



HOUSE OF COMMONS

Liaison Committee

Oral evidence: Evidence from the Prime Minister, HC 530

Thursday 19 December 2024

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Members present: Dame Meg Hillier (Chair); Debbie Abrahams; Dame Karen Bradley; Liam Byrne; Ruth Cadbury; Mr Alistair Carmichael; Sir Geoffrey Clifton-Brown; Mr Tanmanjeet Singh Dhesi; Dame Caroline Dinenage; Florence Eshalomi; Patricia Ferguson; Helen Hayes; Mr Toby Perkins; Emily Thornberry.

Questions 1-95

Witness

I: Rt Hon Sir Keir Starmer MP, Prime Minister.



Examination of witness

Witnesses: Rt Hon Sir Keir Starmer MP, Prime Minister.

Q1 Chair: Welcome to the Liaison Committee on Thursday 19 December 2024. We are delighted to welcome the Prime Minister, Sir Keir Starmer, who is in front of us for the first time. Thank you very much for being so proactive in setting this date in your diary, even before the Liaison Committee was fully established 10 days ago. We appreciate your commitment to scrutiny and transparency, and we look forward to hearing what you have to say today as the man in the hotseat, now that you have been Prime Minister for five months.

I will kick off. As you are probably aware, I chair the Treasury Committee, which is a great privilege. The Chancellor appeared in front of us after the Budget, and she was very clear that the growth of this country will outstrip what the OBR is forecasting and, indeed, what other forecasts are forecasting. We have had a decade of no real growth, so could you lay out how you are going to deliver that growth?

The Prime Minister: Let me start with your second to last sentence. We have had a decade—slightly more—of stagnant growth or low growth, and we have to turn that around. Obviously, the circumstances in which we do that are not ideal. We had a bad inheritance, a broken economy, a £22 billion black hole—

Chair: Prime Minister, forgive me; we know all that. Could you tell us what you are going to do, going forward, to deliver growth?

The Prime Minister: That obviously set the context for the Budget. The Budget was about stabilising the economy, so it is an important part of the story. I am strongly of the view that one of the things that has held back growth is the fact that we have not had a stable economy. I have talked to investors across the world and asked them why, given that they have a lot of money to invest, they have not been investing in the UK in the last 10 years, and they have all said to me, "Because it's not stable enough." So the Budget was intended to stabilise the economy and create the conditions for investment, and obviously it set out a lot of investment.

To come to your question, we have additional measures that we need to take. In addition to the Budget, we obviously have to carry out reforms to planning and regulation, in particular, to drive the growth that we need. We also need to make sure that we have local growth plans. I think everybody around this table, whichever political party they are in, would say, "Of course we want growth." We do want growth, but it has to be growth across the country, not just in some parts of the country, so those local growth plans need to be in place.

Q2 Chair: That is what you want to do, Prime Minister; how are you going to deliver that? What levers are you pulling in No. 10 that you think will help to deliver growth when, as you have highlighted, it has not been



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happening for a good decade?

The Prime Minister: The levers that we are pulling at the moment are obviously the planning levers. You will have seen that the policy framework was delivered last week. That is hugely important. Talk to any investor about what makes the difference and they will say, "Planning is one of the key issues. If you don't change that, you are not going to get the growth that you need."

Equally, with regulation, the clear message to me is not only that there is too much regulation in the United Kingdom, but that it is inconsistent, because our regulators are pulling in slightly different directions. That is why we have been writing to the regulators to ensure that we have their priorities in the right place.

And, with our mayors and devolved authorities, we are drawing up the local growth plans that we need. They are the levers that we are dealing with at the moment. There are other levers as well—we are doing a lot of work on AI and technology as part of the reform.

Q3 Chair: You have given us the diagnosis and some of what you think will help to solve it. When do you hope that households will see the real growth? You are talking about quite big projects and they will take some time to deliver; when will households see a difference?

The Prime Minister: In the plan for change we set out that we want living standards to go up. We want people to feel better off.

Chair: You want that, so how are you going to do that?

The Prime Minister: Yes—already in the Budget you will have seen that there is a pay rise for the 3 million who are the lowest-paid, because of what we have done with the living wage, so they are already feeling the benefit. Those in the public sector, where we have been able to settle the disputes that were going on for many years, whether that is in the health service, the police or our armed services, are already feeling better off because of the pay deals that went through earlier this year.

In addition to that, the measures that we put in place will improve living standards. It will take some time; of course it will. One of the biggest mistakes of the last 14 years was the idea that everything could be fixed by Christmas—it can't. The planning will take time; the changes to regulation will take time; we have a national wealth fund that is getting record investment into the country, and that will take time. But already some of the lowest paid are feeling the benefits of a Labour Government through what we did in the Budget.

Q4 Chair: I have a final question for now. That is money going into households' pockets, but I go back to the growth point: that is not going to create growth, is it? Because you are putting money in through pay rises, minimum wage increases and benefit uplifts. How are you going to see growth helping households? When do you see that in your timeline? What is your vision for when we will see real growth in this country? Why



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are the Government so confident when the forecasters are much less confident?

The Prime Minister: The forecasts from the OECD, the IMF, the Bank of England and the OBR are all for growth, so they are all heading in the right direction, but I want them to go further and faster. I am convinced that it is the planning and the regulation that will make a huge difference here, plus the private investment. We had an investment summit, as I think you know, earlier this year, which brought £63 billion of inward investment into this country, because the message is resonating that now is the time to invest.

Q5 **Chair:** How much of that £63 billion was new investment announced on the day? Some of that was previously announced, was it not?

The Prime Minister: A lot of it was new. Very many of those that made the investments on the day put out statements saying, "We're making this investment now because of the change that this Government have carried through." It was way in excess of the commitments—there was an investment summit the year before, but I think that yielded about £20-something billion. At the end of the investment summit that we had, £63 billion was pledged, and many of those who were pledging it were really clear that it was because there had been a change of Government and the conditions had changed.

Q6 **Chair:** Can you tell us how much was new?

The Prime Minister: Nearly all of the £63 billion was new. I am very happy to write in with some better detail on that.

Q7 **Liam Byrne:** I want to check something. On 23 February 2023, you said, "By the end of Labour's first term, we will deliver the highest sustained growth in the G7." That critical phrase, "By the end of Labour's first term," was not in the plan for change. Is it still the goal to deliver the highest sustained growth in the G7 by the end of this Parliament?

The Prime Minister: Yes, it is.

Q8 **Liam Byrne:** That is obviously not what the forecasters are predicting, but your goal is then to beat those forecasts.

The Prime Minister: Yes, the forecasters are predicting on the back of the circumstances as they now are. As you know, they are not able yet to take into account things that have not happened. If you look at the planning changes and at the regulation changes that we are putting in place, and the technology, they cannot take account of those until we have done them, but I am absolutely clear that our ambition is beyond what the forecast growth is. The plan for change was essentially turning that into milestones that are more easily articulated for people in their living room or in their kitchen.

Q9 **Liam Byrne:** Thank you—I get that. I just want to pin this down. The IMF, by 2029, has us at about third in the G7, behind Canada and the US. You are telling the Committee today that our goal is to beat both the US



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and Canada and be top of that league table by the end of this Parliament.

The Prime Minister: Highest sustained growth—that is what we set out in the manifesto. That is what we recommitted to in the plan for change. That will obviously be a line on a graph—a really important line on a graph. But I also want to make it clear to voters—the public—that what that translates into for them is feeling better off and that they have more money in their front pocket, if you like.

Q10 **Liam Byrne:** But you have not put numbers on that ambition; you have just said that you want to see real household income go up. I think we have delivered that in every Parliament since 1955, so are you going to put numbers on how much better off people will feel?

The Prime Minister: There are two elements to it. There is disposable income, which has gone up, but it did not go up very much in the last Parliament. I think it was something like 0.2%, so it did not go up materially. The other aspect is productivity—GDP per capita. That certainly has not been going up. It is a big part of the problem. We want to put the two together in our measure and drive both of them up. That has not been achieved in previous Parliaments and is therefore a very ambitious thing to go for. That is why we have set it out. It is consistent with the highest sustained growth in the G7.

Q11 **Liam Byrne:** We are going to need to unleash business potential in order to hit that ambition, as you yourself have said. My Committee has talked to hundreds of businesses over the last month. What they say to me really clearly is that the combined impact of the national insurance contribution rise, the Employment Rights Bill and the national minimum wage means that they are cutting investment, workforce and wages next year. In retrospect, was it the world's best idea to put all three of those things together and land them next year? Is there now a way to assuage some of that pain?

The Prime Minister: The first thing I would say is this: the investment was appalling, the economy was broken and there was a £22 billion black hole when we did the audit of the books. The Chancellor and I had to take a decision: do we pretend that is not there—walk past it; carry on with the fiction—or do we fix the foundations? I felt very strongly that we should fix the foundations and do the difficult stuff first.

