

What a recovery package would look like

We soon will need to put the worst of the pandemic measures behind us and concentrate on the promotion of prosperity for the many. Controlling the disease should rest on the offer of vaccinations, better treatments, individual decisions about reducing the risk of infection and better air extraction and cleaning in public buildings.

The Treasury needs to acknowledge that its policy is going to squeeze the economy too much in the first half of next year. If they persist with their raft of tax rises in April, hitting just when energy prices rocket with the shifting of the price caps, we will see an unwelcome relapse in confidence, incomes and output.

The Treasury should announce now that it will not impose the hike in national Insurance, a tax on jobs and on take home pay, at the peak of the cost of living troubles. It should remove VAT on domestic fuel to ease the large rise in energy costs for consumers.

The Treasury should work with the Business department to increase the supply of domestic energy. Gas is a so called transition fuel which will be much needed this decade before new nuclear and other reliable carbon free electricity comes on stream. Gas also remains the dominant way of heating homes, as people are not yet ready to adopt electric and heat pumps based home heating. The government should give the go ahead of additional UK gas production, starting with the Jackdaw field and other projects ready to go. The government should also commission more gas storage capacity to help smooth wild fluctuations in spot market prices of gas.

The government should procure more reliable electricity supply from domestic sources as we are too dependent on imports when there is little wind. The Treasury should work with the Environment Department to fashion support schemes to promote more food production at home instead of offering money to prevent farming here, supporting imports.

All the time government advisers tell us to avoid social contact the Treasury needs to offer help to social contact service businesses. It needs at least to continue business rates relief and lower VAT, and should offer direct assistance for cash flow problems of otherwise solvent businesses.