



Treasury Answers to Questions

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See the full transcript [here](#)

Introduction and Context

This session of Treasury Questions gave Ministers the opportunity to outline the government's approach to investment, taxation, and economic growth, while also responding to challenges from opposition MPs on the impact of tax rises, infrastructure spending, and fiscal credibility. The Chancellor, Rachel Reeves, and her team used the opportunity to stress their commitment to growth, stability, and investment after what they repeatedly described as "14 years of Tory failure." The exchanges highlighted both **major flagship policies such as the £725 billion 10-year infrastructure strategy and the Better Futures Fund**, and contentious areas such as national insurance contributions, agricultural tax relief, and debt interest costs.

Critical Infrastructure and the 10-Year Infrastructure Strategy

The Chief Secretary to the Treasury, James Murray, confirmed that the Government will fund **at least £725 billion of infrastructure over the next decade**. This includes **£24 billion for roads, £7.9 billion for flood defences**, and long-term maintenance budgets reaching **£10 billion a year by 2034-35 for hospitals, prisons, schools, and other public facilities**. He stressed that the purpose was to give public service providers certainty to "deliver cost savings by planning ahead."

Labour MPs emphasised that, unlike previous "chronic under-investment," this strategy would link infrastructure to economic growth, for example, through the Bee Network in Manchester, 1,000 new electric buses, and investments in Scotland, such as carbon capture and transport in Glasgow.

The Chancellor herself stressed that the strategy is "core to delivering this government's growth mission," aiming to avoid "the cost and time overruns we became so used to under the Conservatives." Reeves also contrasted the UK's inward investment approach with devolved administrations, claiming: "We are a country that is open to global trade and investment."

Employer National Insurance Contributions

Changes to **employer national insurance contributions (ENICs)** were a dominant theme. The Exchequer Secretary, Dan Tomlinson, defended the decision to raise ENICs in order to raise £20 billion, noting that it was balanced by a doubling of the **employment allowance from £5,000 to £10,500**, meaning 865,000 employers now pay no contributions at all. He told MPs: "More than half will either gain or see no change."

Opposition MPs, particularly Conservatives and Liberal Democrats, branded the measure a "**jobs tax**," with hospitality firms singled out as being hit hard. Wendy Chamberlain and Dr Ben Spencer cited restaurants and hospitality companies struggling with higher costs, while Daisy

Cooper argued that small business vacancies had dropped 18%. Ministers pushed back, highlighting record rises in employment since Labour took office, falling waiting lists due to higher NHS funding, and relief measures through business rates. Reeves also reminded critics: “If they oppose the national insurance increase, then they oppose the extra money for the national health service.”

Agricultural Property Relief and Business Property Relief

Another major flashpoint was the reform of **inheritance tax reliefs for farms**. Treasury Ministers confirmed they had consulted widely with farming organisations, including NFU Scotland, NFU Cymru, and the Tenant Farmers Association, but remained convinced that changes are necessary to raise revenue “in a fair way.”

Rural MPs across parties criticised the policy as threatening family farms, with John Cooper citing farmers “in tears at the loss of the next generation.” The government insisted that generous reliefs remain in place, pointing to independent analysis from CenTax that concluded the reforms largely meet the government’s objectives. James Murray emphasised that while difficult, the decision is part of raising money for the NHS and public services, saying: “The NHS is a good cause, public services are a good cause, and a stable economy is a good cause to pursue.”

Debt Interest Payments and Fiscal Stability

Debt interest costs, forecast to hit **£111 billion this year (8.3% of public spending)**, sparked a sharp exchange. Reeves argued that stability had returned under Labour: “We have brought stability back to the economy, and there have been five cuts in interest rates.” When pressed about why UK borrowing costs were high, she blamed Conservative mismanagement and contrasted current conditions with “the disaster of Liz Truss and the clown show” of the Reform Party.

Reeves underlined that the deficit is forecast to fall by one percentage point of GDP this year, and the Office for Budget Responsibility expects debt to fall during the Parliament. She insisted all spending plans are “fully funded and fully costed,” even if that meant politically difficult tax rises.