We then had to look at, "Where are we going to get the money to fill the black hole and put in the investment we need?" The Chancellor and I felt very strongly that working people had been hit really hard in their pockets over the last few years—one of the worst cost of living crises we have had for a very long time—and we therefore took the decision that we would not hit them in the pay packet, so there would be no more income tax, national insurance or VAT for working people.

Liam Byrne: But we are landing three big changes at the same time. That is what is causing the howls of pain.



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The Prime Minister: Obviously that leaves you very few places to go for tax rises. Nobody wants tax rises. We did not want to impose this tax rise. I did not want us to inherit the circumstances we inherited, but we did. I felt it was better for us to fix the foundations in this Budget in one go, so we did.

So far as the impact on business is concerned, we have alleviated that with support for small businesses in particular, and by creating the conditions for growth, which will be good for all businesses. But the political landscape was pretty bleak and we had to put the investment in. That has allowed us to invest in, among other things, the health service, which of course will help to get people back into work. We have a lot of people out of work on long-term sick.

- Q12 **Liam Byrne:** What businesses are really asking for now is a plan for growth, and they are struggling to see that. I appreciate the long-term virtues of the investment plan the Chancellor has set out; the challenge is that it is all quite long-term, and in the long term we are all dead. What is needed for the business community is help to grow now.

The Prime Minister: Yes. The small businesses community in particular is hugely important to this—we have been talking to them a lot—and what small businesses in particular have said to us is, “Late payments are causing us a huge amount of problems”; therefore we have put in place a strategy to deal with late payments. Getting loans out of banks is a real problem, so we have got £250 million for that within our strategy; growth hubs where they can work with other businesses in their locality—that is in our strategy; and then other work on management, innovation and exports reflects back to them the support that they said they needed. That strategy is all there and has been very broadly welcomed.

- Q13 **Dame Caroline Dinéage:** Prime Minister, you say the landscape is bleak, but it has not been for our world-leading creative industries. They have been growing at twice the rate of the rest of the economy, and I know they are a key part of your Government’s growth story. AI companies have scraped the internet of books, films and music created by others, without permission, in effectively the largest copyright heist in the world’s history, yet you have released a consultation that effectively gives big tech an exemption from the law. Why?

The Prime Minister: First, you are right to say that there is a lot of optimism in the art and creative sector, and rightly so. We punch well above our weight in the world. On the one hand, in my view, AI is going to be transformative for the better in art and culture and across industry and Government and the delivery of public services. I think it is going to be a huge change over not 10 years, but five. Obviously, when it comes to the creatives, there is an issue over things like copyright, as you know—I think you were looking at this in your Committee—and getting the balance right between the potential of AI and the protection of copyright. We have just put a consultation out on whether individuals should opt out or opt in. We think the proposal we are consulting on is the right proposal, but it is



out to consultation, and we will consider the responses at the end of that exercise.

- Q14 Dame Caroline Dinéage:** The starting point of your consultation, Prime Minister, is a carve-out for AI developers to be able to use content without permission or payment unless creators opt out and then opt back in to their own copyright. It is in, out, in, out—it is like the hokey-cokey of policymaking. You talk about the optimism in the creative industries; at the moment all I am hearing universally across the creative industries is fear about this. How are you going to balance the opportunities of AI that you talk about while addressing those fears?

The Prime Minister: We think that is the right balance, but there are different views—I accept that—and that is why it is out for consultation. We can take that into account as we go through the consultation. There is a huge potential for AI. At the same time, we have to protect issues like copyright. That is the balance we are trying to get right. We think we have got it in about the right place, but rather than just plough on with it, we are doing a consultation, and we will carefully consider the responses to that consultation.

- Q15 Dame Caroline Dinéage:** But the starting point is not right; it is very heavily skewed towards the tech industry. You are proposing to take rights away and force creatives to opt back in to their own copyright. It is a bit like saying a burglar can nick all your stuff and that is all fine unless you have a sign up saying that is not okay.

The Prime Minister: I don't see it like that. I think it is a question of how you get the balance right. There are some advocates of opt in and some advocates of opt out. We have put a proposal on the table and we are consulting on it. When that consultation is over, we will have a look at the responses that we have got.

- Q16 Dame Caroline Dinéage:** Yesterday the Minister for Creative Industries told the House that the Government's proposals were untested anywhere in the world, and that we will only progress them if there is a solution that meets all of the Government's aims. Are you saying that once this consultation is over, if there is a solution that works for tech industries but not for the creative industries, you will not go ahead?

The Prime Minister: No, we want to get the balance right. There will always be disparate voices here. It is very unlikely we are going to get everybody saying the same thing and agreeing on the same proposition. We are at the cutting edge of AI. We are one of the leading countries in the world—in the top three. We are in a massively advantageous position and we should take advantage of that, in my view. We need to get the balance right, but we will go through the consultation. At the end of the consultation, will there still be different views and arguments as to where the balance should be? Of course there will be, but we have put our proposal on the table, we are consulting about it and we will consider the responses.

- Q17 Dame Caroline Dinéage:** But effectively what you are doing is



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gambling a world-class British success story. The creative industries are worth £125 billion to our economy. They fly our flag around the world. You are gambling them in favour of companies that are already so rich that your own Secretary of State said we need to treat them like nation states. Why should these overseas tech giants effectively get a free subsidy on the backs of British creators?

The Prime Minister: I don't think they should. I think we need to get the balance right. But I also think that we have a huge opportunity. We are one of the top three in the world in AI at the very point where AI is going to be transformative, and that puts us in a really good position against our competitors around the world. I do not want us to lose that edge. AI is not just going to transform the delivery of public services, productivity in our economy and the way we deliver in government; it is going to change the lives of people throughout the country in ways we can barely imagine at the moment, and I want us to take advantage of that.

I do think it is a question of posture—I accept that. One posture could be that we see this as a huge opportunity that we should take advantage of as a country. Another posture is that it is a great danger and we should heavily regulate ourselves against any impact. I am in the first camp. We need to get it right when it comes to the creatives—of course we do. That is why we have put this out for consultation. But I am in the camp that says this is a huge opportunity.

Q18 **Dame Caroline Dinanage:** It sounds to me like you are in the camp that says you prefer the foreign big tech companies over the British creative industries, but let me ask you something else. You announced members of your industrial strategy council last week. They are all very impressive, but there is not one executive representative from a commercial business in the creative industries there, either. The board is chaired by a representative of Microsoft. Let me give you another chance to convince the creative industries that they are on an equal footing with others in your priority sectors for growth and are not just the stardust that you sprinkle in No. 10 when you want to impress the world.

The Prime Minister: No, they are really important, and I have had the opportunity to have them in myself, not just through the Department but directly to me, to discuss with them. I think they punch well above their weight. I think we are fantastic on the creatives. They make a huge impact on our economy. They have got soft power to die for. In almost every area of the creatives, we are brilliant as a country, and I think it is really important that we support them to the hilt. That is why I have had them in; that is why I have told them that, and we have talked through what would help them go even further. They have my absolute full backing. I think they do a brilliant job. They have been the unsung heroes of our economy for far too long. Whether it is music, art, culture, dance—you name it, we punch above our weight in the world, and that is a massive benefit for our economy and a massive benefit for brand Britain.

Dame Caroline Dinanage: I think they will want more than your words, Prime Minister. I think they will want to see that they are valued as much



as AI.

- Q19 **Liam Byrne:** Among the perils that we face next year is now the looming threat of tariffs. What are you going to do to dissuade President-elect Trump from imposing tariffs on the UK?

The Prime Minister: I am not going to speculate as to what he is going to do. It will not come as any surprise to you that I am not a fan of tariffs and therefore we have to make sure that we avoid tariffs. We have very good trade with the US, as we have very good trade with other countries around the world. I want to improve on that. As you will know, I had a meeting with President Trump in September in New York. I have had a number of phone calls since, including one yesterday.

- Q20 **Liam Byrne:** Did you discuss this?

The Prime Minister: I will not go into the details of what we discussed, but am I alive to the danger of tariffs? Yes, of course. I am against tariffs, but I am not going to speculate as to what the incoming President might do.

- Q21 **Liam Byrne:** You are committed to negotiating an SPS deal—a closer veterinary deal—with the EU. That would probably rule out a grand bargain free trade deal with the United States, because we could not include something on agriculture in such a bargain. How are you going to put the two deals together—with Europe on the one hand and the United States on the other?

The Prime Minister: I think that we can pursue both. I do not accept the argument that you have to either be with the US or be with the EU. That is not how it works at the moment with our current trade. We do want a closer relationship with the EU on security, on defence, on energy and, yes, on trade, and I have set out how we want to reset on a number of occasions. At the same time, I want to improve our trading relationships with the US. Is that going to be easy? Of course it is not. Do I think we can make progress? Yes, I do. That is among the reasons why I am making sure that we have a good relationship with the incoming President and that the relationship between our two countries remains as strong in the future as it has been in the past.

