

By election messages

The main messages from the two. Y elections are that many Conservative voters do not like what the government is doing or not doing, nor do they want to vote Labour.

The secondary message is if frustrated Conservatives vote Reform they can tip the balance between a Conservative and a Labour MP but they are miles off winning a seat even in by election conditions.

It confirms my view that the government needs to cut taxes urgently, control spending better, make a substantial reduction in legal migration and follow through on its pro drivers pro personal freedoms policies.

My second Intervention on the Energy Bill

I am grateful to the Minister for giving way. Did he notice that the hon. Member for Bath (Wera Hobhouse) would not give way? She was arguing—the typical position of her party—that it knew all the answers before the consultation, yet it still wanted a very long, drawn-out consultation to avoid doing the answers.

Andrew Bowie, (Parliamentary Under Secretary of State (Minister for Nuclear and Networks):

My right hon. Friend is absolutely right. I also noticed that—
We cannot respond to a consultation that has not been launched yet. We are in the process right now of working with the community energy contact group. In fact, it has already met. Work is under way right now to develop the consultation, identify what the barriers to market are, and get out there and support the community energy sector, as the Government are determined to do. Lib Dem's specialise in expensive consultations which they then ignore if they do not agree with the public views sent in. Hobhouse said they knew the answers so why propose a consultation? Why would we trust them to accept the replies when they have made up their minds?

My Intervention on the Energy Bill

John Redwood (Wokingham) (Con):

One of the barriers will be the shortage of grid and cable capacity to link into. Is the hon. Gentleman envisaging some kind of privileged access or some solution to the grid shortage?

Dr Whitehead (Shadow Minister for Climate and Net Zero):

That is not quite the subject of our debate, but the right hon. Member can see that we envisage an energetic and far-reaching proposal to develop the grid in such a way that those grid shortages are overcome, so that the grid is able to service the low carbon economy in the way we would all want it to do. In the context of what we are discussing, I remind the right hon. Member that this would be about distributed grids at a local level, rather than the national high-level grids. We need to take further action to strengthen and sort out grids at that level.

The Lords clearly continue to feel strongly about this issue; as we can see, they have sent back to us today a modified version of the original amendment, requiring the Government to consult on changes to assist community energy and, importantly, to set a timeline for proposals to be brought forward to remove barriers to the development of community energy.

Of course, there are others in this House who feel strongly about this issue. The proposals that the Lords have now twice tried to have inserted into the Bill are essentially the wording of a group called Power for the People, which suggested wording for a community energy enabling Bill for which it campaigned to secure signed-up support from parliamentarians. It did indeed secure substantial support from parliamentarians who feel strongly on the issue of community energy. Some 325 Members signed up in support, including 130 Conservative Members and, perhaps most remarkably, 22 members of the Government, including six Treasury Ministers, the present Chancellor and the Minister himself, as I often seek to remind him. There is no lack of support in the House for the principles and practice of community energy.

The Lords amendment seeks to acknowledge and further that support by putting forward very reasonable and, one might have thought, pretty non-contentious wording to add to the Bill. It is inexplicable to me that the Government should seek to resist these proposals in the way they have. Yes, they will say, as the Minister has said, that they have set up a community energy fund of £10 million over two years, which is welcome, and they have verbally indicated that, at some stage, there will be a consultation on barriers to supply, but there are no timelines for that and no commitment to move positively forward from it. That is what this amendment seeks to put right.

As I have said, the Minister appears already to be a signed-up supporter of community energy action, and I would fear for his own emotional wellbeing if he were forced today to perform another policy backflip and acquiesce in yet another Government repudiation of themselves in rejecting this latest Lords amendment. Instead, let us end the extended passage of the Bill on a high note, and all around the House agree on both the importance of community energy and the measures we will need to take to ensure it thrives in the future.

My Speech on the Levelling Up Bill

John Redwood, (Wok, Cons):

First, I wish to address the question of housing supply in the national planning policy framework, amendment 44 and others. I support the Government in rejecting the Lords amendments—in most cases, those amendments make the Bill worse—but we need greater clarity from the Government about how the national planning policy framework and the definition of needs in any national intervention relate to what is done locally. The Minister has been a clear advocate of more devolved power, and the one power my local community would like is more power to decide how many houses we can fit in and where they could be built. That is not clear yet, and I look forward to further clarification and further documentation.

