

Revealed: Weak Tory govt leaves £3bn black hole in public finances over summer

Labour analysis demonstrates £3bn blackhole in Tory spending plans revealing the damage this government's weak and unstable leadership has done to the public finances.

The blackhole, which does not include unfunded commitments made in the un-costed Tory manifesto and could be set to rise, is made up of:

- **The Government being ordered by the Supreme Court last month to repay up to £32m in unlawful Employment tribunal fees introduced since 2013**
- **Philip Hammonds u-turn on proposed increases in the rates of Class 4 National Insurance Contributions on low and middle income self-employed workers in response to Labour opposition following the Spring Budget 2017**
- **The £1bn additional funding allocated to Northern Ireland as a result of the Conservative and DUP coalition agreement**

In light of reports the Chancellor is planning further spending cuts or tax rises to meet the blackhole that his shambolic stewardship has created, Labour have today called upon Philip Hammond to rule out further tax rises on low and middle income earners over the course of the next Parliament.

Peter

Dowd, Labour's Shadow Chief Secretary to the treasury, writing to the Chancellor of the Exchequer today said,

"Philip Hammond has created a £3bn black hole in the nations finances as a result of his and this Government's incompetence. Labour are calling for a guarantee that taxes will not be raised on low and middle income earners to pay for this Government's shambolic leadership."

Text

of the letter:

Dear
Chancellor,

I have read with some concern news reports that you are looking at ways to increase taxation to cover the £1bn costs of your deal for Democratic

Unionist
Party votes.

In addition to the £2bn costs of your reversal of planned rises in Class 4 National Insurance Contributions, and the £32m costs of the your government's Employment Tribunal fee cuts being declared illegal, a black hole of more than £3bn has been created in the public finances.

A new Budget is not due until Autumn, leaving taxpayers with significant uncertainty over your plans to close the enormous gap in the government's finances.

With household budgets already squeezed by falling real-terms pay, and worsening forecasts for the economy as a whole, I believe it is essential that you now provide some reassurance ahead of your Budget that ordinary families will not bear the brunt of your government's successive failures.

For the course of this Parliament:

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Can you now rule out rises in Value Added Tax?

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Can you now rule out rises in self-employed and employee National Insurance Contributions?

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Can you now rule out rises in the basic rate of Income Tax?

I look forward to your reply.

Peter
Dowd

Shadow
Chief Secretary to the Treasury