks can be done.

I will now turn to infrastructure, innovation and growth.

Geraint Davies (Swansea West) (Lab/Co-op): Will the Minister give way on education?

John Glen: I shall give way one more time, and then I shall make some progress.

Geraint Davies: The Minister will know that the Institute for Fiscal Studies has said that, had trend growth under the previous Labour Government continued until now, average wages would be £10,000 higher. He has just mentioned that his plan is to increase investment in education just up to the level Labour left it at in 2010, 12 years ago. What sort of growth plan is that? A hopeless one.

John Glen: I try to resist this sort of knockabout politics. The bottom line is that I have been very plain and clear with the House where the financial settlement takes us. I know we have increased the skills budget by 42% in cash terms. By any observation, there has been a significant investment. We can dispute how far it would have been possible to go, but I know that when we came into office in 2010 there were some challenges in the public finances.

Our plan is to achieve a highly skilled, highly paid economy; one in which where people are born does not determine where they end up. Yet the sad fact is that too often someone's postcode does decide their future, and we have to change that. Connections will spread opportunity. By spreading opportunity, we will drive growth, and growth will drive higher living standards.

We are going to build the roads, rail, broadband and 5G infrastructure we need. That is why we will maintain our capital budgets at the same level in cash terms for the next three years. We will proceed with Sizewell C, making the initial £700 million investment, with contracts to be agreed in the coming weeks, subject to final Government approvals, because low-carbon, reliable energy will be at the heart of our modernised economy. On the issue of energy, we are also increasing our investment in energy efficiency measures, including making £6 billion of new Government funding available between 2025 and 2028.

We will deliver the core Northern Powerhouse Rail, HS2 to Manchester and East West Rail; we are building new hospitals as part of the new hospitals programme; and we are rolling out gigabit broadband. All these and more will be funded as promised, with over £600 billion of investment over the next five years, to connect our country and grow our economy. On top of that, we will proceed with round 2 of the levelling-up fund, at least matching the £1.7 billion spent in round 1. We will drive growth across the UK by working with the Scottish Government on the feasibility study for the A75, supporting the advanced technology research centre in Wales, and funding a trade and investment event in Northern Ireland next year.

Something that this Government, led by the Prime Minister, are extremely clear on is that we must maintain our seat at the table of science superpowers, so we will increase public funding for R&D to £20 billion by 2024-25. Innovation is in our DNA as a nation, and by deciding changes to EU regulations in our five growth industries—digital technology, life sciences, green industries, financial services and advanced manufacturing—we can capitalise on those strengths.

Alex Cunningham (Stockton North) (Lab): On Thursday evening I had the privilege of attending the Chemical Industries Association annual dinner, where the principal speakers were ridiculing the Government for their lack of action on education, training and support for the industry, particularly on regulation, including the REACH regulation, which the Government want to have their own version of. Those in the industry are frightened about what the future holds for them. They are not talking about expansion and innovation; they are talking about survival. Why is that?

John Glen: I very much recognise that this country faces very difficult headwinds, as I said in the opening of my speech. Obviously the extensive support package that we have put out there for consumers and businesses will offer some relief from some of those pressures, but the major challenge we face as a country and an economy is a level of inflation that we have not seen for 41 years. The measures in this statement are designed to tackle that and, as the OBR recognises, make this recession shorter and shallower than it might otherwise have been.

I will now turn to the armed forces and security. We already know that Putin's aggression has piled pain on citizens across the free world, as well as brave protesters in Russia. As President Ronald Reagan once said:

"Optimism comes less easily today, not because democracy is less vigorous, but because democracy's enemies have refined their instruments of repression."

Today there is still nothing certain about democracy's victory, but if one thing does give me optimism, it is the courage of our armed forces, so we will continue to maintain the defence budget at at least 2% of GDP, to be consistent with the enduring NATO commitment. Of course, we also stand up for what we believe in through overseas aid. The OBR's forecast shows a significant shock to the public finances, as I have set out, so it will not be possible to return to the 0.7% target until the fiscal situation allows, but I want to reassure the House that we remain fully committed to the target, and the plans that I have set out today assume that official development assistance spending will remain at around 0.5% for the forecast period.

Richard Drax (South Dorset) (Con): Two per cent. for defence is simply not enough; 3% is far nearer the target. It was 5% in my day, and all the kit is much more expensive, so 3% is the minimum that we need to spend. Will my right hon. Friend tell the House when we will look at this again? I believe there will be another review of the review. When will that take place, and when will we have the Government's final decision on what they are going to spend on our armed forces?

John Glen: I am grateful to my hon. Friend. The integrated review is under review at this time. That needs to be done urgently—I think in the next three or four months—to enable us to come to an assessment of what that means for our defence spending. But I will say that, as I know he will know, we did front-load a significant increase in the defence budget, of £24 billion, over this spending period. I would work on the basis that, while this must be our top priority, it must be based on an updated assessment of the need, in which there have been a lot of changes in recent times.

I am conscious of time. Opposition Members have said in recent days that we needed a statement that provided fairer choices for working people and a proper plan for growth. I maintain that this is what the autumn statement delivers: not a return to austerity, but a fair way to shelter from the economic storm and encourage its passing as soon as possible. As we weather it, we will do so with resilience and compassion, we will give a safety net to our most vulnerable, we will invest for future generations, and we will grow the economy and improve the lives of people across the United Kingdom.

5.10 pm

Jonathan Ashworth (Leicester South) (Lab/Co-op): It is a pleasure to respond to the Chief Secretary, I think for the first time, from the Dispatch Box.

The small print of last week's autumn statement has now been studied and the verdict is clear: the British people are paying the price of Conservative economic failure. The disastrous Conservative Budget of two months ago, which was reckless and irresponsible in content—a Budget that we will never let them forget—led to markets taking fright; borrowing costs spiking; and the pound under pressure, which sparked a run on pension funds and sent mortgage costs soaring.

The British people are paying the price not just for that Budget but for 12 years of poor economic performance. Let us look at the record. The UK has grown by an average of 1.4% under the Conservatives, compared with 2.1% in the Labour years before that. If we had enjoyed the average growth rate of OECD countries over the past decade, British households would be £10,000 a year better off. We are the only G7 country that is still poorer than before the pandemic. Since the pandemic, the US has grown by 4.2% and the GDP of eurozone countries is 2.1% higher, but the UK economy is 0.4% smaller than at the start of the pandemic. Business investment is the lowest in the G7. Productivity is lower than in the US, France and Germany. Wages are squeezed, with the average worker earning less in real terms than they did 15 years ago. We see a growth gap, a wage gap, an investment gap and a productivity gap, leaving the Conservatives with a credibility gap.

Catherine West (Hornsey and Wood Green) (Lab): Does my right hon. Friend agree that this is a particularly anxious time for those who are coming up to mortgage renewals? The context that he laid out is particularly scary for lots of households that are about to renegotiate their mortgage.

Jonathan Ashworth: It is a particularly terrifying time for many households. The tragedy for the British people is that they now face recession, with half a million predicted to lose their jobs while enduring the sharpest drop in living standards on record, equivalent to £1,700 per household. What we got last week was an autumn statement that piles more tax on the British people and reduces the money available for the public services that the British people rely on.

The test for the Chancellor was whether his proposals were fair and whether they grew the economy. Let me turn to specific measures announced and assess whether he met those tests. First, on fairness, the Tories call themselves the tax cutters, but at the next election the economy will be smaller and taxes higher than at the

last election. The freeze to income tax thresholds—in effect, tax rises by stealth—means that millions more are pulled into paying higher tax. It means that average earners in Britain face a sting of £500 more. Council tax is set to increase by £100 for a typical band E property.

Hidden away in the Office for Budget Responsibility's report, on page 53—curiously, the Chancellor and the Chief Secretary forgot to mention it, but it is there—fuel duty is predicted to rise by 23% [*Interruption.*] This is from the OBR. The assumption in the Government's financial plans is that they will raise over £5 billion from fuel duty, which is set to rise by 23% in four months' time—12p per litre—as a result of the statement. Are the Government not raising £5 billion from fuel duty next March? Is that right?

John Glen: As the right hon. Gentleman knows, that is an assumption made by the OBR. As the Government confirmed over the weekend, that is not Government policy.

Jonathan Ashworth: Where are the Government getting that £5.7 billion from, then, if not from putting 12p on a litre of fuel? Can the Chief Secretary tell us that? He is responsible for Government finances.

John Glen: The Government's position is clear: the OBR has made assumptions but it has not made policy. In due course, the Government will set out our plans.

Jonathan Ashworth: I am afraid that the Government's position is as clear as mud. The OBR says that the Government are raising £5.7 billion from fuel duty. If they are not raising £5.7 billion from fuel duty, they should tell us where that £5.7 billion is coming from. I thought that this lot had moved away from the reckless, irresponsible approach to the public finances, but it seems that with the Tories, nothing ever changes.

Let us be clear: people are paying not only more income tax, but more council tax, and we expect motorists to pay more for petrol and diesel. Never again can Conservative politicians stand in front of posters of double whammy boxing gloves or tax bombshells at election time, because the tax on working people combined with the wages that they are losing to the ravages of inflation mean that they are being squeezed until the pips squeak under this Conservative Government.

John Redwood: The right hon. Gentleman said that the Government were not proposing to spend enough by the end of the review period. They are proposing £200 billion a year more. How much more would Labour want to spend?

Jonathan Ashworth: I did not actually say that. I know that the right hon. Gentleman is disappointed with the Government's plans and that the previous Budget, of which he was so much in favour, was decisively rejected by the money markets. That shows what happens when we allow the Conservatives to be irresponsible with the public finances.

I now turn to social security and pensions. In fairness, the Chancellor responded to our pressure and honoured the triple lock, which I welcome. I hope that the House will recall and accept that I always give credit where it is due and I always work on a cross-party basis when we agree on things. I always agreed with our man in the jungle, the right hon. Member for West Suffolk (Matt

Hancock), when he wanted to put us into lockdowns. I never went as far as the new Chancellor on lockdowns—he wanted much more severe restrictions—but I was always prepared to work cross party with the Government, so I am pleased that they have honoured the triple lock.

The impact of freezing the personal tax allowance at £12,500 or so, however, is that half a million more pensioners will be pulled into paying tax. Over the coming years, it is predicted that, because of the freeze on the personal allowance, 2 million extra pensioners will be pulled into paying tax. So pensioners with little income beyond the state pension—those who have done the right thing and saved all their lives—will be paying more in tax under the Conservatives.

Rob Roberts (Delyn) (Ind): When the Labour Government left office in 2010, the personal allowance was £6,475. Adjusted for inflation, that would be £10,200 today. Under this Government, it is still £12,570, which is significantly more than would have been the case under Labour adjusted for inflation.

Jonathan Ashworth: I take it from that that the hon. Gentleman supports pensioners paying more tax as a consequence of the decisions in the autumn statement.

On social security payments for working age adults, the Chancellor again, in fairness, listened to the arguments that were made and uprated benefits in line with inflation. That is important, because this year, those on benefits and pensioners have seen a real-terms cut. The Secretary of State for Work and Pensions said earlier today that it was important for payments to be increased to make up for the real-terms cuts that they have experienced this year.

As always, however, the devil is in the detail. The Chancellor has uprated the headline rates and we also understand that many of the additional allowances within the benefits system have been uprated, although we do not know that for certain; we are assuming that only because Martin Lewis tweeted it based on what the Treasury press office had told him. As far as we are aware, the Secretary of State has not confirmed it to Parliament—I just asked the Library and we still do not have an official confirmation—so when the Minister sums up, perhaps he can confirm that the different allowances and reliefs within universal credit will be uprated in line with inflation. I would welcome it if those allowances were uprated, but not all of them have been, have they? The local housing allowance rates, for example, are frozen at 2020 levels at a time when private rents are rising at record rates. The consequence is that rents will swallow up the increase in universal credit for many of the poorest families. That is why Shelter has concluded that the freeze means that

“The boost to benefits will be built on quicksand”

and has warned that homelessness will increase this winter.

Anthony Browne (South Cambridgeshire) (Con): The right hon. Gentleman has welcomed every single increase in spending in the autumn statement, and in some cases, as he has just said, he wants spending to be increased even further, yet he has also attacked several of the tax rises. Will he explain whether he wants other taxes put up, spending cuts in other areas or more borrowing?

Jonathan Ashworth: We want to grow the economy so that there is more money to spend on public services. I am sure that the hon. Gentleman, who always listens carefully, will have heard me say a few moments ago that if our growth had been similar to the OECD average, households would be £10,000 better off and the Government would have the proceeds of growth to spend on our public services. The reason our public services are in such a dire state is the 12 years of poor economic performance under the Conservatives—that is the reality.

Let me come to another element of universal credit that has been frozen: the childcare payment. The former Leader of the House, the right hon. Member for South Northamptonshire (Dame Andrea Leadsom), is no longer in her place, but she made a similar point. It looks as if that payment has been frozen again, at £746 per month for a household with one child. That means that the childcare element will cover just half the average cost of childcare for a household with one child, when two thirds of families pay more for their childcare than they spend on rent or mortgages.

We know that many people want to work increased hours—this is the point made by the former Leader of the House—but cannot do so because of the lack of childcare support. But instead of fixing childcare support, the Chancellor is asking 600,000 people, who often have caring responsibilities, to undertake extra job-searching requirements, with threats to cut their benefits if they do not comply, even though the reason why they cannot work extra hours is that they cannot afford the extra childcare and the Government have frozen the childcare allowance again.

Jim Shannon *rose*—

Jonathan Ashworth: I will give way to my fellow Leicester City fan.

Jim Shannon: The childcare issue is very important for my constituents, particularly teachers and nurses, who tell me that when they come to the end of the month, they have nothing left after paying their childcare bill. They want the tax-free childcare allowance to be increased. Does the shadow Secretary of State feel that that is what we should do to encourage them to work while ensuring that their childcare is covered?

Jonathan Ashworth: As always, the hon. Gentleman makes his point with force. The consequence of freezing the childcare element is that more parents working limited hours—it should not affect women more than men but does so disproportionately as they tend to do the childcare—will not be able to work extra hours because they will not be able to afford the extra childcare associated with working those extra hours.

Alex Cunningham: As I understand it, carers who are able to claim carer's allowance can earn up to £132 a week, but the welcome increase in the national minimum wage means that many of them face a choice: they can either give up work or earn the extra money. Does my right hon. Friend agree that we need to extend the earnings limit for carers as well as for everybody else?

Jonathan Ashworth: My hon. Friend makes a point not dissimilar to that made by the former Leader of the House, the right hon. Member for South Northamptonshire.

All these things need to be looked at in the round, and the wider implications of tweaks here and there need to be properly assessed when making decisions. If the Treasury Minister is prepared to meet the former Leader of the House to discuss the impact on those who need childcare, I hope that he will also be gracious enough to meet my hon. Friend to talk about the impact of the changes on carers.

Let me move on to the Government's proposal for another round of energy support, this time targeted at those on means-tested benefits only. Again, because this is a flat rate, families with children—they spend more because they are larger families—will get proportionately less. It is worth noting that, even with the inflation-proofed uprating of benefits, which we welcome, we will still have 4 million children growing up in poverty, and we will still have 500,000 children destitute, hungry, ill-clad, cold and often without a decent bed to sleep in. Tackling these shameful levels of child poverty is surely the obligation this generation owes to the next, but we still have no child poverty strategy from this Government. Tackling these unfairnesses is also key to unlocking growth, because an economy with so much poverty and so much inequality is a weaker, less-productive economy, which leads to a greater burden of ill health, forcing more people out of work against their wishes.

That brings me to the health announcements made by the Chancellor. He is of course a former Health Secretary—the longest serving Health Secretary, in fact—and he made great play of the increase in health spending. However, he knows as well as I do, both from the many exchanges I had with him across the Dispatch Box over many years and through his time as the Chair of the Health and Social Care Committee, that what he announced was an increase in NHS England funding. As the Chancellor well knows, and he probably produced reports on this when he was at the Health and Social Care Committee, overall health spending includes public health, capital and training budgets, which means that the uplift is 1.2%. That is below the 2% of the Osborne years and well below the historic 4% uplifts that health services enjoyed historically. This is at a time when the typical wait for treatment in the health service has doubled from seven to 14 weeks, when 400,000 people are waiting beyond a year for treatment, which is enough to fill Wembley stadium four and a half times over, and when 7 million are on the waiting lists. This is not just miserable for patients; it holds our economy back.

Anthony Browne: Does my right hon. Friend agree not just that spending on the NHS is at the highest level in cash terms and real terms, but that as a proportion of GDP it has never been higher in this country? Our Government spend one of the highest rates of GDP on healthcare compared with other developed countries, and according to analysis in *The Guardian*, growth in spending on the NHS, adjusted for inflation, has increased by 35% since 2010.

Jonathan Ashworth: The hon. Gentleman has elevated me to be his right hon. Friend, and I am delighted to consider him a friend. Of course, we have an ageing and growing population, which is why the health services have always expected a higher uplift. The point I was making is that, in order to get the headlines and in the hope of giving people some good news in his otherwise quite miserable set of announcements, the Chancellor

thought he was giving the NHS a huge uplift. However, if we look at public health, training and the other budgets, which, as we know—and as the Chancellor knows—is how health spending is properly measured, we will see that he is giving them a 1.2% uplift.

The reason why this is particularly significant, and why what is happening with the NHS is causing us such a problem, is that we now have 2.5 million people out of work for reasons of ill health. The OBR predicts that these figures will rise by another 1 million, costing £7.5 billion extra in sickness benefits. That is the OBR's projection, and it is projecting that to be permanent, not to come down. The UK has seen the largest employment rate drop in the G7 since the pandemic because of rising numbers of people—the over-50s and those with long-term sickness—leaving the jobs market. Once people are out of work for sickness, that in itself can be bad for their health, and the lack of proper help and support leaves them trapped out of work. Only one in 10 disabled people or older people out of work is currently getting any help with employment support to return to work. When one looks at the case load for employment and support allowance, which is the old sickness benefit—obviously people are migrating to universal credit—one sees that only 4% of people come off sickness benefit or disability benefit and move into work each year. Those people should not be ignored and forgotten as they are at the moment. That is a dereliction of our responsibilities to those people, many of whom want help. Some have suggested that 700,000 want help. The Secretary of State has suggested that it could be as high as 1.7 million people who are economically inactive.

Offering no help to those people now undermines our economic performance, too, but instead of a plan to help people move into work, all we got was a review. We did not get a plan for our already overstretched jobcentres, which will be responding to an extra half a million unemployed and to 600,000 extra coming for interviews. We need action. Instead, the Secretary of State has launched a review: the Stride review. I could do the review for him—I can give him the Ashworth plan to get people back into work. We should be aiming for the highest employment in the G7 by using not threats and more sanctions or more humiliating assessment tests—we know too well that a letter from the DWP can fill people with dread—but a completely new approach. That is what we need.

First, the Government have actually underspent by £2 billion on their own employment schemes. Perhaps my old friend the Minister for Disabled People, Health and Work, the hon. Member for Corby (Tom Pursglove), can take this message back to his boss: the Secretary of State for Work and Pensions should stand up to the Treasury and, rather than hand back that £2 billion, refocus it on the economically inactive over the next few years. That could help an extra million people.

Secondly, when we know that mental health is a growing burden of sickness for those out of work, we should be doing more to better integrate jobcentres, employment services and the NHS. We should be building on individual placements and support. We should be building on the pilots where employment advisers have been located in “improving access to psychological therapies” services, and we should locate employment services alongside primary care and addiction services, too.

Thirdly, to help more disabled people into work, Access to Work should be made more flexible. The unacceptable waiting lists also need to be urgently tackled. Perhaps the Minister can tell us whether the Access to Work allowance was frozen or lifted in line with inflation in the autumn statement; that is not in the details of the Budget.

Fourthly, we should devolve more, and not use national contracting, which we know does not provide value for money. As we have seen in Greater Manchester, for every pound spent by the working well programme on getting people back into work, we get £1.75 back. Devolving more allows services to work better with adult education providers, which is vital when 9 million of our fellow citizens have poor literacy and poor numeracy. Older workers should be given more opportunities to access retraining and upskilling.

Finally, we need flexible working options, especially for those with caring responsibilities. So there we have it: a five-point plan to tackle inactivity. The Chief Secretary can take that back and implement the Ashworth plan. He is more than welcome to it. It is simply unacceptable to waste our most precious resource: the extraordinary skills and talents of ordinary people.

Geraint Davies: My right hon. Friend will be aware of the OECD reports that have shown conclusively that less inequality means greater growth. Is he aware of the report in the *Financial Times* showing that, for every extra pound spent on the health service, we get £4 of growth? Therefore, it is completely false economics for the Tories to be miserly in their real-terms giving to health if we want to grow the economy and get people back to work.

Jonathan Ashworth: In fairness, I have not seen the specific report that my hon. Friend references, but I have seen numerous reports saying that we will be spending £7.5 billion more on sickness benefits and that the Government have underspent by £2 billion on their own employment services. That money should be reallocated urgently to focus on those who are out of work for reasons of sickness and want help to get back into work. We do not need to wait for a review when we have a million vacancies in the economy and are predicted to be short of 2.5 million workers by 2030.

In conclusion, the autumn statement has failed both tests. It was unfair and, as the CBI said, it offered no plan for growth. The autumn statement was the day of reckoning for 12 years of economic failure—the highest tax burden for 70 years, and public services in a worse state. It is clear that this Government have failed to make amends for the past and cannot be trusted with the future. For all the figures in the statement, there is one inescapable fact: the hard-working people of Britain are poorer because of 12 years of the Conservatives.

Mr Deputy Speaker (Mr Nigel Evans): As everybody can see, there is a lot of interest in this debate. I will try to manage without a time limit to begin with. If people could look at about eight minutes or thereabouts, we will get everybody in with roughly the same period of time. As I say, I will try it without the time limit first, but if that does not work, we will introduce one later on.

5.35 pm

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): Given that it is my first chance to speak from the Back Benches, I would like to pay tribute to the officials at both of my former Departments for their exemplary work supporting me over the course of the past couple of years. I found them consistently outstanding, and I am very grateful to them for all their support. I know, at the Treasury in particular, just how much work would have gone into the autumn statement, and I pay tribute to them for that.

I also thank my right hon. Friends the Members for Uxbridge and South Ruislip (Boris Johnson) and for South West Norfolk (Elizabeth Truss) for giving me the privilege to serve in their Cabinets. It is a remarkable experience to serve in Government. I know that my right hon. Friend the Chief Secretary to the Treasury, whom I am glad to see in his place, will be experiencing the full weight of the responsibilities that rest on him, and I wish him luck with his new portfolio.

The autumn statement was important as it had stability at its heart. This addressed the fundamental challenge that was levelled at the mini-Budget in September, delivered by my right hon. Friend the Member for Spelthorne (Kwasi Kwarteng). This is clearly at the heart of what went wrong with that mini-Budget. There is obviously a very important debate to be had about the willingness of our financial institutions to conduct dynamic modelling of the impact of both economic reforms—supply-side economic reform and also lower taxes—on economic growth. However, noting that we are where we are, it would clearly have been better for that statement to have been accompanied by a full spending review, and I regret that that did not happen. It would have allowed us to have shown that tax and spending were going to be set in alignment, and we would have been able to set out a plan for lower tax and also a smaller state, which would have been more conducive to economic growth.

Andy McDonald (Middlesbrough) (Lab): I am very grateful to my constituency neighbour for giving way. If that mini-Budget was so disastrous and ill-thought through, why did he support it?

Mr Clarke: It is precisely because I do not believe that the mini-Budget was disastrous and ill-thought through. I believe very firmly in the merits of a lower tax, higher-growth economy. Indeed, that is why I sit on the Conservative Benches and he sits on the Labour Benches. It was the lack of alignment with our spending plans, which would have been addressed through a spending review. That would have allowed us to set out the runway—if you like—to the landing zone that the Government were intent on delivering. It was the lack of ability to model the benefit of robust supply-side reform and lower taxation properly that was, I think, at the heart of what went wrong.

John Redwood: Did my right hon. Friend notice that the week before the mini-Budget was presented, the Bank of England and the Federal Reserve Board were deliberately driving down bonds on both sides of the Atlantic, wanting rates higher, and that the Bank of England hit the market more when it announced that it would start selling bonds worth £40 billion into a falling market?

Mr Clarke: Indeed, my right hon. Friend, I am afraid, is correct in that. There is no doubt that, while the Bank has a very difficult mandate to discharge, it has been slow in addressing some of the fundamental issues around inflation risk in particular over the year that led up to the mini-Budget.

I will make three major points about the autumn statement shortly, but before doing so, I want to turn to two specific areas where I believe urgent action needs to be taken to benefit the public finances. The first is in regard to the future of the Homes for Ukraine scheme. We owe a debt of gratitude, which I think is recognised across the House, to all those families who have opened their doors to Ukrainian families. However, tens of thousands of sponsorship arrangements that have been established are due to elapse over the weeks ahead, and it is directly in our interests that those arrangements should be renewed. Clearly, quite apart from the benefit to the Ukrainian families themselves of being with host families, there was a massive saving to the Exchequer. If those families end up either in hotels or in homelessness accommodation, the cost will be dramatically higher—more than tenfold higher—than if they had been accommodated in homes. Getting that established as quickly as possible—renewing the sponsorship arrangements—is an urgent priority for the Government.

Andy McDonald: I thank my constituency neighbour for giving way. I think he will find that the scheme has been renewed—that is the information that has come through to me. He may want to check that, but that is what I hear.

Mr Clarke: It is critical that it is renewed over the foreseeable future, because the reality is that the issue is not going away. If we are to be serious about addressing the fundamental concerns that exist about the duration of the conflict and how it will affect people for many months to come, it is vital that the scheme is renewed long into the future.