- Q22 **Florence Eshalomi:** Good afternoon, Prime Minister. We are in a housing crisis, so I would be grateful if you could explain to the Committee why you took the decision to freeze the local housing allowance rate this year.

The Prime Minister: We are in a housing crisis; you are absolutely right. The way out of that crisis is actually to ensure that we have got a sufficient number of homes—roofs over people's heads—in all the areas that are needed. That is one of the major drivers of the housing crisis that we are in, and it is why we have been clear in our ambition to build 1.5 million homes over the period of this Parliament and, within that, to make sure that there is a significant number of affordable homes. I completely accept the definition of a housing crisis; we need to make sure that we have the wherewithal to get out of that crisis.



Q23 Florence Eshalomi: You talked about homes. In less than a week, most of us in this room will be able to spend Christmas with our loved ones in a warm, safe home, yet 160,000 children will wake up on Christmas day in temporary accommodation. A feature on the BBC "News at Ten" last night showed the reality of people paying thousands of pounds for temporary accommodation that was overflowing with sewage. This is the reality that people are facing, Prime Minister. Most of them are only in that situation because they lost the safety net with the LHA freeze. ONS data yesterday showed that the average rent rise in the private rented sector is 9.3%. Do you really understand the impact of making the decision to freeze LHA?

The Prime Minister: Yes. The numbers that you quote to me on homelessness and temporary accommodation are appalling. That is what we have inherited. You will have seen just in the last week or two that the Deputy Prime Minister has set out the further money that we are putting in to deal with homelessness and temporary accommodation, the money that she is putting into local councils and the initiatives that we are supporting. The Mayor of Manchester, for example, has been bearing down on homelessness, as you know. We want to build on that around the country, which is why we have put that money aside. But yes, it is a terrible inheritance. There are record numbers, and they are shocking.

Q24 Florence Eshalomi: Yes, but Prime Minister, do you understand that the additional funding to address homelessness is effectively redundant if you are not dealing with the root causes of people being forced into temporary accommodation, which include the freezing of the LHA?

The Prime Minister: We have got to put the money in to support those in homelessness and temporary accommodation, and that is what we are doing. These figures have been very high for a long time. We inherited them, and we need to turn them around.

Q25 Florence Eshalomi: We are very grateful for and welcome the Government's ambition on new homes, but the figures—you quoted the 1.5 million—have to be deliverable. You may be aware that new dwellings dropped this year, and the number of planning permissions granted fell by 15%. Earlier you talked about planning reform, regulation and additional powers for councils. That is only part of the jigsaw. There is a big lag across the supply chain. We do not have the raw materials or the skilled workforce. In the light of that, coming back to the Government's ambition, do you think you are going to hit the 1.5 million target over the course of this Parliament?

The Prime Minister: Yes. That is why I set it out. I accept that it is difficult and stretching, but it is hugely important. A home is a basecamp for the aspirations and opportunities of all individuals and families—a safe and secure roof over their heads. You are quite right about the number of houses that have not been built this year, because the targets were put up and then taken down. We have put the targets back up and made them mandatory.



We have been really clear that this has to be locally led, so it is for those within the locality to decide how they are going to comply with the targets. If they can do so, then all well and good—no need for any intervention from Government. If they cannot, we will intervene and push forward. We have been really clear that if it is a brownfield site, it is a yes by default on planning—that is something that has not been there before. We are equally clear that we will make use of the grey belt—disused car parks, petrol stations and so on—where it is necessary. On the planning reforms, you will have seen that the consultation ended and the framework was issued just a few days ago.

In my view, these are all the ingredients that have been missing, and why we have not been building homes. The target of 1.5 million is ambitious—it has not been done for decades, and it is desperately needed. I also know that we have got to punch through this. Everyone says to me, “The Government needs priorities.” Of course it does. As soon as we put up priorities, everyone says, “What have you left out? It’s unachievable.” I do not accept that. I think this is an achievable target, difficult though it is, and we are determined to achieve it.

Q26 Florence Eshalomi: Again, we commend and welcome that, but do you think it is right, then, that the Government have not set targets for how many homes they will deliver a year? They have not set out what tenure those homes will be, but yet you are asking local councils to report back on their targets. Another thing that is coming up, which we have looked at in our Committee, is the fact that the skilled workforce and the sector are not able to cope with helping the Government to build that. Coming back to my question, do you really think you can hit that target?

The Prime Minister: Yes, I do. Just on the targets, the way in which we have done it is to say, “Here’s the mandatory target for each area.” We then want each area to decide for itself how it is going to meet those targets. What is the mix that it wants? Where does it want it? It needs to be locally driven.

In the first instance, we want that to be the way in which it gets delivered, but what we are not going to tolerate is where that does not happen and there is not a plan put forward to meet the targets. We are not going to leave it as “nothing happens”; at that point, the Government will intervene.

That is why we are not, as it were, saying, “In each and every area, you must have this number of houses on that point there.” We do not want to do it in that way. We want there to be local plans, but we are being equally clear that, if we do not get the local plans that meet the targets, then yes, there will be levers that we will pull centrally to make sure that that housing is delivered.

Yes, of course, that means we have got to work on the supply chains. Yes, of course, it means we have got to have the skills in place. But that is why you need a priority. That is why you need a sense of driving mission to bring this together.



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Among my jobs is to chair the stocktakes of the work we are doing, and to get the various players around a room like this to make sure that we have the skills, the supply chains, the numbers and the targets with an assessment of where we are on the data. That is the way that we will drive through this, but I am not going to be a defeatist on this and say that it is impossible to get the supply chains; I do not accept that. It would be defeatist to say that we are never going to get the skills; I do not accept that. Do I accept it is a stretch? Do I accept it is ambitious? Yes, I do, but we are determined to do it.

- Q27 **Chair:** I want to pick up on something, Prime Minister. In response to Ms Eshalomi talking about not lifting the local housing allowance so that people can afford a home of their own, you said something along the lines of—I may be slightly misquoting you—“We are putting money in to support people in temporary accommodation.” That leaves an impression that you are supporting people in temporary accommodation over supporting people into permanent homes. I just wondered whether that is what you meant to say or whether you would like to clarify that point.

The Prime Minister: No, I didn't. We are doing both.

- Q28 **Chair:** Okay, so you are going to lift the local housing allowance?

The Prime Minister: No, I will give you the details of the money that we laid out just a few days ago.

Chair: We know about the money for temporary accommodation.

- Q29 **Florence Eshalomi:** Essentially, the additional funding that councils have received is going to be absorbed because rents are going up higher, and that is forcing families up and down the country into temporary accommodation for much longer. We should not be calling it temporary accommodation, Prime Minister—people are there for 14 or 15 years.

The Prime Minister: Yes, I absolutely understand that, and that is because—or among the drivers for that is the fact that—the average age for owning your own home is now over 35 years old. Many people—

- Q30 **Chair:** Prime Minister, these are people who will never own their own home. They are people who have to rent because they cannot afford to.

The Prime Minister: Just hear me out: rents have gone through the roof, because the competition for rented accommodation is through the roof. It is through the roof because we have not been building enough houses, and therefore too many people want the same accommodation, which means the landlords are put in a prime position.

Chair: We know all that. But what about the local housing allowance? Are you completely ruling out lifting the LHA? That would help some people to get their own homes rather than temporary accommodation, as Ms Eshalomi so eloquently laid out.

The Prime Minister: All that has been set out in the Budget, and we are not unpicking the Budget.



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Q31 **Mr Perkins:** Prime Minister, you have been clear that you will back the builders, not the blockers. We know who the builders are, I think, so who are the blockers?

The Prime Minister: Those who say, "We shouldn't have targets for housing." Those who say, "We shouldn't build here." Those who have stood in the way for years.

Q32 **Mr Perkins:** Be more specific. Who are the people who are doing this? Are we talking about planning committees, local councillors or local residents' groups? Who are these blockers?

The Prime Minister: All of the above. I was at a housing development in the course of the elections up in York Outer looking at some housing that had been put up. It was 20 years from the plan going in before the houses I was looking at were being built, and it was going to be 25 years before that housing estate was completed. That is never going to be enough to get growth in this country.

Equally, I was inquiring about onshore wind farms and how long it would take to get one up, and I was told by someone who I thought was totally credible that you could build a wind farm in two years. I said, "Good, because we want clean power by 2030." They then said, "Well, we won't have that because it will take 13 years before we get the power." I said, "Talk me through that."

He said, "I will lose five years to planning, because somebody will object and I will be in court for five years." I said, "Well that needs fixing, but that only gets me to seven years. What about the other six years that take you to 13?" He said, "Well, the grid that needs to connect me won't begin to crawl towards me until I've got power coming out of my wind farm, and then it's going to take six years for the grid to get to me."

