ATALMUN'25

House of Commons

Study Guide

Under-Secretary-General: Defne Çankaya
Academic Assistant: Yiğit Cirim

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1. Letter From the Secretary General

Dear Delegates,

It is my utmost pleasure that I welcome you to the 9th Annual Session of ATALMUN. As the Secretary General, I am proud to see this conference grow and thrive, bringing together bright young minds to engage in meaningful dialogue and diplomacy.

The "Commitment to Perfection" now became a reminder of our dedication to excellence in every aspect of this conference. We encourage each of you to strive for your personal best, to think critically, and to contribute constructively to the debates and discussions.

I would like to extend my gratitude to rest of the executive and the organization team whose hard work has made this event possible. I look forward to a memorable and impactful session, where we push the boundaries of diplomacy and leadership.

Best of luck to all delegates!

Sincerely,

Turgut Emir Önder
Secretary General of ATALMUN'25.

2. Letter From the Under Secretary General

Esteemed participants of the House of Commons,

I welcome you all to this journey with the utmost pleasure. Firstly, I would like to extend my thanks to the Secretariat, the rest of the Executive Team, and the Academic & Organisation Teams for their respective efforts upon the creation of this conference.

While I'm extending my thanks, one name that I definitely cannot overlook is my Academic Assistant, Yiğit Cirim. He was incredibly hard working throughout this period, and I could not be more content. I certainly hope this will not be the last time we have an opportunity to work together.

As your Under Secretary General, I sincerely believe that parliamentary committees are the best MUN committees. They were the reason I fell in love with MUN's, and I sincerely hope that the same will happen to you. This committee may seem intimidating at first, but I assure you that even first-timer delegates will be able to participate with ease.

My one and only request is that you read this study guide thoroughly. You must also research your allocated MP and political party in order to foster the debate environment. You may reach out with any inquiries via email, the floor is yours.

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Yours Truly,

Defne Çankaya

3. Letter From the Academic Assistant

Dear participants; I welcome all of you to this amazing committee, The House of Commons.

First of all, I would like to thank the dear Executive Team for their amazing efforts at the preparation of this glorious conference. Furthermore, I would like to thank all of the Academic and Organisation Team members as well.

My dear Under-Secretary General Defne, I would like to thank her for choosing me as her Academic Assistant. We did a great job with her while making this committee to be cooked. We did not sleep, we did not eat but we worked hard for this committee. I hope we can work together for other conferences again mate.

For the committee; dear delegates, we have chosen a simple kind of parliamentary committee for you to enjoy and at the same time be informed about current problems about the world and the United Kingdom. Besides, I believe that all of you will be prepared for our committee. I highly recommend all of you to read and study upon our study guide, and also study for your allocation. Please do research for the topics that we have chosen and make yourselves ready for every situation.

Last but not least, please do not hesitate to ask us questions. It is so normal if you do not understand the topic or some specific parts of study guide, do not worry about it. We are here to show you the true path. Do not forget ‘‘There is no shame in not knowing, there is shame in not learning.’’ You can reach our Under-Secretary General Defne or me for any kind of points.

yigitcrm@gmail.com

Sincerely,

Yiğit Cirim

4. The British Parliamentary System

The UK Parliament has two Houses (the House of Commons & the House of Lords) that work on behalf of UK citizens to check and challenge the work of Government, make and shape effective laws, and debate/make decisions on the big issues of the day.

The main functions of the UK Parliament are to;

- check and challenge the work of the Government (scrutiny),
- make and change laws (legislation),
- debate the important issues of the day (debating),
- check and approve Government spending (budget/taxes).

Along with the House of Commons and the House of Lords, the Crown is an integral part of the institution of Parliament. The ruling monarch plays a constitutional role in opening and dissolving Parliament and approving Bills before they become law.

4.1. The House of Lords

The House of Lords is the upper chamber of UK Parliament. It plays a crucial role in examining bills, questioning government action and investigating public policy. In contrast to the House of Commons, membership of the Lords is not generally acquired by election. Most members are appointed for life, on either a political or non-political basis. Hereditary membership was limited in 1999 to 92 accepted hereditary peers: 90 elected through internal by-elections, plus the Earl Marshal and Lord Great Chamberlain as members *ex officio*. No members directly inherit their seats any longer. The House of Lords also includes up to 26 archbishops and bishops of the Church of England, known as Lords Spiritual.

As the upper house of the British Parliament, the House of Lords has many similar functions to the House of Commons. It scrutinises legislation, holds the government to account, and considers and reports upon public policy. Peers may also seek to introduce legislation or propose amendments to Bills. While it is unable to prevent Bills passing into law, except in certain limited circumstances, it may delay the enactment of Bills for up to a year. In this capacity, as a body independent from the pressures of the political scene, the House of Lords is said to act as a "revising chamber" focusing on legislative detail, while occasionally asking the House of Commons to reconsider its plans.

4.2 The House of Commons

The House of Commons is the lower chamber of the British Parliament. The House of Commons is an elected body consisting of 650 members known as members of Parliament (MPs), who are elected to represent constituencies by the first-past-the-post system and hold their seats until Parliament is dissolved.

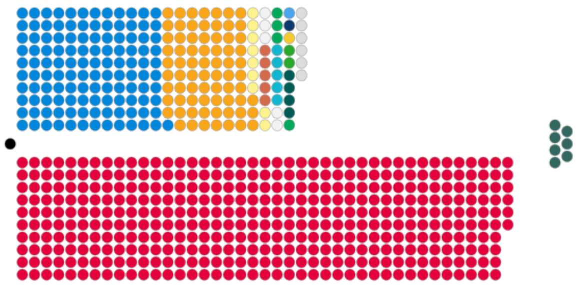
Although the House of Commons does not formally elect the prime minister, by convention and in practice, the prime minister is answerable to the House, and therefore must maintain its support. In this way, the position of the parties in the House is of overriding importance. Thus, whenever the office of prime minister falls vacant, the monarch appoints the person who has the support of the house, or who is most likely to command the support of the house — normally the leader of the largest party in the house — while the leader of the second-largest party becomes the leader of the Opposition.

The House of Commons formally scrutinises the Government through its Committees and Prime Minister's Questions, when members ask questions of the prime minister; the house gives other opportunities to question other cabinet ministers. Prime Minister's Questions occur weekly, normally for half an hour each Wednesday. Questions must relate to the responding minister's official government activities, not to their activities as a party leader or as a private Member of Parliament. Customarily, members of the Government party/coalition and members of the Opposition alternate when asking questions. Members may also make inquiries in writing.

In practice, this scrutiny can be fairly weak. Since the first-past-the-post electoral system is employed, the governing party often enjoys a large majority in the Commons, and ministers and departments practise defensive government, outsourcing key work to third parties. If the government has a large majority, it has no need or incentive to compromise with other parties.

There are 650 seats for MP’s at the house.

Political Groups



HM Government

- Labour Party (406)

HM Most Loyal Opposition

- Conservative Party (121)

Other opposition

- Liberal Democrats (72)
- Scottish National Party (9)
- Democratic Unionist Party (5)
- Independent Alliance (5)
- Green Party of England and Wales (4)
- Plaid Cymru (4)
- Reform UK (4)
- Social Democratic and Labour Party (2)
- Alliance Party (1)
- Traditional Unionist Voice (1)
- Ulster Unionist Party (1)
- Independents (7)

Presiding officer

- Speaker (1)

Abstentionists

- Sinn Féin (7)

Political Parties in the House

1. **Labour Party (His Majesty's Government)**

   The Labour Party is a political party in the United Kingdom that sits on the centre-left of the political spectrum. The party has been described as an alliance of social democrats, democratic socialists and trade unionists. It is one of the two dominant political parties in the United Kingdom, along with the Conservative Party. The party has been led by Keir Starmer since 2020. Starmer became UK Prime Minister and formed a Labour government following the 2024 general election. To date, there have been thirteen Labour governments and seven Labour prime ministers – MacDonald, Attlee, Wilson, Callaghan, Blair, Brown and Starmer.