The second is the need to resolve the current crisis of illegal immigration. Clearly, it is unacceptable for the country to spend some £5 million a day on hotel costs. It is a multi-dimensional challenge. I welcome the deal that was agreed with France last week, but the Home Office clearly needs to do more to secure lower cost accommodation and to improve the processing times for asylum claims, which are both key drivers of the backlog that has been allowed to accumulate. The Home Office received funding in the spending review in 2021 precisely for that purpose, and addressing that is vital.

We also need to alter the incentives that drive people into the arms of people traffickers. That means making the Rwanda scheme work and doing all that is required over the months ahead to ensure that it is able to be enacted. Both of those problems, if allowed to persist, would represent a risk to the public finances, and I very much hope that we can get an update on them from Ministers.

Those are specific issues, but I now wish to turn to the three broad principles that the autumn statement spans and on which we need to touch today. The first is the balance of tax and spending. Clearly, we are living through hugely challenging times. We have already rightly heard reference from the Front Bench to Putin's illegal war in Ukraine. The Chancellor was right to say that

this is a recession made in Russia and, of course, it comes hard on the heels of the covid pandemic. There are simply no easy choices here, and I recognise that, but faced with the available options I would have preferred to see a much greater emphasis in the statement on spending reductions rather than tax rises.

We simply cannot ignore the fact that the OBR says that the tax burden will now rise to its highest sustained level since the second world war, hitting 37.1% of GDP by 2027-28. Faced with that, I would have curbed our capital spending in particular more sharply. Most Departments have pronounced covid-related underspends and for many projects, such as HS2, the business case no longer looks as robust as it once did, after the pandemic. On current spending, I would not have increased spending on out-of-work benefits in line with inflation at a time when wages clearly will not rise in the same way, and I believe that there is a strong need to drive NHS efficiencies. At a time when we spend the equivalent of the GDP of Greece on our health service, we need to make sure that there is a robust plan to get maximum value for the taxpayer. While many NHS trusts perform fantastically, including mine in South Tees, we need to make sure that we measure outputs rather than simply inputs in the health service.

Ms Lyn Brown (West Ham) (Lab): I just wonder whether the right hon. Gentleman lives in the same world as I do. I have families who pay £2,000 per calendar month to live in a really grotty basement flat, and he thinks that they can do without a percentage uplift on their benefits. Really?

Mr Clarke: It is very important that we do not indirectly increase the disincentives to work. That sits at the heart of the wider debate around the affordability of the welfare system. The hon. Lady is quick to forget that we spent some £37 billion compensating people for the cost of living increases they have suffered in the past year, including £1,200 for any family on benefits.

The second issue is one where I believe spending does need to increase, and that is defence. We heard reference to this earlier, and I note that the former Prime Minister committed us to spending 3% of our GDP on defence by 2030. I believe that is a pledge that should be honoured. In a world where the challenge not only of Putin's Russia, but frankly of China, too, is only worsening, we need to make sure we do not regard ourselves as having some kind of peace dividend. The only dividend of peace is peace. As my hon. Friend the Member for South Dorset (Richard Drax) said in his intervention, defence spending during the cold war was significantly higher as a percentage of GDP. We should return to that, not least because delivering our existing defence commitments will require some 2.5% of GDP by the middle of this decade. There is a clear priority for us to move on defence.

Ultimately, the only sustainable way to fund public services is if we can grow the economy, and that leads to the third and final point that needs to be addressed in today's debate. We need to facilitate more robust underlying economic growth. I welcome what my right hon. Friend the Chancellor said about Solvency II in his statement, too. This is a welcome opportunity to address that. Our reforms should be delivered at the maximum possible pace.

I put on record just how strongly I would oppose any move to a Swiss-style relationship with the European Union, which the Prime Minister has addressed decisively today. I just put a marker down that I do not believe that would be the right approach. We need more divergence, rather than less, if we are to make a success of Brexit.

We have to confront the harsh reality that the typical British family are set to be poorer than a Polish family by the early 2030s if we do not achieve more robust growth. That will not come if we have a blizzard in taxes and regulation under the Labour party; it will come if we deliver robust supply-side reform. The most important reform we can offer is on housing. There are specific challenges here around nutrient neutrality, but there are also general ones about our attitude to new homes, which need to be addressed. We need to make sure that, on the Government Benches, we are standing in support of families who wish to own homes of their own by building them where they are needed, but the challenge is not restricted to housing. We need to adjust childcare ratios, which are driving up the cost of childcare unnecessarily, and we need to tackle the cost of judicial review and the curse and problem that so much infrastructure is thwarted or delayed by abuse of that system.

We also want to see rational energy generation, including the use of onshore wind. I will give the Government my loyal support in the Lobby tomorrow, but if we can address these fundamental pro-growth measures, we will be in a much better position to weather the challenges that lie ahead. I look forward to hearing more from Ministers in this debate and over the weeks ahead about how we will deliver the growth that ultimately was the whole purpose of the autumn statement in September, and which needs to be the animating principle of this Government over the years ahead.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Nigel Evans): Order. If everyone can resume their seats, I inform the House that there are wind-ups tonight at the end of the debate. [*Interruption.*] There may be wind-ups during the debate from some people, too—thank you, Lyn. Members will be expected to turn up for the wind-ups if they take part in the debate. If they cannot, they should please withdraw their names.

5.47 pm

Richard Thomson (Gordon) (SNP): Last week saw what I think was the most keenly awaited Budget statement from a UK Chancellor since the last one, a mere six weeks earlier. It is remarkable to think that, throughout 2022, we have gone through not one, not two, not three, but four Chancellors of the Exchequer. It was telling that the latest incumbent, the right hon. Member for South West Surrey (Jeremy Hunt), gave a speech that was notably short on cheer and levity. Nevertheless, he did his level best to welcome colleagues back into the fold of the anti-growth coalition. He spent just under an hour at the Dispatch Box unpicking what remained of the previous Budget statement.

The Chancellor, the Government and the Minister today have been keen to highlight what they refer to as “global headwinds” impeding the progress of the British economy. I would not wish to downplay in any measure

[Richard Thomson]

the difficulties of some of the global circumstances that are common to all at present, but there seems to be a slightly harder headwind blowing at the UK economy right now, it is fair to say. It is hard to fathom, but in attempting to do so, we can point to a few self-inflicted wounds, and not just from the last Budget.

Let us address the elephant in the room that Brexit certainly has not helped in any way, shape or form. My travel arrangements today mean that I have not been able to keep up with the latest developments on whether there will or will not be a Swiss-style deal; I have no idea whether it is true. Free trade without corresponding freedom of movement sounds a little like measures that were tried before and thoroughly rejected by Conservative Members. The European Union and the Swiss Government seem to be having enough trouble with their own Swiss-style agreement, so the idea that the UK Government, with their track record of negotiations with the EU over the past few years, might even be given the opportunity to ask for and negotiate such a deal seems fanciful, at best.

We can clearly see why the Brexit anti-dividend is biting so hard. It has brought increased trade frictions with our closest trading partners and closed off what was previously a plentiful supply of skilled labour that brought nothing but benefit to our country and economy. From the last Budget, we can see the damage inflicted by the delinquent ideologues, who were out there causing mayhem and supergluing themselves to the economic prescriptions of the Institute of Economic Affairs, at enormous cost to the economy, leaving us with interest rates far higher than they would otherwise be. It means that the Government—I do not envy them—now have to perform a herculean task to rebuild their credibility, not just in the international markets, but among the public at large.

Let us be clear: the last Budget eviscerated the political credibility of the former Prime Minister and her Chancellor, as well as that of her party. It has also almost completely blown up any remaining credibility that the Scottish Conservatives might lay claim to. It might be a little unfair for me to pick them out, but I am going to do it anyway. On 23 September, we saw the mini-Budget and the abolition of the 45p tax rate. On 27 September, the hon. Member for Moray (Douglas Ross), in his capacity as leader of the Scottish Conservatives, was resplendent on ITV Border, calling for that move to be replicated by the Scottish Government. On 29 September, he was quoted in *The Times*, saying that he was worried about his mortgage, presumably as a result of the Budget. On 3 October, that 45p reversal was itself reversed, leading to a brutal headline in the Scottish edition of *The Times*:

“Scottish Tories welcome U-turn on tax cut they supported.”

As one leadership vacuum is at least partially filled in London, it is inevitable that attention will turn to the vacuity of the leadership of that party in Scotland.

The fact that the autumn statement represents a complete reversal and repudiation of Trussonomics will come as little comfort to those worst affected. The measures might have been reversed, but just as it is impossible to put toothpaste back in the tube once it is out, the damage that has been done over the last few weeks simply cannot be undone. The OBR forecasts that disposable household income is set to fall by 7% over the next two years, representing the worst fall in living

standards since records began. If those are the figures coming out of the OBR with what we are invited to believe was a more sensible and balanced Budget, goodness only knows what figures it had prepared for the Budget that is now being unpicked. And all that after 15 years of stagnation and underperformance at the hands of successive UK Governments. Over that time, the gap between the haves and the hardworking have-nots has grown ever wider, and it is impossible to avoid the conclusion that a Scottish Government, with the full economic powers of independence, could have managed a much better and fairer job of it.

The OBR forecast warns that the UK economy will shrink by 2% as a result of a lengthy recession. It notes that

“Brexit has had a significant adverse impact on UK trade”

and forecasts that

“Brexit will result in the UK’s trade intensity being 15 per cent lower in the long run than if the UK had remained in the EU.”

It further notes:

“The medium-term fiscal outlook has materially worsened since our March forecast due to a weaker economy, higher interest rates, and higher inflation”.

As we would expect, it comments on the strange circumstances surrounding September’s mini-Budget, for which it was not asked to prepare a forecast. It states that the process ahead of Thursday’s forecast

“has been unusual in both the time it took to produce and the process leading to its publication.”

That comes after the Bank of England Governor, Andrew Bailey, told the Treasury Committee on Wednesday that the UK has suffered a dramatically worse recovery than the US or the EU: he noted the “striking” difference in the UK’s post-pandemic economic performance from that of the US and the EU.

The overwhelming response to the detail of the Chancellor’s announcement last week, not just from me and my party but from people the length and breadth of Scotland, has been one of disappointment. Anyone who woke up on Thursday morning worried about how they would pay their bills and find their way through the cost of living crisis over the next few months and years will have been left wondering exactly the same thing after the Chancellor sat down. For all the cash-terms increases in spending that he announced, the fundamental fact is that they are mostly eclipsed by the inflation rate, which is at a 41-year high. There may be some increases in cash terms, but there are very few in real terms. In most cases, the purchasing power of any money that the Chancellor is announcing is being more than eroded as a result of cost inflation and demand inflation.

The Chief Secretary mentioned the Barnett consequentials arising from the autumn statement, which will lead to the Scottish Government being allocated an additional £1.5 billion. I am happy to be corrected if I am wrong, but I think he missed out the fact that that £1.5 billion will apply over two years, not a single financial year. To set that figure in context for hon. Members, it is less than the £1.7 billion by which the purchasing power of the Scottish Government’s existing budget, which was set last December, has already been eroded as a result of cost and demand inflation.

Although I accept that many of the measures that have been announced are better than nothing at all, in most cases they represent only a partial mitigation of

people's increased costs. To take a pertinent example that applies in my constituency and across parts of rural Scotland, England, Wales and Northern Ireland, the alternative fuel allowance has increased from £100 to £200, but that is still well below the £500 that in many places is the minimum cost of a delivery of heating oil. With the energy cap rising to £3,000, households will have to contend with higher bills next spring, which will be unaffordable for many. As Adam Scorer, chief executive of National Energy Action, comments:

“Sadly, this means there is now no end in sight to the energy crisis for struggling households.”

There are a few measures that the Chancellor could have taken if he were genuine and sincere in his desire for what he terms fiscal consolidation—the burden of increased taxation—to be placed on the shoulders of those best able to bear it. One such measure would have been expanding the windfall tax beyond energy companies to hit big retailers and ensure that they pay a fair share of their current excess profits. Another possible measure, which I accept might not have made the Chancellor terribly popular with his next-door neighbour, would have been to tax non-doms: closing that loophole would have raised an extra £3.2 billion that is not currently in the scope of the statement. Another option, as the IPPR has highlighted, would have been to tax company share buy-backs. Some companies have been channelling record profits through that mechanism; taxing it appropriately could have raised a further £11 billion. There is £55 billion of “consolidation”, but we can straightaway see more than £15 billion that could have been in scope, but was not. It could have been used to put more money in people's pockets or reduce the tax burden on the people least able to afford it, but it simply was not. The Chancellor had the opportunity to make those choices, but he made the choice not to.

The price increases as a result of inflation are really hammering families. More needed to be done to put money in their pockets. More needed to be done to tackle the cost of energy, which is hitting not just household budgets but businesses' input costs. Breaking the link between gas and electricity prices would have been one way of doing so. Another way to funnel money directly to people would have been for the Chancellor to follow the lead of the Scottish Government and to match progressive policies such as the increase in the Scottish child payment.

Finally, I think we can all agree that it is not some great revelation that we need greater growth in our economy to achieve the outcomes we want and to earn the social democracy we should all want. However, again, the Government are completely missing the target. Investing in the dead end of nuclear power, this is a Government who seem to oppose socialism in all its forms, except when it comes to corporate welfare and bailing out energy multinationals to make their books balance. Furthermore, our research and development spend, despite the increase, will still lag significantly behind that of major competitor economies such as Germany. We should also not underestimate the impact that real-terms cuts will have on local authority capital budgets and the private sector activity that benefits greatly from them.

To paraphrase the right hon. Member for West Suffolk (Matt Hancock), people in Scotland will have looked at this Budget and this Government and said not, “I'm a celebrity. Get me out of here,” but, “This is a calamity. Get us out of here.”

6.1 pm

John Redwood (Wokingham) (Con): I have declared my business interests in the Register of Members' Financial Interests.

This autumn statement is quite easy to characterise: it will increase spending a lot, it will increase taxation revenue a lot and it will increase borrowing. I do not recognise all the descriptions by the commentariat and Treasury when they put it rather differently. I do not see this as an austerity package that is half done by public expenditure reductions and half done by tax rises. The tax rises are certainly there, with £260 billion more in tax revenue in the last year of the period, compared with last year. However, there will be £200 billion more of annual spending by the end of the period, compared with last year. Borrowing is also definitely up, with the increases clearly weighted to the current year and next year. I think that is right, because I hope we are trying to offset some of the deflationary and recessionary forces, and a fiscal adjustment in that direction in the next two years clearly makes sense. Arguably, it is a little underdone, when taken in conjunction with the very tough monetary policy that the Bank of England is now providing.

The first point I wish to make to the Government, therefore, is that money policy, which was far too lax last year, as some of us warned, has lurched to being extremely tight. I believe the forecasts that say that inflation will tumble over the next two years, although perhaps not quite as fast and as far as they say—if it was completely abolished by 2025, that would be a remarkably good outcome. However, I do think that inflation will come down, because money has been greatly tightened.

Whenever I make a point about bond buying and selling, quantitative easing and money policy, I am told by all the Opposition parties and by Ministers that the issue is not for us mere mortals, because it is something that the Bank of England does as part of its independence. I therefore need to remind the House of the constitutional position and of the deeds of this and former Governments. When quantitative easing was first introduced under Alistair Darling and the Labour Government, it was decided that it had to be a dual-control policy, where ultimate control rested with the Chancellor and the House of Commons. Every amount of bond buying has been authorised by successive Chancellors and, therefore, endorsed by Parliament.

More importantly, every Chancellor and every parliamentary motion has said that it is down to the Treasury and taxpayers to pay any losses—that includes those that will now be made—on this bond portfolio. That is why the issue should be of great interest to this House and why I find it odd that nobody ever seems to want to debate it. These are colossal sums. We see that in our immediate budget this year, because it has been decided between the Chancellor and the Governor of the Bank of England—indeed the Opposition agreed—that this House will vote for a special subsidy to the Bank of England for just a five-month period to deal with the losses on the bond portfolio. We do not have a breakdown of all those losses, but clearly quite a lot of them will come from selling the bonds in the market at very depressed prices, compared with the purchase price.

I say again, there is no need to do that. Indeed, it is undesirable, because money policy has already been tightened a lot and that will be a further tightening. On the item where the Bank of England is properly

[John Redwood]

independent and where Ministers would obviously not comment, I must add that I think it is dreadful that the Bank kept interest rates as low as it did last year and has not raised them sufficiently even this year at the short end. It keeps telling us it will get round to raising the rates to the level needed to kill the inflation, so I say, "Get on with it."

In the figures given today, it is suggested that the short rates will peak at 4.77%—a very precise and unlikely number. I do not think they need to go that high. They are currently at 3%, for those who can remember, and somewhere short of 4% or maybe 4% is quite high enough to do the job, given the tightening we have already seen. Will the Bank please get there as quickly as possible and then announce that that is the worst of the damage, so the markets can adjust to the appropriate rates?

That leads me on to spending. I think the spending plans go too far. I welcome the sensible spending on trying to ease the squeeze, on upgrading pensions and all the other necessary measures, and I am glad the Government got round to taking them. But it would be a good start to stop the big subsidies and interventions to the Bank of England; we need to look at the total interest rate costs, because one of the biggest increases in spending is on interest rates, which is why I have made more comments on them.

I do not know whether enough has been put into the figures to reflect the very odd way the Bank of England and the Treasury express the interest rate charges, including the valorisation of the index-linked bonds, which is not a cash item and is not paid month by month or year by year, but is rolled up to maturity. That was the biggest element of the big increase in interest costs when last reported, but presumably that disappears to nothing when we get to the point in the forecast in 2024-25 when they tell us there will be no inflation. I hope enough credit is given in those figures, because quite a lot of the extra increase is coming through that interest rate programme.

Along with many other colleagues on both sides of the House, I am impatient for the Government to get on with encouraging, helping and mentoring more people, who are currently on benefits and may need that extra bit of help, into all those jobs we still have, before the recession really hits. Will the Government please get on with it? Billions could be saved and people could be better off if several hundred thousand of them could be persuaded into some of those 1.2 million jobs that are still available. It would be a win-win all around: for the people concerned, for the taxpayer and for the state.

I echo the comments of my right hon. Friend the Member for Middlesbrough South and East Cleveland (Mr Clarke) on HS2. While I fully accept that the Government are completely committed and do not want to cancel the whole scheme, they could certainly have another look at controlling the costs and the phasing on such projects, because in the next two or three years we are pretty short of cash and the borrowing levels are very high. I think something could be done along those lines.

There is also plenty of work to be done on migration. Others will agree that by cutting out the business model of those who traffic people across the channel, and

having more appropriate accommodation for those who come here legally, we will save hotel costs. The cost to the state of the legal migration for low pay model is not to be recommended. If we invite a lot of people in for relatively low-paid jobs, they will need a lot of financial support from the state for social housing, extra school places, extra medical facilities and so forth. Indeed, when the EU had an inward migration crisis in 2016, under Mrs Merkel, it reckoned that the capital cost to set up a migrant family with social housing, along with the extra public facilities and extra capacity required in respect of transport, energy and so forth, was €250,000. We are talking about very large sums. If we invite in hundreds of thousands of people a year, we need to build a new city every year to accommodate them in decent conditions, and I do not think we are making that kind of provision in our budgets. The Chief Secretary to the Treasury should have a good look at all that.

Finally, we can do a lot more on growing revenues, particularly in energy, where we are still not getting on with the licences, permits and encouragements and incentives to invest. If we produced a lot more of our own energy, it would cut the carbon dioxide—it is particularly intensive to import liquefied natural gas—and generate a lot of extra tax for the British Treasury instead of our giving all the money to the Qatari and American Treasuries, as we do under the import model.

6.10 pm

Sir Stephen Timms (East Ham) (Lab): On 10 November, a week before the Chancellor stood up to make his statement, the Trussell Trust published its latest figures on the number of emergency food parcels that it has delivered over the first six months of this financial year. The number was 1.3 million, which is an increase of one third on the previous year, and it looks as though around 2.5 million will be delivered over this financial year as a whole. That will be a more than fortyfold increase compared with the number of emergency food parcels handed out by Trussell Trust food banks in 2010-11.

Why is the number so much more in this financial year than it was in the previous financial year? Part of the reason is undoubtedly that there has been a big real-terms cut in benefit levels this year. Universal credit was increased by 3.1% in April, when inflation was nearly 10%. According to the House of Commons Library, the consequence of that is that the headline rate of benefit is at its lowest level in real terms for 40 years—since 1982-83. Of course, a real-terms cut this year means significantly more people being forced to go to food banks than in the previous year.

I was interested to hear the right hon. Member for Middlesbrough South and East Cleveland (Mr Clarke) say that he would not have increased benefits in line with inflation next year. In September I asked the then Chancellor, the right hon. Member for Spelthorne (Kwasi Kwarteng), what his intention was on uprating benefits and he did not answer, but I suspect that what was said by the right hon. Member for Middlesbrough South and East Cleveland, who was a leading member of that Administration, speaks for that Government as a whole and that benefits would probably not have been increased in line with inflation. That would have meant several hundred thousand more people going to food banks in the coming year. The question we have to ask

ourselves is why our economy is failing so badly that so many people are unable to obtain, through their work and other efforts, the means to sustain the absolute basics of living for themselves and their families.

I am extremely relieved, then, that the Chancellor announced that benefits will be uprated properly next April in line with the usual formula, meaning there will be a 10.1% rise. I do not think that will significantly reduce the problem of people going to food banks, but it should at least ensure that that problem will not get a great deal worse next year, as it has this year. For that we can be thankful.

I am also pleased that the benefit cap is to be uprated. It was introduced in 2012, and at the time we were told that it was to constrain the total of benefit that a household could receive in relation to median earnings. There was some sort of rationale given for the level that was set. But then it was frozen—there was no link at all with median earnings beyond the initial announcement—until 2016. That was the only time the benefit cap was changed, and it was significantly reduced, to another, lower level, whose significance was never explained to us, except that it was a lot less than the level at which the cap had been introduced.

Now, thankfully, the Chancellor is finally going to uprate the level next year by 10%, in line with inflation, but surely it should be uprated each year. If there is some rationale for the level at which the cap is set—presumably it is linked to inflation in some way—we ought to know what that rationale is, and then it should be raised each year. All this time that the level has been frozen, more people have crashed into it each year and had to go to food banks to obtain the means to maintain their lives and those of their families. So I am very relieved that the cap will finally be uprated—although it is a one-off—next April.

As I understand the statement published by the Secretary of State for Work and Pensions, he has conducted a review of the level of the benefit cap—something that he is required by law to do every five years. I very much hope he will publish that review, so that we can see what the rationale is for the level at which the cap has been set and get some idea of what the Government's intentions are for the future of that level. The Secretary of State will be coming to the Select Committee next week—we look forward very much to our discussion with him—when I hope he will be able to tell us that that review will be published.

But as my right hon. Friend the shadow Secretary of State rightly pointed out, the thing that has not been uprated is the local housing allowance. It is worth spending a moment on the history of this, because the local housing allowance, which limits how much housing support can be provided, was initially set at 50% of the median rent in each area. The idea was that support would cover at least half the homes available for rent in the area. In 2011 it was reduced to 30%, so that it would cover only the cheapest three in 10 homes available to rent in the area, and then it was frozen for years—it was not increased at all. People increasingly had to dip into the rest of their benefit to pay their rent, and the pressure on them became tighter and tighter—until the beginning of the pandemic, when it was raised back up to 30%.

That was a very helpful move, but since then the level has been frozen again, and we are told that it will also be frozen next year. That will be three years in which it

has not been raised at all, despite the fact that, as my right hon. Friend the shadow Secretary of State rightly pointed out, rents are surging, and the only way people can pay the rent is by dipping into the other benefit they receive, which is supposed to meet their other living costs. I think the idea is that, by keeping the local housing allowance down, the Government will restrain the increase in rents, but I have seen no evidence at all that that is happening; it is just making things harder and harder for families.

I agree with what the Chancellor said about inactivity. There is a big problem with the large number of people—again, my right hon. Friend on the Front Bench made this point—who have dropped out of the labour market since the pandemic. The former Prime Minister told the House 12 times, between November 2021 and July this year, that we had more people in employment than before the pandemic. That was not true, he knew it was untrue, and what the Chancellor said is correct: a lot of people have stopped working. We do not quite know what they are living on—whether they have dipped into their pensions earlier, or what is happening. The Chancellor is right that that needs to be addressed. We need to find ways of giving incentives and encouraging people to return to work. Again, we look forward to discussing that with the Secretary of State at the Work and Pensions Committee meeting next Wednesday.

I want finally to come back to the points I made at the start. Can we not all agree there must be a serious effort to reduce dependence on food banks? We cannot keep on, year after year, seeing hundreds of thousands more people having to go to a food bank, including people who are working, in some cases full time, who are unable to obtain enough to sustain their life and the lives of their family members. Surely, where people are working a full week, that ought to be enough to sustain their costs. Where people are unable to work due to illness or disability, surely our society ought to be able to support them sufficiently. They should not have to go to a food bank.

Mr Clarke: The right hon. Gentleman makes a persuasive case for the need to ensure that work pays. Does he recognise that one of the most welcome measures in the Chancellor's autumn statement was the increase in the national living wage, which will stand at well over £10 from next April?

Sir Stephen Timms: I am glad that it is being raised; it certainly needs to be, and it will need to go further. The right hon. Gentleman would probably agree that if someone is working full time at the legal minimum allowed, that ought to be enough to enable them to live and to support their family, but at the moment it is not. Why is that, and what are we going to do to put it right? Part of the answer must be an adequate social security safety net. We do not have that at the moment, and we are going to need it in future.

Mr Deputy Speaker (Mr Nigel Evans): I call the Chair of the Treasury Committee.