Thirteen years for a two-year project—that is the blockers. It is no wonder that we are not going to get anywhere unless we get that out the way.

The other example that is etched on my brain is Scunthorpe steelworks. I went up to the steelworks at Scunthorpe. They have got an electric arc furnace that they think will be ready by 2029. The grid is going to connect them in 2034. We cannot go on like that if we want to grow our—

Chair: So these are the problems.

The Prime Minister: Exactly. That is why we want to get rid of the planning regulations. It is why we want to change the regulations and we want to get our hands on the grid, because if we do not do those things, we will be stuck with these blockers for a very long time.

Q33 **Mr Perkins:** In terms of the infrastructure, that is your responsibility. In terms of people like councillors and local communities, that is obviously a key area. Britain is already one of the most nature-depleted nations on earth. Do you think the current protections for nature in our planning system are excessive?



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The Prime Minister: I think we could get the balance better. I obviously think we should take measures to protect our environment, to protect nature—of course I do—but I think we could do it differently.

One of the proposals that we are working on, as you know, is the question of whether that balance should be struck on each and every application and project one by one, case by case, or whether it couldn't better be lifted so that you could look at the balance over a wider area, which I think would make a lot more sense—

- Q34 **Mr Perkins:** The question there will be, who pays for that, if it is not the developer? We currently have biodiversity net gains so, on a case-by-case basis, they have to replace the nature that they build over. If it is not them, who pays?

The Prime Minister: I think the developer should pay into a fund that could be used to get that balance right. I am not saying they should be exempted from paying in. What I am saying is that if you do it on a case-by-case basis, you can get quite a lot of results that slow things down and do not seem, on the face of it, to make a lot of sense. That does not mean that we should not protect nature and the environment, but I think there is a different way of striking that balance.

- Q35 **Mr Perkins:** On that, the national planning policy framework lists three objectives—economic, social and environmental. Is it the case that that order is not accidental and you see the priorities for you as being economic, then social, then environmental, or are they three equally important issues?

The Prime Minister: I think they are equally important, but I do think that for far too long we have had projects held up by problems—there are plenty of examples of newts and bats, you name it, or environmental issues—where if we had looked at in a slightly more strategic way, we could have got through the problem more quickly and more easily. That is not to downgrade the importance of the environment or nature, but I do think we can look at it differently.

- Q36 **Mr Perkins:** Anyone listening to your speeches will hear a lot more on growth than they will hear on nature protection. You mentioned there as you have mentioned previously about bat tunnels. We had the Deputy Prime Minister saying that newts are getting in the way of people.

What is the message in terms of nature that you want planning officers who are looking at applications to hear from this Government?

The Prime Minister: Well, it is important, but we want to build and we want to grow. If there is one inhibitor of our country over the last 14 years, it has been the failure of growth. We intend to turn that around, and we cannot turn it around without changing things.

What I have done in years in opposition is ask myself, "Why have we had low growth in this country for 14 years?" I have walked through I don't know how many examples with people who know what they are talking about.



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Having then worked out what is wrong, I intend to put it right. Therefore, yes—we have put the emphasis on growth and on the economy. We have been through the worst cost of living crisis since I don't know when. We were elected in to change that. To change that, we have got to unpick the problems that have caused the low growth in the first place.

Q37 **Mr Perkins:** You are committed to a brownfield-first policy.

The Prime Minister: Yes.

Mr Perkins: What do you understand to be the reasons why we are not getting developments on brownfield sites, outside of London, in areas like Chesterfield that I represent?

The Prime Minister: Because, first, the targets were taken down by the last Government and therefore there was no driving through. Secondly, there is a lot of buying-up of land and waiting until it is worth more money, and therefore it is not developed.

Q38 **Mr Perkins:** Are you doing anything about that?

The Prime Minister: By pushing through on the proposals that we have in place, yes, we want to do something about that. But equally, we are saying to each area, "You've got to fulfil these targets—brownfield first. If you do get on with it, you'll have our backing and our support. And if you don't, we'll step in and do it for you." That is already putting some momentum into the system.

Q39 **Mr Carmichael:** Good afternoon, Prime Minister. As Mr Byrne said earlier, "In the long run, we're all dead", so that keys me up rather nicely for a few questions about inheritance tax, in particular the changes to agricultural property relief and business property relief announced by the Chancellor in the Budget. Prime Minister, who were the targets for those changes? Was it the super-rich sheltering wealth, was it the family farmers, or was it both?

The Prime Minister: The purpose was to raise revenue in the Budget, so it was not aimed at a particular group of individuals. Without going over it again, we inherited a really bad situation. We took the clear view that we could not hit the pay packets of working people, but we needed to raise revenue, because without raising revenue we could not have done what we are doing, for example, on the NHS—a massive injection into the NHS, much-needed. So the driving purpose, if you like, was to raise the necessary revenue from a number of different places, including this, but it was not targeted at this group or that group.

What we tried to do with the regime that we put in place was to protect the family farm by putting in a high threshold for inheritance tax for farms, which means that if you take the figures on the estates for farms, the vast majority of them are unaffected by the changes we put in place. But we were not aiming at a particular group.

Q40 **Mr Carmichael:** Okay, so it was primarily a revenue-raising measure. Does that mean that the Government no longer adhere to the original



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purpose of these reliefs, which was to ensure the succession of the family farm from generation to generation?

The Prime Minister: No. We wanted to raise the revenue necessary, but also to recognise that family farms need to be protected. That is why, instead of taking the view that there should simply be all the rules, as it were, that are applied to other inheritance, there will still be special rules within it, with the thresholds that we put in place. And of course, there is the fact that even when the threshold triggers the payment of tax, that tax is paid at 50% of the rate that other people would pay, and it is over a 10-year period, interest-free. That is not available elsewhere. That is the fair balance between raising the revenue and the protection we wanted to put in place.

Q41 **Mr Carmichael:** When it comes, then, to super-rich people sheltering their wealth by buying land, that is still going to be quite an attractive option, isn't it?

The Prime Minister: We were not aiming at a particular group.

Q42 **Mr Carmichael:** Are you comfortable with the super-rich sheltering their wealth by buying land?

The Prime Minister: What we tried to do was to get the balance right and to protect the family farm. What the very wealthy do with their money, within the rules, is a matter for them. But what we wanted to do was to raise the revenue necessary, because we had to not only balance the books in the Budget but make important investments in things like the health services and in schools. That meant we had to raise revenue and that is why we did this, among other measures.

At the same time, we wanted to put in thresholds that ensure that, in the average case, the vast majority of family farms could be passed on without being affected by inheritance tax. That was the scheme and the purpose of it.

Q43 **Mr Carmichael:** How many family farms do you think are going to be caught by this?

The Prime Minister: We have been through the figures on this and just to rattle through—

Mr Carmichael: I can help you here. HMRC says that there were about 500 claims for agricultural property relief. Is that a robust figure of those who will be caught?

The Prime Minister: That is a robust figure. It is published by the Treasury and certified by the OBR. Currently, as I think you know, 73% of APR claims are less than £1 million and 40% of APR goes to the 7% wealthiest claimants. Therefore, I am confident that this gets the balance right between raising the revenue that we needed to raise but also protecting most of the estates.

Q44 **Mr Carmichael:** But the changes apply not just to agricultural property



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relief. They also apply to business property relief, do they not?

The Prime Minister: Yes.

Q45 **Mr Carmichael:** Now, in practice, the figure that you have given there—500 estates—does not include estates where the land would have been passed on using business property relief, does it?

The Prime Minister: I think that it does; I will certainly go away—

Mr Carmichael: No, I can assure you that it does not.

The Prime Minister: The figure of 73% of APR claims being less than £1 million is a figure from the Treasury and certified by the OBR. I am confident in that figure.

Q46 **Mr Carmichael:** That is those who have had agricultural property relief—you can certainly come back to it. If you are satisfied, Prime Minister, that that 500 figure is not as robust as it may appear—a lot of people have changed their mind on that in recent weeks—would you persuade the Chancellor to meet with the farming unions? She has refused to do that thus far.

The Prime Minister: As you probably know, I met with the NFU president just a few weeks ago. I met previously, on a number of occasions, with his predecessor. There is no issue with meeting—of course there is not.

Mr Carmichael: No, but for the Chancellor of the Exchequer?

The Prime Minister: That will be a matter for her. I myself met the president of the NFU, and I think that—

Chair: You have set the example.

Mr Carmichael: Is that an example you will be encouraging the Chancellor to follow?

The Prime Minister: The Chancellor will manage her own diary, but I took the view—

Q47 **Mr Carmichael:** We are laughing here, but we had one witness giving evidence to the Select Committee who, when talking about the impact on his farming business, broke down. There are a lot of people who do not find this funny. How does it make you feel to hear that witnesses were breaking down before my Select Committee?

