

[My Intervention at the Ministerial Statement on Energy Security](#)

Rt Hon Sir John Redwood MP (Wokingham) (Con): Over the last 48 hours, wind has generated as little as 1% of our electricity, and it was at 2% when I checked this morning, while of course most of the homes we represent use gas for heating. Will the Secretary of State confirm that we need to get on with issuing more production licences for domestic oil and gas, which cuts the carbon dioxide involved and will enable us to keep the lights on, which we cannot do when the wind does not blow?

Grant Shapps, Secretary of State for Business, Energy and Industrial Strategy: My right hon. Friend is characteristically correct that we cannot always rely on a single form of electricity generation. As the French have found out, we cannot always rely on nuclear. I think France has 71 nuclear power stations in its fleet, but about half of them are down at the moment, so it cannot rely only on nuclear. I was discussing this very fact with my opposite number yesterday. I know that my right hon. Friend welcomes the £700 million development approval cash that we have put into the first new nuclear since the 1980s, and he is absolutely right that we need a broad spread of different energy forms to ensure that we can provide the cheap power we require at all times.

[Being in office does not mean a Minister is in power – My Article for Conservative Home](#)

Being in office does not mean a Minister is in power. The present government has some attractive policies and ambitions, but it is finding it tough to get them adopted and implemented.

It wants inflation down as does the public but is caught up with the largely false doctrine that the Bank of England is independent. It appears boxed in by the past large mistakes of the Bank. This is a body owned by the taxpayer, whose Governor is appointed by the government and who reports to both the Chancellor and the Treasury Committee of Parliament. On its website it tells us that its dominant policy of the last 12 years, printing loads of money and buying bonds was one where it was merely acting as the agent of the Treasury. It is true that successive Chancellors from Alastair Darling to Jeremy Hunt signed off all the bond buying and selling and indemnified the Treasury against the entire predictable huge losses they will now make on these bonds they bought so badly. Unfortunately the Bank's independence over

interest rates led to them being too low for too long and an inflation five times the level set out in their target and the instructions from Parliament and government to them. Ministers now need to get a grip on the losses and the policy moves to get inflation back to the 2% where government wanted it. The public will blame Ministers more than the Bank for the inflation and for any recession the Bank now wants to correct its past mistakes.

The government wants migration down but has just presided over a record number of new arrivals over the last year. The government looks powerless to stop the flow of illegal travellers across the channel most days. Ministers do want the numbers down. They have made that clear to their officials. They have put legislation through to toughen the rules. They have tipped more money into Home Office budgets. They have gone hoarse asking officials to speed up consideration of asylum claims, and asking legal advisers to ensure people cannot defeat a fair decision they are not an asylum seeker by frequent appeals and legal stunts. Instead of this working Ministers get briefed against and complained against for being impatient to demand a policy it appears officials do not like, and clever lawyers run rings round the current law designed to stop them. Some combination of new laws, better administration and fewer enticements to come are needed to bring a success. The PM needs to back his Home Secretary to get it done.

It wants more young people to be able to afford a home. I agree. Controlling numbers of new people coming to live here is the single most important thing the government could do to help. If every year we need to build the equivalent of a city the size of Portsmouth – or last year twice the size, a city like Liverpool – to house the new arrivals it is no wonder we are short of homes. Most of the new migrants need the lower priced homes and the social housing which young people also need. The government needs to end the cheap labour model based on granting more permits to migrants to come and take low wage jobs. This is cheap for the employer but dear for the taxpayer, who is left with the bill for top up benefits, social housing, extra public service provision and the rest.

It wants to deliver the Brexit it promised to win a decisive victory in 2019 on the slogan of getting Brexit done. To do so it needs to persevere with the Northern Ireland protocol legislation and understand the EU has no intention of reaching a negotiated settlement that is fair. Their negotiating mandate never changes and does not allow flexibility. The Unionists will not re join the Assembly all the time EU law has to apply to Northern Ireland and all the time the ECJ rules over them. We need to restore the UK internal market as the Protocol promised but as the EU prevents.

It wants to deliver the Brexit wins that come from being independent, yet so often Ministers are talked out of them. Where are the VAT cuts? Where the generous Enterprise Zones and Freeports? Where the improved or removed EU regulations to allow business to flourish? Where are the plans and finance to rebuild our fishing industry? Where the grants and encouragement to reclaim lost market share by growing more of our own food again as we did before we joined the Common Agricultural Policy? Why can't Whitehall and Ministers review all EU law and decide what needs keeping over the next year. Each department knows the law concerned.

It wants to level up the country. The Conservative way is to spread the wealth and income more widely, helping those on lower incomes into better jobs and business opportunities. It is not based on increasing tax rates on the rich and on companies. It is about growing the pie so each person's slice can be bigger. Conservatism at its best gets out of the way of the many who can lead their own lives and get on in the world if taxes and regulations allow them, whilst helping those in need. It means helping people develop their abilities, not concentrating on disabilities and restraints. All so often policies to do this are delayed or overwhelmed by more of the high tax high subsidy public sector led approach which has failed over so many years to make lower income places as successful as we wish.

This government does not have long to motivate the official government and quangoland to achieve the greater freedom and prosperity people voted for in 2019. It must show determination and strong friendly persuasion to get change in Whitehall before Whitehall's resistance helps engineer a change of government.