6.20 pm

Harriett Baldwin (West Worcestershire) (Con): May I start by apologising to the House and to the Chief Secretary for not being here for the beginning of the debate,

[*Harriett Baldwin*]

having failed to end our Committee session on time? I caught most of what was being said, and I very much welcome the fact that the autumn statement has been accompanied by an Office for Budget Responsibility forecast, which is something the Committee has been asking for for many months. We have the OBR appearing before our Committee tomorrow.

I recognise that any forecast in and of itself will be inaccurate—it is, at best, a best guess of what the future will hold—but it will allow us to test the assumptions. These forecasts were brought in by the Conservative-led coalition in 2010 for a very good reason: to prevent the Treasury from exclusively marking its own homework. They have become one of the guardrails of fiscal responsibility. In the last few months we have learnt that that really does matter to the markets. I very much welcome the existence of the forecasts.

I also very much welcome the fact that the measures in the autumn statement appear to go completely with the grain of what is obviously the biggest economic challenge our country faces: the hideous inflation that we are suffering. We know that about 80% of that inflation comes directly from Putin's evil invasion of Ukraine. The Committee recognises that inflationary pressures predated that invasion, and we have taken quite a lot of evidence over the last couple of years about those incipient inflationary pressures as we came out of the pandemic. At that time, the Bank of England had the monetary foot to the floor and the Government had the fiscal foot to the floor—one could not come up with a more successful recipe for inflation. Sure enough, it has become more ingrained in our economy.

Everyone in this House can see that inflation is the most insidious tax, particularly on the poorest. It is the most terrible scourge on our economy. I very much welcome the fact that fiscal policy will be brought in line with what the Bank of England is trying to do through monetary policy, to bring inflation back to the target level.

The third thing I want to highlight, because it is a matter of deep concern to everyone, is a line in the Budget that is up dramatically—perhaps not in cash terms, but because we have more debt. That is the debt interest bill, which is over £100 billion. Since 2000 the amount of this country's debt that is linked to inflation rates has gone from 6% index-linked to the current 22% index-linked. That means the Government are short the rate of inflation, effectively, and they are now paying the price in that line item. My question for the Minister is this: was an explicit decision taken in the Treasury in those years to issue more index-linked debt. If so, who made it and was it announced to the House? It is really coming home to bite in the fiscal accounts, so it would be nice to know what the thinking was at the time—or was it something that we sleepwalked into as a nation?

The final point of my, I hope, suitably brief remarks is to reiterate the comments of my right hon. Friend the Member for South Northamptonshire (Dame Andrea Leadsom) about cliff edges. I fully accept that during the pandemic the Treasury was making decisions at speed and wanted to get money out to people as quickly as possible. Similarly, this year, with the energy crisis, the decision was taken to get money out as quickly and

easily as possible to the lowest income households through the two payments of £325, which have been important in helping people with the cost of living this winter.

I am more concerned now—arguably, the Chancellor has not been in post that long, but Treasury officials have had the benefit of more time to think about these things—that the £900 payment next year will also be made with a big cliff edge. What kind of behavioural signals will that send through the benefits system? We have spent the better part of the last 12 years introducing universal credit precisely so that it has a linear impact, yet next year we will entrench a different way of paying the lowest income households. Hon. Members should not get me wrong; I support giving the lowest income households help, but it worries me that the £900 payment will go to people on means-tested benefit, but if someone is £1 above what is needed to get that means-tested benefit, they will not get it.

I wonder whether the Treasury could look at something that goes more with the grain of the type of work incentives that we are trying to put in through universal credit. We have heard about the withdrawal of labour in the labour market. Perhaps this aspect could be considered in the Stride review, so that we can ensure that we are not making the problem worse through the decisions in the autumn statement.

6.27 pm

Ms Lyn Brown (West Ham) (Lab): After 12 years of Tory Government, the outlook is just so bleak. Forecasters now say that real wages may not return to 2008 levels until 2027—not one lost decade, but two. What does that mean for Newham, where we already have the highest rate of homelessness in the country and the second-highest rate of child poverty?

Last Friday, I was at one of our overwhelmed food banks and I heard about Geetha, who is pregnant, homeless and lives with her children in temporary accommodation in a hotel. The food available is nowhere near nutritious, which puts her and her family's health at risk. Our food bank can offer ingredients, but she has no means of cooking them in her hotel room. What can she do? How much worse will it get?

Now the Government are slashing housing benefit again. Surely that will push homelessness up even more by making private rents less affordable than they already are. Frankly, there are no social homes available, so yet more Newham families will end up having to live out of hotel rooms like Geetha, because of Tory failure.

Before I got to the food bank, I had been at one of our secondary schools, which is considering laying off staff to feed students—it is that bad. Let me tell hon. Members how poverty is affecting our children. I know of one boy who stands by the shoulder of his friend every day to eat the leftovers—he gets no breakfast either—and he stays in school as long as he can because mum cannot afford to put the heating on. Effectively, the school is becoming yet another food bank and a warm bank, and all at the expense of children's learning. In reality, this is all at the expense of our country's future economy.

I have told the House before about the time, just a few years ago, when a little girl was sat at a table in her school eating her school meal, with her little plate piled high, and I, like the stupid politician I am sometimes,

turned to her and said, “That’s a huge plate for such a small person.” “Yes,” she said, as she beamed at me, “it’s not my turn to eat tonight.” This is the reality, and it is getting much worse because of the failures of this Government.

There is the same link between poverty and our health, too. Our doctors are seeing more illness due to colder homes—it is a fact—and we have all heard the shameful story of what happened to Awaab Ishak, dying because of the untreated damp and mould in his home just after his second birthday. I can tell the Government that, based on my casework, there are thousands of children in Newham facing the same risks, so how many more children will die when these families simply cannot afford to heat their homes?

Locally, we are seeing reduced collection of asthma inhalers among patients who are not exempt from the prescription charges. They have simply got no money, so patients turn up at A&E saying they have lost their inhaler to get a free one. What if someone has a medical condition that needs daily treatment from a machine? Here are the numbers from one Newham family, with a frail grandmother who needs a pressurised mattress and a grandson who needs a breathing machine at night. The running costs have increased by £600 just since September, even with the energy price cap. It will now cost £3,600 a year to run those medical machines alone, without even thinking about heating for the rest of the home. How is that possibly affordable for many families living in London? Either the machines are not used, with a massive health impact on the most vulnerable, or patients cannot be treated at home and must go into hospital instead, with an even higher bill for our NHS.

Medical staff are enduring brutal working conditions and financial worries—our local NHS is doing more and more to support them not just with food banks for our nurses and porters, but with debt advice. And then there is social care. What a surprise: the Government are yet again hiking the regressive council tax to keep our care systems going just a little bit longer. It is not affordable for my constituents. Frankly, I wonder how the Chancellor sleeps at night, because there have been 12 years of Tory economic failure. Let us face it: this Government have done nothing but offer despair. Truly, Newham cannot afford a Tory Government any more.

6.33 pm

Rachel Maclean (Redditch) (Con): I would like to start by talking about wealth. Being a Conservative means that we have a strong and principled belief in equality of opportunity, which does not exclude the need for public money to be spent levelling up the playing field to help those who work just as hard as their peers, but are held back by factors not under their own control. To achieve that important and just mission, we need wealth. That means money, funding, investment, support, education, healthcare, lifelong learning grants to small businesses and scientists, and much more. We Conservatives must relentlessly back the wealth creators. That is why I welcome the Budget while still being ambitious and restless for a greater push for growth, low taxation and wealth creation once the immediate issues of stability and inflation have been rightly addressed.

We must keep the focus on incentives, rewards for additional effort, self-reliance and hard work. We are the only political party that understands that wealth is

created by individuals, not the state—by entrepreneurs and hard workers taking risks and enduring huge sacrifices and setbacks. Before I came into politics, I worked for 30 years in my own business—one that I helped to start—so I know what I am talking about.

Our opponents will cynically criticise this. The media and the commentariat will twist these words beyond all recognition into a hostile characterisation of what the vast majority of the British people know and believe in their bones, which is that we do not help the weak by pulling down the strong. We help the disadvantaged more by enabling the talented, privileged and successful to thrive, start more businesses, pay more salaries to their employees, put more tax into the Exchequer and earn more profit. The Government ask for a share of that, which we willingly give to help the vulnerable and level up our great country. I believe that this Budget was, on balance, one for business and wealth creators, providing a degree of stability and a strategy to face the global economic headwinds.

I will focus my remarks on a couple of key priorities for my constituents. The engine room of our economy is the industrial midlands, one part of which—Redditch in north Worcestershire—I am privileged to represent. The war in Ukraine, through sky-high energy costs for energy-intensive industries, threatens the success of our cluster. I hear concerning reports from some manufacturers that, even after the welcome support of the energy bill relief scheme, energy companies are cynically profiteering from their UK customers while providing much lower, subsidised costs to their German customers. There is a real risk, therefore, that businesses are left with no alternative but to consider offshoring manufacturing to Germany or China, with hugely detrimental impacts. I ask the Chancellor, through those on the Treasury Bench, whether he has looked at the impact of that across our manufacturing base. Will he consider further legal or regulatory steps to prevent those suppliers from charging excessively in this country?

I turn now to the NHS. Naturally, I welcome the increased spending of £3.3 billion committed by the Chancellor, but it must be well spent. I have a number of questions to ask Health and Social Care Ministers, as well as the Minister on the Front Bench. Alex Hospital in Redditch is my top priority, and I have never stopped fighting for it since I became the local MP. The Conservative Government are devoting record amounts of funding to the broader NHS and to the Worcestershire Acute Hospitals NHS Trust. I am afraid, however, that the trust is still not responding to the healthcare needs of our population, despite stating numerous times that services for children and maternity have not been removed because of funding cuts. The Garden Suite chemotherapy unit was moved to Kidderminster, 40 minutes away, at the start of the pandemic. I was assured that that was a temporary decision, but the trust is yet to bring it back, even though the pandemic is over. I pay tribute to Kirsty Southwell, Adele Jackson and the other members of the group campaigning to bring back services, who have worked tirelessly and persistently, and there have been some welcome commitments to improving local health services.

My previous discussions with the trust have come back time and again to workforce problems, yet across the country the Government have supported funding for greater workforce recruitment across the NHS and

[Rachel Maclean]

our trust, and there are more staff in our trust than there were under the last Labour Government. The Chancellor spoke about the importance of a long-term workforce strategy and committed to publishing one. When will the strategy be published, when will our local trust be consulted on it, and what impact will it have on the capacity of the trust to provide vital services such as the Garden Suite and enhanced support for women and children at the Alex site?

Finally, I will address illegal migration. We are a generous, open and tolerant nation, blessed with a keen sense of fairness. We welcome refugees—just look at how we have opened our homes to those fleeing war in Ukraine and Syria, as well as to those from Hong Kong—but our asylum system is being undermined by mass economic migration from safe countries such as Albania. I would like to have seen more in the Budget on resources and the plan to help the Home Office, the National Crime Agency, law enforcement, Border Force and intelligence services join together in tackling the issue. There is no single solution. The work that the Prime Minister and the Home Secretary are doing to reach agreements with France and Albania in particular can only be helpful. However, as a former Home Office Minister who led on violence against women and girls, I met the genuine victims of modern slavery, sex trafficking, and child and forced labour, whose stories are appalling and heartbreaking, and I am disgusted that our taxpayer-funded support systems are being hijacked by cynical smuggling gangs and an army of legal aid lawyers to allow Albanian men to seek a better life in our country by claiming to be modern slaves. By any measure, that is a grotesque abuse of our compassion and our scarce and finite public resources.

The figures are astronomical: there are currently more than 37,000 asylum seekers in hotels, costing the UK taxpayer £5.6 million a day. That dwarfs the entire budget of Worcestershire County Council, the acute trust and Redditch Borough Council. Surely we should be diverting that funding to the frontline public services that my constituents rely on daily.

I welcome the Budget, which gives additional certainty to businesses and enterprise. The Chancellor stated that the measures he has introduced mean that the forthcoming downturn will not be as severe as it otherwise would have been. As a country, we must continue to give our wealth creators every support to continue doing what they do best. It is their creativity and determination that will keep businesses and jobs going for everyone, protecting the vulnerable and giving us the best possible chance to have a competitive, growing economy as we emerge from these difficult economic times with more hope for the future.

6.41 pm

Sammy Wilson (East Antrim) (DUP): First, may I say at the outset that I do not fall into the group who blame the Government for all of the problems that we face? We must recognise the impact of the covid period on supply chains not just in our country but across the world. Whether the lockdown was advisable, I was one of the few in the House who believed that it was not, that it was prolonged for far too long and that it would have an economic and health impact, and it did. Of course,

there is also the war in Ukraine and the cynical use of energy that we have become dependent on. Again, the policy of pursuing net zero, weaning ourselves off fossil fuels, not producing our own and so on, has come back to bite us. We were also slow in identifying the inflationary tendencies in the economy, so we did not take the appropriate monetary policies at the right time. Once the Americans decided that they were going to tackle inflation through higher interest rates, it was inevitable that we would find ourselves in the same situation.

We could, therefore, point the finger of blame at the Government and say, “Did we really need the lockdown policies that were pursued?”—we are now paying for them—and, “Are some of our energy policies correct?” I do not believe that they are, and they have contributed to the current situation. Nevertheless, global pressures beyond the decisions made in this House and by the Government have impacted on the situation.

I welcome some of the measures in the statement, especially those designed to help the most vulnerable in our society. I therefore welcome the uprating of benefits, although I believe it is important to use all of our efforts to get people who are on benefits and requiring support into work, because that is good for them, good for the economy and good for the fiscal situation that we face. I also welcome the triple lock on pensions. The Government had made an important commitment, and political credibility depended on them honouring that.

I also welcome the support for people’s energy bills, although it has not yet appeared in Northern Ireland. Perhaps the Minister can give us some more information about that. Northern Ireland is the only part of the United Kingdom where promises have been made but not so far delivered, despite the fact that four Business Secretaries, two Chancellors and two Prime Ministers have made that promise. I would like to see it delivered before Christmas, because people are facing their energy bills now.

My next point is in the Northern Ireland context. There are those in Northern Ireland who say that being part of the United Kingdom has no value. The truth is that many of the measures that I have outlined so far would not have been possible without the fiscal and economic umbrella that we have as part of the United Kingdom. I listen to Sinn Féin saying regularly, “If only the Northern Ireland Assembly were restored, we would be able to help the people who face economic difficulties.” That is despite the fact that the Sinn Féin Minister was responsible for a budget that left us with a £650 million hole in the budget this year. Although he could never get a budget that any of the parties in the Assembly agreed with, he never made any effort to improve it or to try to deal with the difficulties. The idea that somehow the restoration of the Northern Ireland Assembly would bring forward a fountain of support for people who need it is for the fairies—[*Interruption.*] I hear the moaning from the SNP, who also come to the UK Govt with their hands out for more money, because they realise—although they will not admit it—the benefit of being part of the United Kingdom and having the fiscal umbrella that that affords in times of economic difficulties.

I do not believe, however, that the autumn statement and its provisions will address the major problems that the Chief Secretary outlined today. The first is inflation, which destroys businesses, people’s savings and their ability to live sustainably. There is also the issue of debt.

Little in the statement points to achieving the economic growth that we require, which would increase production, increase tax revenues and reduce the burden of debt in the economy. Indeed, many of the tax measures—and Conservative Members have been as critical of them as I am—have been designed not to encourage growth, but to make growth much more difficult. I have no difficulty with taxing windfall profits—profits that were not expected, that investment decisions were never made on and that have been made on the back of decisions made elsewhere that have hurt the customers of the firms concerned—but I have a problem with taxing the profits of companies that want to grow and that rely on profits for investment decisions. We have seen that corporation tax on profits will be kept at a high level, allowances will be reduced, dividend taxes will be frozen and so on. All of that will militate against economic growth.

Secondly, the changes to personal taxation will reduce disposable income, which takes away customers from firms that want to invest. Why should they invest if the customers will not be there? If 5.4 million people are dragged into the higher tax levels and see their disposable income fall by 7.1%, and in a year's time we will be less well-off than we were pre-pandemic, it will not be a climate in which businesses will want to innovate, invest and produce the conditions for economic growth. That being the case, how then do we even pay the interest on the additional debt—the £100 billion that has been mentioned? The Budget does not lay the foundation for dealing with the problems of paying our debt or growing our economy. If we did so, we could increase our productive potential, which could be anti-inflationary.

I could go into some of the measures that have already been mentioned today, but let me just mention one: the investment and exploitation of those fossil fuels that we have in our own country. We need energy and independence. We also need to raise the revenues from those resources. We know that we will need them anyway because we import them. The Government need to look at incentives for improving the production of the resources that we have in our economy.

Basically, I welcome some of the issues that have been addressed. However, the people of Northern Ireland would like to hear from the Minister when the support for fuel and energy will be available to them.

6.50 pm

Sir Edward Leigh (Gainsborough) (Con): It is always a pleasure to follow the robust Conservative good sense of the right hon. Member for East Antrim (Sammy Wilson). Most of the time, I agree with everything he says. Of course I acknowledge the difficulties facing the Government from the pandemic and the war in Ukraine, although many of those difficulties were exacerbated by our over-intrusive attitude to regulation during the pandemic—successive lockdowns, furloughs and all the rest, for which we are now paying the price.

I am also very worried about the disincentives to work, particularly for the lower paid. We have heard a lot about those on benefit. I understand that this is an extremely complex area. We have to help those genuinely in need—those with genuine long-term sickness issues, disabled people—but we do have a massive problem in this country, with more and more people choosing not to work. If benefits are increasing with inflation, which is very high, while public sector pay is being kept down,

that is a disincentive to work. Many people who are striving—working very hard, perhaps in low-paid jobs—wonder why their pay is being kept down, while those on benefits who could work see their benefits rising with inflation. It is a complex area; there is no easy solution. My right hon. Friend the Member for Chingford and Woodford Green (Sir Iain Duncan Smith) has done some wonderful work with the Social Justice Institute that he heads, but we have to find a way forward.

Ms Lyn Brown: Will the right hon. Gentleman give way?

Sir Edward Leigh: No, we have heard from the hon. Lady. I want to get through my remarks as quickly as possible.

As there are these disincentives to work, people say that we need mass migration. We are told by the bosses of the NHS that they cannot fill all the vacancies, so we need more mass migration. Mass migration is deeply unpopular with the British public. It is particularly unpopular with those who are working hard, particularly those on relatively low wages. They see their wages are kept down by employers who will always get people in from abroad. We have to defeat this argument as a Conservative Government that the way to achieve growth is through mass migration. That is the easy way to achieve growth. The best way to achieve growth is through high productivity, encouraging people to work.

May I follow my hon. Friend the Member for Redditch (Rachel Maclean) on the subject of channel migration? Frankly, the Government must grip this. It is utterly destabilising. We have thousands of people pouring across the channel, making the Government look incredibly foolish. We could solve the problem: we need to get out of the Human Rights Act and out of the refugee convention. We need to have our own Bill of Rights and ensure that when people land on these shores, they can be detained, arrested, dealt with quickly and deported, because it is utterly debilitating to our reputation.

We have heard a lot about the NHS. The fact is that the country has been increasingly weighed down by an ever-increasing benefit bill, and we are pouring, every year, more and more of our gross national product into the NHS. I do not have private health insurance; I rely entirely on the NHS, as does my family. People of my age are now frightened. Up to now, Conservative Governments have assumed that the NHS was very popular. I can assure Members that it is not very popular at the moment when we are facing these enormous delays. If a person has a non-urgent condition, they can be required to wait for up to two years. Then we are told that the NHS is the supreme example of healthcare in the world. We all recognise the wonderful work that our doctors and nurses do, but I read today that perhaps up to 50,000 people working in NHS quangos and other NHS bodies never actually see a patient. That organisation is riddled with low productivity, waste and incompetence, and we must learn from what other countries are doing, because someone elderly is much better looked after in Italy, France, Germany and Sweden. Indeed, in his statement the Chancellor recommended what is happening in Sweden and Singapore, and all those nations have social insurance policies. Under our system, someone pays taxes all their life, and when they get to a certain age and have a medical condition they are told to join the

[Sir Edward Leigh]

back of the queue. In France, Germany, Italy or Sweden, they have rights, and the Government have to address that. We cannot just go on repeating the mantra that the NHS is the best health system in the world. It simply is not. Its outcomes on cancer and in many other areas are lagging behind those of similar nations.

As well as considering social insurance, one simple thing that the Government could do—I have suggested it many times—is what Ken Clarke did in the last Conservative Government and provide tax relief for those of pensionable age who take out private health insurance. We could at least give some guarantee that if the NHS fails to deal with someone's case within a year, or two years, the Government will fund them to go private.

Rob Roberts: Does my right hon. Friend agree that the NHS is a problem generally? We have three different Governments in charge of the NHS in the UK, with Labour in Wales having the worst record of them all. Does he agree that it is not a problem of Government funding or who is in charge, but the fact that the structure and the way that we run the NHS generally across the whole UK is just not workable in modern times?

Sir Edward Leigh: No, it is not workable, and I welcome the fact that the Health and Social Care Secretary appears to be trying to think creatively about that. We need radical surgery in the NHS. We pay taxes all our life, and we demand that when we have a health condition, we are not required to wait for two years. There must be a way forward. We cannot just put more and more sticking plasters on the NHS when NHS bosses ask for an ever greater proportion of national wealth. We have to take tough decisions.

Of course pensions have to keep pace with inflation. I benefit from the triple lock, but long-term the triple lock is utterly unaffordable and will bankrupt the nation. Of course pensions this year should go up with inflation, but what happens next year or the year after, when we deal with inflation and earnings start rocketing up? Will pensions then keep pace with earnings? We have to be honest with people, and I think people are prepared to listen to Conservative Governments who are prepared to take difficult decisions.

Why are we still proceeding with vanity projects such as HS2? Why are we not prepared to take difficult decisions to maximise energy resources, for instance with fracking? Why are we delaying spending cuts? Apparently the autumn statement is responsible and we are dealing with inflation, but the spending cuts are not happening this year. They are happening the year after next—why is that? We cannot postpone difficult spending decisions until after the next election. We should be moving towards a more dynamic and—dare I say it?—a more Conservative direction. People who voted Conservative in 2010 voted for a low-tax, deregulated economy.

We have heard a lot of people talking about benefits, but I want to speak on behalf of middle England, and people who spend all their life saving for their mortgage and their pension pot—striving. More and more—8 million—have now been dragged into being higher taxpayers. Those people should also have a voice, and people in this Chamber should represent the strivers of

this nation, and those who work hard and pay tax all their life, with an ever greater burden falling on their shoulders. These are not rich people or people with the broadest shoulders.

I am now going to say something even more unpopular. We cannot load a marginal tax rate of 60% on the people who earn, say, between £100,000 and £125,000—middle managers, consultants and young entrepreneurs—and say we are going to create wealth. That is not what the Conservative Party is about. We are the heirs, not of Gordon Brown, but of Margaret Thatcher.

Decline is not inevitable. Brexit gave us the freedom to deregulate our economy, to make it a dynamic, low-tax, Conservative economy. That is the challenge we face. We must have confidence in ourselves and not accept that we are going to just stagnate forever into a kind of sub-social democratic and poor economy.

7 pm

Andy McDonald (Middlesbrough) (Lab): It is interesting to follow the right hon. Member for Gainsborough (Sir Edward Leigh); I look forward to a conversation with him after Mass about how his speech accords with Catholic social teaching.

The Chancellor told us last week that,

“to be British is to be compassionate.”—[*Official Report*, 17 November 2022; Vol. 722, c. 844.]

We as MPs are privileged to see compassion at work in our constituencies day in, day out—and my God, it is needed more than ever. What a demonstration of the compassion and care of the British people we have witnessed this past week, with the incredible Kevin Sinfield completing his back-to-back ultramarathons in aid of those suffering with the devastating motor neurone disease, and the outpouring of moral and financial support from the great British public.

On Friday, I visited the Genesis Project in Middlesbrough and met the wonderful deacon there, the Reverend Kath Dean, working out of St Oswald's Church in Grove Hill. She is doing sterling work with an army of volunteers, many of them in the most difficult circumstances themselves, providing food, clothing, care and love to the hundreds and hundreds of people who are on their knees.

Take Pauline, for example. Pauline is a 94-year-old volunteer, but when she goes home, she warms herself sitting under blankets and reads by battery lights rather than turning on the heating and electricity. She was 11 years old at the outbreak of war, and she feels as though she has been transported back to those dark days in the air-raid shelters.

Another worker at the project—I will call her Gill—is there helping people, equipping them with warm clothing and bedding as the winter approaches. Gill has two children living with her, a teenage son who I will call Adam, and a little daughter who I will call Katie, aged 11—the same age that Pauline was in 1939. At the end of the school day, those children have to return to their damp, mouldy rented house. Katie has asthma and there is a huge fungus growing from her bedroom ceiling, so she is forced to share one bedroom with her mum and teenage brother.

Worse still, the house is infested with rats. Late last Thursday night, Gill had the nightmare of encountering a rat on the staircase. She showed me the photograph of

a dead rat inside her own home, along with a mass of rat droppings. She and her family are scheduled to be rehoused later this week, but they will have to destroy their belongings and furniture, as everything is impregnated with rat urine. Their situation brings to mind the ugly, tragic death of Awaab Ishak in Rochdale in not dissimilar circumstances. The only solace I have is that we have succeeded in having the family moved to a hotel until alternative accommodation is available.

How does it come to this in the UK, in 2022? After 12 years of Tory rule and their cruel and unnecessary programme of continuous austerity, how do they and their latest leadership team dare to associate themselves with the compassion of the British people? This outrage was not caused by Putin or covid; it was the product of incompetence, appalling instincts and motivations, the failure to resource local authorities properly and the ongoing failure to address the housing and cost of living crises.