The Prime Minister: Of course nobody is comfortable with that, but that is why I took the decision to have a meeting with the president of the NFU. I invited him in for a meeting with me not with a great fanfare, but just for a private meeting so that I could hear for myself, first hand from him, the points he understandably wanted to make.

Chair: With a view to making changes?



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The Prime Minister: No. We have got the policy. We have set out the policy. I was clear about that, but did I want to hear what he had to say, in a respectful way? Yes, of course I did.

Q48 **Debbie Abrahams:** Good afternoon, Prime Minister. I want to move on to the "Get Britain Working" White Paper. You will be aware that there are more than 2 million disabled people who want to work, and that there is a disability employment gap of nearly 30%. What are you doing to help more businesses recruit disabled people into work, and to make sure they retain their experienced workers, should they become disabled?

The Prime Minister: First, thank you for raising this, because I do not think we talk about this enough. The Employment Rights Bill that we are putting in place puts in place extra protection. In the work that we want to do to get people back into work—as you probably know, there are 2.8 million or so people who are on long-term sick—

Q49 **Debbie Abrahams:** That is slightly different from the point I am making, which is about disabled people. People on long-term sick will not necessarily be included in that particular figure. On the 2 million, which is a fairly static figure, what can we do to change the attitudes and willingness of employers to recruit disabled people?

The Prime Minister: We should do everything we can. It is very important that we have a proper ability for disabled people to be at work and to work in the way that they want, and we should support them and employers to make sure that that happens.

Q50 **Debbie Abrahams:** Moving on, I want to think about the third of disabled people who are living in poverty because of the extra costs that they face. While work may be the route out of poverty for the 2 million that I have just been talking about, how will you ensure that those disabled people who cannot work have adequate support, and that systemic safeguards are in place so that we do not have more horrendous deaths of sick and disabled people reliant on the social security system?

The Prime Minister: We have to make sure that support is in there, and we will make sure that support is in there. Within that group, there are quite a number, particularly those on long-term sick, who want to be back into work, but want to be supported into work. As you know, it can be quite a daunting thing, if you have been on long-term sick, to go back into the workplace. Therefore, what we have been looking at is schemes—there are some already there, as you know, where employers support those who have been on long-term sick back into work, and I am very supportive of that; I have been to see them myself—to give people the chance to go back to work, because sometimes, taking that step is very, very difficult.

Q51 **Debbie Abrahams:** That is a very good point and I absolutely accept that, but there will be disabled people who will not be able to work. We know that over the past 15 years disabled people have been particularly battered by the reduction in support that they have got. I know that disabled people are feeling very anxious about what is going to happen, for example, in the spring. There is a cohort of disabled people who will



never work—

The Prime Minister: Yes.

Debbie Abrahams: And they are living in absolute poverty—which it is, with some of the conditions that people are living in, when they have extra costs of nearly £1,000 a month. That does not seem to be recognised. If you are able to expand on how they will be protected, in consultation with the Secretary of State, that will be very good news for those people.

The Prime Minister: Yes, they must be protected.

Q52 **Debbie Abrahams:** My final question today relates to pensioner poverty. Some 300,000 more pensioners are living in relative poverty since 2013, and women are one of the groups that are disproportionately affected. That has been significantly increased by recent increases in the state pension age. We know that the DWP estimates that restrictions in eligibility for the winter fuel payment will also add to the number of pensioners living in poverty.

I appreciate that increasing pension credit is very important, but single pensioners just above that £11,000 threshold cannot wait until next spring, when they get their uprating in their state pensions. What further mitigations are you considering, given the potential impacts on the health and wellbeing of these pensioners?

The Prime Minister: Well, there are allowances in place—which are not targeted to pensioners in particular but for households that are struggling, and which are, as you know, administered by local authorities—that we have not only maintained but enhanced. That is in place.

The uptick in the pension, which comes in April, is about £470. Of course, there was an uptick in the April of this year as well. Therefore, a pensioner facing the winter a year ago, as it were, even with the winter fuel allowance, will not be as well off as a pensioner after the £470 next April. But that is only because we can maintain the triple lock, which we would not be able to maintain if we did not stabilise the economy. That is why we did what we needed to do with the Budget.

Debbie Abrahams: My point is specifically about this group in which we have seen increases in poverty. They cannot wait until spring. If we have a bad winter, they will be affected, and I hope that you will be able to come forward with some mitigations there, Prime Minister.

Q53 **Helen Hayes:** Good afternoon, Prime Minister. Along with every other Member of this House, you will be aware, from your constituents, of the extent of the crisis in the support for children who have special educational needs and disabilities, and their families.

In June, you were asked by ITV News whether you could make a promise to parents of children with SEND that you will change the way that Government deals with local authorities and hold them to account for SEND provision. You said, “I can make that promise”. When do you expect that children with SEND, and their families, will be able to access



the support they need without having to go to the tribunal to fight for it?

The Prime Minister: First, thank you for raising this issue. This is, I think, the issue that has been raised at Prime Minister's questions with me more than any other issue—from all sides of the House. The inheritance on SEND is a system that was neglected to the point of complete crisis. What we have therefore done—to come to your question—is allocate more money, in the first instance, in the Budget, for special educational needs so that we are able to put better provision in now.

But also, alongside that, I think we have got to reform; we have got to have a much earlier intervention system in place; and we need to make sure that this is predominantly mainstream. Those are longer-term changes, but my own strong belief is that even with the extra funding, which is desperately needed, if we do not change the way in which special education is provided, we will never be able to plug the gap and fix the problem that you have described. Yes, more money through the Budget, but also, we need early intervention and to make sure that provision is available in mainstream schools. That is the reform, or the change, that I think we need to bring about, and as urgently as possible.

Q54 **Helen Hayes:** The money in the Budget this year is very welcome. I think there was relief across the sector about that. The £1 billion that was allocated is just a third of the current in-year deficit for SEND. It is a helpful amount of money, but it is not a transformative amount of money. What local authorities are most concerned about is the question of the statutory override, which, as you will know, is an accounting fudge that allows SEND-related deficits to be kept off their books. It comes to an end in March 2026. Local authorities will be, in just a few weeks' time, setting their budgets for the coming financial year, and it seems to them that the DFE, the Ministry of Housing, Communities and Local Government and the Treasury are talking to each other about how that will be dealt with, but nobody is talking to local authorities. Can you say when local authorities will have certainty about what happens at the end of the statutory override?

The Prime Minister: The Deputy Prime Minister is talking to local authorities about that. I will obviously follow it up with her as a result of your questions this afternoon. That commitment on special educational needs is absolutely clear and has to be joined up within Government because it is intolerable. Yes, that extra investment, that extra money, is needed to be put in. I accept that no amount of extra money, on its own, is going to provide the better provision, in my view. It has also got to come with the reforms that we are working on, and that we have set out. That is joined up within Government. I know that the Deputy Prime Minister is all over this. It matters hugely to her. I will just double down and make sure, now you have raised it, that all the relevant conversations are taking place.

Q55 **Helen Hayes:** This is an existential issue for local authorities. If there isn't a solution to the statutory override, the Government will see an avalanche of local authorities issuing section 114 notices. It could not be



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more important, and I know, from what I hear from those working in the SEND sector in local government, that local authorities are very anxious to understand what the Government's approach to the issue of their debt will be.

The Prime Minister: I know that they are anxious about it. It is a huge financial burden on local authorities. It is causing problems all over the country, in all sorts of constituencies and with all sorts of authorities. That is why we have taken the measures that we have taken. We will obviously talk to them further, but I am acutely aware of the section 114 problem and the pressures that they are under, and that it is a major driver of that particular problem.

- Q56 **Helen Hayes:** Finally, I would like to turn to the question of early years education and childcare. We know that the early years provide a unique opportunity to close the disadvantage gap for the most disadvantaged children, to set them up so that they can make the most of education for the rest of their lives. The Government inherited a childcare strategy from the previous Government—the roll-out of the expanded hours offer, which is almost exclusively aimed at working families. There is evidence that in doing so, there is a risk that provision will be reduced for the poorest children, who stand to benefit the most from high-quality early years provision. Are you concerned, Prime Minister, that the Government's early years education and childcare strategy is at odds with the work of the child poverty taskforce?

The Prime Minister: The child poverty taskforce is obviously doing its work at the moment and will issue its report in the spring of next year, so we want to bring those things together. I completely accept what you put to me, that what happens in years nought to four or five of a child's life are more impactful than at any other point in that child's life, and therefore we have to put the support in there.

Childcare is part of that, but one of the reasons that we set making sure that children arriving in reception are ready to learn as a milestone in our plan for change was precisely because those years are so important.