I am pleased that the five-year supply of land calculation has been amended, because that was causing considerable trouble. Wokingham Borough Council was more than hitting the five-year target, but we were constantly told by inspectors that we were not, because they calculated the numbers in a different, and we thought rather perverse, way. We never got any credit for greatly outperforming the average that we were meant to be building under the local plan, with all the difficulties that were being created by people living on many building sites in the local area.

That brings me on to the amendments and the debate, and the commentary that we have been hearing on the general issue of levelling up—the subject of the Bill—and how that relates to devolved government. I remind all parties in the House who have a fit of enthusiasm for the proposition that more devolved government will naturally lead to levelling up to look at the experience so far. They should understand that there are many occasions on which devolved powers are created or granted when levelling up does not occur or when things even go backwards. I will not argue with the decisions of the many local communities who have voted fairly in a referendum to have various types of devolved government. I am a great supporter of referenda and a great respecter of their results. I am not urging changes to the current complex structure of devolved government, but that should not stop us analysing whether it is working and whether it can be improved within its own terms and in how it operates.

The biggest example of devolved government is the devolved Government of Scotland. It is now a good time to review how well that has been working, because we were told that devolution would boost the Scottish growth rate and improve Scottish public services relative to public services elsewhere. So far this century—the period in which we have experienced devolved government with considerable powers—Scotland has always had considerably more money per head for public services than England, yet the Scottish growth rate has been lower than the English growth rate.

Scotland comes into the House today to demand bigger levelling-up moneys, because clearly more than two decades of Scottish independent government in many areas has not levelled Scotland up yet. We need to ask why that has failed. What was wrong with the conduct of the SNP Government and, before that, were Toggle showing location of Column 218 there defects in the Labour-led Government in Scotland? How could future Governments in Scotland use those powers and the considerable sums of money granted to better effect?

What matters is which parts of the country attract most of the private investment. For all the public investment that Governments have put in, it will always be greatly exceeded by the total amount of private sector investment, because in our more free enterprise society, our private sector economy is still larger than the public sector economy, unlike in true socialist or communist states. That private investment is often the driver of many of the better-paid jobs and levelling-up opportunities that can then be created.

I am keen that we get a better balance in where new housing is built not so much because of the impact that I see of too much housing being put up in a hurry in my area, but because I think that more of that investment should go to places that want levelling-up moneys and that need a better balance of development. Those places could do with a lot of the private investment that all too often comes to parts of the country that do not qualify for levelling-up money.

Every time I get a new housing estate in Wokingham, I have to go to a Minister and say, "We need a new primary school." After we have had half a dozen new housing estates, as we regularly do, I have to go and say, "We need a new secondary school." Those are big ticket items, and that is big public sector investment that has to go to a part of the country that does not need to be levelled up. More difficult is trying to get money for roads, because we have this strange idea that we can put as many housing estates as we like into a place like Wokingham and magically our existing road network will take it when people buy those houses and practically all of them have cars; well, it cannot. We then need bypasses, extra road capacity or extra train capacity. We need the utilities to put in more water and electricity capacity, otherwise we have the embarrassment that we have lovely new houses, but it is difficult to hitch them up to a grid that works. There are great pressures and huge amounts of consequential investment from the new housing that comes into a congested area of the country that does not qualify for levelling up.

I urge all parties to do a little more thinking about how we level up areas and to ask why it is that so many people wish to visit huge amounts of private sector housing investment in places that are levelled up, while starving the rest of the country of it, when it is often the motor of the levelling up that they seek.

Conservative Home article on managing the economy

The Treasury and the Bank put out a wrong narrative on the economy. The Bank claims it is independent and responsible for counter inflation, but denies any blame for the great inflation that we are living through. It belatedly and at slow pace is reviewing why it got its inflation forecasts so wrong. You would expect it to move more quickly as how can it control inflation properly going forward if it does not know what it is likely to be? The Treasury and OBR are so far unrepentant for their wildly wrong forecasts of the deficits in recent years, yet still full of themselves in telling us we cannot afford any tax cuts. How can they know this when they cannot forecast tax revenues at all accurately, and have a model which does not seem to understand that tax revenues tend to rise with more growth and fall with more austerity?

