

Speech

Chancellor Rachel Reeves is taking immediate action to fix the foundations of our economy

In her first speech as Chancellor, Rachel Reeves laid out plans to rebuild Britain and make every part of the country better off.

From: [HM Treasury \(/government/organisations/hm-treasury\)](/government/organisations/hm-treasury) and [The Rt Hon Rachel Reeves MP \(/government/people/rachel-reeves\)](/government/people/rachel-reeves)

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Good morning.

Last week, the British people voted for change.

And over the last 72 hours I have begun the work necessary to deliver on that mandate.

Our manifesto was clear:

Sustained economic growth is the only route to the improved prosperity that country needs and the living standards of working people.

Where previous governments have been unwilling to take the difficult decisions to deliver growth...

... or have waited too long to act...

... I will not hesitate.

Growth [political content removed]. It is now our national mission.

There is no time to waste.

This morning I want to outline the first steps [political content removed] taken to fix the foundations of our economy.

So we can rebuild Britain and make every part of our country better off.

But first, let me address the inheritance.

I have repeatedly warned that whoever won the general election would inherit the worst set of circumstances since the Second World War.

What I have seen in the past 72 hours has only confirmed that.

Our economy has been held back by decisions deferred and decisions ducked.

Political self-interest put ahead of the national interest.

A government that put party first, country second.

We face the legacy of fourteen years of chaos and economic irresponsibility.

That is why over the weekend I instructed Treasury officials to provide an assessment of the state of our spending inheritance so that I can understand the scale of the challenge. And I will present this to Parliament before the summer recess.

This will be separate from a Budget that will be held later this year – and I will confirm the date of that Budget, alongside a forecast from the Office for Budget Responsibility, in due course.

All governments face difficult choices – and I will not shrink from those choices.

Those choices are made harder, however, by the absence of the economic growth necessary to not only balance the books but also to improve living standards.

New Treasury analysis that I requested over the weekend shows that, had the UK economy grown at the average rate of other OECD economies this last 13 years, our economy would have been over £140 billion larger.

This could have brought in an additional £58 billion in tax revenues in the last year alone. That's money that could have revitalised our schools, our hospitals, and other public services.

Growth requires difficult choices – choices that previous governments have shied away from.

And it now falls to [political content removed] fix the foundations.

There is no time to waste.

We have promised a new approach to growth – one fit for a changed world.

That approach will rest on three pillars – stability, investment, and reform.

Let me turn first to stability.

In the run-up to the general election, I set out the crucial first steps in our economic plans:

To deliver economic stability, so we can grow our economy and keep taxes, inflation and mortgages as low as possible.

And that commitment stands.

I emphasised this commitment in a meeting with the Governor of the Bank of England on Friday, and I will do the same when I meet the chair of the Office for Budget Responsibility this week.

These institutions are guarantors of our economic stability and I will not be playing games at their expense.

Over the weekend I made clear to Treasury officials that the manifesto commitments that we were elected on will be kept to and they will be delivered on.

That includes robust fiscal rules.

And it includes our commitments to no increases in National Insurance, and the basic, higher, or additional rates of Income Tax, or VAT.

Now I know there are some who will argue that the time for caution is past.

[Political content removed].

That a large majority in Parliament means we have the licence to row back on the principles of sound money and economic responsibility.

I know that many of you aren't used to hearing this after recent years. But I believe that the promises that a party is elected on should be delivered on in government and we will do so.

We do not take lightly the trust of voters who have been burned too often by incompetence, irresponsibility, and recklessness.

And to investors and businesses who have spent fourteen years doubting whether Britain is a safe place to invest, then let me tell you:

After fourteen years, Britain has a stable government. A government that respects business, wants to partner with business, and is open for business.

In an uncertain world, Britain is a place to do business.

Let me turn to how we will unlock private investment that we so desperately need.

[Political content removed] ...plans to launch a new National Wealth Fund, with a remit to invest – and so to catalyse private sector investment – in new and growing industries.

And in March, the former governor of the Bank of England, Mark Carney, agreed to lead a Taskforce on the establishment of a new National Wealth Fund.

I can tell you today that I have received the report from that Taskforce, and I will be announcing the next steps in short order.

Alongside investment must come reform.

Because the question is not whether we want growth, but how strong is our resolve – how prepared are we to make hard choices and face down the vested interests;

How willing, even, to risk short-term political pain to fix Britain's foundations.

The story of the last fourteen years has been a refusal to confront the tough and responsible decisions that are demanded.

This government will be different.

And there is no time to waste.

Nowhere is decisive reform needed more urgently than in the case of our planning system.

Planning reform has become a byword for political timidity in the face of vested interests and a graveyard of economic ambition.

Our antiquated planning system leaves too many important projects getting tied up in years and years of red tape before shovels ever get into the ground.