At the moment, as you know, children arriving in reception have very varying abilities—some are able to get on very quickly and are ready to learn, but some are hopelessly away from it.

Chair: I think what Ms Hayes is saying is that without the right solution, that milestone may not be met. Is that right, Ms Hayes?

- Q57 **Helen Hayes:** Do you think there might need to be a change to the delivery of the childcare strategy in order to achieve the Government's goal of ensuring that more children are ready to start school?

The Prime Minister: That is one strand of it, and we want to push on as far as we can, but everything has got to be done within the fiscal framework that we have got. Therefore, we have to balance this across the piece.



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I accept the proposition you are putting to me. I know that the milestone is going to be difficult to meet, but, just as with housing, waiting lists and living standards, I am absolutely determined that we are going to meet it. It is a bit like Sure Start under the last Labour Government; it made such a material difference. This is, if you like, our equivalent, which is to make sure that by the time children are arriving at school in reception, they are ready to learn in a way they frankly are not across the board at the moment.

Q58 Chair: So Prime Minister, can we ask that you take away what Ms Hayes has raised and look into that specific technical issue?

The Prime Minister: Yes, of course.

Q59 Sir Geoffrey Clifton-Brown: Good afternoon, Prime Minister. The Public Accounts Committee exists to scrutinise public expenditure across Government to get the biggest bang for the taxpayer's pound. One of the ways you could save billions is to improve public sector productivity. I have three discrete questions on that.

The first is on the adoption of new technology: I mean fairly simple things like improving digital record keeping, investing in legacy computer services—the last Government put £3.2 billion into the health service—and adopting new technologies like AI much quicker than it is being adopted at the moment. How are you going to improve that?

The Prime Minister: We have to improve across the board on AI and technology delivery, and that is in relation to the services that are delivered as the end product but also to the way we do government. I do not know how many examples there are of this, but digital record keeping is crucial. In the NHS at the moment, everybody gets the red book when they have a child, but none of it is digital. We have to resubmit all the information that we give every time we go to a different hospital. We have to change the outlook and the thinking about that.

Sir Geoffrey Clifton-Brown: There are lots of examples. The second area is—

The Prime Minister: There are lots. When I arrived at the Crown Prosecution Service, everything was done on paper—every single case. And I said, “We need a digital file, because it is ridiculous that we are carting these papers, usually in the back of a van, from court to court.” The doing bit is the hard bit—driving it through Government to make sure that we can bring it about. Everybody will agree that we need more technology. Very few can deliver it, and it is the delivery bit that I am focused on.

Q60 Sir Geoffrey Clifton-Brown: It needs you, as Prime Minister, to drive it.

The second area is procurement. A lot of Government procurement, particularly large public sector projects, is woeful. To take AI at the moment, the Government is very slow at procuring, and it has not begun to adopt AI at the speed it needs to because it is moving so quickly.



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On defence, our procurement budget was £16.9 billion overspent. We have had a woeful hearing on HS2 this morning. The experts have no idea how much it is going to cost. Some people think it will be double the present estimate of £44 billion. They have no idea when it is going to come into operation. Some people thought it would be 2037. We really have to find a way of improving these big public sector procurement projects, because at the moment there is a reputational risk for the UK in doing them.

The Prime Minister: I could not agree more. Defence is an example, but it is not the only example of where we absolutely need to improve procurement; there are plenty of other Departments where we need to. HS2 is a case study of the last Government on how to mishandle a major project—over budget, over time, cut back. It is almost a textbook example of what the last Government got wrong when it came to big infrastructure projects. That does not mean that we should abandon infrastructure projects, but it does mean that we have got to do them differently and we have got to do them better. I could not agree with you more.

Q61 **Sir Geoffrey Clifton-Brown:** Prime Minister, there has been dither and delay for the last six months. Not much has happened on HS2.

Moving on, the third area where you could save billions by improving public sector productivity is skills in the civil service. For example, in digital posts there are 4,000 vacancies. There are vacancies in AI procurement and project management.

How can we make sure that we get the people with the high-tech skills that we need to do all this public sector productivity? If necessary, one of the things holding it back is that they say they have to pay the civil service rate of pay. For some of the very advanced electronic skills, the market is paying way over the public sector rate of pay. How are you going to rectify this?

The Prime Minister: We have put in place some measures to try to attract these skills in. We have had some success in getting good people in to work on AI and tech, and we want to improve on that because I think these are going to be a game changer. So we are pushing ahead with that.

We are never going to be able to match the private sector, but I do think that we can attract in good people. There are plenty of people who are not only technically gifted, and have the skills we need, but bring what civil servants bring—that sense of public service in wanting to deliver here. We are having those discussions now, because I completely agree with you that we need those skills inside Government driving this. This will change not only the public services that we deliver as a Government but the very way in which we deliver them.

Sir Geoffrey Clifton-Brown: Thank you very much, Prime Minister.

Q62 **Emily Thornberry:** While all this is going on at home, there are a number of challenges internationally as well. Since being elected, you have had to spend a great deal of time on the international stage meeting



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many people. I must ask you about Syria and then perhaps about Israel and Gaza.

I will begin with Syria. Who are the main international players—those with power and influence—in Syria at the moment?

The Prime Minister: Syria is obviously fast moving, and the speed at which Assad fell was not foreseen by many. It is a good thing, but we must not make the mistake of thinking that what comes next is necessarily going to be different and better, because we have made that mistake before, in my view. We are talking to regional leaders, and I was out in the region just last week.

Q63 **Emily Thornberry:** Which regional leaders?

The Prime Minister: Last week I was in the UAE and Saudi, but there are other regional leaders who we have been talking to, as well as global leaders, on how we collectively ensure that what comes next is better. Obviously, that also includes talking to some of those on the ground. I will not go into the details of that, but you will understand that those conversations need to be had to ensure that, if it is possible, we have a regime that complies with international law and protects the rights of civilians and minorities, and that this can be a genuine and real turning point for Syria.

Emily Thornberry: And of women.

The Prime Minister: Of course, yes.

Q64 **Emily Thornberry:** Do you agree with President Trump that it is all about Turkey in Syria at the moment?

The Prime Minister: The role of Turkey is clearly important and it has been a part of our discussions. This is a fast-moving, complicated situation, so I personally would not say that it is all about one thing or another; there are lots of moving parts here. Is Turkey an important part of all this? Yes, absolutely.

Q65 **Emily Thornberry:** We have Turkish-backed forces fighting US-backed forces in northern Syria, and in southern Syria we have the Israelis taking chunks out of the south. How can the United Kingdom ensure that those who do have some power and influence in the region are actually using it to develop a Syrian Government who are properly inclusive, in the way that you have described?

The Prime Minister: By working with others with a clear set of principles in terms of what we are trying to achieve, and by working in appropriate and necessary ways with the incoming regime, such as it is at the moment. That is the approach, but we need to have those principles and ask: what is it we are trying to achieve here? The picture you paint is one that I am concerned about, but it is a very fragmented picture—it could head off into four or five different areas of conflict, or re-conflict. Our job is to try to make sure that that does not happen.

Q66 **Emily Thornberry:** Can I ask you about Israel and Gaza?



The Prime Minister: Yes.

Emily Thornberry: Obviously, the whole world hopes that we will get a ceasefire in Gaza by the end of the year. The question has to be: if that does happen, what role will the UK play in what comes next? How will we use our considerable influence in the region and our convening power to make sure that what comes out of the rubble is a Palestinian nation?

The Prime Minister: First, I completely agree with you: we need this ceasefire, and we need it right now. Obviously, there were intense discussions going on in relation to a Gaza ceasefire that I hope bear fruit.

To go to your question, it seems to me that the immediate step is ensuring that the hostages are released. They have been held a very long time, and they must be released. A ceasefire is not worthy of its name if it does not involve the release of the hostages. Next, of course, aid needs desperately to go in, both at volume and speed, to the very dire, catastrophic situation in Gaza. Then, as you allude to, we need to create the space through a ceasefire for the necessary steps to progress to a two-state solution: a safe and secure Israel and a viable Palestinian state, neither of which are in place at the moment.

That may seem rather distant at the moment as we look at it, when we have not even got a ceasefire, but I genuinely believe that it is the only long-term solution to the conflict. There are many steps in between, which we are talking through with others. They involve asking what the security arrangements are in Gaza and other places until we get the progress we need—who is going to be responsible, and how is that going to operate?

All of those are questions that I think the UK should be, and is, involved in, because if we are serious about the two-state solution we have to answer all the questions. From the day a ceasefire starts—and we hope that it does—to the end point that we want to get to, have we got answers to the very many questions that arise in the interim? That is where we are working with others to answer, if you like, the question of what happens the day after a ceasefire.

