

## Even the Office of Budget Responsibility sees a case for tax cuts

After two years of demanding the biggest set of tax rises in recent U.K. history the Office of Budget Responsibility this week conceded their policies will slow the economy. Accepting this could go too far they reluctantly accepted there is a case for tax cuts to ease the squeeze!

Why has it taken them so long to see this? Why won't they acknowledge it is their large and wide ranging tax increases which are braking the economy along with the monetary tightening.

They go on to say tax cuts that boost investment are fine. A good start for that would be to cancel the Chancellor's ill judged rise in Corporation Tax which looks like a tax rise designed to push the U.K. well down the list of good places to invest. Better still would be to cancel the wicked tax on jobs, the National Insurance rise. This cuts living standards for employees and takes cash away from investing and employing more for companies.

Will Mr Sunak now change his mind as the official advice moderates.?When will he see we need to switch from tackling inflation to seeing off recession? Inflation will fall next year as a result of His big monetary and tax squeeze on top of the cost of living crisis.

The one good decision Mr Sunak took was to authorise the end of printing money. It is just a pity he had authorised yet more money creation in 2021 when the recovery was well set as it was bound to be inflationary.

---

## My intervention during the debate on the Restoration and Renewal for the Palace of Westminster

**Rt Hon Sir John Redwood MP (Wokingham) (Con):** Do we not also need some common sense and realism? Surely the priority is to do those works that are essential to the safety of the building and its occupants. We have to understand the mood of the times and say to the experts that to allow this enormous escalation in the project's cost, scope and timing is simply not acceptable.

**Mark Spencer MP, Leader of the House of Commons:** I honestly think we can do

both. I think we can get to an understanding and a place where, with expert advice, we can get value for taxpayers' money, where we can progress this as rapidly as possible and where we can take a more common-sense approach.

The Commissions have taken all these points on board, carefully assessed the options and sought independent advice on the best way forward. The Commissions, with cross-party representation and independent and external members, have taken a unanimous decision that it is necessary to revise the approach to the governance and mandate of the R&R programme.

We need a governance structure that is responsive to the requirements of the parliamentary context, is accountable to Parliament and is better placed to build the necessary consensus. The Commissions have judged that this can be best achieved through an in-house structure. The Parliamentary Buildings (Restoration and Renewal) Act will remain in place and will continue to provide the statutory underpinning.

The current Sponsor Body will be abolished, and its functions under the Act will be transferred to two corporate officers who will become the statutory duty holders. [The Act](#) provides for this flexibility by allowing for the Sponsor Body to be abolished and for its functions to be transferred. The proposed in-house governance structure will consist of two tiers: a client board on which the two Commissions have strategic oversight; and a programme board with external expertise that will be central to resolving critical choices and priorities.

---

## [Time to show some urgency for leadership candidates](#)

The task facing an incoming Prime Minister on September 5<sup>th</sup> is large.

The first dilemma is how to restructure the Downing Street operation. There are too many posts and senior people vying for PM attention and over loading the diary. Each time Boris was criticised for the behaviour and organisation he put in more people and posts. What does a new PM do to achieve a streamlined operation? Just on the political posts Boris had a Head of Policy, a Chief of Staff, a Minister of State, 3 Parliamentary Private Secretaries. Who could speak for him or who followed up the meetings?

Do we need a Cabinet Secretary, a Permanent Secretary Cabinet office and a Permanent Secretary Downing Street? We used to have just one. Do we need a Perm Sec Downing Street, a Principle Private Secretary and a chief of Staff?

The second issue is how to get the budget ready for a few days after 5 September that is needed now to see off recession and to ease the continuing fuel price squeeze.

The third issue is how to restore a strategic grip whilst delegating proper authority to Cabinet members and departments. The PM needs focus on a few central objectives, and needs to institute one on one meetings with senior Ministers to establish objectives and how the work of their departments fits into the strategy.

The fourth is to slim the legislative programme and output of departments . We legislate too much. Government interferes too much and presumes too much.,

The fifth is to inculcate a new Ministerial insistence of doing less and doing it better. Ministers need to lead their parts of the public sector to deliver more for less, to improve quality and user focus.

There needs to be a quantum leap in using the Brexit freedoms to improve our prosperity and growth.

The net zero revolution has to switch from top down based on bans, subsidies and taxes, to bottom up based on better products, better value for money and customer choice.

The new growth strategy begins with tax reductions.

Listening to the six remaining candidates last night I think they need to be more ambitious and understand the magnitude of the task ahead to transform our national fortunes.

---

## [We need tax cuts for growth and enterprise](#)

Margaret Thatcher and her Chancellors cut Income tax from 33% to 25%.

She cut Top rate Income tax from 83% to 40%

She cut the tax on savings Income from 98% to 40 %

She cut Corporation Tax from 52% to 34%

Rishi Sunak increased the Corporation tax rate by 31% to 25%

He raised the NI rate by 10%

He imposed a new Digital services Tax

He imposed a windfall tax

He invented a Social Care Tax

And then he wants us to believe he can be the new Margaret Thatcher!

---

## The leadership candidates set out their stalls

On Sunday I received a number of phone calls from leadership hopefuls. With other colleagues yesterday and on Monday we had meetings with each of the candidates in turn. We asked them for their views on the main topics including the economy, public services, foreign and defence policy, Brexit, and identity politics. They are all now developing a Manifesto covering the main topics, though most were having to rush to put it together as the timetable is very rapid.

Only Rishi Sunak wanted to delay tax cuts and was keen to persevere with the company and windfall tax rises he was planning as Chancellor. The others made a variety of proposals to cut VAT, remove the increase in company tax rates, cut National Insurance or Income Tax. Some wished to pay for this out of fiscal headroom in the current budgets, some from faster growth and some from reductions in public spending. All thought defence spending needed to rise over the rest of this decade. Some had proposals for slimming the civil service and overheads of large services like the NHS, some to reduce welfare spending through more improvements to foster more ,jobs and better paid jobs for those on benefits. A couple queried the pace and cost of UK adaptation to net zero given the growing reliance of China on coal, using that to send us manufactures we import.

All promised to see through the Northern Ireland Protocol bill and if necessary use the Parliament Act to get it through the Lords. All said they would bring it into force if the EU does not offer a solution to the issues we have raised. All said they accepted the result of the referendum and wished to work to use the freedoms Brexit brings to expand the UK' global reach and influence, develop more trade deals and improve the regulatory position to foster more UK investment and business led growth.

Today there will be votes on the 8 candidates how have made it this far. When we know the results we will at last have some hard polling data to think about which two might emerge victorious form the MP competition phase.