

Budget day

I will add to my thoughts after the budget.

As readers will know I have done a lot of work on how to bring inflation down and grow the economy faster and put this to government in recent weeks.

Reform to deliver low inflation and faster growth has to start with a change of Bank of England policy. It needs to end its lurch to tight a money policy now inflation is falling. It must end its damaging sale of bonds. This would spare the Treasury large payments for the needless losses they are incurring and ease conditions a bit in the mortgage market.

Government policy must intensify to sort out labour market problems. They need to tighten the rules against low income migration further and do more to help people already legally settled here into work. There will be substantial savings on public expenditure from this.

Tax cuts need to be targeted on getting energy costs down to make the UK more competitive and ease the squeeze on the cost of living. There need to be cuts in tax for small business and self employed, and some increases in the Income Tax thresholds as too many people are paying higher rate tax.

The absurd policy control based on the 5 year out forecast of the OBR needs replacing with a control based on a target of 2% inflation and 2% growth.

My question on the Farming Debate – growing our own food

John Redwood (Wokingham) (Con):

I am a strong supporter of the recent initiatives of the Secretary of State and the Prime Minister to make food growing far more important. What are the targets for getting much more self-sufficient in food, and will it not need further reorientation of the money away from the environmental land management scheme and wilding, and towards proper food promotion schemes?

Fay Jones:

My right hon. Friend pre-empts me. I will certainly come to talk about that point in just a few moments, but let me first talk about further reforms that the Government are introducing, particularly in the field of farming mental health.

We will make up to £500,000 available to charities to deliver projects that

support mental health in the farming sector, building on the support already on offer through our farming resilience fund, which has benefited more than 19,000 farmers to date. Mental health in agriculture is a key concern for the Department, so much so that my right hon. Friend the Farming Minister regrets that he is unable to be with us at present, as he is hosting a roundtable on mental health in agriculture. I know that shadow Ministers will agree that that is a commendable thing to be doing. Altogether, the work to change our approach will build a better and more supportive system around farmers, so that they can get on and do what only they do best.

Before I talk about our final strand of work, I want to congratulate my hon. Friend the Member for Bosworth (Dr Evans). Today his campaign for online retailers to carry a specific “buy British” button has achieved another success, as Ocado has become the latest retailer to adopt the tool, joining Morrisons, Aldi and Sainsbury’s. I congratulate him on his campaign.

Food security is a vital part of our national security. The primary role of farmers is to produce the nation’s food, and they deserve our gratitude for that—a point echoed to me on many occasions by the Chair of the Environment, Food and Rural Affairs Committee, my right hon. Friend the Member for Scarborough and Whitby (Sir Robert Goodwill), who is away on a Select Committee visit and unable to join today’s debate. Recent years have brought home the truth of that, particularly in an age of climate change, instability and increasingly volatile global food production.

Uncertain times require us to double down on the certainty of our food system. In the Government’s food strategy, we set a clear commitment to maintaining domestic food production at the current level at least, which is around 60% of what we consume. The importance of food security is why we brought in the three-times-a-year food security report through the Agriculture Act 2020. Going further, the Prime Minister announced a fortnight ago that, given the context of the last three years, we will significantly strengthen this work through a new annual food security index. Climate change is increasingly likely to impact on the sector, with more extreme weather events, so it is only right that we step up our monitoring of food security to ensure that we can act swiftly and decisively against any in-year shocks. We expect the work to be UK-wide and will work to achieve that, strengthening accountability across England, Wales, Scotland and Northern Ireland.

Since 2010 the UK economy has created an average of 800 jobs a day

Despite covid lockdowns, despite the war in Ukraine, despite destructive Bank of England policy creating a big inflation then seeking to create a small recession, unemployment has gone lower over the last 14 years and many jobs

have been created.

