

## My intervention in the Building Safety Bill debate

**Rt Hon Sir John Redwood MP (Wokingham) (Con):** Has it been possible to trace any foreign companies or foreign interests that are involved in these matters? Will they be making their contribution?

**Stuart Andrew, Assistant Whip, Minister of State:** My right hon. Friend raises an important point. I shall address that specific point later in my speech.

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...The recent commitment from many developers to fix their own buildings will apply equally to enfranchised buildings, and the measures and powers that we have added to the Bill to pursue and compel developers and cladding manufacturers to pay will be available. I know that Members will still be concerned about how we can protect leaseholders in leaseholder-owned buildings, which is why I am announcing today that the Government will consult on how best leaseholders in collectively enfranchised and commonhold buildings and other special cases can be protected from the costs associated with historical building safety defects. The consultation will allow the Government to understand fully the position regarding leaseholder-owned buildings with historical defects and identify whether further measures are appropriate to address specific circumstances in which leaseholders may unintentionally be exposed to disproportionate costs.  
Comment In other words the issue was not addressed. The government cannot ensure fairness between U.K. and foreign companies and investors.

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## My intervention in the Subsidy Control Bill

**Rt Hon Sir John Redwood MP (Wokingham) (Con):** Would it not in future be possible for the Government, when offering a subsidy to companies, to specify that they need to meet certain labour standards so that the subsidies regime would apply?

**Paul Scully, Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy:** Again, that is up to the public authorities. The whole point about this regime is that it is a loose, permissive framework, rather than something more onerous which adds layer upon layer to recreate the EU state aid system. None the less, I would expect that, again, because of value for money and good governance, any public authority, whether

national Government, local government or another public body, would expect to have exactly that kind of criteria—

Comment A lack of clarity over the terms of public procurement

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## Strange numbers and wrong forecasts

The ONS published revised figures for the debt and deficit in the year to March 2022. Compared to the figures released as recently as the Spring Statement they now think borrowing last year was £20bn higher than they thought in March, though still massively down on the budget 2021 forecast. They also warn us that the figures will be subject to future revision and that could be material. As the cash requirement figures they published are so much lower than the deficit figures it seems likely the deficit will be revised down again before we are finalised with the history.

Revenues were well up on the original 2021 forecasts and were even up on the recent Spring Statement forecasts. It leads me to ask again how can the Treasury be so sure they needed an extra £12bn from a National Insurance rise when the revenues increased last year by several times that amount over their forecast? And how come they can afford to withgo a portion of the £12bn now they have raised the threshold for paying National Insurance?

The latest figures tell us that there has been a large rise in debt interest, to £69.9bn. This figure combines genuine cash payments of interest on borrowings, with more complex non cash items relating to index linked borrowings repayable often in many years time.

Debt interest remains low relative to GDP and spending thanks to low interest rates. Much of the borrowing is long term, locking in these favourable low interest rates for the full term of the loans.

The fact that the Bank of England owns a large portion of the bonds is also helpful as a 100% owned servant of the state. The Treasury pays interest to the Bank on these loans, but can get a dividend back from the extra money the Bank receives as a result.

The Treasury now adds the increase in repayment value of indexed gilts each time inflation numbers emerge to the debt interest figure. This is not a bill the state has to pay month by month as inflation rises. As they confess it is a non cash item.

The extra cost of the debt is only passed on to the bond owner on maturity of the bond. At this point the state will simply refinance it, so there is never an immediate cash cost that needs financing out of tax revenue. Some of these bonds are not repayable for many years.

Normal bonds do incur cash costs with the payment of interest and these are properly considered a running cost to the state.

Last year out of the total cost of debt interest attributed by the Treasury of £69.9bn, £34.7bn was indexation. The true cash cost of the debt was £35.2bn, around half the stated figure.

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## Cake in politics

The most infamous cake quote came on the eve of the French revolution from their Queen. "Let them eat cake" as a solution to the poverty of those who could not afford bread became a phrase to sum up just how out of touch governments and elites can become from the reality of the lives of many of those they govern. Marie may never have said it but it is all most people know of her.

More recently Boris Johnson's famous statement that he was in favour of having cake and of eating it was a welcome dose of common sense and optimism against those who favour austerity and bad choices. There is no point in having cake unless you are going to eat it. Leaving it to go mouldy is a bad plan all round. Selling it to someone else may be a good idea for a producer but for the rest of us the whole point of cake is to eat it. The aim of economic policy should be to allow all those who want it to earn enough to afford cake, and for there to be a good supply with plenty of choice for the cake eaters.

The latest intrusion of cake into our politics has come over whether a birthday cake appeared at a work gathering in Downing Street. If it did did it turn a meeting into a party? Was any cake eaten? Suddenly the pressure was on to show this was a time when cake if had was not eaten so no rules were broken.

Meanwhile Keir Starmer's keen wish to see all rules applied and all statements to be truthful does not seem to impose these important standards on himself. Drinking a beer with colleagues himself apparently does not constitute a party nor an offence against lockdown rules. Accusing the PM of something he never said about the BBC is apparently not worthy of a review by the Privileges Committee.

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# Trying to get some understanding of the slowdown

Last year economic policy was expansion minded. The Bank of England carried on printing lots of money and kept interest rates around zero. The Treasury decided they could live with a large deficit and allow more spending. No big tax rises were allowed. As expected the economy recovered quickly from the lockdowns. Inflation leapt up as the monetary stimulus was too big.

Some including the Treasury blame world energy prices for the inflation. This does not explain why Japan still has practically no inflation despite depending on imports of oil and gas. Nor does it explain high importing China's low inflation. The U.K. has almost as much inflation as the USA and Euro area who printed even more money and kept rates lower for longer.

This year the Treasury has hiked taxes and the Bank has hiked interest rates whilst ending money printing. They have chosen to do this as energy and food led inflation is taking a huge lump out of people's spending power, acting like a bumper tax rise. This means the economy will slow sharply. The Treasury and Bank have gone from being too lax to being too tough.

Taxing jobs through National Insurance rises is wrong. Hiking the company tax rate next year will deter investment. These policies will cripple growth and lead to a bigger budget deficit. You need growth to get the borrowing down. The government also needs better spending discipline .