We have been slipping into this economic decline, which for too many is a living hell, for 12 long, miserable years. The root cause is the rotten and corrupting philosophy of neoliberalism that the Conservatives have promoted, some very proudly, for decades since Thatcher and Reagan: the obsession with cutting public services, privatising and outsourcing to the max to extract as much profit as possible; the exploitation of working people; deregulation; attacking and undermining trade unions; permitting bad employers like the winner of the worst boss in the world award, Peter Hebblethwaite, the lawbreaking CEO of P&O, to undercut good employers; and grinding down wages. The obsession with sacrificing decent working conditions, dignity and respect for all at the altar of private excess profit, where billionaires abound and prosper while grotesque inequality bites deeper and deeper into the lived experience of millions of our fellow citizens: that is what has caused this mess.

As we saw in last week's autumn statement, there is no desire and no will on the part of the Tory party fundamentally to change the status quo, to stand by and with working people, to create a new deal for them and to create a new social contract for all, which is what is needed if the Government of our country are to match the life-affirming compassion of our sisters and brothers, UK-born or otherwise, in every village, town and city the length and breadth of this country. For that to happen, we need a Labour Government—one that is dedicated to the people, not to private, exploitative profit, and is dedicated to social justice, ending in-work poverty and dignity for all. We need that Labour Government now, as a matter of supreme urgency.

7.7 pm

Sir Robert Syms (Poole) (Con): I draw hon. Members' attention to my entry in the Register of Members' Financial Interests. Having been in this House for a while, I remember Gordon Brown saying that he would abolish boom and bust, but economics is always about cycles. I have been through a number of OBR assessments: they are usually either optimistic, saying that years 2, 3 and 4 look great, or pessimistic, saying that years 2, 3 and 4 look bad. The truth of the matter is that economics go down and then come back up. They recover.

I think Harold Macmillan was once asked by a young person what the biggest problem in politics was. He said, "Events, dear boy." When the 2019 manifesto was written,

we did not know about covid, its worldwide impact or the extraordinary measures that the Government would have to take. I took a slightly different view of the issue from Government Front Benchers, but clearly a lot of money was spent, with the best of intentions, to try to reduce the number of people affected. That was bound to have an effect on our country. When I talk to my constituents, they all understand that if we spend a lot of money because of an emergency, we will ultimately end up with a bill. With several million people sitting at home and the Bank of England printing money at 20% a year, we should not be surprised if inflation picks up. The good news is that broad money is now growing at 7%, so inflation will come down, living standards will rise and the economy will recover.

After that extraordinary economic event, we have had the Russians invading Ukraine and a massive spike in energy prices. Again, the Government, doing what they can for people, have put in a major programme of assistance. We can argue about whether it should be more or less generous, but the fact is that those were two extraordinary events in a very short space of time, and they are bound to have an impact on the economics of the Government. That means that the Government have had to take some tough decisions. Ultimately, we can either borrow money, tax it or print it. Printing it leads to hell, as we see, and we can only borrow so much if we pay interest. I therefore think the Government have taken the responsible route in a difficult year to stabilise the economy.

But things will get better. The sun will come up; living standards will recover. I am optimistic about the future of our country, because our country always rises to a challenge. That does mean that, as Conservatives, we have to get back to a tax-cutting agenda when it is economically prudent to do so, and it means that we might have to look at public spending if it is too high, but at least now we have a plan. The markets can look ahead for four or five years and have an approximate idea of where the Government are coming from.

The world in which the Bank could print money and buy Government bonds, and the Treasury would underwrite losses on those Government bonds—the period of easy money that we had in Britain, the United States and the euro area—has come to an end. That means that Governments will find it more difficult to sell gilts over the next five to 10 years than they used to. That is why we need prudent and sensible economic management. The Government have taken a brave decision with the statement that they brought forward—notwithstanding the fact that we are not exactly in the lead in the opinion polls at the moment. I think it is the right thing to do for our nation, because ultimately we are here to do what is right for our country.

Within the difficulties of the statement, we have safeguarded the capital budget—I note colleagues criticising HS2, but that is a major capital project that may have a very positive impact on the midlands and the north, particularly in terms of redevelopment. We have also put more into education. We need to do a lot more in that sector, because some of the far eastern countries that are looking towards the future, such as Korea, do far better at 16, 17 and 18 than we seem to. We have to invest in the human capital that we have in our country.

[*Sir Robert Syms*]

I am hopeful the statement will stabilise the economic situation, that the plan will be for the economy to recover and that, as the economic situation eases, we can go back to some of the things we wanted to do in the summer: reducing the burden of taxation and increasing incentives. We all want to help strivers, but even the strivers in my constituency realise that things have to be paid for and that we have to be responsible in the way we do things, otherwise we get into trouble. I support the statement and what the Chancellor has done. He has been very measured in what he has proposed, but there will have to be a phase 2, phase 3 and phase 4, which will involve increasing productivity and incentives. Once we get over the immediate problems, I look forward to the Government doing a lot more to increase growth in our economy.

7.13 pm

Alex Cunningham (Stockton North) (Lab): It is no longer surprising, really, that the Government will not recognise their failures. The Chancellor claimed that this is an international crisis caused by an unprecedented situation, but their tactic is to call unprecedented any problem that they are unable to tackle. That was seen, too, during the height of the covid pandemic. Above all, the Chancellor wants to avoid Conservative economic mismanagement being blamed for the cost of living crisis.

But the public cannot be taken for fools. They know that the Chancellor is trying to rewrite history: not just the 12 years of Tory mismanagement of the economy but his own role in damaging our NHS when he was Health Secretary. The same public know that the global situation does not explain why the UK has been hit harder than most. The Bank of England's recent monetary policy report confirmed that Tory economic failures—UK-specific factors—were adding to borrowing costs. The UK is forecast to have the highest inflation in the G7 in 2022 and 2023. Opposition Members know why: the Conservatives left us uniquely exposed to the inflationary shock, shutting down our gas storage, stalling our nuclear power investment and banning renewable technologies such as onshore wind. The Chancellor has been put to work to try to right the wrongs of his many predecessors, but his actions are not enough to overcome the now mounting pressures from all sides. It is too little, too late.

Too often Conservative Members have been fighting for survival and fighting among themselves. In that time, families have become worse off. The UK is forecast to have the lowest growth in the G7 over the next two years. Growth has been at best sluggish over the last Tory decade, and I get a wee bit fed up with Ministers trying to claim the contrary. As it stands, real household disposable income per person will be lower at the end of this Parliament than it was at the beginning. That means that our people will be poorer and that those at the bottom of the income scale, including millions in work, will be struggling. And that is before the full impact of energy is factored in.

Among those in poverty are the many unpaid carers in our constituencies. Other carers earn up to £132 a week and claim carer's allowance. I welcome the rise in the national living wage to £10.42, but if the earnings

limit for carers is not increased as well, their benefits will be severely impacted. I hope that the Minister will reconsider that issue.

Carers UK responded to the statement with concerns about the long-term sustainability of funding for social care. The chief executive said:

“Long term sustainable funding of social care must remain an urgent priority for Government, to provide a decent life for people needing care, to prevent carers from having to give up work in order to care and to stop their health and wellbeing from deteriorating”—

quite a quote. The modus operandi of this Government is short-term thinking for long-term challenges. A two-year delay to the social care reforms announced last year will only make things worse. Yet again, the Tories fail to deliver for social care.

The Chancellor's statement also demonstrates a continued lack of action to address health inequalities. What is he really doing about that promise of 40 new hospitals? He gave them a mention, but we do not know whether they exist only in fiction or whether they might be just a few extensions and a couple of refurbishments. The Minister should be aware of the health inequalities in my community—I make enough speeches about them. The bottom line is that we need one of those new hospitals to replace the crumbling facilities at North Tees hospital in Stockton if we are to make any real progress on the blight that means that life expectancy in our area can vary by 16 years. While I am on about health inequalities, why on earth will the Government not put a levy on tobacco companies' profits to fund a desperately needed tobacco control plan?

Unison, of which I am a member, is disappointed with the Chancellor's statement, as are the other trade unions. Responding to the statement, Unison's Christina McAnea said:

“The government acts like there's no public sector pay or workforce crisis. Nothing was said today to change the minds of NHS staff currently voting on strike action.”

How can the NHS hope to improve waiting times for patients when it cannot hang on to experienced staff or halt the exodus of key workers? Our nurses are overworked and underpaid, and they desperately need a Government who recognise their contribution and understand that well-funded public services are a driver of UK economic growth.

The Federation of Small Businesses has said:

“Stealth taxes from fuel to freezing the National Insurance contribution threshold is a difficult pill to swallow when firms are battling for their futures.”

Furthermore, gutting the research and development tax credit scheme will crush innovation and growth, resulting in tens of thousands fewer R&D-intensive small businesses. That doom loop makes a mockery of plans for growth. The Chancellor has stewardship responsibilities to the next generation, but he has failed it with this move to kill R&D.

I wonder whether other Members of the House were as surprised as I was that the Chancellor failed to provide longer-term, appropriate support for energy bills. According to National Energy Action, changes to the energy price guarantee mean that the breathing space for households struggling with energy costs will now be shorter lived and less helpful. An average bill of £3,000 from spring will be an increase of 40% on the

record levels today, given that the Government have ceased the support currently provided through the energy bills support scheme. Energy bills have gone up by a staggering 130% in 18 months. Sadly, that means there is now no end in sight to the energy crisis for struggling households. Even those who enjoy above-average incomes are feeling the shock.

The Green Alliance notes that, despite the continued cost of the energy price guarantee, there was no new money for energy efficiency in this Parliament. A further £6 billion was announced from 2025. There are three winters before then—three winters for the old and the vulnerable to die in. It strikes me that the Government are convinced by their own publicity, while everyone else—from the Office for Budget Responsibility to major industrialists—is not. The Government claim that growing the economy will provide more money for public services. Yes, but the Chancellor's measures fail to do that, and it is our public services, our people and, above all, the most vulnerable in our society who are paying the price for 12 and a half years of Tory incompetence.

7.20 pm

Dame Andrea Leadsom (South Northamptonshire) (Con): It is a pleasure to speak in this very important debate at such a critical time for our country. There is no doubt that the headwinds that face us now are akin to, if not worse than, those in 2010 post the financial crisis. The Government should take full credit for a very well-balanced autumn statement; it ensures that those with the broadest shoulders pay the highest price for the cost of getting our economy back on track and, at the same time, that the vulnerable, the elderly and those on the lowest incomes will be able to get through the next few months as we face unprecedentedly high inflation.

I was a junior trader when sterling crashed out of the exchange rate mechanism. I was in my 20s at the time, and it seemed quite exciting to see the collapse of sterling, but within a few months interest rates peaked at 15% and suddenly it was no joke anymore. This takes me back to that time when, as a young person, initially it perhaps seemed like it was all good fun, but very quickly the reality sunk in. For far too many people that will be the case this winter, as they grapple with the rising cost of living and skyrocketing energy bills. Again, I thank the Government for what they have done to try and help.

I want to focus on what we are doing about energy. As some colleagues will know, we have a 1922 Back-Bench committee on business, energy and industrial strategy, made up of Back-Bench MPs. In April we had an inquiry into what the Government could do to help people with their energy bills this winter. Unfortunately, some of those things have been acted on but not by Government. I would like to go through them again because I think they bear repeating.

There are many things that could be done to help households and businesses reduce their energy costs this winter, such as getting energy suppliers on side to advise their customers, whether businesses or households, on some of the proactive ways that people can cut their energy costs. It might sound simplistic, but people should switch off radiators in unused rooms and take appliances off standby. I know for a fact that lots of constituents do not know how to do that, or indeed whether they would save electricity by taking appliances off standby,

or whether it is better to leave them. These issues are quite simple to resolve but quite helpful to our constituents.

Reducing the radiator setting on gas boilers to between 55° and 65° would optimise the energy output. When gas boilers are installed, they are routinely set at a higher temperature; reducing that would save up to 10% or 15% on bills without any loss of output. We can reduce the temperature of hot water—we do not have to scald our hands under the hot water tap or when we get in the bath.

Better insulation of homes is just not trusted by enough people. Even people who could afford it and would like to insulate their homes have all seen stories where it went wrong—the insulation slid down inside the cavity walls, it did not work or people got mould. We need to ensure that the accreditation schemes that the Government give to providers are reliable and dependable, and that if things go wrong, people can go somewhere for help.

Vitally, there must be awareness campaigns on energy saving measures and the value of using a smart meter. I was an energy Minister in 2016 when some people were saying that smart meters were there to spy on people in their houses. To this day, some people think, “I don't really like the idea of a smart meter,” but if they have one, they can sit there and watch the cost of their energy supply. That puts power into the hands of consumers and businesses, and would be a considerable help to them. It would be even better if the Government brought forward the move to half-hourly pricing, which is planned for within the next couple of years. That would enable people to use the dishwasher or washing machine, or to fill their hot water tank, safe in the knowledge that the price of electricity at that moment is much cheaper.

Delinking the price of renewables, and all our energy, from the price of gas has been talked about and is planned, but much more could be done to ensure that we move to that test. Now more than ever, that work should be done. We should also speed up planning for grid expansion. Recently, the National Grid came before our committee and said that there are such delays with whether we want the grid to be undergrounded or overgrounded. Those are vital decisions that have an impact on local people, but resolving them swiftly would empower the grid to speed up connections, particularly for renewables.

Of course, we know that we need to issue new exploration licences for oil and gas in the North sea basin to shore up energy security. At the same time, we must recognise and get the message out that transitioning to net zero as fast as we can requires a period of continued fossil fuel usage until we have sufficient, reliable zero-carbon energy sources. Many people feel that we have to just switch everything off, but that would absolutely fail our country—everything would switch off. We cannot possibly transition away from natural gas for several decades; we have to face up to that fact and inform people of it.

Jim Shannon: In my constituency, senior citizens regularly come to me and say that they are turning their whole heating system off, because they see that as a simple way not to spend any money. Does the right hon. Lady agree that the Government need to focus on and assist our elderly population in particular, so that they can do better?

Dame Andrea Leadsom: The hon. Gentleman is exactly right. It is easy to assume, if someone knows how heating systems work, where energy comes from and roughly what the bills will be, that it is all manageable. If the consumer does not have that information, however, and all they see is that bills and energy prices are skyrocketing, the obvious answer is simply to switch the energy off. That is disastrous for many elderly people.

Dr Philippa Whitford (Central Ayrshire) (SNP): Does the right hon. Lady not recognise that, within the windfall tax system, there is a rebate for R&D and investment, but only for companies that are investing in fossil fuels? In the autumn statement the Chancellor put a bigger hit on electricity generators, which in Scotland are almost completely renewable electricity generators. Surely we should be pushing all those companies to invest more, so that we get to net zero more quickly.

Dame Andrea Leadsom: The hon. Lady is right to raise the issue of how those capital allowances are offset. As I understand it—I will genuinely look into what she says—none of the big oil and gas operators is investing only in fossil fuels. Having talked to many of them over many years, I know that they are all transitioning to net zero. Some of the biggest oil companies are now some of the biggest supporters of offshore wind and solar projects. She makes good point, however, and if she is correct, I would absolutely agree.

We all know that there are so many possibilities for new sources of renewable energy. Let us not get hung up on fossil fuels versus renewables. There are so many renewable sources and zero-carbon sources, including offshore wind and Hinkley Point C zero-carbon energy, and small modular reactors are being created and prototyped here in the UK. There are so many possibilities, including with deep geothermal, coalmine water and heat networks in new housing developments. There are so many opportunities that I wish the Government were faster to look into.

The Government should certainly make the case much more strongly for the continued use of natural gas. Even the Climate Change Committee acknowledges that to generate sufficient electricity for the transition will require the use of gas until an adequate baseload capacity from reliable low-carbon sources is reached. From hydrogen to wave power, and from geothermal energy to nuclear fusion, there are so many energy sources that can tackle the energy trilemma: the triple whammy of trying to keep the lights on, keep bills down and decarbonise.

The Government have done a great job with the autumn statement—the balance was right—but where energy is concerned there is so much more to be done to provide nuance on how people can help themselves and how we can move much faster down the road to transition in a way that will be a net gain for us all and that addresses the energy trilemma.

7.31 pm

Barry Gardiner (Brent North) (Lab): I would like to start on a note of agreement—because I probably will not end up on one. The supply shocks after the covid pandemic, followed by the war in Ukraine and Putin's weaponising of the gas supply to Europe, are the primary reasons for inflation and the cost of living crisis. But they are not the whole story. Analysis of data from

company accounts and the Office for National Statistics suggests that there is an additional level of profiteering that the Government have failed to address.

Let me substantiate that claim. If companies were simply passing on increased supply chain costs, we would expect company profits to be broadly static, or even slightly reduced, given that low wages have been unable to keep pace and therefore would have reduced demand. In fact, profit margins for the UK's biggest listed companies on the FTSE 350 were 73% higher than pre-pandemic levels.

When companies raise their prices to cover their increased costs, that is justifiable; when they increase their prices by more than their increased costs, that is gouging and it gives them a boost in profit. The trouble is that this can then create a second, third and fourth wave of inflation as companies along the supply chain all follow suit. This is the real inflationary spiral. Workers' wage demands are not driving it; they are following it and responding to it in desperation, as workers see their living standards eroded first by genuine inflationary pressures and then by profiteering.

Many companies respond badly to the accusation that they are price gouging. In April, Sainsbury's reported a record profit of £730 million. The supermarket insisted that it was not price gouging, but it was not above accusing its competitors, which were making even higher profits, of doing precisely that. Sainsbury's chief executive Simon Roberts said:

"We are inflating behind the market, our direct competitors are inflating ahead of the market."

I take that to mean: "We are only profiteering because we don't want our share price to decline against our competitors who started profiteering first." As protestations of innocence go, that one does not really go far.

When so many companies are making record profits at a time of soaring inflation, the logical expectation is that they should be able to pay their workers at least enough to maintain their standard of living, yet employers and the Government insist on wage restraint, by which they mean workers accepting wage settlements that are a cut in real terms. They think that is the key to managing inflation. I say again that wage demands have not and are not driving inflation.

Food prices are causing real misery in the UK. Food price inflation is running at over 16%, yet Tesco, Sainsbury's and Asda increased their combined profits, compared with pre-covid levels, by a staggering 97%. Many of their customers—even their own workers—earn so little that they are on universal credit. This Government are presiding over a system that is happy to see companies grind down workers' wages to funnel more and more public money through universal credit into shareholders' dividends. It is obscene.

What about the food manufacturers? They made a profit of £22.9 billion after the pandemic. Nestlé alone showed a profit of £13.7 billion, more than £4 billion more than its pre-pandemic level. Yet in July, after a two-month strike at its east London factory, Nestlé agreed to settle with its workers for a miserly 4%. The workers had asked for 7.5%, which, as we now see, would still have meant a real-terms cut in their living standards. It is not workers who are being unreasonable.

Remember that in the UK we have approximately 2.5 million children who have been using food banks, and then ask why the four giant agribusinesses managed

to increase their profits by 255% compared with pre-covid levels. Probably the most blatant example of profiteering and gouging, though, comes from the container shipping industry. The sector is dominated by three alliances of major multinational giants and, together, they control 85% of the world's container trade. Some might call that a cartel. Only eight of the top 10 container companies have yet reported their latest profits. They are not up by 200%. They are not up by 2,000%. Their combined profits are up by 20,650%, compared with pre-pandemic levels. No wonder they managed to pay out £4.7 billion to their shareholders last year. No wonder P&O, under DP World, is now back in the container business. That brand is so well-known in Parliament for the disgusting treatment of its own workers, and its directors' total disregard for the law.

When Members speak of the cost of living crisis, attribute it all to Putin and covid, and attempt to blame ordinary working people for fuelling inflation, they should understand that it is a perfectly reasonable request for ordinary people to say that after 12 years of declining real wages, they should not lose out yet again when inflation is at a 40-year high.

Our Government, and more especially those on my party's own Front Bench, need to be making the case that workers are not causing this inflation spiral. They need to listen to what some of the companies themselves are saying. In a survey of retailers earlier this year, 56% of companies said that inflation had allowed them to raise prices beyond what was required to offset increased costs. Some 63% of larger companies reported that they were using inflation to "boost profits". BP's chief executive has referred to his business as a "cash machine", and BMW's chief financial officer has said that the company has

"a significant improvement in pricing power".

When companies themselves tell us that they are ripping us off, it is time for politicians to listen and to act. Ordinary families should not have to pay the price.

Madam Deputy Speaker (Dame Rosie Winterton): A perfect eight minutes.

7.39 pm

Richard Drax (South Dorset) (Con): It is a pleasure to speak in this debate, Madam Deputy Speaker. I refer the House to my entry in the Register of Members' Financial Interests.

During equally challenging times in the late '70s, our party's logo was a torch. The image then was clear: it was to bring light where there was darkness, hope where there was despair, and aspiration where there was desperation. My goodness, do we need a bit of that now. Our Conservative philosophy is one of low tax and less state, and of giving the individual the freedom to lead their own life—it is probably the simplest philosophy of all the political parties—so although I have great sympathy for the Chancellor, pushing taxes to the highest level since world war two in the face of a recession is a move that I question.

Last Thursday, I reminded Members on both sides of the House, who are pledging to spend billions and billions and billions more pounds, of where that money comes from. As we have heard in many speeches today, it comes from the taxes of the private sector and hard-working people, many of whom, as has been said by Members on both sides of the House, are already

struggling to make ends meet. And while their disposable income has dropped, pensioners and those on benefits have been protected. Of course, we must take account of both groups, but all this has to be paid for, and the Government do not generate the money to pay for it. As I have said, the hard-working people out there, doing their best to look after their families and their companies, are the ones who generate all that money.

The rush to balance the books has, regrettably, seen the Treasury go after those who have dared to invest some of their hard-earned income, the proceeds of which are given the deceptive term "unearned income". The implication is all too clear: raiding that pot is perfectly acceptable—but it is not. Tell that to those who have saved all their life for their retirement, to enjoy their grandchildren and, crucially, to remain independent from the state.

We are facing these financial challenges not least because of an unprecedented pandemic and now a war in Europe, both of which have thrown all economies, not just ours, out of kilter. However, our overreaction to the first damaged not only our economy but, it seems, our nation's very psyche. Spending more than £400 billion to lock the nation down was always going to have consequences, and a few in this place warned of such. Now, the war in Europe has exacerbated the problem, with rising inflation and interest rates causing alarm and despondency to many of our citizens—again, as we have heard from across the House.

The years of quantitative easing have come to an end, and that chicken really has come home to roost. Now, in recession, surely it is time to be radical. My right hon. Friends the Members for South West Norfolk (Elizabeth Truss) and for Spelthorne (Kwasi Kwarteng) had the right idea, but poor timing and presentation saw it flounder. At least they attempted to break with the current orthodoxy, which sees the Government hobbled by organisations such as the Office for Budget Responsibility, whose predictions are often wrong, and the Bank of England. Interest rates could and should have risen far sooner.

To date, and in this debate, I have heard consistent calls for money but little debate on what we can save. Saving is hard for an already bloated state to do, but save it must. It stretches credulity that we are pouring billions more into—and we all know it—a failing NHS. Although doctors and nurses are doing their best, a complete overhaul is desperately needed if we are to avoid throwing good money after bad. Worryingly, for defence, where money is needed as a war rages in Europe, there is to be yet another review, leaving the budget at an inexcusable 2% of GDP. Growth is what we need, and I fear that raising taxes will stifle productivity, disincentivise wealth creators, discourage investment from abroad and, as we have heard again from Members on both sides of the House, increase unemployment.

Finally, we left the EU to, among other reasons, give ourselves the flexibility to run our own economy, but 4,000 EU laws are still in statute, and the issues relating to the Northern Ireland protocol are unresolved. To truly flex our economic muscle and allow the innovators and wealth creators to do their job, those two glaring hangovers from leaving the EU must be dealt with. These are challenging times, as we have all heard, but if we are to succeed and see our country through this recession, we need to relight that torch, and fast.

7.44 pm

Mr Nicholas Brown (Newcastle upon Tyne East) (Ind): It is an experience to follow the hon. Member for South Dorset (Richard Drax). I cannot say that I agree with very much of what he said, except the challenge of unemployment, on which it is right that although we seem to have a fairly tight labour market at the moment, the warnings of emerging unemployment are there and require a response.

This has been an interesting debate. Conservative Members have fallen into one of two categories. Some have made constructive speeches broadly in defence of the Government's approach and some made slightly naughty old-style monetarist criticisms of it. For a few minutes I was drawn back to the 1980s, when I first entered this place, when we were told that inflation was an evil that must be exterminated. Nobody told us that today, but we got the sense of purpose. On our side, the disagreement is predominantly, although not solely, about the distributive effect of the Government's measures, and that will be the key theme of my short contribution to the debate.

The income tax personal allowance freezes mean an average earner will pay more than £500 more in income tax a year by 2027-28. Wages are still lower in real terms this year than they were in 2010. It is a widely held view on our side that those who have made extra profits because of the war should make an extra contribution to the public purse. The Government seem to accept the principle of that, but of course we would want to go further and probably wider.

The consequence of the downturn is the spectre of future unemployment. We are told that the present labour market is very tight and the Chancellor has set aside money to explore the reasons why unemployment remains tenaciously high. He is not the first Chancellor to have wanted to look at that and find a resolution. Like productivity, it is an intractable problem, and I make no criticism of the Government for wanting to re-examine the issue.

The Office for Budgetary Responsibility tells us to expect a further 500,000 people being jobless, with unemployment rising from 3.5% to 4.9% in autumn 2024. That seems counter-intuitive to the facts as we understand them today. I will put in a word for the north-east of England, as others have done. It speaks volumes that given all the pressure—and having been in government I understand it—that will have been brought to bear to get a resolution on the devolution deals in time for the autumn statement, the best that the Chief Secretary could do is tell us that the drawing together of the north-east devolution deal is subject to discussions between the local authorities. This is a very under-powered northern powerhouse, so much so that it can get the trains only as far as Manchester.