[Today I will be urging the government to change its planning policy to allow more local control over new development for housing](#)

I am co signing these amendments to seek a change to the Levelling Up Bill. I want a substantial decline in the numbers of migrants coming to the UK so we can offer those that come decent homes and jobs without causing a crisis in provision. The large numbers coming are the main cause of having to build too many homes in places like Wokingham, when we should be helping people already settled here into the jobs available. Slower growth in population is many people's preferred environmental policy, cutting pressure on farmland and greenfields, lowering CO 2 output, reducing demand for water and energy and reducing tensions on public services.

NC21:

"Prohibition of mandatory targets and abolition of five-year land supply rule

(1) Any housebuilding target for local planning authorities in—

(a) the National Planning Policy Framework (NPPF),

(b) regulations made under any enactment, or

(c) any planning policy document may only be advisory and not mandatory.

(2) Accordingly, such targets should not be taken into account in determining planning applications.

(3) The NPPF must not impose an obligation on local planning authorities to ensure that sufficient housing development sites are available over five years or any other given period.”

NC24

“Requirements of the National Planning Policy Framework

1. The Secretary of State must ensure that the National Planning Policy Framework (NPPF) is in accordance with subsections (2) to (6).

(2) The NPPF must not contain a presumption in favour of sustainable development including where there are no relevant development plan policies, or such policies are out-of-date.

1. The NPPF must provide for the right for persons to object to individual planning applications.

(4) The NPPF must provide that the Planning Inspectorate may only recommend that local plans not be adopted if–

(a) the consequences of that local plan would be detrimental to the objectives of such plans, and

(b) that local plan is markedly and verifiably atypical in comparison to other such plans.

(5) The NPPF must permit local planning authorities to impose bans on greenfield development in their areas, other than in exceptional circumstances, where–

(a) greenfield areas make a marked contribution to the local economy through leisure or tourism, and

(b) where sufficient brownfield land is likely to be available to meet housing needs identified in neighbourhood and local plans.

(6) The NPPF must include specific measures designed to support the creation of additional retirement homes, sheltered accommodation for the elderly and facilities for care homes.

(7) This section comes into force at the end of the period of six months beginning on the day on which this Act is passed.”

NC6

Clause 83, page 91, line 30, leave out “national development management policy” and insert “development plan”

A guide to the way the Bank controls the bond market and interest rates

I have often been asked recently to explain how bonds work and why the market fell this autumn.

The government needs to borrow money for spending in excess of tax revenues. The Treasury (Debt Management Office) issues bonds or gilts. It borrows money from investors, offering them interest and a repayment date for the loan. People and investment funds buy the amount of these big issues they want. The normal bond called a gilt offers a fixed rate of interest with regular cash payments of interest to the holders. The bond has a repayment date so you can choose to invest for a shorter time period or for many years.

If you change your mind and want to get your money back before the bond repays you can sell it to someone else in the market. If interest rates are unchanged since you bought it you can sell it for what you paid for it. If interest rates have gone up you will sell it at a loss. If you bought a 1% 1 year bond for £100 when 1 year interest rates were 1% you would sell it for £99 if rates went to 2% immediately. The buyer would want the £1 capital gain on repayment of the £100 as well as the £1 of interest he would receive by buying it at £99. If you had bought a bond that repays in 50 years time or longer you would experience a much bigger loss as the buyer would need a large capital gain to offset 50 years of too little interest. Roughly you would lose half your investment.

The Bank of England exerts huge control over this market. The Bank owns around one third of all the bonds government has issued following its huge bond buying programmes. It fixes the interest rate for short term borrowing and strongly influences interest rates for longer term borrowing. All the time from March 2020 to end 2021 that it was a big buyer of bonds it drove prices of short and long bonds up. This meant ever lower interest rates available to any investor wanting to buy a bond. Many sold out to the Bank seeing the prices were crazily too high.

In the run up to the Truss growth package both the US Fed and the Bank of England were talking their bond markets down. Both wanted interest rates higher and were threatening further large rises in the rates they set. They got the markets falling. The ten year UK bond rate started to rise from offering an income of 3.1% on September 19th following the Fed. The Bank of England the day before the Growth Statement on 22 September went further and announced it planned to get rid of £80 bn of bonds over the next year, which was bound to drive prices down further. This created turbulence which forced some pension funds to have to sell bonds in a hurry to find the cash to cover their losses on so called LDI funds. These funds own more bonds than they can afford to pay for by using futures. Fast falls in price require

them to make payments to cover losses.

It is true the absence of reduced spending plans and of borrowing figures in the Growth Plan led to a further decline in prices after the announcement on 23 rd, but this followed a week of falls in response to the Bank wanting bonds down. More falls followed mainly owing to the LDI panic. The ten year interest rate hit 4.5%. The Bank showed it controlled the market by sharply reversing the falls with an intervention on 28 th announcing suspension of bond sales. The ten year rate is now where it was on September 19 th before the Bank said wanted rates higher, back at 3.1%.

The two biggest influences causing the falls in bonds up to 28th September were the Bank of England deliberately driving the price of bonds down to raise interest rates, and the LDI/pension funds having to sell bonds as they scrambled to deal with their overcommitted positions. The markets rallied only when the Bank said it wanted rates lower and bond prices up proving its power.

Moderating

When I am busier than usual I will just delete posts with long paras of densely written material and or with links I do not recognise. I do not have time to word count or count multiple postings. It is quicker just to approve them if I can see immediately they do not make potentially false allegations about named people or institutions. I do not censor views from other political perspectives and allow plenty of criticisms of government. I do give myself the same protection as anyone else from personal abuse and the worst false allegations.