Q67 **Emily Thornberry:** Palestine will not just be built from the ashes of Gaza. It also needs to be the west bank as well. We know that we are dealing with a Government in Israel whose stated view, at least, is that they are not in favour of a two-state solution at the moment. Indeed, some of the wilder members of the Israeli Cabinet talk about annexation. If the annexation of the west bank does happen—and we all hope that it doesn't, of course—I am sure the west will condemn that, but is there a plan B further than condemnation?

The Prime Minister: I am very worried about the west bank, so thank you for raising it. There is necessarily a lot of focus on Gaza, and recently on Lebanon as well, but with the west bank there is not only the unlawfulness of the situation on the ground but terrible settler violence going on that needs to be dealt with.



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The anchor has to be international law, and respecting international law, as well as being clear about what that means in relation to our approach to the west bank. These are difficult questions, but I strongly believe that we should anchor it in international law. In relation to the west bank, the position is therefore clear and settled as far as I am concerned.

Q68 **Mr Dhesi:** Prime Minister, thank you very much for your dedication to duty and your service to our nation. In terms of our defence and national security, what is the one thing that keeps you awake at night?

The Prime Minister: I am not kept awake by our defence and security; I am actually assured by our defence and security because we have first-class personnel here and across the world. Working with allies, we are playing a leading part in NATO. Part of what I have been trying to do in the last five or six months is to make sure that we can be clear to the world that the UK is back wanting to play a leading part in safety and security across the globe. Wherever I have encountered our service personnel, they are doing a first-rate job, usually in very difficult circumstances.

Q69 **Mr Dhesi:** Just last week, the Secretary General of NATO noted that the current security situation is the worst within his lifetime, as he sees it, and that now is the time for members to shift to what he called a "wartime mindset". He said, "No, we are not at war. But we are certainly not at peace", given the grey zone attacks and the increasing nature of those. Do you agree with that assessment, and is there an understanding in Whitehall about that threat?

The Prime Minister: We are living in a more volatile world than we have for many, many years; I think that is absolutely clear. In a number of different places around the world, we have conflict that is escalating, not de-escalating, and we have to match that. That is why we have doubled down in our support for NATO. It is why we constantly talk to our allies, always ensuring that we are better prepared. Sometimes that is to do with pure capability, and obviously there is a lot of discussion about the exact percentage that is spent on defence. I think it is equally about how we coordinate and collaborate with our partners to best effect. They are some of the daily discussions that I have been having, including earlier this week, when I was in Norway talking about our joint operations in the High North that are vital to our safety and security, and then down in Estonia, on the absolute frontline as far as Russia is concerned.

Chair: We know about your travels.

Q70 **Mr Dhesi:** Those visits are much needed. In that context, you recently said that Europe needs to do much more when it comes to defence spending, and I certainly agree with that estimation. Russia is spending approximately 7% to 8% of its GDP at the very least; a third of their state budget is going towards defence; and the NATO Secretary General has asked that NATO members should be committing to 3%. The likes of Poland are at above 4%. We have defence experts and MOD officials reportedly recommending 3.6%. So when are we going to get to 2.5%?



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The Prime Minister: We have made that commitment to 2.5% and we will set out a path to that in due course. As you know, there is a strategic review going on—I think you have had possibly two of the reviewers before your Committee—and that is due to report in the early part of next year. But we will set out that path to 2.5%.

Q71 **Mr Dhesi:** The problem, Prime Minister, is that we cannot afford to prevaricate. There is a huge anomaly here, as I also mentioned to the Secretary of State for Defence. By the way, I have a huge amount of respect for him and I believe he gets it. But without waiting for a strategic defence review publication, the Government have already committed, just this week, billions of pounds to invest in service accommodation, and rightly so, and committed to £500 million-worth of cuts to different bits of kit; and we are told that we will be transitioning to newer platforms. The Government have committed to a new military strategic headquarters, recruited a National Armaments Director—I could carry on. All of that was without waiting for the publication of the SDR. So why are we holding back? Where is the blocker? Is it Treasury officials that are the blocker?

The Prime Minister: No. First, on the question of decommissioning, decommissioning kit that is well past its natural life is an obvious and right thing to do.

Mr Dhesi: I welcome that.

The Prime Minister: The frigate I was on just earlier this week was in its 33rd year when it was intended to last for 18 years. We should not be proud of that; we need to decommission and move on to better and newer kit and equipment for our service personnel. On your question, I do think it is important that we have the strategic review because, as you know, that is looking into the risks and challenges that we face as a country, what our current capability is and whether we need therefore to make changes to match the risk of challenges to the capability that we have. Therefore I am reluctant to commit large sums of money to the budget unless and until we know the outcome of that strategic review, because this money needs to be spent well, and it will only be spent well if it is spent at the end of that exercise.

Q72 **Mr Dhesi:** Prime Minister, with all due respect, I have already rattled off a whole load of examples of how the MOD has not waited, and the Government have not waited, for the publication of the SDR. Certainly, autocracies and our international adversaries are not going to wait for either economic stability or prosperity. We have to consider, surely, that the cost of peace—that deterring a war is certainly less costly than fighting one. Why are we prevaricating? Why are we not setting out a clear timetable so that our allies, our defence community and our industrial base know exactly where we stand?

The Prime Minister: First, we are spending 2.3% at the moment, as you know. Within that, it is obvious that some of that cost is fixed. Quite rightly, we have a long-term commitment to the nuclear deterrent, so



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within quite a bit of that budget, we know that the money is fixed—it will be there, and we will continue with that. Of course, when it comes to decommissioning equipment that is well past its sell-by date, it makes sense to do that as quickly as possible.

On the question about the path to 2.5%, it is important, in my view, that the review is carried out first. I want to be assured that we have an approach that is fit for the risks and challenges that we face. I do not want to make a commitment to a strategy that is being revised at the moment by the people who came before your Committee. To my mind, it makes sense to ensure that we are absolutely clear what the capability we need is, with clear sight of the risks and challenges. We must commit to that, and in my view the pathway follows from that. That is the way to ensure that the money is well spent and that we get the right value for the investment that we are making and the right capability to face those threats.

Chair: Thank you for that clarity.

Q73 **Dame Karen Bradley:** Good afternoon, Prime Minister. Children are often the biggest victims of global conflict. I am thinking of the estimated 20,000 Ukrainian children who have been stolen by Russia. What are you and your Government doing to help locate them and reunite them with their families?

The Prime Minister: It is a tragic and awful situation; thank you for raising it. We are working with all our allies on this, but particularly with the US, France, Germany and, of course, Ukraine. It is a terrible situation, and we are doing everything we can.

Q74 **Dame Karen Bradley:** What can you do, though, to locate them and get them back home?

The Prime Minister: We can work with our allies to try to achieve that end. It is a difficult situation because of the complexities of the conflict, but that does not diminish the need for us to do the necessary work.

Q75 **Dame Karen Bradley:** There are a number of former UK nationals who are now stateless in Syria. What is the Government's position on those stateless individuals, given what has happened in Syria?

The Prime Minister: I do not think it is wise for me to comment on individual cases. The principle that we have to apply is that our national security comes first. That is the way we will look at these cases. Each of them will be different. I will not comment on each of the individual cases, but the principle has to be that our national security comes first. That will be the primary consideration in the decisions that fall to be taken, if and when they do fall to be taken.

Q76 **Dame Karen Bradley:** So they will be done on a case-by-case basis?

The Prime Minister: They will have to be, yes.

Q77 **Dame Karen Bradley:** But that is not the situation with the temporary



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pause that has been put on asylum applications for Syrian nationals. When will the Government change its position on that? Clearly, under international law, we cannot just have a blanket stop on asylum applications from Syrian nationals.

The Prime Minister: No, you are right about that. The reason we put the pause in is because, as you know, many of the applications coming through were from people fleeing from Assad, so the situation in that respect has changed. An assessment of the safety of the situation in Syria is very difficult to do at the moment and, as I was alluding to earlier, we need to work on ensuring that that situation is a successful turning point for Syria.

We cannot put them on pause forever—I accept that—so we will just have to keep it under review. What is driving it at the moment is the fact that most of those people are fleeing from the old regime, but we are not in a position to say with any degree of certainty what the situation might be going forward. I, and I am sure many of those who are here, hope it is a situation that is safe and secure for them to return. That is what many of them would love to do.

Q78 **Dame Karen Bradley:** All these conflicts across the whole world lead to more irregular migration. What is the role of safe and legal routes in irregular migration policy?

The Prime Minister: They can play a really important role. To take an example, after the fall of Afghanistan to the Taliban, a route was set for Afghanis to come here, and we have obligations that we are honouring. Other examples would be Hong Kong, where there is a well-established route in place, and of course Ukraine. Where they work and they work well, they do provide that safe route, although I have to say that constant attention is needed to the Afghan scheme, in my view.

Q79 **Dame Karen Bradley:** You are talking about country-specific schemes. In opposition, you voted for more blanket safe and legal routes. Have you changed your view on that?