I welcome the Chancellor's retaining of the triple lock on pensions. The parallel announcement for working age benefits is also welcome. Although it would come instinctively to a Labour Government, I understand the real discussion of different points of view that will have gone on in the Conservative Government. It will be no help to them if I say that I agree with the decision they have reached. Where people have other sources of income, as with universal credit, they will be caught by the non-indexation of the income tax threshold.

The Chancellor did not mention students, but one in 10 students is using food banks. That, at least, is the figure in Newcastle upon Tyne, where both universities' student unions are operating their own food banks. With inflation, maintenance loans barely cover rent, and there is little left for food, transport and books. Let us assume that the graduates prosper, do well and eventually end up earning over £50,271, their marginal tax rate will be the 40% higher rate, plus the 12% national insurance plus the 9% graduate repayments. If they are hoping to afford a mortgage, they are being very optimistic.

Hanging over all of this, as I have mentioned, is the spectre of rising unemployment. When adjusted for inflation, incomes are going to fall by 7.1% over the two years from 2021-22 to 2022-23, taking incomes back to where they were in 2013. The OBR has said that real household disposable income per person will drop by 4.3% in 2022-23, and—this is a prediction, not a statement of fact—that will be followed by what is predicted to be the second largest fall in 2023-24, at 2.8%. This is a very grim prospect, indeed.

I am not quarrelling with the broad response the Government have chosen, but my quarrel is with the distributed effect. I think it would have been possible to take more from those who, corporately and individually, have more to give, and to have been a lot more restrained in what we are putting on the shoulders of our fellow citizens.

7.52 pm

Anthony Browne (South Cambridgeshire) (Con): I very much welcome this carefully crafted and carefully balanced autumn statement. I welcome the fact that, at its heart, its No. 1 priority is balancing the books. The reason that is so important is shown by chart 19 of the OBR report, if people read it, which shows that debt interest payments as a proportion of Government revenue are at record high levels. As the Chair of the Treasury Committee, my hon. Friend the Member for West Worcestershire (Harriett Baldwin), pointed out, our interest payments are heading for being almost as much as is spent on the NHS.

We have to fill that fiscal black hole, and the Chancellor has managed to do it in a way that the Office for Budget Responsibility has said will lead to lower inflation than would otherwise be the case, a shorter, shallower recession than would otherwise be the case and lower unemployment than would otherwise be the case. Those from the Office for Budget Responsibility are coming before us on the Treasury Committee tomorrow, and I look forward to grilling them then.

The Chancellor has also done this in a way that is fair. I notice that the right hon. Member for Newcastle upon Tyne East (Mr Brown) welcomed many of the measures. In fact, it is noticeable that virtually none of the Opposition Members has attacked any of the substantial measures in the autumn statement: the pensioner triple lock being continued, we welcome it, they welcome it; benefits being uprated with inflation, we welcome it, they welcome it; and the energy price guarantee, we welcome it, they welcome it. The windfall tax has been a bit controversial at some points, but there we are, and it is there. I do not know how they are planning to vote tomorrow—I do not know if they have said which way they are going to vote—but I would be very surprised if they vote against all these measures that they clearly welcome.

The Opposition have called for more money on the NHS, without explaining how they are going to pay for it—whether they are going to cut spending elsewhere, raise taxes in other places, or borrow more—but I do say this. As I pointed out in one of my interventions, despite the Labour party repeatedly accusing the Conservatives of starving the NHS of money, spending on the NHS is at record high levels not just in cash terms or in real terms adjusted for inflation, but as a percentage of GDP. Never has more of the UK economy been spent on health than now—it is now 10% of GDP. The latest international figures that I have seen—they are from 2019—show that the UK Government were spending more of their money on health and the NHS than the European average. *The Guardian*—hardly a Conservative-supporting newspaper, and a doughty defender of the NHS—recently published analysis showing that, as a result of the autumn statement, spending on the NHS between 2010 and 2024 will have increased by 35% in real terms after inflation. That is from *The Guardian*, and that is to be welcomed.

I will make some substantive points, but I have one more observation about the Labour party. The shadow Secretary of State, the right hon. Member for Leicester South (Jonathan Ashworth), talked in his opening comments about the economic crisis made in Downing Street—a theme of many Opposition interventions—and the Conservatives' terrible economic track record since coming to power in 2010. He mentioned the mini-Budget and blamed that for the economic crisis. I agree that we have an economic crisis—inflation is at its highest level for 40 years and disposable incomes are falling rapidly—but that is nothing to do with the mini-Budget.

Let me share a little secret with the House: almost nothing in the mini-Budget was actually implemented. Almost all of it has been ditched. It is absolutely true that it did cause turmoil in the bond markets for a few weeks and it pushed up mortgage rates. For those who renewed a fixed-rate mortgage in that period, yes, it would have pushed up the cost. However, just last week, Andrew Bailey, the Governor of the Bank of England, went before the Treasury Committee and both the Chair and I grilled him on whether the mini-Budget had pushed interest rates up higher than they would otherwise be and whether there were any long-term consequences for the economy. He said, "Absolutely not." He was explicit.

Carol Monaghan *rose*—

Anthony Browne: I will give way to the hon. Member. I do not expect her to agree with me.

Carol Monaghan: I thank the hon. Gentleman for giving way, but of course there were long-term consequences. I have been contacted by a number of people who have lost out on mortgage deals, and some of them were first-time buyers who lost out on properties because of the chaos created.

Anthony Browne: I agree with the point made. As I said, there was a temporary period of a few weeks when there was a rise in interest rates. Some people renewed mortgages in that time and some people lost mortgages. That is terrible for those people, but there are no ongoing, long-term consequences because virtually none of the mini-Budget was implemented.

Many Opposition Members have referred to the Tories' economic record since 2010. The fact is, we have had a series of extraordinary economic hurricanes. In 2010, we inherited an economy in recession—by Labour's own admission, we had run out of money—and the 2008 economic crisis was so profound and deep that it led to the longest, deepest recession since the second world war. It took about a decade for the structural changes to the economy to play through, and gradually we returned to growth. Since then, as many have mentioned, we have had the once-in-100-years pandemic followed back to back by the once-in-50-years energy price shock.

During the pandemic, we spent £400 billion supporting households and businesses. I do not think Labour has complained about that too much, but that has led to higher national debt. The pandemic also led to problems with global supply chains that hit countries across the world. On the energy price shock, we are an energy importer, so inevitably we are poorer as a country and inflation has shot up. The question is this: if you are in a plane in a hurricane, or repeated hurricanes, and the plane gets struck by lightning and the engine catches fire and explodes, do you attack the pilot and ditch them because they happened to be in the pilot's seat when all that happened or do you judge them on their performance and how they managed to get through those crises?

There are two things. First, this is not a UK crisis at the moment. Inflation has shot up around the world and is at roughly the same level in America and Germany as it is here. The IMF has said that one third of the global economy is going into recession this year. The downturn in Germany is faster than it is here. In America, they are putting up taxes by \$800 billion to pay for it all. This is a worldwide phenomenon.

Secondly, as many Opposition Members keep going back to 2010, I have been checking my data—I like data. Between 2010 and 2019—the latest international figures I could find while sitting in the Chamber—the UK's GDP growth per capita was lower than that of the US and Germany, but higher than that of every other G7 country. It was higher than that of Japan, Canada, France, Italy, and every other major European economy, including Spain. Our economic track record between 2010 and 2019 was better than all those countries, so the Conservative Government have a lot of which to be proud.

I want to make a couple—I see you waving your hand at me, Madam Deputy Speaker—of substantive points. The autumn statement does increase taxes; no Conservative Government like increasing taxes, but it is far better to iron out tax distortions before, or indeed while, raising them. The capital gains tax system, for example, has many distortions and is not indexed with inflation, which it should be. It works in a very perverse way. Inheritance tax, which has effectively been increased because the threshold has been frozen, is riddled with issues. There is a potentially exempt transfer scheme where many people do not pay any inheritance tax at all. We need to get rid of all these exemptions, smooth things out and fix inheritance tax before raising it. I also urge the Government to look at marginal rates of taxation that are more than 50%. Increasing numbers of people are falling into that bracket because of the freezing of the thresholds.

[Anthony Browne]

Finally—thank you for your patience, Madam Deputy Speaker—I welcome the protection of capital budgets. In particular, I urge the Government to protect the funding for Cambridge Children’s Hospital.

Madam Deputy Speaker (Dame Rosie Winterton): Order. I was not so much waving my hands at the hon. Gentleman, as indicating that he might remember that we had talked about an eight-minute speaking limit. That was simply my intention, and I realised that he immediately remembered that stricture.

8.1 pm

Richard Foord (Tiverton and Honiton) (LD): In spite of what the hon. Member for South Cambridgeshire (Anthony Browne) says about the Conservative mini-Budget from two months ago, the very least we can say about it was that it accelerated massively the pace at which the cost of borrowing went through the roof in this country. In my few minutes, I want to relate that to how, in Devon, the council services, the healthcare services and dentistry have been affected, according to some of my constituents.

Let me turn to the situation facing local councils. Facing rising costs and watching inflation erode their spending power, council leaders were looking to the Chancellor to throw them a lifeline last Thursday. What did he do? He left them to flounder. The Conservative Leader of Devon County Council, Councillor John Hart, recently highlighted the scale of the challenge facing the council as it struggled to deliver vital services. Facing a £75 million black hole, Councillor Hart told local media that, because of the measures announced last Thursday, he is forced to choose between hiking council tax, at a time when many can least afford it, or making deep cuts to services. He writes:

“Devon has always been known for its careful and prudent financial management, but the strain on us all is becoming intolerable.”

That is the Conservative Leader of Devon County Council, and I agree with him.

Across Devon, we are seeing the effects of these decisions play out, as functions such as children’s services, which were already teetering on the brink, will not be able to cope. The Chancellor cannot simply expect councils to keep raising council tax to fulfil their statutory obligations. That will hammer local people, but will never be enough to fill the gap. Many of these people are struggling to make ends meet as it is.

Just recently, I received an email from a 10-year-old constituent. Louis Lighthouse wrote that he is worried about how rising costs will see families struggle this winter, yet the Chancellor’s solution is that Devon families should see their council tax bill rise.

Secondly, I wish to highlight the pressure facing our NHS, particularly frontline ambulance and A&E services. We already know that winter is a time when the NHS comes under extreme pressure, and we are going into this winter woefully under-prepared. In Devon there are 158,000 people on NHS waiting lists, unable to get the care they need, and I am sure that number will increase in the months to come. This problem is compounded by a lack of social care provision, with vital capacity being absorbed by people who could be discharged if there was somewhere for them to go.

Our ambulance services are on the brink. Almost everyone I speak to in my constituency has a story of a loved one waiting hours, sometimes in agony, for an ambulance to arrive. We need to end the scandal of ambulances stacking up outside A&E, unable to discharge their patients. However, given that the word “ambulance” was mentioned just once in the autumn statement, I am not sure that this Government truly understand the scale of the challenge. Perhaps that explains why it has been reported in the press today that the Chancellor is keen to cut all but a handful of NHS targets.

The final thing to mention is NHS dental services. In September; the BBC reported that not a single dental practice in all of Devon was taking on new NHS patients, and earlier this year Honiton Dental Surgery was forced to cut back on the number of people it could see, due to a shortage of staff. Nor is the issue isolated to Devon; there were no dental practices in Wokingham taking on NHS patients during the summer, and only two practices in the whole of Gloucestershire.

Our hard-working NHS staff are working flat out to deliver the best care they can, but the situation is spiralling out of control on this Government’s watch. It is clear that this autumn statement is a façade for spending cuts that will be left to the next lot, from a Government who are out of touch and out of ideas. It fails to address the serious issues people face right now and will leave us all paying the cost of Conservative chaos for years to come.

8.6 pm

Rob Roberts (Delyn) (Ind): It is a pleasure to follow the hon. Member for Tiverton and Honiton (Richard Foord) highlighting issues in Devon around local authority funding, NHS waiting times and ambulances. I must gently tell him that he should try experiencing those things in Wales, where they are all under the control of the Labour Government and are markedly worse in every single area.

When the previous iteration of this Government were in charge, the Opposition shouted for the independent Office for Budget Responsibility to produce forecasts. They demanded them in this Chamber and in every media interview on every channel at every opportunity. The Government were being reckless, they said, because they did not have a forecast from the OBR accompanying their plans.

Let us see what the OBR said to the autumn statement delivered by the Chancellor on Thursday. It said that global factors are the primary cause of current inflation. What did the Opposition say in response to the statement? They said it was caused in No. 10. The OBR, whose words they rightly insisted we should wait for and give credence to, disagrees with that position.

For the past 12 years, we have talked about the £153 billion annual deficit left by the last Labour Administration, and the note left by Labour’s outgoing Chief Secretary to the Treasury saying “Sorry, there’s no more money”. Not only was it clearly all a big joke to them, as that note confirmed, but all we heard was, “It’s not our fault, it’s global forces.” Now, in the aftermath of one of the biggest global health crises in history and in the midst of a disgusting war in eastern Europe at the behest of a madman, suddenly economic problems are nothing to do with global forces—no, it is

all caused in No. 10, apparently, as they are so fond of saying. It is pathetic, it is nonsense and it is taking the British public for fools.

Fortunately, the good people of Delyn and the public at large can see through the mudslinging that has sadly become synonymous with politics these days and recognise from the calm reassurance of the Chancellor at the Dispatch Box last week that, while difficult measures had to be taken, the measures could have been much more hard-hitting than they are. I commend the Chancellor not only for reducing the axe to a knife, but for also ensuring that pensioners are protected from the worst of the inflation. In my constituency of Delyn we have around 25% more pension claimants than the average constituency, so that has been of particular importance. I thank him for listening to the pleas of my pensioners.

Alongside the good news, there are some inevitable challenges. Freezing the personal allowance and the thresholds for the other bandings will bring more people into each tax bracket and will be an additional challenge for household budgets. However, I am not sure that I have heard it pointed out in this debate or in media coverage that when Labour left office in 2010, the personal allowance was £6,475. Adjusted for inflation, that is equivalent to £10,219 today, so even with the freeze for another few years, the current personal allowance of £12,570 is still significantly ahead of inflation. It has meant that hard-working households keep an extra £470 of their income each year. That is a record to be proud of, even if we have to go through difficult times in the immediate future.

I turn briefly to defence, although I am not by any means a defence specialist. Several hon. Members on both sides of the House have mentioned figures of 3%, 2% or 2.5%. That baffles me and baffles my constituents, because the armed forces need a certain number of tanks, ships and planes and a certain number of people. None of those things is ever measured in percentages. They are all measured in pounds.

The Ministry of Defence does not need more resources when GDP increases, nor does it need less money whenever GDP may fall. The threat is the threat. Fighting over 0.5% of GDP just means that we never address the amount actually needed in pounds sterling. It is a perfect example of the political obfuscation endemic in this place, on all sides, because 3% of GDP one year might be the same amount as 2.5% in another year. We virtue-signal that we are supporting our armed forces, when the reality of the cash going into the MOD budget may tell an entirely different story. People in Delyn and across the country are wary when we give some figures in pounds and others in percentages: they think that we are trying to pull a fast one and avoid talking about the real issues. Perhaps the Minister can take back to the Department the need to be consistent and clear with information and keep our constituents properly informed.

Dr Whitford: Does the hon. Gentleman recognise that he is criticising exactly how his colleague spoke when he was boasting about how 10% of GDP is now spent on the NHS? The UK's GDP, income and economy are considerably smaller because of the impact of what has been going on, so I think he needs a word with his colleague.

Rob Roberts: I have no issue with anything that the hon. Lady says. I cannot be responsible for other people's comments, but the hon. Lady is 100% correct. The needs of the services are the needs of the services. It makes no difference whether GDP goes up, down, sideways or bloody diagonally: the needs are what they are. I completely agree with the hon. Lady.

It is excellent news that Wales is to receive an additional £1.2 billion in Barnett consequential funding, but sadly we have had to learn to temper our excitement, particularly in north Wales, because the extra funding is in the hands of the Labour Administration in Cardiff Bay, whose maps do not seem to show that Wales exists north of the valleys.

As I walked around the market on Mold's high street on Saturday morning, people were unanimous. I spoke to Fergie, Carol, Dave, Karen and others, whose comments were all very similar. They said that the Government provided a huge amount of support during covid and have done everything they can to help in the current climate. They told me that any Government would have had to do the same. The incredible confluence of circumstances in the global picture over the past couple of years means that we need to get back to a calm, measured and sensible approach to repair the damage of covid and of Putin's war. People recognise that the Government neither can nor should try to fix every issue in everybody's lives. The people of Delyn understand and appreciate the steps that the Chancellor has taken to mitigate the impact. I commend him for what he has done in the face of overwhelming economic pressure.

8.13 pm

Karin Smyth (Bristol South) (Lab): We have had a lost decade, and now we have another lost decade in sight. It is particularly hard for young people starting out in the world of work: they have experienced a decline in school and FE funding and now they face low wages, a recession, high rents and a Government bereft of ideas and hope to encourage them into the future.

The stats are staggering. I have not heard any Conservative Member this afternoon address the stat that I find most astonishing, which is that the average family will be about £10,000 a year worse off than comparable families across the OECD. That is the reason for the normalisation of food banks, children going hungry at school and cramped housing, with no prospect of the things that bring joy to individuals and families—things like meals out, day trips or holidays, which also drive our local economies. It is now predicted that there will be a further 7% fall in household incomes over the next two years, coupled with the cost of the Government's £4,000 family tax burden.

The Government have not chosen to help make us resilient at any time in the last 12 years. I know that we have had the pandemic and the war in Ukraine, of course, but all of this was apparent before then. They could have chosen to make different choices last week, but they chose not to. They chose to protect non-doms; they chose to give the banks a tax cut; they chose, proudly, to keep the VAT exemption on private schools; and crucially, they offered no plan for growth and no plan to deliver a more productive workforce, to build for prosperity and to help wealth creation.

[Karin Smyth]

I am one of the few Members of Parliament to have attended a further education college, and I have spoken about that over the years. It is staggering how, over the last 12 years, the Tories have consistently shown their disdain for skills and opportunity by not using this resource at the heart of our communities. In its 2021 annual report, the Institute for Fiscal Studies said:

“Further education colleges and sixth forms have seen the largest falls in per-pupil funding of any sector of the education system since 2010-11. Funding per student aged 16-18 in further education and sixth-form colleges fell by 14% in real terms between 2010-11 and 2019-20”.

It might be thought that the Government would want to help people back into the productive workforce, but adult education has been particularly badly hit. Again, the Institute for Fiscal Studies found that total spending on adult education and apprenticeships will be 25% lower in 2024-25 compared with 2010-11. Looking at classroom-based learning on its own, the IFS found that spending has plummeted by 50% over 10 years—and they wonder why we have a low-skills, unproductive workforce.

I once co-chaired the APPG on apprenticeships with the right hon. Member for Chichester (Gillian Keegan), who is now Secretary of State for Education. Every year, I brought together employers, Bristol City Council, apprenticeship providers and young people at an annual apprenticeship fair, and I will continue to do so. It is the best way to support young people into a productive career, and I still strongly believe in the ladder of opportunity, but significant issues remain unresolved on the levy and the wider supply chain to get people into the apprenticeships that are needed. The Government need to sort it out.

Nick Fletcher (Don Valley) (Con): This Government have done a huge amount for apprenticeships. I should know, having been a businessman for the past 30 years and having employed more than 60 apprentices—I refer the House to my entry in the Register of Members’ Financial Interests—and much of that has been with the help of a Conservative Government who are putting a further £2.3 billion into education this year and next. It is fairly disingenuous to say what the hon. Member is saying.

Karin Smyth: I quoted the IFS and, if I had longer, I would quote more on what has happened to apprenticeships. I met Airbus recently, and several small businesses from my constituency, and I did not hear any of them say that it is working particularly well. We are not getting the promised benefit for small employers from the levy on large employers. We have gone backwards, and the numbers show how far backwards we have gone.

My hon. Friend the Member for Bristol East (Kerry McCarthy) asked the Under-Secretary of State for Levelling Up, Housing and Communities, the hon. Member for North East Derbyshire (Lee Rowley), at oral questions whether he will visit Bristol to talk to our local council and better understand our budget shortfall and its impact. I am not sure whether the Minister accepted, but I back my hon. Friend’s invitation. Of course, Bristol City Council has considered efficiencies. Every council has, which is why Conservative council leaders are making the same plea as Labour council leaders.

Many of the issues faced by our communities are in the Government’s gift, including their decision to freeze local housing allowance rates. My constituent has a teenage son and daughter aged 12, so she is entitled to a three-bedroom property. She works but is on a low income, so she receives universal credit. She was paying £1,050 a month in rent, but her landlord increased it to £1,350 a month in January 2022. Local housing allowance means she can receive £950 a month for the housing element of universal credit. She was £100 a month short, but she is now £400 a month short. Even the cheapest alternative bedroomed property in Bristol South is around £1,300 a month. If landlords evict due to rent arrears, Bristol City Council has to house under the Housing Act 1996, but its budget for emergency housing is already £5 million overspent in this financial year. Emergency housing costs far more than ordinary properties, which are well beyond the LHA rates, so the additional cost is falling on the council. Last month, Bristol City Council spent over £1 million on interim housing. This is stressful and heartbreaking for families, and it is grossly inefficient. It is a really false economy.

Let me turn to care. The Government again ignored supporting young people and families. There was nothing on childcare, the cost of which in Bristol is now totally prohibitive. I am a former governor of one of Bristol’s nurseries. We have a long and proud history, and we still have 11 nurseries in the city, but they are under threat. Support is needed there to help people, and particularly women, back to work, and to help to educate young people in pre-school.

Finally, on social care, in 2015, 2017 and 2019, we saw Prime Ministers standing on the doorstep of No. 10 and making promises that they then broke. Councils have spent thousands of pounds preparing for the new changes from next October. Individuals and families were planning on the basis of changing to thresholds and the introduction of the cap. People are already at their wits’ end. The measures sneaked out last week really are a bitter blow. Why has it happened? It has happened for the same reason that this Government have let people in this country down over the last 12 years. There was no grip from the Department of Health and Social Care on this massive project and totally unrealistic financial resources to make it happen. The Department of Health does not just need to look at others for efficiency; it needs to look at itself. It has no idea how local government works or what the burden of the changes will be. We had funding for packages of care in the budget. Who on earth is going to deliver these packages of care? The workforce is short of 165,000 people. This is a short-term measure. It will not work and we will be back here next year, facing the same crisis in social care.

8.21 pm

Nick Fletcher (Don Valley) (Con): With the backdrop of covid and the war, this statement was never going to be an easy read. I will speak briefly about my concerns about the statement and then, selfishly, where I am hopeful for Don Valley.

First, I believe in paying people for their value and incentivising good old-fashioned graft. That can be done through tax relief for risk takers and incentives for employees. Unfortunately, I do not see much of that here. I do understand that many businesses would not

be here without this Government—without furlough, the self-employment income support scheme, grants and loans, and so on—and I know that business people understand there needs to be some payback, but we must be careful not to stifle business. Business is about risk and reward. If there is no reward, then what is the point? If productivity is our biggest problem after inflation—which I believe it is—then we do not want business people thinking, “What’s the point?”

I understand the desire to raise the living wage, but has the calculation been done on what effect that will have on inflation? There needs to be a gap in wages between unskilled, skilled and professional careers; between the tiers of responsibility. So raising the lowest wages would no doubt have to be followed through. If it does not, again, people ask, “What’s the point?” What is the point in further education or the sleepless nights that additional responsibilities often bring? Raising the living wage therefore raises everyone’s wage, but although that might sound good, if productivity is not increased, does that not just raise inflation? Again I ask: has the calculation been done? I understand the balancing act and the decisions that the Chancellor has to make, but we must give business some hope that things will get better and give hope to the grafters out there that their efforts are worth while—or, as I say, what is the point?

Now to my constituency. What I am pleased with is the money for education, the guarantee of levelling-up funding and the increased moneys for research and development. If levelling up is ever going to happen, it will happen only with our children receiving a great education. With the right attitude and a great education, the stars really are in reach. I am running a role models programme in Doncaster, which talks about value and attitude. If our children can grasp this and get the education they deserve, levelling up can truly begin.

Levelling-up funding is desperately needed across the north, and no more so than in one of my small towns, a place called Edlington. Edlington made the mainstream media this year. It is home to some of the worst streets in the country. People should not have to live like that; they should not have to live in some of the streets of that town. If we are ever going to encourage our people to have healthy lifestyles and to take responsibility for their health, the leisure centre, which is central to our bid, is more than necessary, because the existing leisure centre is boarded up and full of asbestos. Edlington deserves better.

The most important and welcome part of the autumn statement for Doncaster is the increased budget for research and development. In my maiden speech I spoke about everything that I have mentioned so far—role models and levelling up—as well as the dream of having Boeing in Doncaster. There is an opportunity in my constituency for the advanced manufacturing research centre to open an innovation hub that could lead to having the likes of Boeing in Doncaster—Dame Rosie, can you imagine that?

Increasing the R&D budget gives me hope that the pain we feel now in our tax burden may all be worthwhile. An aviation hub in Doncaster, the advanced manufacturing research centre, Boeing and hybrid air vehicles are all innovative projects that, if the Government back them, will provide opportunities for the next generation to capitalise on. They would mean no young people leaving Doncaster for the bright lights of the south. Instead, there would be an educated generation with the right

attitude and in good health who lived in a levelled-up borough and worked locally in a green aviation industry. That is more than levelling up; it is reaching for the stars, but starting from the moon.

It is easy to be critical of the Government as a Back-Bench or Opposition MP, but I understand the difficult choices that have to be made. I am often glad that I do not have to make them, but someone has to. If we are to be taxed, let us put it to good use. The Government are right to put the money into education, levelling up and investment in R&D projects. I hope that some of the money comes to Doncaster, to give our people the opportunities they deserve. Hopefully, when we are through this period, we can reduce taxes for all and start to enjoy the freedoms that a small-state, low-tax, sovereign democracy can bring.

