

My contributions to the debate on the Health and Social Care Levy Bill

Sir John Redwood (Wokingham) (Con): I support my hon. Friend the Member for Basildon and Billericay (Mr Baron), although I will not press the matter to a Division either; I understand that the Government have a sense of urgency.

I think we need three debates, not one. First, we need a debate about how an extra £10 billion or £12 billion would make a big difference to waiting lists in the NHS; I would like to know the plan for that. Secondly, we need a debate about how we transition the money from health to social care and about what the social care plan looks like. Thirdly, we need an economic policy debate about whether we actually need to raise £12 billion in tax and, if so, whether this is the right tax to raise it with.

I urge the Government, in their own interest, to unpackage all that, at least in their own remarks, and understand that we need to see the cases for their propositions. If I go to a shop, I do not present it with some money and go away being told that in a month's time I will get a brochure about what I might have bought; I expect to get the goods. Call me old-fashioned, but I would like to see what the goods will be. Would I like waiting lists down? You bet. Would I like people in my constituency to have access to better public social care? You bet, but I want to know that I will get that, and I want to know why the Government think that they need a tax.

Does my hon. Friend share my surprise that the Treasury can be precise in saying that it needs £12 billion from a new tax when it overstated the budget deficit by £90 billion last year, which shows that it does not have a clue about how much money will come in anyway?

Mr Marcus Fysh (Yeovil) (Con): My right hon. Friend makes a good point.

Yes, it would have been great to have had more detailed context of where we can get to in this economic recovery so that we could know where we were in terms of revenue before we make such momentous changes that affect the aspirations and potential of so many people within the economy. We also need to look at whether this measure will increase costs and cost pressures within the system that we are trying to help.

Sir John Redwood: I urge the Government to think again about the health plans. On the Treasury figures, this year the health budget in the public sector overall is £230 billion—£64 billion higher than the 2019-20 budget pre-pandemic. I understand that there were lots of one-off and special costs in setting up and dealing with procedures for tackling the pandemic, and I, like everybody else, am very grateful for the work that went in from health staff and experts. But that cost will drop away, so what happens to that money when it is no longer pre-empted by the special costs of the pandemic, and can it not be applied?

I hope the Government will listen to the Chairman of the Health Committee, my right hon. Friend the Member for South West Surrey (Jeremy Hunt), about the need for a manpower plan, because if we wish to clear the backlogs it is quite obvious that more nurses and doctors are going to have to carry out more treatments and procedures. Some of that will be possible through reallocation and improved working of the staff we already have, but a lot of it will require additional recruitment.

I am also very worried about the lack of a detailed social care plan, particularly for my own area of Wokingham. We have a large number of self-payers at the moment. How could I be sure that if we went for this levy scheme, which is still not properly detailed, sufficient money would come from it to a local authority like Wokingham, already under enormous pressure on its social care budget?

I am very suspicious of hypothecated levies. It is particularly dangerous to hypothecate a levy that is a tiny fraction of the budget one is trying to improve. That will give some people the misleading impression that the social care levy will pay for social care, whereas, on the numbers, the levy would be able to match under one fifth of the total public social care budget.

Pitted against the huge numbers for the NHS and wider public health budget, that is just over 4% of the total, so it is a very insignificant amount in relation to the huge sums we are already talking about for the health budgets. However, it is a big sum of money when it is broken down and becomes a tax burden on people on quite modest incomes and those struggling in self-employment or trying to get their little businesses going. The last thing they need, when we need rapid growth and a faster recovery, is a tax rise.

The economy does not need sandbagging with austerity economics; it needs promoting for faster growth. It is still below the levels of output before the pandemic hit. Up until this point, the Treasury has been magnificent in making an avalanche of money available to get us through a most difficult time. We have got away with it. It has been borrowed at very close to zero interest. In these unique circumstances, it was possible to take extraordinary monetary measures that one would not normally be able to rely on and would not want to, and I am very grateful that that was done.

I say to the Government: it is too soon to start braking the economy.

The growth rate almost disappeared in the last month. I am hoping it is going to look a bit better in the next month or two when we get more opening. But before the economy is completely opened up, and people have stabilised their businesses and repaired some of the balance sheet damage that the pandemic measures did, is not the right time to take money off them. We need more spending power, not less; more demand, not less.

If the Government back that, the revenues will come tumbling in to a much greater extent than if we put rates up. Do they not understand that they were £90 billion wrong last year because there was more recovery than expected? They are already £26 billion under this year because there was a fast recovery in the first few months. Do not kill the recovery and you will get

the money.