Of course the Ministers and Shadow Ministers must defend officials in public and work with them in private to get a good answer. It is not, however, the Minister or Shadow Minister's role to pretend all is well when big mistakes are being made. It is certainly not a good idea to accept advice which is wrong, based on models, forecasts and economic theories that have done much damage in the past. The Minister needs to institute reform from within whilst declining the advice in the meantime if it visibly depends on things that have done harm recently. The Shadow Minister should be critical from without, blaming the Minister for a bad scheme or wrong forecasts or bad advice if the Minister is relying on them. It is the Minister's job to look for and take good advice, not to accept bad advice because of who put it forward. The media should not be reverently presenting every OBR and Bank forecast and statement as the gospel when it has been so wrong in the recent past. It should be shining a critical light on how the Bank forecast 2% inflation and we got 11%, and how the OBR was more than £100bn out on deficits when they claimed to be able to pin point the need for £10bn or £20bn of more tax revenue.

Instead, both the main parties now are telling us we need to accept an iron financial discipline designed by the OBR. Labour wants to double up on the OBR discipline the government accepts, apparently oblivious of the huge errors in deficit forecasting in a control system that relies on forecasts of the deficit to determine spending and taxes. The Chancellor briefs the press that there is no scope for tax cuts based on strange forecasts for five years time, when the only thing we should all agree about is the five year forecast is bound to be wrong. So many things might have changed by five years time, whatever the result of the next election. Few professional forecasters would wish to give you a spot forecast for the government deficit that far forward, but would reluctantly give you a range based on varying scenarios.

Don't get me wrong. I do not want the state to spend and borrow more. I am all in favour of getting the deficit down, but do not think high tax rates and austerity achieve that. More often in the past that approach has put the economy into recession, cutting tax revenues, boosting the costs of economic failure and so increasing the deficit. What we need is better

spending control, a vigorous assault on the unprecedented 7.5% large fall in public sector productivity this decade, and a combined monetary and fiscal policy that takes inflation seriously. We have lived through several years of both parties agreeing a policy of spending huge extra sums on covid relief and public services, with Labour usually complaining that the very large rises are not sufficient in some important areas. No party queried the printing of huge sums of money to keep rates low and bond prices high, powered by a Bank of England that paid ever more expensive prices to buy bonds. In 2021 those of us who warned of the dangers of the Bank extending bond buying and money creation too far into recovery after a necessary offset to lockdown were ignored. It proved inflationary, as we feared and as they denied. Now the Bank has lurched to a very tight monetary policy and is dumping the very bonds it paid too much for at ever lower prices, maximising the losses it is making.

Over the last year the Treasury has followed a policy they told us would stabilise the bond markets. Instead bonds have fallen further, pushing interest rates up a bit more. The ten year and the thirty year rates of interest hit new highs recently, above the level of last autumn which attracted so much criticism. So the higher taxes did not bring the rates down or save the value of the bonds. This should not surprise anyone. Throughout the last year the Bank of England has been threatening higher bank rates, raising rates and selling loads of bonds at ever lower prices, driving the market down. It was the Bank of England's announcement of higher rates and the plan to sell £80bn of government bonds on the eve of the Kwarteng budget that sped the fall last autumn, at a time when the Fed and ECB were doing the same to their bond markets. The Bank engineered a rally last autumn in prices by a temporary reversal of the bond selling. The Bank realised late that bond prices were destabilising some pension funds who held too many bonds and showed it could get the market up if it wanted. Surely those experiences should lead people to see the Bank had an important role and still has an important role in driving rates higher and bonds lower? The recent sell off in bonds clearly wasn't the fault of Mr Kwarteng and I don't think Mr Hunt had anything to do with it either.

The UK economy can perform better. The covid lockdowns were a bad economic blow agreed to by all front benches in Parliament. The bitter Ukraine war gave energy prices a savage twist, though the general inflation was well set before the war. Inflation in the UK was three times target on the eve of the hostilities. Today the economy needs more growth as well as lower inflation. It should not be a case of getting inflation down with a recession first, then thinking about monetary stimulus to cheer things up. What is needed is a successful drive to boost public sector productivity, to at least get it back to 2019 levels, a reining in of some nice to have but not essential spending, and some tax reductions and incentives to boost investment and output. Ending the HS 2 scheme where it can be cancelled and spending on better cheaper transport links that can come in sooner is a good step. Granting permissions to extract more of our own oil and gas from the North Sea down half empty pipelines is very positive, boosting output and tax revenues. It also needs lower taxes on small business, the self employed and company profits. These can be afforded within a sensible deficit reduction strategy, with models that realistically capture how more output delivers more revenue.