2. **Conservative Party (His Majesty's Most Loyal Opposition)**

   The Conservative and Unionist Party, commonly the Conservative Party and colloquially known as the Tories, is one of the two main political parties in the United Kingdom, along with the Labour Party. The party sits on the centre-right to right-wing of the political spectrum. Following defeat by Labour in the 2024 general election, it is currently the second largest political party by the number of votes cast and number of seats in the House of Commons, followed by the Liberal Democrats. As the second largest party, it has the formal parliamentary role of the Official Opposition. It encompasses various ideological factions including one-nation conservatives, Thatcherites, and traditionalist conservatives. The party has been led by Kemi Badenoch since November 2024. There have been 20 Conservative prime ministers.

3. **Liberal Democrats**

   The Liberal Democrats (colloquially Referred to as Lib Dems) are the third largest political party of the House of Commons. The current leader of the party is Ed Davey. The Liberal Democrats have an ideology that draws on both the liberal and social democratic traditions.

   The party is primarily social liberal, supporting redistribution but sceptical of increasing the power of the state, emphasising the link between equality and liberty. The party supports investment and progressive taxation, but also promotes civil liberties and a less centralised economy. This distinguishes the party from many liberal parties elsewhere in Europe that are instead dominated by classical liberalism. By comparison, the Liberal Democrats support a mixed economy and have sometimes opposed privatisation. The party spans the centre and centre-left, and on economic issues, the party has usually been positioned between the Conservatives and the Labour Party, though typically closer to the Labour Party.

4. **Scottish National Party**

The Scottish National Party is a Scottish nationalist and social democratic party. It stands as the 4th party with the most representatives. The SNP supports and campaigns for Scottish independence from the United Kingdom and for Scotland's membership in the European Union, with a platform based on progressive social policies and civic nationalism.Founded in 1934 with the amalgamation of the National Party of Scotland and the Scottish Party, the party has had continuous parliamentary representation in Westminster since Winnie Ewing won the 1967 Hamilton by-election.

5. **Democratic Unionist**

The Democratic Unionist Party (DUP) is a unionist, loyalist, British nationalist and national conservative political party in Northern Ireland. It was founded in 1971 during the Troubles by Ian Paisley, who led the party for the next 37 years. It is currently led by Gavin Robinson, who initially stepped in as an interim after the resignation of Jeffrey Donaldson. It is the second-largest party in the Northern Ireland Assembly, and won five seats in the House of Commons of the United Kingdom at the 2024 election. The party has been mostly described as right-wing and socially conservative, being anti-abortion and opposing same-sex marriage. The DUP sees itself as defending Britishness and Ulster Protestant culture against Irish nationalism and republicanism. It is also Eurosceptic and supports Brexit.

6. **Green Party of England and Wales**

The Green Party of England and Wales (GPEW; often known simply as the Green Party or the Greens) is a green, left-wing political party in England and Wales. Since October 2021, Carla Denyer and Adrian Ramsay have served as the party's co-leaders. The party's ideology combines environmentalism with left-wing economic policies, including well-funded and locally controlled public services. It advocates a steady-state economy with the regulation of capitalism, and supports proportional representation. It takes a progressive approach to social policies such as civil liberties, animal rights, LGBT rights, and drug policy reform. The party also supports a universal basic income, a living wage, and democratic participation. It is split into various regional divisions, including the semi-autonomous Wales Green Party, and is internationally affiliated with the Global Greens and the European Green Party.

7. **Reform UK**

   Reform UK is a right-wing populist political party in the United Kingdom. Nigel Farage has served as the party's leader since June 2024, and Richard Tice has served as the deputy leader since July 2024. The party has been described as anti-immigration. The British politics professor Matthew Goodwin described the party as national populists, while Goodwin and others described the party as neoliberal, populist, right-wing populist, right-wing nationalist, and radical right. Farage said in May 2024 that Reform UK is becoming a "brand new Conservative movement".

4.3 Rules of Procedure

Note from the Under-Secretary-General: This section consists of the rules *<u>differing from the Harvard General Assembly Rules of Procedure.</u>*

a) Affirming & Swearing

   Instead of Opening Speeches, the MP's are expected to participate in an official initiation ceremony. Preparation beforehand is not required.

b) The form and style of debate in the House of Commons

   The style of debate in the House has traditionally been one of cut-and-thrust; listening to other Members' speeches and intervening in them in spontaneous reaction to opponents' views.

   This style of debate can make the Commons Chamber a rather noisy place with robustly expressed opinion, many interventions, expressions of approval or disapproval and, sometimes, of repartee and banter.

   Ultimately it is the Chair, The Speaker of the House of Commons, who controls the House and who speaks and when. Members have the right, when speaking, to be heard without unendurable background noise (deliberate or accidental) and the Chair will call for order if it appears there is an attempt to drown out a Member or when a number of Members are leaving the Chamber, or conversing loudly. Members must stand whilst speaking but if they are unable to do so they are allowed to address the House seated. The debate will primarily be held with moderated & semi-moderated caucuses.

c) Prayer and the Monarch’s speech

The first ever session shall start with a monarchical speech. Each sitting in both Houses begins with prayers that follow the Christian faith.

d) Procedural voting

When MPs vote on motions or legislation it is done orally, in the first instance. MPs are asked to vote by calling out 'aye' or 'no'. If not able to be determined by oral voting, the MPs shall vote via placard voting.

e) Unparliamentary behaviour

Tradition has evolved that there are words or phrases that are deemed inappropriate for use in the legislature whilst it is in session. In a Westminster system, this is referred to as unparliamentary language. This includes, but is not limited to, the suggestion of dishonesty or the usage of extreme profanity. The Most unacceptable is any insinuation that another member is dishonourable. So, for example, in the British House of Commons any direct reference to a member as lying is unacceptable, even if the allegation is substantively true. A conventional alternative, when necessary, is to complain of a "*terminological inexactitude*".

Diplomatic courtesy shall always be kept in the chamber. Exactly what constitutes unparliamentary language is generally left to the discretion of the Speaker of the House. Part of the speaker's job can be to enforce the assembly's debating rules, one of which is that members may not use "unparliamentary" language. That is, their words must not offend the dignity of the assembly.

f) Recess and Prorogation

Breaks between sessions are referred to as recesses. Recess shall be called for with a specific motion with the discretion of the Speaker. Prorogation is the Westminster equivalent of the “adjournment of the committee".

g) Notes from the Under Secretary General

The main function of the committee is making legislation. ***The House of Commons is a legislative organ.*** Rather than international collaboration, you should focus on lawmaking and enacting new legislative programs. Acting within the policies of your political parties are necessary.

5. Topic A: Making Improvement Upon the NHS

2.1 Explaining the National Health System

i) What is the National Health System (NHS)?

National Health Service (NHS), in Great Britain, a comprehensive public-health service under government administration, established by the National Health Service Act of 1946 and subsequent legislation. Virtually the entire population is covered, and health services are free except for certain minor charges.

The services provided are administered in three separate groups: general practitioner and dental services, hospital and specialist services, and local health authority services. General practitioners or family physicians give primary medical care to a group of persons who register with them. These doctors and dentists operate their own practices but are paid by the government on a per capita basis (*i.e.,* according to the number of people registered with them). Their services are organized locally by an executive council. Physicians are free to contract in or out of the service and may have private patients while within the scheme. Hospital and specialist services are provided by professionals on government salaries working in government-owned hospitals and other facilities that are under the direction of regional authorities called hospital boards. Local health authority services provide maternity and child welfare, posthospital care, home nursing, immunization, ambulance service, and various other preventive and educational services. They may also operate family-planning clinics, as well as day nurseries for children.

The National Health Service is financed primarily by general taxes, with smaller contributions coming from local taxes, payroll contributions, and patient fees. The service has managed to provide generally high levels of health care while keeping costs relatively low, but the system has come under increasing financial strain because the growth of medical technology has tended to make hospital stays progressively more expensive.

