

My Intervention on the Opposition Day Debate on Cost of Living Increases

John Redwood (Wokingham) (Con):

Will the Minister confirm the IMF figures that in 2020 to 2022—that important three-year period after we left the EU—the UK was the fastest growing economy of the G7? The Opposition's forecast that the UK might be a poorer performer this year is just a forecast, and most forecasts are usually wrong.

John Glen, Chief Secretary to the Treasury:

As always, my right hon. Friend is on the money. The point is that forecasts predict many different things. I have been in the Treasury for nearly five years; forecasts for every fiscal event rarely prove to be true at the next fiscal event.

We must continue to focus on taking the right decisions, decision by decision, and prove those forecasters wrong. That means long-term, sustainable and healthy growth that pays for our NHS and schools, finds jobs for young people and provides a safety net for older people, all while making our country one of the most prosperous in the world. It also means reducing debt, which we are on track to do. In fact, because of the decisions we have taken and the improved outlook for the public finances, underlying debt in five years' time is now forecast to be nearly three percentage points lower than back in the autumn. That means more money for our public services and a lower burden on future generations—deeply held Conservative values, which we put into practice today. It is these steps that will make our country and our people better off. We are also taking action to shelter the most vulnerable while we achieve these longer-term ambitions for the economy.

In the Budget, we announced that the energy price guarantee would remain at £2,500 per year until July 2023. That was funded in part by the energy profits levy that this Government introduced last year, recognising that profit levels in the sector had increased significantly due to very high oil and gas prices caused by global circumstances, including of course Russia's invasion of Ukraine. The levy is expected to raise just under £26 billion between 2022-23 and 2027-28, on top of around £25 billion in tax receipts from the sector in the same period through the permanent tax regime. The energy price guarantee measure will save the average family a further £160 on top of the energy support measures already announced, bringing total Government support for energy bills to £1,500 for the typical household since October 2022.

It is worth recapping those measures. This Government have helped all domestic electricity customers with £400 off their energy bills through the energy bills support scheme. The energy bills support scheme alternative funding provides £400 to around 900,000 households that are not supplied by domestic electricity contracts and are unable to receive support automatically through the energy bills support scheme.

Our support has not stopped there. Alongside holding down energy bills, freezing fuel duty and increasing universal credit, we are giving up to £900 in cost of living payments to households on means-tested benefits. Starting from today, over 8 million families across the UK will receive the first £301 cost of living payment from the Government. That is the first of up to three payments for those on means-tested benefits, totalling £900 through 2023-24. Those entitled do not need to apply for the payment or do anything to receive it. The payments will be accompanied by a payment of £150 for people on eligible disability benefits this summer and a payment of £300 on top of winter fuel payments for pensioners at the end of 2023.

These are carefully designed interventions, targeted at the most vulnerable across communities in the United Kingdom. The latest payment follows on from the £650 cost of living payment delivered to households on means-tested benefits by the Government in 2022, with an additional £150 for individuals on disability benefits and £300 for pensioner households.

The Government of course need to recognise that some people will fall into difficulties. They have enabled local authorities to provide additional support with the cost of household essentials through a 12-month extension to the household support fund in England worth £1 billion, including Barnett funding. We are also ensuring that more than 10 million working-age families will see an increase in their benefit payments from April 2023, based on the September inflation figure of 10.1%.

While we shelter the most vulnerable, the public also rightly expect us to look further to the future, making sure we are taking steps to grow sustainably and securely in the long term. This Government are unashamedly pro-growth, because expanding the productive capacity of the economy is the only way to solve the productivity puzzle, which has dogged us for decades, and improve living standards for all.

One reason we are held back is because a great number of people have left the labour market altogether. As a Conservative, I believe there is virtue in work and getting people into work is the best way to avoid the ills and perils of poverty. There has been an increase of more than 1.5 million working households since 2010, which shows that we are on the side of working families. That includes our new game-changing childcare offer that will entitle working parents in England to 30 hours of free childcare per week, once their child is nine months old, and close the gap between parental leave ending and the current childcare offer.

In addition to making provision on free childcare, the Budget set out to remove barriers for the long-term sick and disabled, for jobseekers and for older people with our pension tax reforms. Part of the plan is welfare reform to support those who have been disengaged from the labour market. My right hon. Friend the Secretary of State for Work and Pensions has introduced a White Paper setting out reforms that will support more people who are long-term sick or disabled to try work without any fear of losing their benefits. Other policies that we announced at the Budget will then ensure that those individuals are better supported to stay and succeed in work. Overall, the Office for Budget Responsibility expects the spring Budget package to result

in 110,000 more individuals in the labour market by the end of the forecast period.

The UK saw the fastest growth in the G7 over 2021 and 2022. Cumulative growth over the 2022 to 2024 period is predicted to be higher than that of Germany or Japan, and at a similar rate to that of France or the US. We have halved unemployment, cut inequality and reduced the number of workless households by 1 million. We have protected pensioners, those on low incomes and those with disabilities. We are continuing to lay the groundwork for a vibrant, innovative and growing economy that benefits communities and families up and down the country.

Having sat and listened to the shadow Minister—I was not smiling, but reflecting on what I heard—I think it is very unfortunate that the Labour party continues to play politics and snipe from the sidelines without a clear and coherent plan.