8.26 pm

Peter Grant (Glenrothes) (SNP): The Office for Budget Responsibility and the document that accompanies the Budget tell us that it was asked to prepare forecasts six times in six weeks for a succession of Chancellors. Most of the time, it did not even have time to do a proper assessment before it had to go back and change all the numbers because of yet another screeching handbrake turn by the Government. Perhaps if the Government had thought about the economy during the months over the summer, when they were more interested in fighting over jobs for the boys and girls, there would not have been so many urgent changes this time.

What we have arrived at is a Budget that will see the vast majority of people in these islands worse off, with probably the biggest and most rapid fall in living standards since records began. Millions of families will be plunged even deeper into poverty, hundreds of thousands of jobs will be lost, and there will be unsustainable cuts, even to the areas of public services that the Tories claim to care a jot about. If that is a well-balanced Budget, it is balanced in the way that the bus was at the end of “The Italian Job”. Practically the only good thing that even the Government’s supporters can say about the Budget is that the cliff edge that they are driving us off is not quite as high as the cliff edge that they tried to drive us off a few weeks ago.

It seems a long time ago, because it was, that the Chief Secretary said that we need to be honest with people, but nobody on the Government Benches has been honest enough to mention the B-word. The reason that the cuts are so bad and our economy is in such a mess is as much to do with Brexit as anything else. Putin’s war has affected many people across the world, as did the covid pandemic, but why will the United Kingdom’s growth be lower than that of any of the 27 EU member states next year? Why is the United Kingdom the only place in the G7 that has still not caught up with pre-covid? What kind of global phenomenon always picks on poor Britain to make things worse here than anywhere else?

What Britain has done that none of those other places has done is: first, have a succession of calamitous and incompetent Governments; and secondly, take the ridiculous decision to isolate itself from the biggest single internal market on the planet. Not only are we now back in recession, but OBR and European Commission forecasts say that the fall in UK GDP in 2023 will be worse than in any EU member state.

[Peter Grant]

In fact, 23 of the 27 EU member states are likely to see economic growth next year while we are in recession. Incidentally, the two highest are Ireland and Malta—two countries that, if we believe the Conservative party, could not survive without the broad shoulders of being part of the United Kingdom to lean on. Interestingly, I discovered only recently that in 1956 Malta voted to become part of the United Kingdom. Eight years later it changed its mind and voted for independence in a referendum. Well, well—how history can repeat itself sometimes.

The Institute for Fiscal Studies has pointed out another great dishonesty, which is that this is two Budgets—one for before the election, and the other for the really savage cuts to happen after the next election. If the Government believed that the cuts were the right thing to do, they would be doing them now and then going to the people and asking them to cast a verdict.

Yes, there are parts of the Budget that I welcome, and perhaps they do not go far enough. I support the wealth tax in principle, but why is it only on energy companies? They are not the only companies whose directors and shareholders have become billionaires overnight, and not through their own hard work but through circumstance. The directors and shareholders of suppliers—in many cases, failed suppliers—of personal protective equipment were making millions overnight, and other covid contracts were given in very dubious circumstances, with huge amounts paid for nothing or next to nothing. What about the big tech companies, which made massive windfall profits as a result of covid? Does nobody think that perhaps they should pay a wee bit more towards the customers who made those profits for them?

I welcome any increase in the legal minimum wage, but an indication of the lack of honesty from those on the Government Benches is that they call it a living wage. It is not enough to live on, and if anybody left on the Government Benches wants to challenge me on that, I would like to see them live on the minimum wage and nothing else for six months and see how they get on. Even the increase that the Government have announced is not enough to keep pace with inflation, which means that the 2 million lowest-paid earners in the United Kingdom will see a real-terms pay cut under this Government. That is before we take into account the stealth tax of leaving all the tax bands where they are while inflation is in double figures, and it means that somebody working full time on the minimum wage will pay £400 of their money back to the Treasury by way of increased income tax.

This Budget responds to the cost of living crisis by making it even worse for most people. It forces Scotland to pay a per capita share of the eye-watering costs of a new nuclear power station that we neither want nor need to meet our current and future energy demands. At the same time, it does nothing to address the scandalous anti-Scottish discrimination that charges electricity providers in Scotland more to feed their electricity into the grid, and charges customers in Scotland more to take the same electricity back out again.

This is a Budget in hock to the xenophobic, anti-immigrant elements on the far right of politics in these islands, some of which, I am ashamed to say, we have heard from Members on the Tory Benches today. It is so

in hock to that xenophobia that not only do Conservative Members want to build barriers around their own country, but they insist on building them around my country, to stop my country welcoming back the workers on whom our economy and essential services depend. If Conservative Members want to turn their country into an immigrant-free isolationist society, that is up to them, but they have no right whatsoever to do it to my country. We want to welcome people back in.

This Budget is the economic manifesto on which Labour, the Lib Dems and the Tories will hold hands in Better Together mark 2 next year. They will try to tell us that this manifesto is better than what we could get with independence. They will tell us that this manifesto is the best our country can do, and the best our people deserve, but our people deserve a lot more. This Budget, even as we speak, is persuading more Scots than ever before to conclude that the question is not, “How can we afford to be independent?”, but rather, “Can we afford not to be independent?”, and the answer to that is a resounding no—we cannot.

8.34 pm

Tom Hunt (Ipswich) (Con): I have been waiting eagerly to make my contribution, Madam Deputy Speaker. Obviously, there is a policy to keep the best speakers until last, which I welcome, and I will try to live up to that reputation.

In terms of the context in which the autumn statement was made last week, I think it was a fair and reasonable statement, but I do not think that many of us left the Chamber with a huge spring in our step. How could we, when we looked at some of the forecasts? These are grim economic times, and when we look at the global factors, which are primarily the driver of where we are, we just do not know when they are going to abate. It is very difficult to predict. That is why I treat with a degree of scepticism some economic forecasts that seek to accurately predict what a particular complex economy will be like in two and a half years' time. We simply do not know how a number of crucial factors will develop between now and then, such as the war in Ukraine and its impact on energy prices.

Two events that would usually happen once every 100 years have happened in the space of two years: the global pandemic, which we had to spend £400 billion on tackling, and the biggest war in mainland Europe since the second world war. To try to pretend that those are not the primary factors for where we are is borderline ludicrous. We can make our comments about the mini-Budget and point out some of its shortcomings—I think that some of them are right—but to try to pretend that we are the only country that finds ourselves in a uniquely challenging position is simply not accurate.

When I knock on doors in my constituency and I talk to constituents, they see that there is a very difficult global situation and that difficult decisions have to be made. They have said to me to please ensure that fairness is at the heart of the decisions that are made. I have to say that I think that in some respects, the mini-Budget fell short in that regard, so I am pleased that last week's statement did in many different ways speak to those values of fairness and compassion. I have a large number of universal credit claimants in my constituency, so I was pleased that universal credit payments will go up in line with inflation. I was pleased to see the national

living wage increase. I was also pleased to see the wealthiest in society share more of the tax burden. The threshold for paying 45p has been decreased—I support that. I also think that there is a case for a windfall tax from time to time. Though I understand the cyclical nature of how energy companies make profit, it was the right thing to do.

We hear some people in the country say that this is not a Conservative statement and that these are not Conservative values. The Conservative party is a broad church, and my understanding of conservatism is that it should speak to compassion and to fairness. I feel very comfortable with the broad thrust of the statement. I am not a rampant libertarian. What I am is somebody who wants to represent my constituents as best I can. I know that for many of them, this is the most difficult time they will ever face, getting through the challenges ahead and managing to put food on the table and keep their homes warm. Wanting to stand for that is the right thing to do.

The focus on inflation is also the right thing to do. This Saturday at 8 am I was at my local food bank with FIND—Families in Need—talking to Maureen, who runs it. She said, “Tom, from the moment you were elected it has been a difficult period.” The pandemic hit three months later and it has not stopped being difficult, but she said that we might be about to enter the most difficult period. She welcomed the increase in universal credit in line with inflation, but she raised a particular issue about single men, because she is concerned that they might fall through the cracks. Many of the clients she talks to are ineligible for a lot of the support announced. She feels that a lot of them do not always feel able to ask for help and come forward. We know that that is often an issue with mental health and wellbeing, but perhaps there is a specific issue when it comes to reaching out for help within the community. I think that should be looked at.

In terms of the focus on public services, bearing in mind how often and repeatedly I have banged on about special educational needs and the importance of increasing funding, it is no surprise that I welcome the fact that, despite the huge challenges they face, the Government have still been able to find extra funding for education, which I hope will include special educational needs. I also welcome the focus on skills and apprenticeships, and more money for the NHS.

On local points, I understand that the levelling-up fund has been widely subscribed to and that there is a limited pot of money. We know that the bid from Ipswich is one of the stronger bids, and focuses squarely on getting Ipswich active. We are one of the least active towns and that has a big impact on health outcomes. The bid that we are putting forward, for £80 million in some of the most deprived parts of town, would dramatically improve health outcomes for individuals in those communities. I am pleased that that pot of money is protected. The next thing is to make sure that a good amount of it goes to Ipswich.

On the Sizewell announcement, in terms of energy security, at a national level many of us will welcome it; at a local level it could mean 10,000 new local jobs. It will not be a success without Ipswich people being given the opportunity and the pathways to take apprenticeships and jobs to support Sizewell both during its construction and afterwards. I would like to talk to the Government about how we could make that a practical reality and how it could benefit my constituents.

I have a final point. Over the weekend I saw some things about fuel duty. I urge the Government to continue to do what they can to keep fuel duty at the same level, and if not, perhaps even cut it. That is a tangible thing that can be done to help some of those who work—they get up every morning, scrape the ice off the windscreen and go into work—but who are often on low incomes and struggling to get by. It is a direct and real way in which we can help those people, many of whom are my constituents.

On the whole, last week’s statement was fair and balanced. We are in a difficult position and, whether or not the mini-Budget had happened, we would still have been in the position last week of having to make very difficult decisions. Ultimately, yes, I want to see tax lower—that is one reason why I am a Conservative—but we can deliver sustainable tax cuts only on a foundation or platform of sound money. That is proper conservatism. The Conservative party needs to be a party of fairness, decency, hard work and sustainable tax cuts linked to sound public finances. For all those reasons, I welcome the financial statement.

8.41 pm

Kerry McCarthy (Bristol East) (Lab): I start by echoing something said a moment ago by my hon. Friend the Member for Bristol South (Karin Smyth) about the pressure on council finances, starting with the fact that the local housing allowance has been frozen yet again. She cited the example of a constituent who needed a three-bedroom home, but because the local housing allowance has been fixed at £950 the constituent is paying £400 out of her own pocket. *The Bristol Cable*, working with the Bureau of Investigative Journalism, found that in July this year only one two-bedroom property was available in Bristol that fell within the local housing allowance rate. We are finding that people simply cannot afford to pay the extra and it has caused a housing crisis in the city. I raised that survey with Ministers at the last but one Department for Levelling Up, Housing and Communities questions, and was told that they kept local housing allowance constantly under review, so it was very disappointing that we saw no movement on it in last week’s announcement.

As we heard from quite a number of Members at today’s DLUHC questions, local councils, through no fault of their own but because of the Government’s catastrophic, self-indulgent financial mismanagement, are now being forced to cut services to their bare bones. Once statutory services have been paid for, there is very little money left for anything else, which means that councils such as Bristol that have fought year on year to protect precious amenities might now have to let them go. At departmental questions earlier, the Under-Secretary of State for Levelling Up, Housing and Communities, the hon. Member for North East Derbyshire (Lee Rowley), talked about the need to make efficiency savings; there are endless meetings in Bristol City Council about how we can make efficiency savings. It is a constant process, but there comes a point at which there is nothing left to cut.

Nine out of 10 councils face funding shortfalls next year, and Bristol will face a funding gap of £87.6 million over the next five years. I really did think that the Under-Secretary of State seemed to be in a state of denial about this issue when answering questions today.

[Kerry McCarthy]

I hope that he comes to Bristol, talks to local councillors and people in their communities and sees just how tough things are.

The Government tell local authorities to try to recoup some money by raising council taxes and the social care precept, effectively passing the buck, but that will mean that our constituents, who are already struggling to make ends meet, with rising rents and mortgages, inflation sending food prices soaring and, of course, energy bills—all these cost of living pressures coming at them from all quarters—will be hit in the pocket once again. It is predicted that council tax for an average property will go up by around another £100. Councils cannot take this level of financial pressure any more and my constituents cannot shoulder the burden any more.

It was notable that although the autumn statement included the windfall tax, there was no move to scrap the investment allowance. Basically, that means that the Government are taking away with one hand and giving back with the other. It means that a company such as Shell, which has made record profits, has not had to pay any tax at all on those profits.

Underfunding local services is completely counterproductive. What does it mean for the growth agenda if council planning departments are swamped and cannot process applications for new development? What does it mean for community wellbeing if councils cannot maintain parks, fund their public health programmes or keep libraries and children's centres open? What does it mean for social care if we keep kicking it into the long grass? Again, my hon. Friend the Member for Bristol South spoke about that. Cuts have consequences, and we are starting to see that in very stark relief. Things will only get worse.

I want to talk about the labour situation. The Chancellor told us on Thursday of plans to get more people into the workforce, but I am not convinced that they go anywhere near far enough. As the shadow Secretary of State for Work and Pensions said, the Government are commissioning a review, not a plan. We are seeing labour shortages in so many areas. The NHS is ramping up overseas recruitment. Restaurants and shops are being forced to close early or sometimes for whole days because they do not have the staff to stay open. Food is being left to rot in the fields. The birth centre in Cossham Hospital in my constituency has had to close—hopefully temporarily—because of a shortage of midwives. In Bristol, the post-Brexit shortage of HGV drivers is now having a serious impact on bus services. First Bus is having to cut routes, leaving people stranded, because it is simply unable to recruit drivers. It has upped the starting salary and is trying to get people through their driving tests, but to no avail, because there simply are not enough people out there willing to take up driving jobs.

The Government's solution was to look at the economically inactive and at people on universal credit, who the Chancellor said could spend more time talking with their work coach about increasing their hours and earnings. As has been said, however, what blocks them is often access to affordable childcare. We had the March of the Mummies and the Pregnant Then Screwed campaign in Bristol a couple of weeks ago, which highlighted the crisis in early years and the fact that decent, accessible and affordable childcare is becoming ever

scarcer. The shadow Work and Pensions Secretary's five-point plan gave the Government some real pointers, and I hope we get a response to some of those points when the Minister sums up. My hon. Friend the Member for Stockton North (Alex Cunningham) also made a valid point about carer's allowance.

The OBR estimates that real household disposable income per person will fall by more than 7% over the next two years. That is the biggest drop on record and will not lead to the growth that this country needs if it is to emerge from this crisis. Yet the Chancellor told the House that only the Conservatives could get us out of this—Conservative—mess. He is basically saying, "There have been 12 years of economic incompetence, but I promise that this time will be better." Austerity is a choice, not a necessity.

The answer to the cost of living crisis is not squeezing wages, eroding public services and taxing working people as living costs soar. It is about investing in public services, investing in infrastructure and investing in British workers. At conference, Labour unveiled its green prosperity plan, with thousands of new jobs across the country in green energy and retrofitting. We also announced a modern industrial strategy that will see workers and businesses flourish and a long-term plan for growth that will allow us to cut bills and tackle inequality and poverty. That is what was missing in yesterday's statement, and that is what Britain needs—not a return to austerity.

8.48 pm

Tim Farron (Westmorland and Lonsdale) (LD): It is euphemistic to talk about us facing a crisis in this country: what we are talking about is families who simply cannot afford to feed their children; people who cannot afford the mortgage or the rent and who see food prices going up and cannot see how on earth they will make ends meet; and businesses that cannot find the staff they need or that are being forced out of business because of ludicrous costs.

As the hon. Member for Ipswich (Tom Hunt) mentioned, it would be ludicrous to pretend that this crisis has nothing to do with the pandemic, Putin's evil actions in Ukraine and other global issues. However, it would be equally ludicrous not to say that this Government have made things significantly worse in the last few weeks. Surely the first principle of being in government is to do no harm, yet harm has indeed been done. This debate is exhibit A. We were not meant to have this extra Budget. This is a Conservative Government seeking to mitigate the damage done by a Conservative Government.

It is people of my age or even older—there are many in this House who are not that age—who remember inflation being a major issue in this country. It erodes people's ability to get by and causes enormous poverty. We recall that the headline inflation rate may be around 10%, but for those on the lowest incomes, inflation is about 16%. Can Members imagine what it means for someone to lose a sixth of their ability to survive when they are already poor to start off with? All of us in this House have seen the flourishing, if that is the right word, of food banks and warm banks in our constituencies. I see the outstanding Christians Against Poverty, which works in nearly every community in this country, being burdened—it is their choice and their joy to do it—with so many more cases of intractable poverty and debt than it has ever dealt with before.

The Chancellor of the Exchequer admitted in his statement last week that we are in recession. If we are in recession, it is the wrong time to start cutting public spending, especially given that, as the Treasury Committee Chair, the hon. Member for West Worcestershire (Harriett Baldwin) said in her wise speech earlier—I did not agree with all of it, but I did with much of it—if 80% of the inflationary pressure we are facing is external, it is not public spending in this country that is the trigger anyway. What better way to make a bad situation worse—this Government are brilliant at making bad situations worse—than to decide to compound the problem by saying, “Inflation? Let’s have stagnation, too. Let’s have stagflation. Let’s exacerbate the recession while not tackling inflation”? It is unwise in the extreme.

In the moments available to me, I want to speak about some key issues that matter very much to me and my communities. Probably everybody in this House has either suffered themselves or experienced a loved one having to live with, and sometimes dying from cancer. Half of us will have cancer at some point in our lives. The UK is suffering from a calamitous cancer backlog. In our communities in south Cumbria, 42% of those diagnosed with cancer are waiting two months or more for their first treatment. In north Cumbria, 63% of people are waiting two months or more for their first treatment. We know that for every four weeks we delay treatment, there is a 10% reduction in someone’s chances of surviving. People are dying, and the consequences are not only appalling for the economy, but for those who are directly affected.

Why in this autumn statement was there no mention of tackling a cancer backlog that is literally killing people by the week in my communities and in communities across the country? Things could have been done not in terms of a workforce review, but with an immediate plan. How about altering the pensions situation so that we make sure we make best use of doctors, maximising the time they have available and not pushing them into early retirement when they would happily be working to clear that backlog and save lives?

We hear from the Government that we are going to have a war on pen pushers, but it is administrators who take the burden off clinicians so that they can treat people. We need more administrators so that we can make best use of the clinicians we have now, so that they can treat more people more quickly and save lives. What about immediate investment in IT so that we can treat people remotely? It is possible to do that, particularly with radiotherapy. Imaging and treatment can be done remotely and the impact the workforce has could be maximised—we could get more out of the workforce and save more lives in the process.

Where is the cancer plan? Where is the investment in infrastructure? Some 50% of people with cancer will need or benefit from radiotherapy, yet we spend 5% of the cancer budget on radiotherapy. It is a colossal waste. It is relatively cheap to fix, and the Government are doing little or nothing about it. In communities such as mine in Westmorland, people are making maybe two or three-hour round trips to get daily radiotherapy for weeks on end. The Government’s own national Radiotherapy Advisory Group says that it is bad practice for anyone to have to travel more than 45 minutes. Nobody in my constituency lives within 45 minutes of that treatment. These failures to invest are costing lives

and are relatively easily fixable, if only the Government would invest in the technology, trust the science and listen to the workforce.

It is worth also talking about the impact in rural communities of the Government’s failure to fund general practice. I have a petition later on, so I will leave that for later. However, the minimum practice income guarantee, which this Government scrapped a few years ago, gave a solid basis for necessarily small rural surgeries to be sustainable. They removed it and—surprise, surprise—we have seen the collapse of surgeries such as those in Ambleside and Hawkshead; in Bowness a few years ago, although we have managed to rescue that one; and more recently in Brough. That is not acceptable. These are things that the Government could fix.

On care, the Dilnot review and the solutions to the care crisis have been kicked over for yet another couple of years. People talk about “difficult decisions”. Difficult for whom? Difficult not for the Government but for the millions of people who suffer because of a lack of care and the impact of the care crisis on the rest of the health service. In the hospitals serving my communities in Cumbria, bed blocking was at 32%. That is caused by a lack of investment in care because dealing with it is delayed every single time there is any kind of bump in the road. The impact, of course, is that A&Es are clogged up, ambulance response times are longer, and people die because the Government will not tackle the problem when the chance to do so is in front of them.

I have a couple of quick words to say about farming. In answer to a question of mine, the Minister for Farming, the right hon. Member for Sherwood (Mark Spencer), revealed just today that 24% of the £3 billion that the Government said was ringfenced for farming in this country has not been spent. Think of what farming delivers for this country in food, environmental protection, biodiversity, and the protection of our larger communities from flooding. Yet the Government, who promised to ringfence that money, have betrayed farmers in failing to do so. The Government’s failure to invest in farming and keep that promise has massively undermined the country’s ability to feed ourselves and look after our environment. We know that in just a few days’ time in December, we will see a 20% cut in the basic payment to farmers, but only 2% of farmers are in the new sustainable farming incentive scheme. The Government’s botching of that scheme is costing our countryside and costing Britain.

Finally, the protection of school budgets was a headline announcement in the Budget, but the damage has been done, so it is a sleight of hand. Most headteachers in Cumbria will say that they are cutting staff numbers. Why? Because of unfunded pay rises and the unfunded bills rises that came through last year. Yes, teachers deserve a pay rise and that is right, but it is wrong that headteachers have to cut jobs to pay for them because the Government would not fund them.

We saw recklessness at the end of September, and now we have seen panic-stricken overreaction in November. Both those reactions were unwise, foolish and inexcusable for the damage, harm and pain that they have caused families and businesses in Westmorland and across the country. That is why this Government must go for the good of the country.

8.57 pm

Zarah Sultana (Coventry South) (Lab): Earlier this month, it was revealed that pay for FTSE100 bosses is up nearly 25% this year—their average salary now stands at almost £4 million pounds. Just before that, oil giants BP and Shell announced record quarterly profits of £7 billion and £8 billion pounds respectively. Although billionaires and big corporations are making eye-watering fortunes across the board, the Chancellor is not making them pay for the “difficult decisions” that he says he has to make. His difficult decision is austerity 2.0: slashing £30 billion from public spending, raising taxes on ordinary people, and denying fair pay for nurses and the other keyworkers the Government clapped for. Well, clapping does not pay the bills.

It seems to me that it is ordinary people, never the super-rich, who have to pay for the Tories’ difficult decisions. While the pay of the rich goes up, wages for my constituents go down; while their profits soar, public services crumble, energy bills rocket and millions more face poverty. The truth about the cost of living crisis is that it is not a crisis for their class but for everyone else; it is a crisis not because there is not enough wealth, but because they have hoarded it all. They say that there is no magic money tree, that there is a “fiscal black hole”, and that they have no choice but to unleash austerity—although they have stopped calling it “austerity”—but that is not what senior economists at think-tanks such as the Progressive Economy Forum say.

Even if that were true, there is another way to raise revenue. It is not magic and it does not involve trashing our public services. It is called taxing the rich. Ending the non-dom tax status, which the Prime Minister’s own wife benefited from, would raise £3 billion. Introducing a new 50p tax rate for the highest earners would raise £6 billion. Introducing a 1% tax on wealth of more than £5 million would raise £10 billion. Equalising dividend and capital gains tax with income tax would raise £21 billion. That is how to squeeze the rich, not the people, but of course that is not what the Government are doing. Instead, they will make people pay for yet another crisis. The Chief Secretary shakes his head and looks disapproving, but living standards are set to fall by another 7% over the next two years. Millions more will be in poverty, food bank queues will be even longer and more warm banks will open in our constituencies, while the NHS is in deep crisis. Instead of addressing those challenges, Conservative Members use tried and tested techniques and tactics.

In a very recent debate, the hon. Member for Ashfield (Lee Anderson)—I have notified his office that I would mention him—stated that 5,000 of his constituents were waiting for a council house. But he did not blame his party which has been in government for the past 12 years for selling off millions of council homes and refusing to replace them. He did not blame rip-off landlords or property developers who build skyrises as investments for the super-rich, not as homes for the people. Instead, predictably, he blamed migrants and said that they were at fault. He said that the problem was people coming to Britain for a better life. He is not the only one. Twenty-four hours after a far-right attack on a migrant detention centre, the Home Secretary came to the Chamber and used far-right inflammatory language. It is the old Tory trick: when people are struggling and life gets harder, the party opposite plays

divide and rule. Rather than blaming a Government that have gutted our public services and trashed living standards, it chooses to scapegoat.

There is another way, and workers are showing it. From nurses to teachers, cleaners to call centre workers and firefighters to posties, workers are uniting across race and religion, to say enough is enough and to demand their rights. Going on strike is actually a difficult decision. I shall finish this speech by giving my solidarity to all workers who are standing up for their rights, but especially to nurses who for the first time in the Royal College of Nursing’s 106-year history have voted to go on strike, to demand fair pay and the restoration of a properly funded, truly public health service. Victory to the nurses and all workers!

9.2 pm

Carol Monaghan (Glasgow North West) (SNP): We have heard several times today from Conservative Members that the economic climate we are in is a result of covid and the war in Ukraine. Of course, they fail to mention the monumental act of self-harm that is Brexit.

Brexit Britain’s outlook is bleak. Inflation is running riot and wages are stagnating. Martin Lewis, the money saving expert, has said that there will be an “energy bills catastrophe” this winter. The IFS has said that despite the support for energy bills, median households will face a £900 increase in their bills compared with this time last year. People are worried. They are not putting on their heating. I have been contacted by an 82-year-old constituent. He lives on his own, and he is now going to bed early wearing additional layers of clothes, instead of turning on the heating, but that has additional impacts.