2.2 *Underlying Problems & Current Issues*

Whoever is in government after the next general election will inherit a health and care system in crisis. The NHS is under extreme strain and many people are going without the care they need. In July 2023, the waiting list for routine hospital treatment in England had grown to nearly 7.7 million – an all-time high – with almost 390,000 people waiting more than a year. Grim data on access to hospital care reflect pressures right across the system – in general practice, community services, mental health, social care: everywhere. These pressures are causing unnecessary pain and suffering for people and their families, as well as severe strain on staff. Public satisfaction with the health service is at an all-time low.

But the NHS was not set up to go it alone. Good health depends on a broader set of factors beyond health care, like income, employment, housing, and the range of public services on offer. Yet too many of these building blocks of health have deteriorated after a decade of austerity and the COVID-19 pandemic – particularly for people living in the most deprived areas. Improvements in life expectancy in the UK have stalled, unfair differences in health between richer and poorer areas are wide and many people are out of work with ill health.

The next UK government will face difficult choices on health and social care. Short-term pressures on the NHS require urgent attention, but so do longer term challenges facing the nation's health, which – in turn – will shape future demands on the health service and the resources available to meet them. Understanding the range of challenges facing health and care in the future is essential to identify the action needed by policymakers to address them.

When we look into the crisis which in NHS we can see some specific obstacles such as;

1) Inadequate Capacity
2) Personal Shortages
3) Insufficient Funding
4) Backlog
5) Ageing Population

Inadequate Capacity: Weak investment has contributed to constrained capacity across the health system – holding back what services can deliver, but also leaving them vulnerable to shocks. Going into the pandemic, the NHS in England had lower numbers of hospital beds per person than most comparable countries (2 beds per 1,000 people) – similar levels to Canada and Sweden, but lower than countries like France (3 beds per 1,000) and Germany (6 beds per 1,000) – as well as lower levels of diagnostic equipment, like CT and MRI scanners.The NHS also had much shorter lengths of stay in hospital and higher bed occupancy – running the system 'hot'.

Personal Shortages: Related to, but separate from the funding crisis, is the idea of 'workforce crisis'. Many healthcare systems have faced protracted industrial disputes over pay and working conditions, and the NHS, especially in the 1970s and in more recent times, has not been exempt from these. At the same time, there have been repeated concerns about relatively low levels of staffing compared to other nations (with both doctors and nurses available in relation to population being relatively low (OECD, 2017)), and perhaps combined with relatively low levels of pay, leads to significant problems with pay and retention points to evidence from the mid-2000s suggesting permanent short-term management meant that long-term strategic planning of issue such as workforce were often neglected. Baggott agrees, linking workforce problems back to funding problems.

Insufficient Funding : The NHS has historically received less funding (in almost any measure) compared to the nations the UK would typically regard as its peers, with less capital investment, fewer doctors, and less overall expenditure in comparison to healthcare systems in peer developed nations. While there was a period in the 2000s which saw significant additional investment being made, since 2010 that investment has levelled out, and with that levelling out, rises in waiting times across a range of measures

According to Webster the Official Historian of the NHS, funding crises were recurrent in the 1980s, with Klein agreeing that period was one in which resource crisis was widespread. Funding crises were also a significant problem in the early years of the 1997 Labour government because of the perceived need of the government to show financial propriety, a diagnosis which Klein also largely agrees with, adding criticism of the government's unfunded commitment to reduce waiting times, and the saliency of the issue given an intervention of a prominent clinician .

Backlog: The COVID-19 pandemic has exacerbated an already existing backlog of patients awaiting treatment and procedures within the NHS. The backlog refers to the accumulation of patients who have experienced delays in receiving necessary care due to resource constraints and disruptions caused by the pandemic.

This backlog poses a significant challenge as it impacts patient outcomes, increases waiting times, and puts additional strain on healthcare providers. Clearing the backlog requires additional resources, increased capacity, and innovative approaches to manage patient flow effectively.

Despite initiatives such as the elective backlog recovery plan (February 2022), waiting lists remain at an all time high and targets for 2024 have been missed. Other areas, such as emergency care admissions and urgent cancer referrals have also not recovered pre-pandemic statistics.

Ageing Population: The UK's population is ageing, which presents unique challenges for the NHS. An ageing population means a higher prevalence of chronic conditions and complex healthcare needs. This places increased demands on healthcare services, including long-term care, specialised geriatric services, and end-of-life care. The NHS must adapt to meet the specific needs of older adults, including integrated care models, enhanced community support, and improved coordination between healthcare and social care services.

2.3 Possible Solutions and Their Impact

The recipe for saving the NHS requires radicalism, but of a simpler sort: turning the NHS from what it has become—a sickness service—into what its name promises—a health service. That will mean spending more money. But to spend it productively requires a shift in focus: away from hospitals to the community, from treatment to prevention, from incentivising inputs to encouraging better outcomes.

Health already absorbs the biggest single chunk of government spending. Of every pound the state spends on public services, 38p goes on the NHS. But Britain spends less on health care than countries like France and Germany as a share of GDP. It especially skimps on capital spending: no OECD country invests less on a per-person basis. And the demands on the health service are only going to go up. In the next 25 years the number of Britons aged 85 and older is set to double. The NHS is the largest single employer in Europe; the phenomenon of "cost disease" means that the pay of nurses and doctors needs to keep rising to compete with wages elsewhere in the labour market.

The critical question is where the money is spent. At the moment, the answer to that question can be boiled down to one word: hospitals. Spending on public health (covid-19 prevention aside) and social care has fallen in real terms over the past decade. The share of total NHS spending allocated to primary and community care was falling even before the pandemic; the share doled out to hospitals had risen to almost two-thirds. As a share of GDP spent by rich-world governments and compulsory insurance schemes, only America spends more on hospitals.

This makes no sense. A system focused on hospitals is one designed to treat people only after they have become really sick. That is the equivalent of buying more fire extinguishers while dismantling the smoke alarms. The majority of health and social-care spending now goes on treating long-term conditions like diabetes, high blood pressure and arthritis. Such conditions are managed best by patients themselves, in their own homes and with the support of networks of general practitioners and local specialists. The share of money going to primary care should be restored from 8% of the NHS budget to the 11% proportion it was two decades ago. Social care needs more money, too, and a proper long-term funding plan.

The corollary of moving care out of hospitals and into communities is to focus on prevention: keeping people healthy for as long as possible. That means widening the lens on health care. For all the headlines it grabs, medical care contributes comparatively little to the state of the nation's health: socio-economic factors, genetics and individual behaviour matter more. One obvious example is obesity. Britain is the third-fattest country in Europe; an obese patient costs the NHS twice as much to treat as one who is not. The government needs a more muscular strategy to tackle this problem before it turns up in waiting rooms and hospital beds, for example by making effective use of promising new anti-obesity drugs.

The way that the NHS measures and motivates performance also needs to change. At the moment the system is geared towards inputs. Politicians conventionally compete to make promises about the number of new hospitals or the ranks of new doctors. Top-down metrics based on "activity" encourage hospitals to spend billions on unnecessary and unwanted treatments towards the end of life. Funding should be relentlessly focused on health outcomes; to encourage innovation, money saved by making people healthier should be made available to regional bodies to reinvest.

Will any of these changes ever actually happen? The good news is that these ideas are neither new nor even particularly controversial: just this week Sir Keir Starmer, the leader of the Labour Party, laid out in a speech the need to shift focus from acute care to chronic care. The establishment in England of "integrated care systems", a set of 42 regional partnerships between NHS providers and local bodies, paves the way for a more decentralised approach to health provision. The covid-19 pandemic vividly demonstrated the power of data and technology to reach people quicker, from carefully targeted vaccination campaigns to online consultations.