Remain said Brexit would mean big job losses. It meant the reverse. The UK ran out of workers and turned to inviting in even more people to take all the extra jobs. Today this presents a better opportunity. Instead of inviting in so many to do relatively low paid jobs we need to cut back severely on legal migration. The government has promised to cut 300,000 but more should be the aim. We need a full commitment to a better paid more engaged UK workforce, armed with more investment to support higher productivity. The higher wages need to be earned.

Physical jobs require fuller automation to take the delays and hard work out of the tasks. Clerical tasks need more AI based automation to tackle all the repetitious and tedious parts of the old jobs.

Labour governments of the past have always left office with unemployment higher. Their boom/bust policies in the 1970s, and in the late 2000s threw too many people out of work. It is good unemployment remains low and job creation has been strong, but we need to do better with raising wages and productivity with the right training, machine support and investment. Public sector productivity has fallen. There should be an immediate ban on external recruitment into the civil service and public administration.

[Wokingham Council wants to borrow £25 million to create a solar farm](#)

Wokingham Borough under the Lib Dems pleads poverty, cuts crucial services like refuse collection and street maintenance, yet now says it can afford £25 m to buy itself a solar farm.

When the Borough first looked at such a plan the capital cost was £20m. So it has gone up by 25% since then. Interest rates then were a lot lower. That meant the scheme then could be worth the risks. Next the Council was told they could not connect to the grid until well into the next decade, undermining the scheme completely.

Today the Lib Dems want to revive it even though the risks have increased considerably. The future interest charges on the borrowing have leapt up to £16.44m and the repayments are increased with the higher capital costs. The only things taxpayers can be sure about is they will be paying back the money spent and the interest on it for many years. It is quite possible costs would escalate further during build, adding to the taxpayers burden.

The Council have made up for the big escalation in costs by claiming they will get more money for the electricity they will be selling if all goes well with the scheme. That may or may not be true. Power prices have been very

volatile in recent years and can go down as well as up. They have been falling over the last year. They now think there will be a grid connection in 2026. Is that watertight and guaranteed? There is now an Electricity Generator Levy on solar for larger players. That tax might be extended to others.

Councillors should be careful before spending £25 million they need to borrow. We can be sure we will be lumbered with the debt, but a lot has to go right to make profits from 2026 assuming they can sell the power from that date.

The Council should concentrate on mending the potholes, re opening the roads and restoring a good refuse system instead of finding more ways to plunge Council taxpayers more into collective debt.

[A lot rests on the budget](#)

I find it strange that for weeks we can all read in the papers of a struggle between the Chancellor who wants to offer tax cuts, and the officials of the OBR and Treasury who do not want him to do that.

These arguments should take place in confidence. The Chancellor should make the judgement having heard all the arguments. Officials should co operate with the decisions made.

This better way of working has been disrupted by creating a so called independent OBR and then doubling up by adopting a ludicrous control for policy based on their forecast of the debt and deficit in five years time. They themselves would agree that the only thing we can be sure about is their 5 year out forecast will be wrong. No one can give an accurate spot forecast for public borrowing that far distant. Their forecasts for the immediate year which could be more accurate have badly overstated borrowings in recent years.,

OBR forecasts are said to be independent but are formed in an iterative process with Treasury officials guiding them on government policy. If the forecast was genuinely independent there would be no need for the Chancellor to accept it or defend it. He might choose a different independent forecast from a reputable forecaster with a better track record. The insider's forecast lures the Chancellor into acceptance or submission, however bad it might be.

This budget would be best based around how much government plans to spend next year and how much it might have to borrow in that year. That after all is meant to be the idea of an annual budget. Debt interest will tumble with lower inflation taking maybe £30 bn off peak levels of inflation linked cost. Public sector productivity should be prodded to remove some of the £30 bn

loss since 2019. Credit should be given for the planned cut of 300,000 in legal migration greatly reducing pressures on social housing and public service.

If the OBR insist on highlighting the 5 year debt figure then the Chancellor should cut back some of the unfunded spending increases pencilled in for that year.