The Prime Minister: No. I do think we need safe and legal routes from particular countries, but I also think that we should be taking measures necessary upstream to reduce the likelihood that people feel they have to flee in the first place. It is very important that we do so.

Q80 **Dame Karen Bradley:** I think we would all agree with that, but just to be clear, are you now not supportive of more blanket safe and legal routes?

The Prime Minister: No. I have never been supportive of blanket safe and legal routes, but I believe in the Afghan scheme, I believe in the Hong Kong scheme and I believe in the Ukraine scheme. They are good examples of a safe and legal route for people fleeing awful circumstances where we have an obligation.

Q81 **Dame Karen Bradley:** I very much welcome the agreements you have been striking around the world to tackle migration working with partner countries. There is clearly no silver bullet to dealing with irregular



migration. Does there need to be a deterrent?

The Prime Minister: Yes, and I think that breaking up the gangs that are running the trade and that are, in our particular case, putting people in boats across the channel is a very effective deterrent. Equally, I think that being returned swiftly if you get here and have no right to be here is a very effective deterrent. What I do not think is a deterrent is a gimmick that does not work, which is what I thought the Rwanda scheme was.

Q82 **Dame Karen Bradley:** How are you communicating that deterrent around the world to those who may consider making these journeys?

The Prime Minister: By the action that we are taking. You will have seen that there was a very high-profile arrest just a few weeks ago of a Turkish national. There will be proceedings going on, so I will be careful what I say, but it was a very significant arrest.

The deal we did with Germany was hugely significant because, as you know, a lot of the boats arriving on the north coast of France are coming through Germany. Some of them are in warehouses in Germany. Personally, it has been frustrating for me—we could not get our hands on them. By striking that agreement with Germany, we can now enhance our law enforcement to disrupt in Germany before anybody gets those boats to the north coast of France. These are effective actions that deter those running this vile trade. It is hugely important. Those boats were simply transiting up to the north coast and nobody was intercepting them.

Q83 **Dame Karen Bradley:** I absolutely take that point, but how are you going to deter the young person who decides that their only hope is to make a very dangerous crossing to try to get to the United Kingdom?

The Prime Minister: First, we have to work upstream in some of the countries of origin on the causes of fleeing. Whether it is conflict, poverty or climate, there are things that can be done. Then we need to break the chain that is available on payment of money for people to travel. Those running this vile trade are making a huge amount of money exploiting vulnerable people by taking a lot of money off them to put them into boats that are not seaworthy. If they were cars on our roads, we would not allow them to be in use. Yet, somehow, it is thought tolerable that people can even get into these boats. We have got to smash that.

Dame Karen Bradley: We absolutely do. I do not think any of us think it is tolerable, Prime Minister; do not worry about that.

The Prime Minister: One of the reasons I have face-to-face meetings with my counterparts in countries like Germany, France and Italy is so that I can have the necessary discussions at that level to say, "If we can agree at our level that this needs to be done, there is a better chance of action further down." The German agreement is an example of that because that is one of the conversations I had.

Q84 **Chair:** Prime Minister, I have a couple of quick follow-up questions on your answers to colleagues. In your response to Dame Karen, you talked about safe and legal routes and mentioned Afghanistan. There are all



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sorts of horrors around the world—in Sudan, for example. Do you have a hierarchy of countries where you want to see safe and legal routes? What is your plan for countries where there are other challenges and where people may need to flee terror?

The Prime Minister: In Sudan, which is a terrible situation, we obviously have to work with allies. The primary objective in Sudan is to get a working ceasefire of some sort, and that is what we are bearing down on with our allies.

Q85 **Chair:** Are you working on safe and legal routes in the region?

The Prime Minister: We are working with our allies, but our primary focus is on getting a ceasefire in the situation.

Q86 **Chair:** Do you have a decision-making process within Government about which countries you will apply safe and legal routes to?

The Prime Minister: We talk to our allies about what is possible out of any conflict zone, whether it is Sudan or anywhere else. The primary objective has to be the cessation of the hostility in the first place.

Q87 **Chair:** Indeed. Also on migration, we have heard from Florence Eshalomi, Dame Caroline and Sir Geoffrey about the challenges of skills in the UK. Construction, tech and digital, and AI have come up today. Are you having any discussions with the Migration Advisory Committee about any shortage occupations that should be on its list? Taking construction as an example, if you want to build those 1.5 million homes, there will be a real squeeze to find the skills available in the UK at the moment, given the cladding situation and the need to build those homes.

The Prime Minister: Yes, we are. We are making sure that what the Migration Advisory Committee is doing is consistent with what we are doing in our industrial strategy council and with Skills England. In my view, those three have been operating in separate silos for far too long, and I want to bring them together, so those conversations are taking place.

Q88 **Chair:** When will we see a list of the shortage occupations that the Migration Advisory Committee publishes? When are you expecting that?

The Prime Minister: That will be a matter for the Committee, obviously.

Q89 **Chair:** But when are you feeding the information into them? Basically, are you willing, as Prime Minister, to say, “Yes, sometimes we will need overseas skills to help deliver on the missions that I have set out”?

The Prime Minister: We are always going to need overseas skills. I cannot imagine a situation where we do not need a single person into this country for skills.

Q90 **Chair:** So you would give a green light, basically—or the Migration Advisory Committee would have your blessing if it were enabling skills.

The Prime Minister: No. The reason that we are putting all three together is to make sure that what the Migration Advisory Committee is



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saying and advising is consistent with what we can deliver with Skills England, which needs to bear down on the skills we need for growth, and to make sure that that is consistent with the industrial strategy, which is intended to bring businesses and those involved in growth as part of the skills—

Q91 **Chair:** But that will take a while, won't it? My point in asking about the Migration Advisory Committee is that we need skills now to get to that target of 1.5 million homes.

The Prime Minister: Sure, but that conversation needs to take place. Obviously I do not want to choke off businesses that are thriving at the moment by cutting their legs off and saying, "You can't have inward migration," but it needs to be part of a rolling programme, so that we wean ourselves off it. We have very high levels of net migration in this country, which have quadrupled since we left the EU and were completely out of control under the last Government. Part of that is a complete lack of co-ordination and strategy to have the skills we need in this country. Those decisions need to take place. In the meantime, I am not going to chop legs off our businesses and make it hard for them to get the skills that they need.

Chair: I am sure that they will be pleased to hear that. You responded to Ms Abrahams and her questions about disabled people. I do not know if you want to come back in on that point about the specifics, Ms Abrahams.

Q92 **Debbie Abrahams:** Prime Minister, are you able to add to the response you gave me? For example, how specifically are we going to engage with employers to ensure that the 2 million disabled people who are able to work can be supported?

Chair: Prime Minister, you said "We should do everything we can." That is great, but specifics would be helpful.

The Prime Minister: I will do a follow-up letter with a lot of detail in it.

Q93 **Chair:** Thank you very much. Finally, Prime Minister, you have been in the hotseat for five months now. You had the campaign, the general election and the euphoria of walking down Downing Street on that first day—but reflecting on your experience in the last five months, what would you have done differently, knowing what you know now?

The Prime Minister: First, I would like to say that, having been nine years in politics—all of it, bar the last five months, in opposition—it is far better to be in a position of power to change lives for the better than it ever is in opposition. I came into politics late in life, having had a legal career, in order to change lives for the better. I then sat in opposition for nine years going round the Division Lobbies losing the vote every night. Now we can get on with delivering. I am very pleased that—

Q94 **Chair:** Are there any lessons you have learnt, having been in No. 10, seen the machinery of Whitehall and had your hands on the levers of power? Is there anything you would do differently? If you could give your self of five months ago some advice, what would that be?



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The Prime Minister: I knew it would be tough. I knew the inheritance was going to be pretty awful. It is worse than I thought in every respect. There was £22 billion missing from the economy. The prisons were so over-full that when we had the disorder in the summer I had to have the figures up in the corner of the Cobra room as to how many prison places we had in every prison around the country, because we were at bursting point when we were trying to arrest people on the streets.

Chair: We all know that, because you have said that before.

The Prime Minister: Well, I was shocked!

Q95 **Chair:** Is there anything that you would do differently if you were starting out now, knowing what you know?

The Prime Minister: No. We had to do tough stuff. We are getting on with it. I am very pleased to be delivering from a position of power rather than going round the Division Lobbies and losing every night. I have had too much of that.

Chair: Thank you very much for being so proactive in coming in front of us, and showing a commitment to transparency and scrutiny. I wish you and your family a merry and peaceful Christmas. We hope you get a break at some point, although I suppose with your international hat on, you are probably going to be continually busy over the Christmas period. Thank you very much indeed for your time.

The Prime Minister: Let me thank the Committee and wish you all a happy Christmas and a peaceful new year—uninterrupted, I hope.