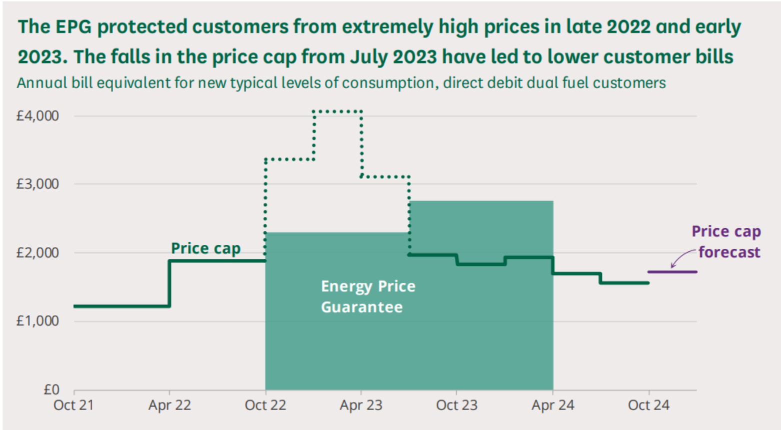
1) Working Conditions

Workplace environments that protect and encourage the wellbeing of staff should be a given, but are not. Nurses and midwives have previously told us of issues accessing basic facilities while on shift – for example, access to toilets when needed, access to water, and the ability to take proper breaks to access food and hot drinks.

All too often for NHS staff, flexible working means staff being flexible to fit in with their organisation's needs, with little flexibility in return from the organisation to meet the staff member's needs. When staff are expected to give discretionary effort but then don't receive some flexibility in return, it can lead to burnout and, ultimately, more staff vacancies. Successive governments have recognised that flexible working leads to higher levels of job satisfaction, attracts people to an organisation, and enables people to fit work alongside other commitments – but it is still not the norm in the NHS. Failing to modernise its approach to flexible working risks long-term NHS vacancies becoming a permanent fixture, as the number of UK workers expecting flexible working options continues to rise.

It is also common to hear of poor rostering practices – including not giving adequate recovery time after night shifts, unfair management of rotas and requests, and poor design and decision-making processes – all of which can have a significant negative impact on staff mental health.

2)Staff Wellbeing



Sources: Ofgem, Energy price cap levels 1 July to 30 September 2024, Final levelised cap rates model (Annex 9); Cornwall Insight, Price cap forecasts fall ahead of election, 28 June 2024

Indicators of staff wellbeing, including sickness absence rates, reported risk of burnout and self-reported stress, have all been worsening in recent years. Although NHS England's staff mental health and wellbeing hubs were established in response to the pressures staff were experiencing as a result of the pandemic, they later evolved to address systemic issues, including burnout, suicide risk, workforce wellbeing, and turnover. Those hubs that are still open continue to play an important role in NHS staff staying in, or returning to, work, and have also led to improvements in patient care.

Organisational cultures across the NHS contribute to the burnout, mental distress and exhaustion that staff experience. Staff tend to regularly miss breaks at work due to feelings of guilt and a sense of responsibility to colleagues and patients – a huge danger in the context of chronic excessive workloads.

Levels of discrimination experienced by NHS staff remain persistently high. Previous research from The King's Fund has exposed the profound and long lasting impact of such racism and discrimination. Similarly, the proportion of staff reporting bullying and harassment is far above what should be expected by services aspiring to create compassionate and inclusive workplace cultures.

It is important to note that there is no conflict between the 'soft' skills of compassionate, supportive leadership and the 'hard' bottom line of cost-effectiveness and performance measurement. There is clear evidence that compassionate leadership drives better staff and patient experiences, which in turn can drive better outcomes, organisational effectiveness and productivity.

3) Insufficient Capacity and Backlog Crisis

The United Kingdom has fewer doctors, nurses, and hospital and intensive care beds per head of population than most other high-income countries. Over the last 20 years the amount of health care activity (including in-patient admissions, specialist appointments, primary and mental health consultations, and diagnostic tests) provided by the National Health Service (NHS) increased at a much faster rate than the workforce. In 2019/2020 the amount of health care activity provided by the NHS was 2.5 times greater than in 1999/ 2000, while the workforce grew at half that rate and the number of general and acute care beds fell by a fifth. In the NHS, productivity growth—the change in output relative to input—averaged around 1% per year over the last 2 decades. The economist William Baumol argued in his book The Cost Disease: Why Computers Get Cheaper and Health Care Doesn't" that health care productivity will tend to lag behind whole-economy productivity. In the United Kingdom over the last decade the reverse has been true: NHS productivity increased at a faster rate than productivity across the economy as a whole.

The pandemic has especially raised serious questions about capacity in the NHS. Has the emphasis on productivity in the NHS been at the expense of resilience? Can the NHS continue to provide more patient care with fewer beds and lower doctor and nurse numbers than other comparable countries? The pandemic highlighted the risks associated with operating with little spare capacity. The hospital bed occupancy rate was nearly 90% in England in 2019/2020, meaning that the only short-term option to manage the surge in emergency patients from COVID-19 was to cancel other hospital activity and re-focus staff and facilities on treating patients with COVID-19. Although the NHS tried to expand capacity by establishing the Nightingale hospitals, finding ways of staffing these additional temporary beds proved harder. Overall, England's COVID-19 response was substantially shaped by the limits of workforce capacity. Return-to-practice schemes were introduced and staff in training were fast-tracked into frontline roles, but staffing remained a constraint.

This has resulted in an unprecedented backlog of care needs, with the waiting list to start planned hospital care reaching almost 8 million by the end of 2023, of whom almost 400 000 have been waiting over a year.The proportion of patients starting cancer treatment within 2 months of an urgent General Practitioner referral has fallen, from 77% pre–COVID-19 (already below the target of 85%) to around 60% in 2022/ 2023. The number of children and young waiting for urgent support with an eating disorder has increased sharply. The increase in the number of people waiting for health care isn't all the result of COVID-19. The pandemic highlighted a shortage of capacity in the NHS, but the health service had been struggling to meet demand before COVID-19, with longer waiting times across a range of planned and emergency care services. As bed occupancy rates increased through the last decade, performance against the 4-hour-waiting-time standard at hospital accident and emergency departments fell. By the end of 2023, 30% of people attending hospital emergency departments spent more than 4 hours from arrival to admission, transfer, or discharge. The target for prompt emergency care hasn't been met since 2014/2015. Cancer treatment milestones and planned-care waiting times were consistently missed before 2020. Hospital activity increased in the 2010s as productivity rose, but not rapidly enough to keep up with the health care demand.

COVID-19 placed the health service under intense pressure, with capacity stretched beyond its limit. This has resulted in falling levels of access and deteriorating performance standards, putting safety and outcomes at risk. A lack of capacity risks undermining the NHS's ability to recover and service standards are unlikely to be achieved for some time.

Going forward, this requires well-developed plans for workforce and hospital capacity to put the NHS back on a sustainable footing. The government has committed to 40 hospital-building schemes and a capital investment strategy, but it is over 20 years since the NHS last published an assessment of the number of beds needed to provide care. The government's recently published workforce plan for the NHS is a significant step forward, as is the commitment to update it every 2 years. Workforce and capital plans can help ensure that the NHS has sufficient capacity to meet the underlying growth in demand for care over the next decade, alongside recovery from the pandemic.

Importantly, such plans should balance optimism and realism. Population aging and rising morbidity mean that the NHS will almost certainly need more hospital beds and a prolonged period of workforce growth, as well as strategies to better retain the workforce. Productivity gains in hospital care can offset some of these demand pressures, but expectations should be tempered by the fact that progress on reducing the time that patients spend in the hospital was slowing even before the pandemic. Other interventions, such as virtual wards, may reduce the pressure on hospital care but would require significant additional funding outside of hospitals, in community services and long-term care, even as hospital demand rises.