Planning Reform and Housing

Reeves linked **planning reform directly to economic growth**, insisting that Labour “backs the builders” while opposition parties “back the blockers.” The government’s commitment is to **build 1.5 million homes this Parliament**, supported by the Planning and Infrastructure Bill. Reeves criticised peers for tabling “more than 600 amendments” as obstructionist.

Backbench MPs highlighted local regeneration from Ilford’s Elizabeth Line developments to East Ayshire’s transport needs and stressed that planning reform must be matched by skills

investment. Reeves pointed to new construction colleges and apprenticeship reforms, arguing that Britain must train “the next generation of builders, plumbers and engineers.”

Tim Farron raised the issue of affordability, noting that in his constituency the average income needed to buy a home was £71,000, 11 times the average wage. Reeves replied that supply is the critical constraint, stating: “If we are not building homes, prices will continue to be unaffordable.”

Better Futures Fund

James Murray confirmed progress on the **Better Futures Fund**, described as the world’s largest social outcomes partnership fund. It aims to support up to **200,000 vulnerable children and young people**, improving attainment and funding interventions on issues such as **exclusion, reoffending, and mental health**. The fund will be designed with local authorities and civil society partners.

Labour MPs welcomed it as innovative, while others raised specific needs such as adoption and kinship arrangements. Murray noted that the Department for Education had extended the adoption and special guardianship support fund, offering “some certainty” for affected families. MPs from Northern Ireland sought assurances that the fund would also cover disadvantaged children there.

Financial Services Reform

The new Economic Secretary, Lucy Rigby, set out the **financial services growth and competitiveness strategy**, aiming to make the UK “the global location of choice for financial services firms by 2035.” The Leeds reforms were described as the most wide-ranging regulatory changes in a decade, “turbocharging growth” and creating skilled jobs.

Rigby also highlighted measures to help SMEs access finance, including raising the capacity of the British Business Bank to **£25.6 billion** and introducing a new **business growth service**. Questions from Conservative MPs raised concerns about liquidity in the London Stock Exchange and high effective bank tax rates; Rigby reassured that while the regime remains under review, the government is “committed to responsibly promoting growth.”

Topical Questions - Social Care and Other Priorities

Topical exchanges ranged widely. On welfare, Reeves rejected Conservative offers to co-operate on reforms, pointing instead to the **Universal Credit Act 2025**, which reduces the gap between standard and health elements and invests £1 billion in getting the long-term unemployed back into work.

Crucially, **adult social care received attention via children’s hospices**. James Murray **confirmed £100 million to improve hospice facilities and £26 million** in revenue support this

year, calling it “the biggest investment in hospices in a generation.” This was framed as part of the Government’s broader welfare and public service priorities.

Other highlights included:

- Hospitality and pubs — permanent tax reliefs for businesses with rateable values below £500,000.
- Rail links — potential revival of Eurostar at Ashford, and extended Tyne & Wear metro.
- Life sciences — backing AstraZeneca and R&D investment as part of the industrial strategy.
- Child poverty — the new taskforce will report later this year; Tomlinson said, “I grew up in a family with very little money and I received free school meals,” stressing personal commitment.
- Spirits and whisky duty — SNP MPs pressed for cuts, with Ministers highlighting benefits of new trade deals, particularly with India.

Conclusion

This session painted a picture of a Treasury emphasising **long-term investment, fiscal responsibility, and growth**. Ministers repeatedly contrasted their approach with Conservative mismanagement, using stability and inward investment as evidence of success. Key policy threads included the £725 billion infrastructure strategy, planning reform for housebuilding, tax rises to fund public services, and flagship social initiatives like the Better Futures Fund.

The government’s line is clear: raising revenue through tough tax choices is essential to restore services, while major investment programmes are designed to deliver both growth and fairness. Opposition MPs continue to attack the cost of national insurance rises, tax relief reforms for farmers, and debt servicing levels, but Labour’s Treasury team argue that stability, planning, and investment are now firmly back on track.