I have noticed a worrying trend in the past couple of weeks that I have never seen in my seven and a half years as an MP. People are getting in touch because of mould in their houses. That mould is not because the houses are damp and have various problems. It is because people are not putting on the heat or opening the windows to ventilate their homes. We are reminded, of course, of little Awaab Ishak who died due to prolonged exposure to mould. Unfortunately, I do not think he will be the last. That has an impact on the NHS and costs society more. People need to be able to put their heating on, to dry out their houses and to ventilate them.

For my constituents who are worried about energy bills, it is particularly difficult for them when they look out of their windows and see the turbines generating the energy that Scotland uses, but Scotland’s renewables suppliers have been hammered by the grid connection charges. Norway can pay £1.36 per megawatt-hour to feed into our grid and France just 17p, while Germany, Luxembourg and the Netherlands pay nothing. However, Scotland’s renewables sector is punished with grid connection charges of £7.36 per megawatt-hour, despite those turbines being right next to the people having to pay these extreme bills.

As well as energy costs, food costs are of course rising—at the fastest rate for 45 years—with the costs of basics such as milk, cheese and eggs surging. It is reckoned that food inflation is now at 16.2%. The Trussell Trust has experienced its busiest ever April-to-September period with a 34% increase, and 40,000 food parcels for children.

We have heard a number of Conservative Members talk about the strivers and the grafters. Are the strivers and the grafters the 2,900 members of the armed forces who are having to claim universal credit? Are the strivers and the grafters our veterans? There are 56,000 veterans—those are figures we have, but it is reckoned there are far more, because the information is not captured—who are collecting universal credit. Are we going to label them as layabouts? That is problematic.

Benefits are not rising at the same rate as inflation. The Chancellor's commitment to uprate benefits by 10.1% next year is a step in the right direction, but what are people doing this winter? How are they heating their homes, and how are they feeding themselves? They need the money now. I have also heard comments such as, "People need to get better at managing their budgets." Let us be clear: when someone is on a very tight budget and knows where every penny is coming from and where every penny is going, they are extremely good at managing their budget. If Members want to see how to manage a budget, they should speak to the most disadvantaged in their communities, because they know how it is done.

There are things this Government should be looking at. They should be looking at the Scottish Government's Scottish child payment of £25 a week for every eligible child up to the age of 16. They should decouple gas and electricity supplies so that the prices are reduced, especially for those who can see the energy being generated. We need to tax these energy companies' profits properly. It is not right that they are generating huge profits off the back of the most vulnerable in our communities. The Government also need to look at freezing rents for those in the private sector, as has been done in Scotland.

More and more people in Scotland are looking at the differences between these two nations; increasingly they are saying that there is only one future for them, and it is not in this Union.

9.8 pm

Geraint Davies (Swansea West) (Lab/Co-op): We are told it is not the Government's fault that we have seen the biggest fall in living standards—7%—in living memory, the highest debt cost, the highest share of tax, roaring inflation, rising interest rates, and one in four adults and one in five children living in food poverty. Food bank users have increased from 26,000 in 2010 when Labour was in power to 2.6 million in 2021—a hundredfold increase—and that was before the number of people in food poverty went up to one in four.

We are told, "Oh, it's all the pandemic, it's all Ukraine", and we all of course appreciate that we have had a pandemic and we have a problem in Ukraine. We had the vaccine first, yet we had the highest death rate—over 200,000 people dead—because of the recklessness with which the pandemic was managed. On Ukraine, the Government tell us we have more protection because only 2% of our gas is Russian, while the EU is more exposed. That is true, but why is it that the economies of the G7 have all recovered and are larger than they were before the pandemic and the UK's has not? Our Prime Minister—or rather, the one before last—used to say every week that there were another half a million people in jobs since the pandemic, but he forgot to include the self-employed, and the ONS pointed out that we have 400,000 fewer people in jobs.

Then there is the botched Brexit. Not many people are talking about this, but the OBR has come out with figures of 4% lower productivity thanks to the botched Brexit, 15% lower trade, 6% higher food prices, lower wages, workforce shortages and higher inflation than the rest of the G7. The Prime Minister before last, dressed up as Santa Claus and promising £350 million a week for the NHS, arrived on Christmas eve with an empty sack—his Brexit deal—and look where we are now, with 7 million people on waiting lists. In Swansea, as elsewhere, we see rising numbers of people using food banks. There is concern about not enough money going to Wales to fund heating and wages, so there will be redundancies in schools and even hospitals. It is a complete mess.

What about trade? Half of companies across Britain say they are trading much less or not at all with Europe, and one in four companies has given up altogether on trading with the EU. Trade as a share of GDP is now down 12.5%, two and a half times worse than any other G7 country. We have a deal with Australia, we are told, but again the OBR tells us that that will add 0.1% to GDP over 15 years. The deal we did with Japan was worth £1.5 billion, but it would have been worth £2.6 billion had it been done via the EU; we do not have the trading muscle of a bigger grouping.

Finally, the Government say, "Oh, all these problems are Labour's fault; Labour was in power 12 years ago and that legacy is now with us." Of course, when Labour was in power, the economy grew by 40% in 10 years, and that money was not just frittered away; it was used to invest in doubling the expenditure on health and the NHS and in lifting 1 million pensioners and 1 million children out of poverty. Had that trend continued, the average wages in Britain would be £10,000 higher and we would have been more resilient to the pandemic, Ukraine and the energy crisis.

People might ask whether that is possible. Yes, it is. We have already heard that the average increase in wages is £10,000 more in all OECD countries except this one. This is a failed country, thanks to the legacy of the Tories over so many years, including George Osborne, who we now hear is giving advice to the Chancellor. The Chancellor might be better off listening to Gordon Brown if he wants some advice.

The OECD, of course, has shown that greater inequality means less growth. We need a Government who are fair, strong and green, which this Government are not. The Chancellor tells us he aims to get education expenditure up to the 2010 level, where Labour left it, by next year. What sort of record is that? We know that in the last 10 years the amount spent on further education is 14% down and the amount spent on sixth forms is 28% down. How are we going to build growth if we are not investing in our young people for the future? In Swansea, they have announced they are possibly closing 50 projects and losing 270 jobs in business-linked green projects at the university, because they will no longer have any EU money, which the Government promised to continue, but have not.

What are we going to do about all this? There are ways forward: simple ideas include increasing productivity by having more flexible work at home. The ONS found that if that was facilitated and enabled, people—particularly women with caring responsibilities—would retire later. Such changes could lead to later retirement and GDP going up by as much as 5%.

[Geraint Davies]

What about trade with the single market? Part of the UK, Northern Ireland, is in the single market. If one in four businesses is giving up trading with the EU, why do we not move some of them to Northern Ireland so that they are in the single market? That would generate some economic energy, which we could tax, and we could use that to negotiate a reduction in barriers to trade between Northern Ireland and the UK, and indeed with the EU.

The Government are beginning to talk about a Swiss-style arrangement with a certain amount of managed migration, and the OBR is predicting migration of a couple of hundred thousand people a year. Why do we not move forward there? We need to fix things. We also need to invest in our rail infrastructure in Wales. It takes three hours to get to Swansea. We should have our £4.6 billion share of HS2.

We need real growth so that we can tackle the debt problem. When Labour left office, debt as a share of the economy was at 45%; now it is 90%, and it is going up to 100%. As has been pointed out, changes such as equalising capital gains tax with income tax, taxing windfall profits and so on can generate investment to generate wealth in a fair and balanced way. The truth of the matter is that we need a new Government. This one has been a complete failure. We need a stronger, fairer, greener future, but we will only get that with a change to a Labour Government.

9.16 pm

Gavin Newlands (Paisley and Renfrewshire North) (SNP): Surely the biggest headline from the Chancellor's statement came from the Government's own Office for Budget Responsibility's forecast of a 7.1% drop in household living standards over the coming two years, which will be the biggest fall since the second world war. Real wages will fall as inflation hits hard and, as spending in the economy slumps early next year, the effect on retail and other sectors is likely to be devastating. The coming years could be among the worst economically that any of us have experienced in decades—certainly in my adult life. That is a damning indictment of the policies followed by the Government and the Conservative party for the last 12 years. Their imposition of austerity from day one, happily supported by their Lib Dem sidekicks, has directly led to the appalling situation that we now have on these islands.

The UK is at the bottom of the G7 for economic growth post covid and, as with so many other league tables that the UK sits at the bottom of, the policies and plans outlined last week by the Chancellor will simply make the situation worse. That is obviously except for bankers, given that their bonuses have been uncapped while the Government and Conservative Members ask for wage restraint.

Last Thursday, in this Chamber, I mentioned the incredible work of the Renfrewshire toy bank in my constituency, which is helping families with no means to get their children Christmas presents to ensure that they get at least something on Christmas morning. Last year, it helped 2,000 families; this year, referrals are on track to see that number soar by 50%. The response from the Leader of the House was that

“they do a tremendous job in plugging those gaps.”—[*Official Report*, 17 November 2022; Vol. 722, c. 906.]

There was no acknowledgement that those gaps should not exist in the first place, and no acceptance that those gaps are directly created by the policies of a Government that she proudly serves. In a wealthy country like this, the fact that there are gaps meaning that children rely on charity and the kindness of strangers to get a present from Santa is utterly shameful. We should all be ashamed by that situation.

Last Thursday was also a missed opportunity to follow the lead of the Scottish Government and introduce a UK version of the groundbreaking Scottish child payment, giving hundreds of thousands of families a huge financial boost at a time when it is needed most. That is £1,300 for each eligible child, which is helping to fight poverty at its root cause.

However, it should not be up to the Scottish Government to mitigate the disaster down here in Westminster. Scotland is a wealthy country, but we have seen our resources—both natural and human—squandered and wasted by successive Governments here at Westminster, almost all of which we had no say in electing whatever. We have seen our oil and gas assets stripped and plundered to subsidise the deindustrialisation of our own country, with that gas linked into our energy supply and market in a reckless manner so that, rather than using the proceeds of decades of fossil fuel extraction and production to invest in new renewables and decouple energy prices from fossil fuel prices, we have households with no gas supply that are entirely reliant on the gas price as it determines the cost of heating their homes. The situation is farcical.

The Chancellor's statement addressed none of the immense damage that his Government and previous Governments have done to our energy industry. The UK is trapped in a vice of its own making. There have been decades of under-investment in renewable alternatives, while corporations have been allowed free rein to coin it in off the back of households who can barely afford to put the living room light on. Sellafield and Dounreay remain among the most toxic places on planet Earth, yet the Chancellor announced yet another blank cheque for a nuclear industry that has an unbroken track record of gigantic public subsidy, beaten only by bigger strike prices with an impact on all our energy bills.

The Chancellor's answer to soaring energy bills and to the need to reduce our dependence on fossil fuels was to announce a household energy efficiency programme that will not even start for three years. Let us cross our fingers that it will not be like the last UK Government green deal on domestic energy efficiency, under which hundreds of my constituents were shafted by a rogue trader, HELMS, which mis-sold, lied and manipulated data under the banner of a UK Government scheme. My constituents have been trying for years to be properly recompensed.

“Pay now, wait until later” is not the kind of support that households need. We need real, immediate investment in social housing and housing infrastructure to quickly and permanently reduce energy consumption and, in turn, bring down costs for consumers. As a side note, since the SNP came to power in Scotland in 2007, the Scottish Government have built nine times more social housing than the UK Government.

Last week's statement left plans for transitioning to a zero-carbon future in real doubt. Making electric and zero-emission vehicles subject to the same level of vehicle excise duty as internal combustion engines, when we are

still so far behind countries such as Norway on the transition to electric, is short-sighted and represents a failure to understand the bigger policy goals.

Meanwhile, transport overall will face a 30% reduction in spending from this financial year to 2025. We can probably predict where the axe will fall: on zero-emission buses, on our rail network, on public transport and on active travel. Taking £2.6 billion out of a policy area that is key to the net zero agenda shows just how much of a priority the Government place on it.

The grand plans for England's national bus strategy will be torn up, with consequences for funding across the devolved Administrations. We knew already that the former Prime Minister's pledge of 4,000 zero-emission buses was largely in tatters, kept in business only through the intervention of devolved Administrations beyond the Department for Transport's clutches. Without SULEB and ScotZEB—the Scottish ultra-low emission bus scheme and the Scottish zero-emission bus challenge fund—the Department would not be able to pretend that its plans are on track.

The plans for Great British Rail are now in the sidings. They have already been taken out of any transport Bill that will come before Parliament in the near future, and they will surely be another victim of the Chancellor's cuts. The DfT may slap a few stickers on some trains and stations in an attempt to give the impression of some co-ordination, but without resources behind it, and behind the rail industry as a whole, GBR will simply be a fig leaf for a rail policy as disconnected and disjointed as the system it seeks to manage.

A cut of 30% to Active Travel England's budget before it has really even begun would be devastating. In stark contrast, the Scottish Government are holding firm to their commitment to ensure that 10% of all transport spending goes on active travel. We are not far off from Scottish spending on active travel matching the UK Government's spending on active travel in cash terms. That is how ridiculous the UK Government's plans are.

We know the benefits that transport investment brings to communities and the expansion in local economies that connectivity provides. The inevitable consequence of the cuts will be a loss of connectivity and, in turn, a loss to local economies in the levelling up that, for decades, communities across England staring at the billions upon billions being spent on transport infrastructure in London have been crying out for.

The Chancellor had an opportunity last week to reset the Government's plans and at least try something different. Instead, we got cauld kail yet again: the extended remix of a dozen years of austerity, this time in the middle of an unprecedented cost of living and energy crisis. The economic policies of the right do not work. Whether it was the immediate self-combustion of the previous Chancellor or the slow-motion crash promoted by the current incumbent, they have resulted in economic conditions for most people in society that have seen living standards racing backwards and inequalities increasing.

In Scotland, we have a chance of a better future in which the economic folly of Prime Ministers with the shelf life of a lettuce is not paid for by the people least able to afford it. On Wednesday, we will hear what route that choice will take, but make no mistake: whatever happens on Wednesday, Scotland will have that choice. I have never been more confident in the choice that

Scots will make when they are given the democratic human right currently denied to them by this Tory Government, shamefully cheered on from the sidelines by the Labour party.

9.24 pm

Jim Shannon (Strangford) (DUP): It is always nice to speak in any debate in this House. Hopefully, being called last to speak does not mean that my speech is worth less than that of anybody else who has spoken.

First, I thank the Chancellor for his Budget update last Thursday. We are living in a world where, at 10.1%, inflation is at the highest it has been since 1981. Our economy is under pressure. Following the turbulent political events that occurred after the mini-Budget, I am hopeful that the Chancellor's announcements last week will provide some of the stability that is needed for our local businesses, for people at work and for those households that are desperately in need of help.

I want to focus on some of the pluses that came out of the statement last week. First and foremost, I was pleased to hear that pensioners and the elderly are being looked after. An elderly lady came into my office a few weeks ago. She said that they had not been putting the heat on as they did not want to waste it for the next couple of months. The right hon. Member for South Northamptonshire (Dame Andrea Leadsom), who is no longer in her place, also referred to that. Elderly people of that generation have a very simple way of looking at these things; if they do not have the money, they will not spend it. If they do not have the money, they will not turn on the heat. If they do not have the money, they will not eat. I intervened on the right hon. Lady to suggest that the Government need to reach out to elderly people to see whether they can be helped through the process. In many cases, it may be pride, but sometimes it is simple mathematics: if they do not have the money, they will not spend it. What can be done to help those people?

The continuation of pensioner housing benefit will also decrease anxieties for the next few months. As pensioners, they are aware of what they owe and how the system works. Poverty rates have increased across the whole of the United Kingdom. The Department for Communities in Northern Ireland has said that 316,000 people were living in relative poverty in 2021. That is 17% of the population in Northern Ireland. And 12% of the population in Northern Ireland live in absolute poverty. They are at the very end of the queue.

Many Members have referred to the use of food banks. The Trussell Trust food bank in Newtownards, which was the first one in Northern Ireland, has told me that this past year has seen more people use the food bank than ever before. The food bank has stated in the local press that it perceives this year as being a very difficult one.

However, the Chancellor has stated that households on means-tested benefits will receive a £900 payment and that those on non-means-tested disability benefits will receive a £150 payment, so that is good news—there is some positivity in the process. The cost of living payment will help families on the poverty line to feed their children and make ends meet. The payment will be introduced in 2023-24. However, I look at the winter coming this year and wonder what we can do to help in the short term. I was also pleased to hear in the

[*Jim Shannon*]

announcement that, through the Barnett formula and block grant adjustments, Northern Ireland will be in receipt of some £650 million.

I do not want to spend a lot of time on this matter, but I do need to put down a marker here, because this does have an impact on Northern Ireland. We cannot talk about poverty without discussing the impact that the Northern Ireland protocol is having on businesses in Northern Ireland. Small, family-run businesses are having to increase the price of their products, which in turn leads to a shortfall in consumer purchasing. We in the Democratic Unionist party, and Unionists across Northern Ireland, are very pleased that the Government introduced the Northern Ireland Protocol Bill and that it was pushed through the House with majorities of between 71 and 121 votes. We are hopeful that, when the Bill comes back from the House of Lords, the Government will be just as energetic in ensuring that it is in the same place as it was when it left here. If that is the case, the political process in Northern Ireland can move forward and the return of the Assembly will be one of those success stories.

Several announcements have been made on business rates, which should provide a range of relaxations on our local businesses. I welcome the fact that business properties will be revalued for business rates, that the business rates multiplier will be frozen, and that retail, hospitality and leisure relief will be extended and increased from 50% to 75%. This aims to take some of the pressure off businesses in my constituency. Cotters, for example, has been detrimentally impacted by inflation, the rise in the cost of living and the Northern Ireland protocol.

I have previously raised the issue of the lack of action for the working class. There are one-off payments for those on low incomes and for pensioners, but many constituents come to my office to make it clear that after their bills, mortgage, shopping and other necessities, they still cannot make the working wage work. I am keen to know what the Minister's response is to the working classes who are struggling.

In addition, I am disappointed that childcare costs were not mentioned. I intervened on the shadow Secretary of State, the right hon. Member for Leicester South (Jonathan Ashworth), about this issue and he was clear about childcare in his response. I have heard from teachers and nurses who have little left after their childcare costs—they can hardly pay their bills—so the tax-free childcare allowance should have been increased. Again, perhaps the Minister can respond to that. We are trying to be positive in our comments and to see where we can move forward in a constructive and helpful way.

It is fair to say that there is universal concern about the state of our health service. The Chancellor announced £3.3 billion for NHS England in 2023-24 and 2024-25, and he has allocated Barnett consequential for the devolved nations. I also briefly mention the increased amount that the DWP will spend on tackling benefit fraud and error. I seek an assurance that there will be no penalty for those who genuinely cannot work due to disability.

I am grateful for the Chancellor's decisions; something had to be done. He talked about difficult decisions and I am sure that no hon. Member would desire to be in his position with the country's livelihoods in his hands.

Those choices, in some cases, needed to be taken to tackle rising inflation and interest rates, but again, I ask for help with childcare in particular.

The OBR forecast says that the UK is in recession and has been since the third quarter of 2022-23, and that it will last for more than a year. I hope that the action taken is enough to keep our heads above water and to support our constituents. I thank the Government for the action taken thus far and I look forward to some reassurance on the things that I have brought to the Minister's attention.

9.31 pm

James Murray (Ealing North) (Lab/Co-op): Today's debate has confirmed what we all knew immediately after the autumn statement last week: the Conservatives have no plan to get us out of the mess that results from 12 years of their economic failure. The Prime Minister and Conservative MPs may try to pretend that the mess that we are in is entirely the result of global factors—no one denies the deep impact of covid and Putin's invasion of Ukraine, which we are all united in condemning—but the problems we face have much deeper roots.

After 12 years of the Conservatives in Downing Street, the UK economy is growing at a third less than the OECD average and at a third less than during the Labour years. We are now the only G7 economy that is still smaller than before the pandemic. The one thing that the last Chancellor got right during his brief time in office was to confirm that our economy has become trapped in a vicious cycle of stagnation. Of course, he and his Prime Minister made a bad situation much worse by crashing the economy and forcing up people's mortgage bills.

This crisis has not come about overnight, however; it has been 12 years in the making. Through their decisions in office, the Conservatives have left us uniquely exposed to the inflationary shock of oil and gas prices rising. They took misguided, short-sighted and damaging decisions to shut down our gas storage, stall on nuclear power and ban renewable technologies such as onshore wind. As a result, the UK is being hit with the highest inflation forecast in the G7 for this year and next year.

We know what a profound and shocking impact the current cost of living crisis and the Tories' decisions over the last 12 years are having on many of our constituents, as we heard from many of my right hon. and hon. Friends today. My right hon. Friend the Member for East Ham (Sir Stephen Timms) spoke about the shocking impact of the number of people forced to rely on food banks in his constituency, and his neighbour, my hon. Friend the Member for West Ham (Ms Brown), spoke powerfully about her constituent Geetha, who is unable to cook food from the food bank as she is living in a hotel.

My hon. Friend the Member for Middlesbrough (Andy McDonald) spoke about the appalling housing conditions that some of his constituents have to face, and my hon. Friend the Member for Stockton North (Alex Cunningham) spoke about the lack of action on social care and health inequalities and its impact in his constituency. My hon. Friend the Member for Brent North (Barry Gardiner) spoke of how food price inflation is causing misery to so many people, particularly after 12 years of Conservative government. My right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown) spoke about the impact of the income tax

personal allowance freeze on working people, and about how many students in his constituency are having to rely on food banks.

My hon. Friend the Member for Bristol South (Karin Smyth) spoke about social care and drew on her experience as a former co-chair of the APPG on apprenticeships to make some important points about apprenticeships. Her constituency neighbour, my hon. Friend the Member for Bristol East (Kerry McCarthy), spoke about the financial pressures their council faces in trying to protect vital services.

My hon. Friend the Member for Coventry South (Zarah Sultana) spoke about working people paying the price for the Conservatives' economic failure while the Government insist on protecting non-dom tax status. Finally, my hon. Friend the Member for Swansea West (Geraint Davies) highlighted how we are the only G7 economy that is still smaller than before covid, and he spoke about the rising number of people using food banks in his constituency.

All the right hon. and hon. Members we have heard from today spoke about constituents across the country feeling the impact of this economic crisis on their household finances, and we know in this place that the Conservatives are offering no change. Real wages this year are lower than when the Tories came to power in 2010. This is the most profound period of wage stagnation in more than 150 years. Living standards will fall by 7% over the next two years, with real household disposable income per person set to be lower at the end of this Parliament than at the beginning.

Yet, despite the squeeze facing working people, the Conservatives chose in their autumn statement to raise stealth taxes on working people and to hike council tax. They chose to press ahead with tax rises that will cost an average earner more than £500 a year and will see the Government forcing a £100 tax rise on families in an average band D house. This will hit families and working people right across the country and, as my right hon. Friend the Member for Leicester South (Jonathan Ashworth) said, the income tax personal allowance freeze will see an extra 2 million pensioners being pulled into paying tax.

The Government have refused to follow our plans to make fairer choices. They refused to follow our plans such as those to raise billions by ending the large, untargeted tax breaks for oil and gas giants that are supposed to be paying a windfall tax. They could have stopped private equity fund managers who earn millions benefiting from a tax break on their bonuses. They could have closed the non-dom tax loophole to make sure people who make the UK their home pay tax on all their income here. Instead, the Conservatives' choices will leave the British public, once again, paying the price for their economic failure.

As my right hon. Friend the Member for Leeds West (Rachel Reeves)—I am honoured to be able to refer to her for the first time as my right hon. Friend—warned last week, the Conservatives are picking the pockets of working people across the country. When she responded to the autumn statement last week, she quoted a timely warning from the police about the behaviour of pickpockets:

“You may have an idea of what a pickpocket looks like but they're far less likely to stand out in a crowd than you might think...they may work in teams to distract the target...One of their tactics is...where a thief will appear to be over-friendly...while pickpocketing you.”

I would add to that list a further warning from the police:

“Pickpocket teams are adept at creating distractions.”

That advice feels well worth bearing in mind when listening to this Government. The truth is that, no matter how many distractions the Conservatives try to wave up and down, their rhetoric will come to nothing when people feel the impact of the Chancellor's new stealth taxes.

The average earner faces a tax rise of more than £500 a year from the Government's income tax threshold freeze. When combined with double-digit inflation, this double whammy makes it clear that the British public are paying the price for the Conservatives' economic failure.

Alongside their unfair choices, it is clear that the Conservatives have no plan for growth. They have no plan to get us out of the economic mess in which they have landed us. The Office for Budget Responsibility made that clear when publishing its view on the Government's prospects for delivering growth, confirming that the UK economy will not return to its pre-pandemic level until the end of 2024. The OBR confirmed that the UK is forecast to have the lowest growth in the G7 over the next two years and that the measures in the autumn statement will make no difference to growth in the medium term. Yesterday, the CBI's director general, Tony Danker, said of the autumn statement:

“There was really nothing there that tells us the economy is going to avoid another decade of low productivity and low growth.”

The British people cannot afford another decade like the last. We know that getting our economy growing as it could do is not something that will happen overnight, but we also know that we need a serious long-term plan to build a fairer, greener economy. We need to create good jobs in every part of the country by insulating our homes, ramping up homegrown renewables and investing in the zero-carbon technologies of the future. We need a modern industrial strategy, where the Government work hand in hand with businesses toward our common goals. We need to fix business rates, we need to fix the holes in the Government's Brexit deal and we need to make sure that Britain is the best place in the world to start and grow business.