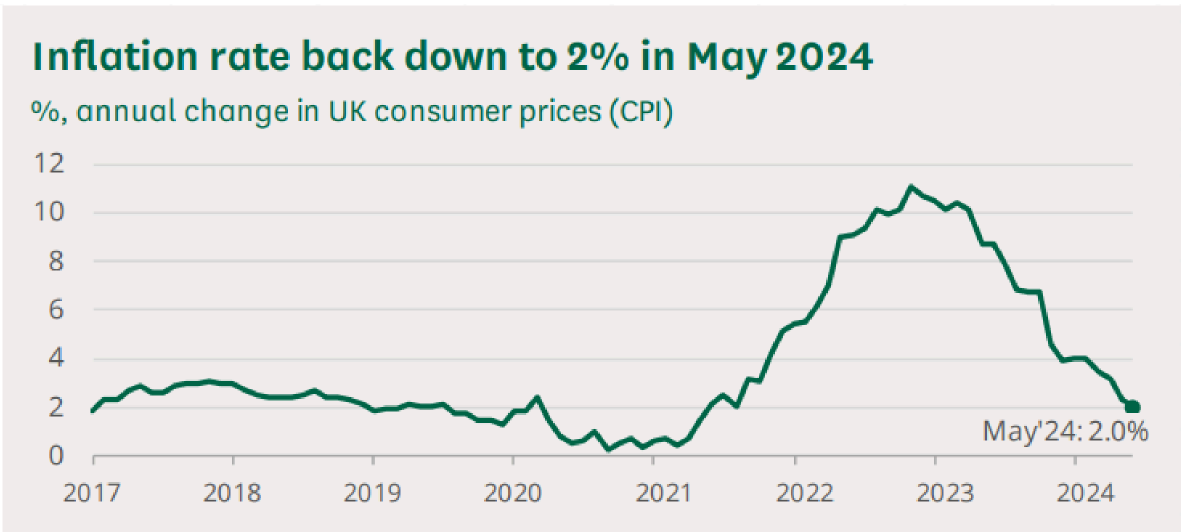
Addressing the current challenges in health care almost certainly requires better long-term planning and increased funding. However, these are not the only solutions. For example, integrating health and care services more effectively, enhancing working conditions and staff retention in these sectors, and understanding the optimal combination of inputs like staff, beds, and diagnostics can all improve the utilization of existing resources. Similarly, technology undoubtedly has a role to play, although, as experts have argued, new digital technologies are more likely to improve outcomes and patient experience than to be labor saving. Last, there remains the question of whether the NHS still needs more capacity to act as a buffer in case of any future shocks and to strengthen the system's resilience.

6. Topic B: **Combating the Cost of Living Crisis & Inflation**

6.1) The British Inflation

Inflation is the rate at which the general price level of the economy increases. This is usually shown as an annual percentage change. This briefing focuses on the prices consumers pay for goods and services, often described as part of the 'cost of living'. Inflation in this context means a rise in the cost of living.

Inflation rose sharply during 2021 and most of 2022. Strong consumer demand for goods, rising energy prices and higher costs for businesses were reflected in higher prices. The annual inflation rate's peak of 11.1% in October 2022 was higher than at any time since October 1981, according to Office for National Statistics (ONS) data. Inflation then fell as previous sharp increases in prices in 2022, like in energy bills, were not repeated in 2023. UK consumer prices, as measured by the Consumer Prices Index (CPI), were 2.0% higher in May 2024 than a year before. This was down from 2.3% in April 2024 and the lowest since July 2021 – the last time inflation was at or below 2%, the Bank of England's target rate.



Source: ONS, CPI annual inflation rate, series D7G7 (19 June 2024 update)

"Core" inflation, which excludes the volatile energy and food components of the CPI, fell from 3.9% in April to 3.5% in May 2024. Services inflation, a measure the Bank of England pays close attention to, fell from 5.9% in April to 5.7% in May 2024. Both the core and services measures were at 31-year highs in spring/summer 2023. A falling inflation rate does not mean that price levels are falling. It means that prices are rising, but more slowly than they were before. For example, if the annual inflation rate is 2%, this means prices are rising by 2% compared with a year before. Inflation data is published by the Office for National Statistics (ONS) and is available in the ONS's monthly inflation bulletin.

<u>Reasons for Decline in Inflation Rate from Late 2022 to Mid 2024</u>

- **Statistical Effects :**

The inflation rate is typically expressed as the percentage change in consumer prices in one month compared with the same month a year before. For example, comparing prices in May 2024 with prices in May 2023. This means that changes in prices that occurred more than a year ago, before May 2023 in this example, "drop out" of the annual inflation rate. Take an extreme example: if all prices suddenly remained unchanged over the next 12 months, the overall inflation rate would eventually fall to 0% in a year's time. In the real world, this effect led to the inflation rate falling in 2023, as some past price increases – notably the steep hikes in energy bills in 2022 – "dropped out" of the annual comparison, a process that continued to a lesser degree in the first half of 2024**.**

- **Wholesale Gas Prices Have Fallen:**

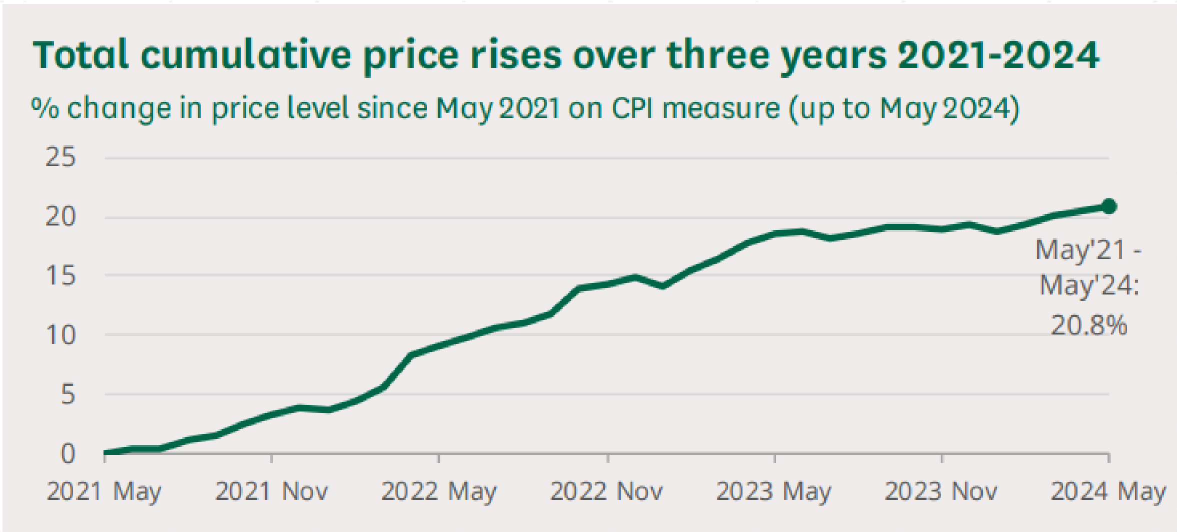
Wholesale energy prices have fallen sharply since the end of 2022. This has led to a fall in the energy price cap set by Ofgem, the regulator. Combined with the statistical effects of past steep increases in energy costs dropping out of the year-on-year inflation rate, this lowered the overall annual inflation rate. For example, lower energy prices were a key factor in the reduction of the overall inflation rate in April 2024.

- **Global Supply Pressures Have Eased:**

Global supply pressures, one of the main factors behind the upsurge in global inflation in 2021, subsided in 2022 and 2023. For instance, supply bottlenecks eased back to 'normal' levels, partly due to weaker global economic activity. Attacks on shipping in the Red Sea in late 2023 and the first half of 2024 by Houthi rebels in Yemen has resulted in higher shipping costs, as of early July 2024. This could potentially raise input costs for some products being imported to the UK, although there is limited evidence at the time of writing that this has been the case

<u>Cumulative Impact of Price Rises:</u>

The inflation rate is typical shown as the change in the price level over a 12- month period. For example, May 2024 compared with May 2023. As well as this, we can also look at the change in prices over a longer time period to gauge the overall impact of the period of high inflation. The chart below shows the percentage change in UK consumer prices over the three-year period from May 2021 to May 2024. It shows the steep increase in prices in the second half of 2021 and most of 2022, before price increases moderating during 2023. Consumer prices increased by 20.8% in total between May 2021 and May 2024.



