

My Contribution during the Committee Stage for the Health and Social Care Levy (Repeal) Bill

Rt Hon Sir John Redwood MP (Wokingham) (Con): I disagree with new clause 2 and new clause 1. I welcome very much the legislation. One of the objectionable features of the original proposal was hypothecation, because I do not think it is possible to identify a single tax that just happens to meet the costs of a particular service, let alone a tax that would then have revenue growth at the right pace to take care of the needs of that service. This one was particularly misleading. There was no way that the amount of tax to be levied got anywhere near paying the full costs of social care. It was misleading to make people feel that social care might be as cheap as this particular tax, although the tax itself was burdensome on all those who go to work.

There are still strong elements of hypothecation in new clause 2, which I would equally object to. Again, we should not mislead people into believing there is a simple, relatively low tax that takes care of a huge problem—social care. Indeed, when the Government compounded the difficulty by saying that in the first instance the tax would be mainly used for the health service, and by some magic that would drop away and it would go to social care, it all became incredible to me. That is why I did not like the idea in the first place. It is very good news that we are sorting it out.

The challenge of new clauses 1 and 2 is a perfectly fair one, and I think the answer is straightforward. Social care does need more money to go into it, and it will need progressively more. If we fund our social care better and expand it, it will release some of the pressures on the NHS. There are some people who could vacate a bed quite safely and get better social care if that were available, so this is worthwhile expenditure from that point of view as well. Above all, it is worthwhile expenditure because people deserve better care and better treatment and that should be funded out of general taxation.

The Government are right now to abolish the hypothecated specialist tax, to give up the idea that there is a single, relatively low tax that solves all the problems, and to accept that social care and NHS provision together is a major claim on the general taxation of the country. If the general taxation of the country does not reach total spending—it does not seem to at the moment—it is also a claim on borrowing.

On that last point, we should remember that for the previous two years the Office for Budget Responsibility grossly underestimated the revenues that came into our economy, and we borrowed considerably less than it was forecasting. It may not be so wildly wrong this year, when it looks perhaps as if its borrowing forecast is a bit on the low side, but we must remember that the way to pay for these services is to grow the revenue. That was what we were doing last year and the year before, and that is what we must do next

year, to take care of the need to spend more on the NHS and social care.