We promised to put planning reform at the centre of our political argument – and we did.

We said we would grasp the nettle of planning reform – and we are doing so.

Today I can tell you that work is underway.

Over the weekend, I met with the Prime Minister and the Deputy Prime Minister to agree the urgent action needed to fix our planning system.

Today, alongside the Deputy Prime Minister, I am taking immediate action to deliver this [political content removed] government's mission to kickstart economic growth;

And to take the urgent steps necessary to build the infrastructure that we need, including one and a half million homes over the next five years.

The system needs a new signal. This is that signal.

First, we will reform the National Planning Policy Framework, consulting on a new growth-focused approach to the planning system before the end of the month, including restoring mandatory housing targets.

And, as of today, we are ending the absurd ban on new onshore wind in England. We will also go further and consult on bringing onshore wind back into the Nationally Significant Infrastructure Projects regime, meaning decisions on large developments will be taken nationally not locally.

Second, we will give priority to energy projects in the system to ensure they make swift progress...

... and we will build on the spatial plan for Energy by expanding this to other infrastructure sectors.

Third, we will create a new taskforce to accelerate stalled housing sites in our country...

...beginning with Liverpool Central Docks, Worcester Parkway, Northstowe and Langley Sutton Coldfield, representing more than 14,000 homes.

Fourth, we will also support local authorities with 300 additional planning officers across the country.

Fifth, if we are to put growth at the centre of our planning system, that means changes not only to the system itself, but to the way that ministers use our powers for direct intervention.

The Deputy Prime Minister has said that when she intervenes in the economic planning system, the benefit of development will be a central consideration and that she will not hesitate to review an application where the potential gain for the regional and national economies warrant it.

... and I welcome her decision to recover two planning appeals already, for data centres in Buckinghamshire and in Hertfordshire.

To facilitate this new approach, the Deputy Prime Minister will also write to local mayors and the Office for Investment to ensure that any investment opportunity with important planning considerations that comes across their desks is brought to her attention and also to mine.

The Deputy Prime Minister will also write to Local Planning Authorities alongside the National Planning Policy Framework consultation, making clear what will now be expected of them...

...including universal coverage of local plans, and reviews of greenbelt boundaries. These will prioritise Brownfield and grey belt land for development to meet housing targets where needed.

And our golden rules will make sure the development this frees up will allow us to deliver thousands of the affordable homes too, including more for social rent.

Sixth, as well as unlocking new housing, we will also reform the planning system to deliver the infrastructure that our country needs.

Together, [political content removed] we will ask the Secretaries of State for Transport and Energy Security and Net Zero to prioritise decisions on infrastructure projects that have been sitting unresolved for far too long.

And finally, we will set out new policy intentions for critical infrastructure in the coming months, ahead of updating relevant National Policy Statements within the year.

I know that there will be opposition to this.

I'm not naïve to that;

And we must acknowledge that trade offs always exist: any development may have environmental consequences, place pressure on services, and rouse voices of local opposition.

But we will not succumb to a status quo which responds to the existence of trade-offs by always saying no, and relegates the national interest below other priorities.

[Political content removed].

We will make those tough decisions, to realise that mandate.

[Political content removed].

Be in no doubt – we are going to get Britain building again.

We are going to get Britain's economy growing again.

And there is no time to waste.

We will end the prevarication and make the necessary choices to fix the foundations:

We will introduce a modern industrial strategy, to create good work and drive investment in all of our communities.

We will reform our skills system, for a changing world of work.

We will tackle economic inactivity and get people back to work.

We will take on the hard work of reforming our public services, to make them fit for the future.

We will work closely with our national, regional and local leaders to power growth in every part of Britain.

And we will turn our attention to the pensions system, to drive investment in homegrown businesses and deliver greater returns to pension savers.

I know the voters' trust cannot be repaid through slogans or gimmicks – only through action, only through delivery.

The Treasury I lead is proceeding on that basis.

I was appointed to this post less than 72 hours ago.

Upon my arrival, I told Treasury staff that the work starts straight away.

That work has begun.

I have commissioned and received economic analysis from HMT officials on the lost growth of the past 14 years, which I have set out today.

I have instructed Treasury officials to prepare an assessment of the state of our spending inheritance, to be presented to Parliament before the summer recess.

I have started working with the Prime Minister, to make the necessary preparations for the establishment of a Growth Mission Board, and that board will meet before summer recess, focused squarely on reviving our country's economic growth and prosperity

I have established a new Growth Delivery Unit here, at the heart of the Treasury.

I have received the recommendations of the National Wealth Fund Taskforce, and will shortly be announcing next steps.

[Political content removed].

There is much more to do.

More tough decisions to be taken.

You have put your trust in us.

And we will repay that trust.

The work towards a decade of national renewal has begun.

There is no time to waste.

And we are just getting started.

Thank you very much.

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