Source: ONS, CPI price level, series D7BT (June 2024 update)

6.2) Causes of Inflation: Global and Domestic Factors

a) Global Factors

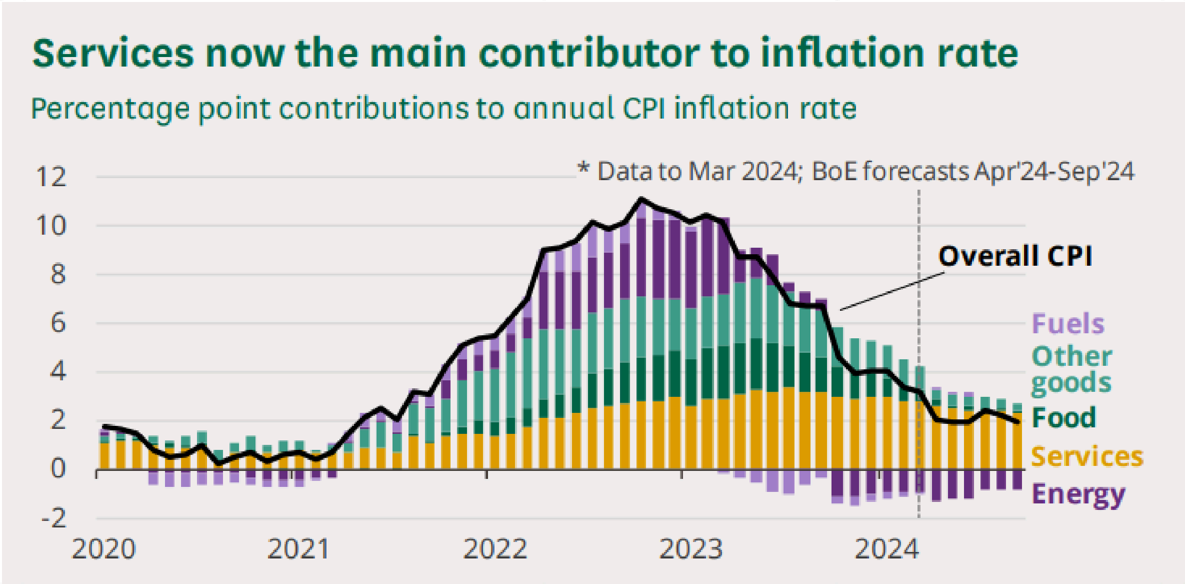
The initial phase of this increase in inflation was mainly due to international factors. These included:

• strong global demand for consumer goods – a consequence of the Covid19 pandemic and associated lockdowns;

• related supply chain disruption; and

• soaring energy and fuel prices – particularly, but not exclusively, due to Russia's full-scale invasion of Ukraine in February 2022.

The combination of strong demand from consumers for goods and higher costs for businesses, partly reflecting supply chain bottlenecks, were reflected in higher prices for goods. As the UK is a large net importer of goods (including energy), these global factors affected consumer prices in the UK. During this period, the peak of the inflation rate for goods was 14.8% in October 2022. It subsequently declined and was -1.3% in May 2024 (indicating falling prices), the most recent data point at the time of writing. The chart below, reproduced from the Bank of England, includes data up to March 2024 and forecasts up to September 2024. It shows goods and energy prices driving the inflation rate higher in 2022, before easing in 2023, with food and services prices making a larger contribution to overall inflation in 2023. For example, it shows that services prices contributed 2.8 percentage points of the overall 3.2% inflation rate in March 2024.



Note: Food includes non-alcoholic drinks; fuels includes lubricants

Source: Reproduced from Bank of England, Monetary Policy Report: May 2024, 9 May 2024, chart 2.16

The increase in trade barriers with the EU following Brexit may also be a factor in rising inflation (for example, on food prices), though it is hard to pinpoint how big an effect, if any, this has had. Rising inflation has also been a feature in other economies such as in the EU and US.

Houthi Rebel Attacks on Shipping in Red Sea

Disruption to shipping traffic in the Red Sea and Suez Canal in late 2023 and the first half of 2024, caused by Houthi rebels in Yemen, resulted in higher shipping costs and many ships being diverted to the lengthier and costlier routes around the south of Africa. This could potentially raise input costs for some products being imported to the UK.

In turn, businesses may raise prices for some items for consumers. However, this will depend on a number of factors, including how long the disruption lasts, how extensive it is and the reaction of businesses and consumers. At the time of writing in early July 2024, container freight prices have risen to date in 2024 (see for example Drewry's container index measures), although they remain well below the peak levels seen in 2021 and 2022 in response to global supply bottlenecks resulting from the pandemic.

In its May 2024 assessment of the UK economy, the Bank of England noted that businesses had told it that the disruption to shipping in the Red Sea was having "a relatively small impact" on them.The Bank noted that a further escalation of geopolitical tensions in the region could lead to larger and more prolonged effects, including on energy prices.

The OBR in March 2024 also noted the disruption to shipping traffic in the Red Sea and Suez Canal due to Houthi rebel attacks and its potential effects on UK inflation. The OBR said that its central forecast includes a small upward effect on inflation of 0.2 percentage points in the first half of 2025. The OBR also looked at a scenario with much greater disruption. In this scenario the OBR said inflation would temporarily spike, reaching a peak of 7.4% in Q2 2025.

Russia's Full-Scale Invasion of Ukraine

Russia's full-scale invasion of Ukraine in February 2022 caused the prices of many commodities to rise on international markets. Of particular relevance to the UK was the sharp rise in gas and, to a lesser extent, oil prices. Russia and Ukraine are also large producers and exporters of agricultural products, such as wheat, and some metals. These products became more expensive, leading to increases in food and materials prices in the UK, although global commodity prices, beginning in the second half of 2022, generally eased back.

Import Prises and the Value of the Pound

Most commodities, including oil, are traded on world markets and priced in US dollars. This means a fall in the value of the pound leads to higher imported commodity prices in pounds and vice versa. The pound fell against other currencies in the days after the fiscal statement, or "mini budget", of 23 September 2022. Following the reversals of the majority of the mini budget's policies (and other factors), sterling recovered all of the decline in value since then and strengthened (as of early July 2024). This is based on sterling versus a basket of currencies the UK trades most with.

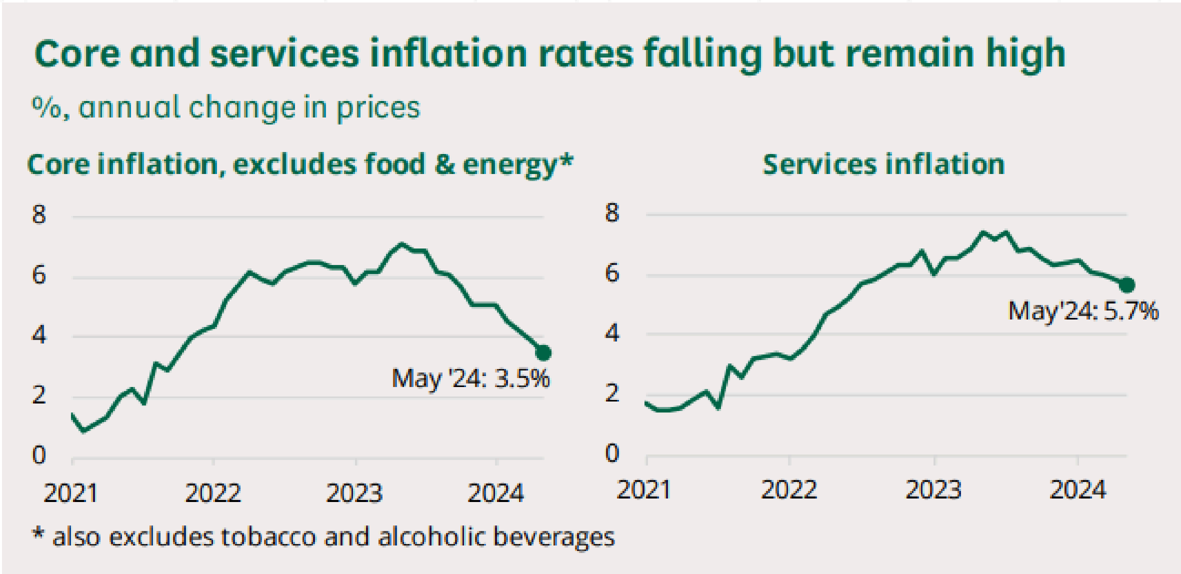
b) Domestic Factors

While global factors were the original drivers of high inflation, price rises in many areas of the domestic economy also accelerated in 2022 and early 2023. Measures of underlying inflation peaked during mid-2023, before easing. The annual rate of so-called "core inflation", which excludes the volatile energy and food components of the Consumer Prices Index, rose to 7.1% in May 2023, its highest rate since 1992.