It is only by growing the economy that we will start to get out of the mess that the Tories have left us in. After 12 years, people are facing higher prices, higher mortgages and higher rents, and thanks to the autumn statement they are going to be facing even higher taxes, too. Only with Labour's plan will we be able to start turning things around and finally delivering the higher growth that our country has been lacking for so long. Twelve years of economic failure is letting the British people down. The Conservatives failed to invest in what we need to protect our country and our economy from global shocks. They have failed our public services, they have failed to get wages rising and they have failed to set out a plan for growth. It is time for them to get out the way and let Britain succeed.

9.40 pm

The Economic Secretary to the Treasury (Andrew Griffith): In these challenging times, this was an autumn statement that responds directly to the needs of our country. It is serious and sensible, it delivers on stability, growth and public services, and it does so at a time of great geopolitical

[Andrew Griffith]

uncertainty. Inflation is on the march around the world, with higher rates in Germany, the Netherlands and Italy than in the United Kingdom. Interest rates are up from historic lows across the Atlantic and in the euro area. Growth forecasts around the world have been downgraded.

We are not immune from these global challenges, and so many colleagues on the Government Benches were right to provide that context. My hon. Friends the Members for South Cambridgeshire (Anthony Browne), for Poole (Sir Robert Syms), for Ipswich (Tom Hunt) and for Delyn (Rob Roberts) talked about how anybody who denies that economic context is taking the British people for fools. Those of us on this side of the House will never take the British people for fools. We will tell them the truths.

In designing our response, we have focused on the need to be compassionate, honest and fair, just as we did during the covid pandemic, spending £400 billion to protect the people and businesses of this country. We have put our values front and centre, and that means, despite a downturn, delivering a stronger NHS and protecting pensioners. It means spending £55 billion this winter to protect households on energy bills, and it means, as my right hon. Friend the Member for Gainsborough (Sir Edward Leigh) talked about, giving us the time to deliver the public service reform that will make sure that we spend every pound of taxpayers' money in the right way. It means that, even with underlying debt as a percentage of GDP falling, we are investing in an education system that gives people the skills they need to take advantage of the job market of the future that we are going to create. And it means that, even with public sector borrowing kept below 3%, we will be building the infrastructure we need to compete in the world.

As my hon. Friend the Member for West Worcestershire (Harriett Baldwin), the Chair of the Treasury Committee, talked about, inflation is the most invidious thing, and that is why this autumn statement goes with the grain of the action that we need to take now. These are immensely difficult decisions. Increasing taxes is not something that any Government want to do, but right now it is what a responsible Government, facing these challenges, must do. My right hon. Friends the Members for Gainsborough and for Middlesbrough South and East Cleveland (Mr Clarke), and my hon. Friends the Members for South Dorset (Richard Drax) and for Don Valley (Nick Fletcher) talked passionately about that. None of us on this side of the House came here to do that. Conservatives believe in people keeping more of what they earn. We are on the side of strivers, and the quicker we can get back to that, the better, but now is not that time.

We are going to grow public spending, but we are going to grow it slower than the economy. As my right hon. Friend the Chief Secretary to the Treasury said in his opening speech, for the remaining two years of this spending review, we will protect the increases in departmental budgets that we have already set out in cash terms. We will then grow resource spending at 1% a year in real terms for the three years that follow. Although Departments will have to make efficiencies to deal with inflationary pressures in the next two years, that means that overall spending on public services will continue to rise in real terms for the next five years.

This was not just a statement about stability and our public services. Central to it was growth. As my right hon. Friend the Chancellor said to the House last week:

“Sound money is the rock upon which long-term prosperity rests; but it is not enough on its own. Our plan is designed to build a high-wage, high-skill economy that leads to long-term prosperity.”— [Official Report, 17 November 2022; Vol. 722, c. 851.]

This autumn statement delivers on that: more money for education; working with the Department for Work and Pensions and seeking to tackle the crisis of inactivity, at a time when employers are crying out for workers, with more than 600,000 people off welfare and into work; and increasing public funding for research and development to £20 billion by 2024-25, as part of our mission to make the United Kingdom a science superpower, with the highest level of research and development that the country has ever seen. We are investing in high-risk, high-reward research, and we seek for the constituency of every Member, the vision that my hon. Friend the Member for Don Valley seeks for his constituents.

We will grow by using our Brexit freedoms to take the next step in our supply-side transformation, targeting five growth industries of outsize opportunity. [Interruption.] Opposition Members may disagree that these are outsize opportunities, but do they disagree with digital technology, life sciences, new low carbon industries, our wonderful financial services, and advanced manufacturing? We need to be better at turning world-class innovation into world-class companies, but the capital to invest in opportunities cannot come solely from the taxpayer, whatever the hon. Member for Coventry South (Zarah Sultana) may wish. That is why our decision last week on the reform of Solvency II is so important for growth. Without compromising policyholder protection, the changes will better mobilise the UK's £3.4 trillion of pension wealth. As the Association of British Insurers estimates, that will unlock £100 billion of new investment here in our economy over the next 10 years. That is investment in sustainable assets, clean energy, house building and local communities, and it is just the start of a series of measures that will combine with the Financial Services and Markets Bill—the first ab initio review of financial services regulation for over 20 years, and the first since we left the European Union—and will make the UK the world's most innovative and competitive global financial centre.

That is why, unlike those on the Opposition Benches who yearn wistfully for powers to be returned to their Brussels overlords, the Prime Minister and the Chancellor were right to reaffirm today that we must never go back, and never pursue a relationship with Europe that relies on alignment with EU laws. Brexit can deliver and is already delivering enormous benefit and opportunities—something my hon. Friend the Member for South Dorset reminded us.

Peter Grant: Will the Minister give way?

Andrew Griffith: I will happily give way. Perhaps the hon. Member will tell the House how dividing this great Union will grow our economy.

Peter Grant: As I think everyone on these Benches will agree, the Budget we have just had presented to us means that the Union is anything but great. Will the Minister tell my constituents one thing from Brexit that is a definite benefit even to 20% of people in my constituency—something about which they will notice a difference?

Andrew Griffith: I am afraid we do not have enough time left to share all the benefits that we are delivering for the hon. Gentleman's constituents, but as SNP Members sit here tonight, and the nights are dark and the evenings growing colder, his constituents, like all our constituents, will be enormously grateful for the £55 billion that we are putting in to protect people and households from the cost of energy this winter.

We face a global energy crisis. We face high and global inflation. We face a global economic crisis. We do not live in isolation away from those economic realities. As much as the Opposition twist those facts, those are the realities after covid and Russia's invasion of Ukraine. But with our resourcefulness and resilience, we will overcome those challenges. This autumn statement was for doctors, nurses and those working in the NHS. It was for teachers and schools. It was for pensioners and those on benefits. It was, above all else, for those on the lowest wages, those who are vulnerable, those who need help with their energy bills and everybody who relies on public services.

Ordered, That the debate be now adjourned.—(*Andrew Stephenson.*)

Debate to be resumed tomorrow.

Business without Debate

BACKBENCH BUSINESS COMMITTEE

Ordered,

That Jerome Mayhew be discharged from the Backbench Business Committee and Wendy Morton be added.—(*Marcus Jones, on behalf of the Committee of Selection.*)

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE

Ordered,

That Jane Hunt be added to the Business, Energy and Industrial Strategy Committee.—(*Marcus Jones, on behalf of the Committee of Selection.*)

HEALTH AND SOCIAL CARE COMMITTEE

Ordered,

That Laura Trott be discharged from the Health and Social Care Committee and Dr Caroline Johnson be added.—(*Marcus Jones, on behalf of the Committee of Selection.*)

INTERNATIONAL DEVELOPMENT COMMITTEE

Ordered,

That Dr Dan Poulter be discharged from the International Development Committee and David Mundell be added.—(*Marcus Jones, on behalf of the Committee of Selection.*)

PUBLIC ADMINISTRATION AND CONSTITUTIONAL AFFAIRS COMMITTEE

Ordered,

That David Mundell be discharged from the Public Administration and Constitutional Affairs Committee and Damien Moore be added.—(*Marcus Jones, on behalf of the Committee of Selection.*)

TRANSPORT COMMITTEE

Ordered,

That Robert Largan be discharged from the Transport Committee and Paul Howell be added.—(*Marcus Jones, on behalf of the Committee of Selection.*)

TREASURY COMMITTEE

Ordered,

That Gareth Davies, Kevin Hollinrake, and Julie Marson be discharged from the Treasury Committee and Mr John Baron, Danny Kruger, Andrea Leadsom and Anne-Marie Morris be added.—(*Marcus Jones, on behalf of the Committee of Selection.*)

PETITION

Planned closure of the Ambleside and Hawkshead doctors surgeries

9.51 pm

Tim Farron (Westmorland and Lonsdale) (LD): I rise to present a petition on behalf of 2,018 constituents in Westmorland and Lonsdale who are outraged, as am I, at the potential closure of the Central Lakes Medical Group practices in Ambleside and in Hawkshead.

The petition states:

To the House of Commons,

The petition of residents of the constituency of Westmorland and Lonsdale,

Declares that the Central Lakes Medical Practice should be saved and protected for the long term; further declares that that both Ambleside and Hawkshead surgeries should not close, should not be run by a private, for profit company and should instead be run by local doctors; furthermore, asks that the new practices should guarantee continuity of care so that patients are able to see the same doctor for the majority of their visits and further that, call for fair funding of the new practice, as medical care in rural communities is more expensive to provide.

The petitioners therefore request that the House of Commons urge the Integrated Care Board to adhere to these terms when procuring a contract for the surgeries.

And the petitioners remain, etc.

[P002782]

Healthcare Facilities: Weybridge

Motion made, and Question proposed, That this House do now adjourn.—(Andrew Stephenson.)

9.52 pm

Dr Ben Spencer (Runnymede and Weybridge) (Con): I am very grateful for having secured this debate. May I start by congratulating our England football team on a resounding victory today? I am hoping to have equal success after this Adjournment debate is completed.

In 2017, Weybridge Community Hospital burned down in a raging inferno so intense that local residents sought shelter in St James's church. Weybridge Community Hospital was a much-loved community hospital that housed the Church Street and Rowan Tree practices, community nursing, physio, imaging and a walk-in centre in which people could be seen on the day. Now, both practices and community nursing operate out of temporary portakabins and buildings on the site. Even before the pandemic they faced challenges, with concerns around their ability to provide the sort of care that they wanted to provide out of the portakabins standing there.

The pandemic crystallised those pressures on the staff. They are a great team, and I thank all those who work there day in, day out for the benefit of local residents. We owe them and local residents more. I have visited the portakabins, and, quite simply, there is not enough space. Staff work out of rooms without any windows. The working environment is a sight to behold. People are crouched behind desks with files above, below and either side of them. They need more space for their working environment. It is not a pleasant environment to work in. The lack of availability of free rooms hampers the amount of clinical activity that they can do. They have difficulty recruiting. Despite that, they are doing their best and, again, I thank the team working there. But five years on, people living and working in Weybridge need permanent healthcare facilities to be rebuilt, not temporary facilities.

I know from speaking to my residents at their doors and in correspondence that this is a major concern in Weybridge. It is not purely about the current provision of care, which remains a challenge. Both Church Street and Rowan Tree practices have much larger numbers of patients per GP than the national average. There are also several housing proposals being mooted for Weybridge. My constituents already struggle to see a GP or healthcare practitioner. They are rightly saying to me that if the planning authority approves the proposals, it will only get worse. We urgently need improvement in our local infrastructure, of which healthcare is a key part.

Where are we now? Since 2017, there has been much consultation but progress has been hampered by repeated delays, the pandemic, the complexity of joint project working and now, of course, the challenges in terms of inflation. Many people loved the walk-in facilities that the community hospital used to have, but there is an understanding that in the post-pandemic world a walk-in centre is not possible. If we distil the essence of what the community hospital offered and meant to people, we get same-day access to care, whether that is advice from a pharmacist, nurse or member of the extended multidisciplinary team, or speaking to or seeing a GP. I am delighted that in response to feedback from me and

other key stakeholders, the clinical commissioning group—now the integrated care system—has confirmed that that is what it is going to provide.

There has been much exploration of how the rebuild could be incorporated into wider town centre redevelopment, which would be of huge benefit to Weybridge. Over the past few years, discussions have included the redevelopment of the Weybridge library building, the development of a super-surgery, incentivising active travel and the creation of a broader community hub. Although the benefit to Weybridge of such improvements is irrefutable, my concern throughout has been the need to prioritise the rebuilding of the health facilities that are urgently needed. Although I share the ambition for town centre redevelopment and improvement, I worry that it would delay the provision needed today. I have argued that we need a two-phase approach to the work: first, get the permanent healthcare facilities rebuilt, and then secondly, move on to the more general town centre community rebuild. We should make sure that the rebuilding of the health facilities leaves options open in terms of the town centre redevelopment.

Many people have been involved in the project over the past five years. I give my personal thanks to Councillor Tim Oliver, who is both a county councillor for Weybridge and the leader of Surrey County Council, for his work and leadership in driving this issue forward. He is not only a county councillor but is involved in the ICS. Alongside the NHS team, which I also thank, he has led the work to drive this matter forward. I also thank the WeyBetter Weybridge team, which has been working on this issue and the wider redevelopment project. In particular, I give my thanks to David Arnold, the chair of the Weybridge Society. I am grateful for his discussions and feedback, alongside all the feedback I have received from local community groups. I thank residents for their engagement at community events and for their feedback to me.

Five years after the fire, our GPs, nurses and admin staff are still operating out of portakabins, not permanent healthcare facilities in Weybridge. Residents are waiting for appointments and not getting same-day access. Patients are still travelling to St Peter's for physio and diagnostics rather than getting it in their community. We are at the point where work on the detailed plans is under way but no agreement has been reached for the sign-off of the funds needed. This is the crux of the issue.

By way of background, I should say that the NHS self-insures, which means that when there is an event such as the destruction of a building, the money comes out of the funds allocated to the whole NHS estate. That makes sense and saves the taxpayer money, but there is a drawback to the approach. If one approaches an insurance company, it pays out, after the usual wranglings. Where the company finds the money is not the problem of the person who has made the claim. There is a contract, liabilities and expectations. Under the self-insurance model, the contractual arrangements we would see in the private sector do not exist, so we are waiting for NHS Property Services to sign on the dotted line. I understand that it has offered only a proportion of the total amount of money needed for the rebuild, not the full cost, with the ICS and county council left to make up the difference. Not only does that put pressure on my local county council to make up the deficit, but it adds further delay and uncertainty. We already know the pressures that health services and local authorities

face, with increased demand for health and social care. My residents should not be forced to face cuts in other local services in order to have adequate health services returned to Weybridge. That is the challenge in delivering the money that is needed for the project.

In summary, although local services are doing the best they can, we need this project agreed now, to provide certainty for residents.

10 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(Andrew Stephenson.)

Dr Spencer: We need permanent healthcare facilities rebuilt in Weybridge. When the Minister responds, will he therefore address my concerns regarding the self-insurance model, confirm that NHSPS will cover the cost of the rebuild in its entirety, and agree that rebuilding health services in Weybridge is vital and already long overdue? I will continue to work to support local partners to get permanent healthcare facilities rebuilt in Weybridge. I again thank everyone involved in driving this project forward for all our residents.

10 pm

The Minister of State, Department of Health and Social Care (Will Quince): First, I congratulate my hon. Friend the Member for Runnymede and Weybridge (Dr Spencer) on securing this important debate. He has been a strong advocate for the rebuild of the Weybridge hospital site, which he rightly said is owned by NHS Property Services. He met the former Secretary of State for Health and Social Care, my right hon. Friend the Member for Bromsgrove (Sajid Javid), in July this year to discuss progress on the rebuilding plans, and ministerial colleagues wrote to him on 16 August. Although we have discussed this issue—at least once, if not twice—I am sorry that we have yet had the chance to formally meet, as we discussed last month. However, I know that Lord Markham, who has ministerial responsibility for NHSPS, will be happy to do so following this debate.

My hon. Friend referred to the terrible fire in July 2017, which resulted in the immediate closure and demolition of the site on safety grounds. Following the fire, the local health system and NHSPS acted quickly to provide alternative accommodation for the provision of services. As the landlord, NHSPS installed temporary portakabins on the site, enabling the two GP practices, community services and a pharmacy to continue operating. I know that my hon. Friend and his constituents have been frustrated by the apparent lack of progress in producing a plan for the site. I am aware that re-providing for the services currently housed in portakabins, with all the difficulties that he so well described, is an absolute priority for him and his constituents.

As my hon. Friend appreciates, it was important for all the local stakeholders to consider the long-term commissioning requirements and the associated property needs. That included exploring the potential for configuring services differently across the centre of Weybridge. As he pointed out, the previous hospital did not reflect modern healthcare needs—for example, it contained bedded wards that were no longer in use. That work was led by Surrey County Council, working in collaboration

with the other public bodies. I echo my hon. Friend's thanks for the work of council leaders and the WeyBetter Weybridge team on this project.

The decision was rightly taken that the hospital rebuild should progress first as a stand-alone project to be delivered by NHSPS, with a capital contribution provided from central budgets. The standard business case process is required to demonstrate that the scheme represents value for money, is affordable and, importantly, is deliverable. In April this year, NHSPS was therefore asked to commence work with the integrated care board to put an indicative business case together. As my hon. Friend points out, good progress has been made in the design, development and pre-application town planning work. Much of the essential detailed preparatory work is therefore well under way, as he rightly states.

In parallel, the ICB is engaging with key stakeholders and providers to confirm the scope of services to be delivered from a new health campus, and the plans broadly reflect the services previously provided, but with the addition of a mental health hub. The plan also includes a primary care network base, providing a wide range of clinical services to reduce the need to travel to an acute hospital site. As my hon. Friend rightly points out, vitally for local residents it includes a same-day urgent care access hub, replacing the very popular previous walk-in centre. I understand that the ICB will be holding a further public engagement event in January to provide an update on its plans.

With respect to funding the new facility, my hon. Friend has raised the self-insurance model. Self-insurance is the model in place for all NHS buildings, as it is considered the lowest overall cost, since the Government can pool and spread its own risk, therefore making it cheaper. As he rightly points out, though, that does mean that when there is a significant loss, such as at Weybridge, the replacement must be funded from current Government spending budgets. Due to the local service requirements, the capital ask from central budgets is larger than comparators for other new community hospitals. Accordingly, it is necessary for the local system and NHSPS to work together to identify additional sources of funding to deliver the scheme. I am assured that good progress is being made on that.

When my Department wrote to my hon. Friend on 16 August, important meetings were taking place involving all the relevant parties to discuss the current ICB proposals and to agree how the new facility will be funded. The Government's recent autumn statement on 17 November has maintained our level of capital budgets. However, there are a number of pressures on future capital funding, such as the high levels of construction inflation. As a result, the scheme will need to be considered alongside other local and national investment priorities.

I hope that my hon. Friend will accept that there are good reasons why it has taken the local health system some time to agree the commissioning requirements for services in Weybridge. The ICB, local providers and NHSPS are now working collaboratively to deliver a new community hospital in Weybridge and, importantly, the preparatory work is well under way. As I said, the ICB will be holding a public engagement event on the very latest plans in January next year. Subject to the budget position, the ICB aim is to submit a business case early next year for approval and following that, 18 to 24 months are normally required to finalise designs and agree contracts before building works can commence.

[*Will Quince*]

To conclude, I thank my hon. Friend for highlighting this hugely important issue this evening. I know it is one that he will campaign on and champion on behalf of his constituents over the coming weeks and months. The new community hospital at Weybridge matters to his Runnymede and Weybridge constituents, it matters

to him and therefore it matters to me. I look forward to working with him to deliver this new community hospital at Weybridge.

Question put and agreed to.

10.8 pm

Sitting adjourned.

Written Statements

Monday 21 November 2022

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

EU Programmes: Announcement of £484 Million Immediate Investment for the UK R&D and Fusion Sectors

The Minister of State, Department for Business, Energy and Industrial Strategy (George Freeman): The Government are announcing today a package of up to £484 million funding to invest in the UK R&D sector and to secure the UK fusion sector's commercial leadership and capabilities, while the EU continues to block our association.

The ongoing uncertainty over access to EU Programmes—Horizon, Copernicus, Euratom R&T and Fusion for Energy—is placing increasing pressure on UK universities and research organisations, as well as causing significant issues for the UK's fusion and earth observation sectors.

UK researchers should already be part of these programmes. However the EU has now delayed our association for nearly two years. The UK has done everything it can to secure association, including entering into formal consultations to encourage the EU to implement its obligations.

It remains the Government's preference to associate to EU R&D programmes and the Government remain ready to discuss association with the EU, but we cannot wait forever. Our priority is to invest in the UK's R&D sector, whether through association or, if delays continue, alternative measures.

The investments announced today include:

- £30 million Talent and Research Stabilisation Fund.
- £100 million Quality-Related funding for English universities with additional funding for the Devolved Administrations.
- £200 million for UK Research Infrastructures.
- £42.1 million for the Fusion Industry Programme.
- £84 million for Joint European Torus Operations.

Over the last few months, officials and I have consulted widely with the research community—this package responds to what we have been hearing are their biggest challenges. These investments are UK wide and will provide targeted support during this time of uncertainty. They aim to support staff retention and local talent strategies at eligible universities and research organisations; ensure the UK's labs remain world class and at the cutting edge of R&D; and offer universities and research organisations the discretion to apply the funding in ways that best suit their local needs. Furthermore they will stimulate and accelerate the growth of the UK's fusion industry, delivering a thriving UK fusion ecosystem and strengthening the UK's position as leaders in the future global fusion market.

Further to the investments announced today, the Government will shortly be announcing new investment and projects to boost the earth observation community and mitigate the challenges caused by the delays to association to Copernicus.

It remains the Government's preference to associate to EU programmes as envisaged under the TCA, but we cannot wait forever to invest the funding set aside for association in our world leading R&D sector. Earlier this year we set out details of alternatives proposals which we will implement in the event that association is no longer possible. Further details of these plans will be published shortly.

[HCWS376]

EDUCATION

Extension of the UK-Switzerland Services Mobility Agreement

The Secretary of State for International Trade (Kemi Badenoch): The United Kingdom of Great Britain and Northern Ireland and the Swiss Confederation share a deep and trusted trading relationship. We are two global leaders in services trade with deep links between our economies. As per the Office for National Statistics, in 2021, Switzerland was the United Kingdom's sixth largest trade-in-services partner, with trade in services amounting to £18.4 billion and accounting for 48% of total UK-Swiss trade.

In December 2020, in recognition of this unique relationship, and to avoid disruption for service providers not covered by the mobility arrangements set out in the Citizens Rights Agreement, my Department, in co-ordination with the Home Office and the Department for Business, Energy and Industrial Strategy negotiated the temporary agreement between the Swiss Confederation and the United Kingdom of Great Britain and Northern Ireland on services mobility—the Services Mobility Agreement.

The Services Mobility Agreement allows UK professionals to travel freely to Switzerland and to work and deliver services visa-free for up to 90 days per year. The agreement also ensures UK professionals will not face economic interests tests or be required to secure work permits during these first 90 days of service supply.

The agreement also allows Swiss professionals to come to the UK and provide services under contract in a number of key skilled sectors through the UK's service supplier visa for up to 12 months, supporting broader trade in vital industries of the UK economy, including finance, consultancy, legal services, the tech sector and the creative industries.

While the agreement was always intended to be temporary, the UK and Switzerland have agreed to extend the agreement for a further three years. This will ensure businesses and services providers here in the UK and those in Switzerland are provided with the clarity and certainty they need to continue to make use of this unique and important relationship.

The Services Mobility Agreement also established a working group between the UK and Switzerland on the recognition of professional qualifications. I am pleased to note the working group has had meaningful discussions. The UK's aim is for an agreement that will provide clarity for suitably qualified professionals on the long-term arrangements to have their qualifications recognised in each party's market, while protecting regulator autonomy. I will update the House with more information on this in due course.

This prolongation will extend the Services Mobility Agreement on its current terms and will enable us to look ahead to negotiations on an enhanced free trade agreement. We look forward to the opportunity that the negotiations

present to pursue a comprehensive agreement that is reflective of the UK and Switzerland's deep and historic trading and political relationship.

[HCWS377]

Ministerial Corrections

Monday 21 November 2022

FOREIGN, COMMONWEALTH AND DEVELOPMENT OFFICE

Draft International Development Association etc Orders 2022

The following are extracts from the debate in the Second Delegated Legislation Committee on the Draft International Development Association (Multilateral Debt Relief Initiative) (Amendment) Order 2022 and the Draft International Development Association (Twentieth Replenishment) Order 2022.

Mr Mitchell: The figure is **£3.2 billion**, of which the UK has paid **£1 billion**.

[Official Report, 31 October 2022, Second Delegated Legislation Committee, Vol. 721, c. 11.]

Letter of correction from the Minister of State, Foreign, Commonwealth and Development Office, the right hon. Member for Sutton Coldfield (Mr Mitchell):

An error has been identified in my response to the hon. Member for Birmingham, Edgbaston (Preet Kaur Gill).

The correct response should have been:

Mr Mitchell: The figure is **£3 billion**, of which the UK has paid **£1.1 billion**.

Mr Mitchell: IDA is still providing the vast majority of financing to Governments—**50%** of it is spent in Africa, and **40%** is spent in fragile states.

[Official Report, 31 October 2022, Second Delegated Legislation Committee, Vol. 721, c. 11.]

Letter of correction from the Minister of State, Foreign, Commonwealth and Development Office, the right hon. Member for Sutton Coldfield (Mr Mitchell):

A further error has been identified in my response to the hon. Member for Birmingham, Edgbaston (Preet Kaur Gill).

The correct response should have been:

Mr Mitchell: IDA is still providing the vast majority of financing to Governments—**70%** of it is spent in Africa, and **40%** is spent in fragile states.

ORAL ANSWERS

Monday 21 November 2022

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