In the following year, the core inflation rate fell, dropping to 3.5% in May 2024. This was down from 3.9% in April

The annual inflation rate of services prices rose during 2022, from 3.2% in January to 6.8% in December. After dipping in January 2023 it picked up again, rising to 7.4% in May – the highest rate since 1992. The services inflation rate declined after July 2023 and was 6.3% in November, before rising slightly to 6.5% in January 2024. It has fallen over 2024, down to 5.7% in May 2024.

Services prices are seen as less exposed to global factors and more dependent on domestic costs. Inflation in services is also considered to be more persistent than inflation in goods.



Source: ONS, CPI inflation, series DKO8 (core) and D7NN (services); monthly data to May 2024

As part of its remit to target inflation of 2%, the Bank of England pays close attention to developments in services inflation. In its May 2024 assessment of the UK economy, the Bank said services inflation reflected "elevated domestic inflationary pressures". The Bank forecast services price inflation to continue to fall over the course of 2024, dropping to 4.7% in September 2024.

Labour costs make up a large proportion of costs to services firms. With low unemployment and a high level of job vacancies, the labour market was tight in 2023 (although there are signs in 2024 of it loosening) – this meant nominal wages increased at a relatively fast pace. Wage growth is therefore an important indicator of inflationary pressures in the economy.

The Bank of England's Monetary Policy Committee has been watchful over the high levels of wage growth in 2023 and early 2024. In May 2024, the Bank forecast wage growth to continue to slow during 2024.

Annual growth in nominal average earnings excluding bonuses was 6.0% in the period February to April 2024, down from a recent high of 7.9% in the June to August 2023 period, but remained relatively strong compared with recent decades (excluding the statistically-distorted pandemic period). Average private sector pay growth on the same measure was 5.8%, while it was 6.4% for the public sector – both have trended lower since autumn 2023.

Also important to the inflation outlook is the ability and willingness of firms to pass on higher costs by raising their prices; if firms increase their prices, it is less likely that inflation will fall. This depends on several factors, including the strength of consumer demand, the degree of competition, current input costs and future expectations of costs.

Reports received by Bank of England officials from businesses in the six weeks to mid-April 2024 suggested that companies' "relatively downbeat view" of consumer demand "could limit the extent to which they are able to pass on increases in costs to their prices."

A regular survey of business conducted by ONS in early May 2024 reported that 13% of firms expect to raise the prices of goods and services they sell in the month ahead (June 2024 in this case), down from 16% the previous month and lower than a year ago (around 18%).

A survey of UK business leaders conducted in January 2024 by the Boston Consulting Group's Centre for Growth found that 77% of them expected to raise prices in 2024, with over half (52%) saying they will increase them by more than 6%. The survey suggests business leaders, largely directors or company founders, would like to raise prices to rebuild profit margins. This might make it harder for inflation to return sustainably to the Bank of England's 2% target.

6.3) Energy and Food Prices

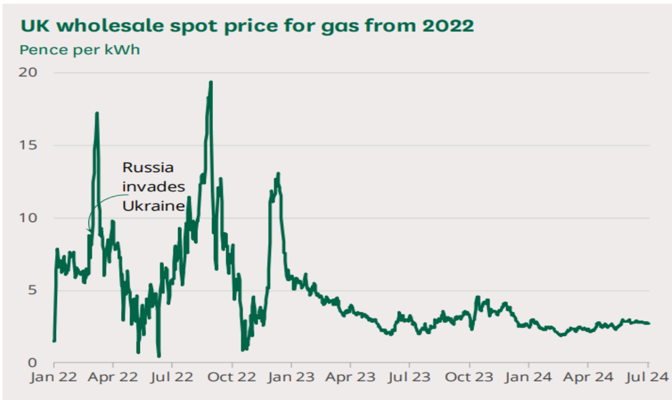
Two of the major factors underlying the period of high inflation have been energy and food prices. In addition, the price increases that adults in Great Britain noticed the most have been related to food, energy bills and fuel. This section provides an in-depth look at the factors behind the increase in energy and food costs.

a) Energy Prices

As mentioned above, one of the main economic effects of Russia's full scale invasion of Ukraine was higher energy prices, which was a significant contributing factor to the period of high UK inflation.

<u>Oil Prices</u>

Russia is one of the world's largest producers and exporters of oil and gas and an important supplier of gas to many European countries, though not directly to the UK. Immediately following the full-scale invasion on 24 February 2022, oil prices went above $100 per barrel to their highest level since 2014. They continued to increase reaching over $125 in March 2022. Prices fell back from around $125 a barrel in mid-June 2022 to between $75 and $80 a barrel from late-April to late July 2023, before increasing to around $95 a barrel in mid-September 2023. Prices fell at the end of 2023, but gradually increased in early 2024. Increases in the first half of 2024 took the price down to around $87 a barrel. The Library briefing Oil prices provides more detail



Source: nationalgrid.com Prevailing View tool (system average price)

Wholesale Gas Prices

Wholesale gas prices had already been increasing in the second half of 2021 due to increases in demand as economies came out of lockdown and lower levels of supply from some exporters. Gas prices in Europe increased by 50% on 24 February 2022 to around 11 p/kWh. The daily price peaked at just over 17 p/kWh in early March, fell back in April and May before increasing rapidly again over the summer, reaching multiple new records in late August 2022.

Prices fell sharply afterwards and have been below 5p/kWh since February 2023, as of July 2024. Spot prices fell further in spring and early summer 2023 before increasing to 3.5p/kWh in late September 2023 and briefly hit 4.5p/kWh in mid-October 2023. They fell back again in mid-December 2023 and, at the time of writing, have been relatively stable since then, generally in the 2.0-2.5p/kWh in the first three months of 2024 and between 2.5 and 3.0p/kWh from April to June 2024.

Energy Bills

Early in 2022 the regulator, Ofgem, announced that the energy price cap would increase from its previous equivalent annual level of £1,277 per year to £1,971; a 54% increase. At the end of August 2022 they announced that the cap would increase by a further 80% to £3,549 from 1 October 2022. This would have been a combined increase of 178% in sixth months. However, on 8 September 2022 the then Prime Minister Liz Truss announced the new Energy Price Guarantee (EPG) would instead be introduced from 1 October and last two years. This would mean annual bills for direct debit customers with typical levels of consumption would be no more than an average of £2,500.

The then Chancellor Jeremy Hunt announced on 17 October 2022 that the EPG would only last for sixth months. In the Autumn Statement 2022 he announced that the EPG would be increased in April 2023 to £3,000 for typical annual consumption and last to the end of March 2024. In the Spring Budget 2023 he said that the increase in the EPG to £3,000 would be delayed until July 2023.

The Government paid energy suppliers the difference between the EPG level and what they would have otherwise charged customers.Households received the £400 Energy Bills Support Scheme payment over the six months from October 2022 to March 2023. There were also new support funds for households not on mains gas or electricity, ‘equivalent support’ for businesses and support for households on fixed tariffs above the EPG level. The cap/EPG set maximum prices for a unit of energy and daily standing charges. They do not cap maximum annual bills. These capped unit prices for gas and electricity are multiplied by typical consumption levels and added to standing charges to arrive at the illustrative annual amount.

Falling wholesale prices meant that the energy price cap for July to September 2023 fell to £2,074 (for typical annual dual fuel consumption for direct debit customers). This fall took the cap to below the EPG level, so customers on standard variable tariffs saw a fall in the prices they paid for energy from July. At the end of August 2023 the regulator Ofgem announced that the cap for October to December 2023 would fall further to £1,923. This meant energy prices were lower than in the same period of 2022, so the CPI elements for gas and electricity were negative from October to December 2023. The January to March 2024 price cap was 5% higher than the previous cap, and there were falls of 12% in April 2024 and 7% in July 2024. Average prices under the cap in July to September 2024 are 21% lower than in the same period in 2023.

The fall in the cap in July 2023 was the first widespread fall in prices for just over three years. However, even after this fall and the subsequent smaller changes in the cap, the July to September 2024 cap is still almost 30% higher than in winter 2021/22. The price cap currently protects around 28 million customers in Great Britain.

In the year to May 2024, domestic gas prices fell by 37% and domestic electricity prices by 21%. These falls followed annual increases in the previous year of 36% for gas and 17% for electricity.

At the time of publication, the latest forecasts of the energy price cap are that it will increase by around 10% in October 2024. Forecasts of the price cap are uncertain so there is no guarantee that prices will increase by this amount.

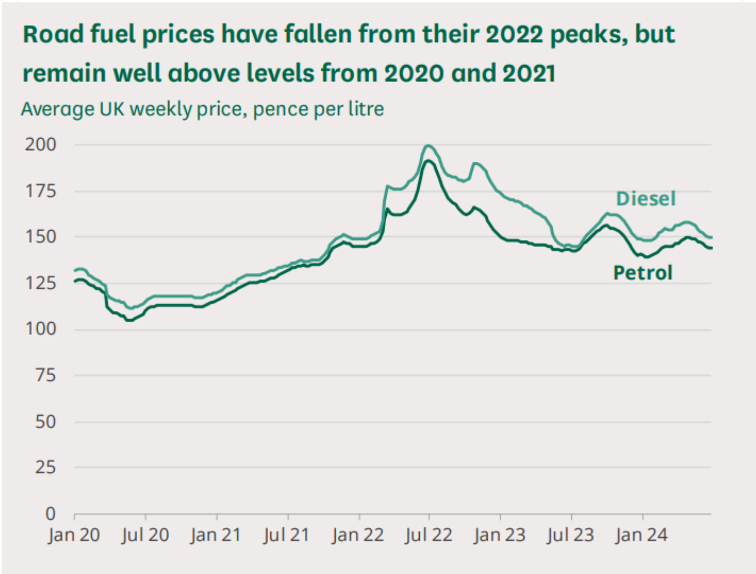
Heating Oil Prices

In mid-May 2020, UK heating oil cost just over 20 pence a litre. The pandemic and resulting lockdowns led to a sharp drop in crude oil prices which affected heating oil. Prices generally increased through the rest of 2020 and most of 2021 reaching almost 60 pence a litre in mid-October. They increased sharply to 85 pence per litre in mid-March 2022 and to 99 pence per litre in mid-June 2022 before falling back in late 2022 and 2023. Prices started increasing again in summer 2023, reached 75 pence per litre in September 2023 before falling back during the rest of the year. They were 58 pence per litre in mid-June 2024.

There is no price cap for heating oil and there was concern that households which relied on it for heating were affected by the large price rise in the first half of 2022. The Government made a £200 Alternative Fuels Payment in winter 2022/23 to households not on mains gas and using other fuels such as oil or LPG. This was increased in the Autumn Statement 2022 from its original level of £100. The latest data suggest around 1.6 million homes across the UK use heating oil. Northern Ireland had by far the highest rate of homes using heating oil, with 62.5% of homes in 2021. The Library briefing Households off the gas-grid and prices for alternative fuels provides more detail of the number and location of households off the gas-grid and the prices they pay for fuel.

Road Fuel Prices

Petrol and diesel prices fell over the first two months of the first lockdown in March 2020. At the end of May 2020, they were at their lowest level for around five years: the UK average was 104.9 pence for a litre of petrol and 111.7 pence for diesel. Prices increased steadily during most of 2021 and particularly rapidly in autumn 2021. After stabilising for a short period around the turn of the year, prices increased from mid-January 2022 as tensions between Russian and Ukraine increased. Prices jumped again after Russia launched its full-scale invasion of Ukraine on 24 February 2022.



Source: Department for Energy Security and Net Zero, Weekly road fuel prices

Petrol reached a weekly record price of 165.4 pence per litre on 21 March 2022. Diesel reached a weekly record price of 177.5 pence per litre on the same day. The 5 pence cut in duty announced in the Spring Statement came into force at 6pm on 23 March 2022. Pump prices fell back slightly after the duty cut, but increased in early May 2022 and more rapidly in late May and June to set multiple new record levels.

On 4 July 2022, petrol was an average of 191.6 pence per litre and diesel 199.2 pence per litre. These were both new records. Prices gradually fell over the following year, increased in late summer and autumn 2023, before falling back again towards the end of 2023. Prices in early July 2024 are almost 50 pence per litre below their peak levels. The gap between petrol and diesel prices fell in early 2023 before increasing again later in the year.

b) Food Prices

Food prices rose sharply during 2022 and 2023, as global supply chain disruptions and the effects of Russia's full-scale invasion of Ukraine lifted the input costs of food producers. These pressures eased during the second half of 2023 and first half of 2024.

Food Price Inflation

UK food and non-alcoholic drink prices were 1.7% higher in May 2024 compared with the previous year, based on the CPI measure of inflation. This continued the decline from the recent peak of 19.1% in March 2023, which was the highest rate of increase in food prices since 1977 according to the Office for National Statistics (ONS). After a period of declining food prices in the second half of 2020 and first half of 2021, food prices began to rise, as the chart below shows. This measure does not include prices of food and drink in restaurants or pubs and bars. Over the three years from May 2021 to May 2024 food prices rose by 30.6%. It previously took over 13 years, from January 2008 to May 2021, for average food prices to rise by the same amount.

Causes of Higher Food Prices

Analysis by the ONS in April 2022 noted supply chain challenges, rising costs like energy costs and increased transport costs, and labour shortages led to rising food and drink prices.

In a 22 June 2023 letter to the then Chancellor, Bank of England Governor Andrew Bailey cited global factors for the upsurge in food prices: The rise in food prices is a global phenomenon, largely reflecting steep rises through much of last year, after Russia's invasion of Ukraine, in prices of agricultural commodities, energy and fertilisers.

Food price inflation in selected European economies and the US

% change in average prices in month shown compared with a year before

	Latest	Selected time periods						
	May-24	May-22	May-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
UK	**1.7**	**8.6**	**18.3**	**6.9**	**5.0**	**4.0**	**2.9**	**1.7**
France	1.3	4.6	14.9	5.8	3.5	1.6	1.2	1.3
Germany	1.6	10.4	15.0	4.7	2.1	0.6	1.6	1.6
Italy	2.1	7.6	11.9	5.9	3.9	3.0	2.7	2.1
Netherlands	1.0	9.2	14.8	2.5	0.8	0.9	1.2	1.0
Spain	4.4	11.0	12.0	7.4	5.3	4.3	4.7	4.4
Eurozone	2.0	8.7	13.7	5.4	3.3	2.0	2.2	2.0
EU	1.6	10.0	15.0	5.1	3.0	1.5	1.9	1.6
US	1.0	11.9	5.8	1.2	1.0	1.2	1.1	1.0

Note: Food category also includes non-alcoholic drinks

Source: ONS, CPI, food series D7G8 (June 2024 update) and Eurostat, harmonised index of consumer prices (HICP), (June 2024 update)

ONS analysis from May 2023 also stated that global supply disruptions were to blame, including:

- the Russian invasion of Ukraine in February 2022, which had a major impact on the global supply of grains and fertilizers, and on European energy prices
- labour shortages, which left some crops unharvested
- droughts and cold snaps in Europe and North Africa, which led to higher imported food prices

The ONS analysis also discussed possible explanations for why the fall in global food commodity prices had not, at the time, been reflected much in UK food price inflation. This included: transmission delays, profit margins and import dependence. The ONS concluded it was difficult to be certain of the relative importance of these factors, particularly in relation to profit margins.

The increase in trade barriers with the EU following Brexit may also be a factor in rising food price inflation, though it is hard to pinpoint how big an effect, if any, this has had.

Effects of Russia's Invasion on Ukraine

Following the Russian invasion of Ukraine, food prices on international markets rose as Russia and Ukraine are important producers of various agricultural products, such as wheat. An index of world food prices compiled by the UN Food and Agriculture Organization hit a record high in March 2022. It declined since then and in June 2024 was below the level of January 2022. Nevertheless, the index remains well above prices seen in the years prior to the pandemic.

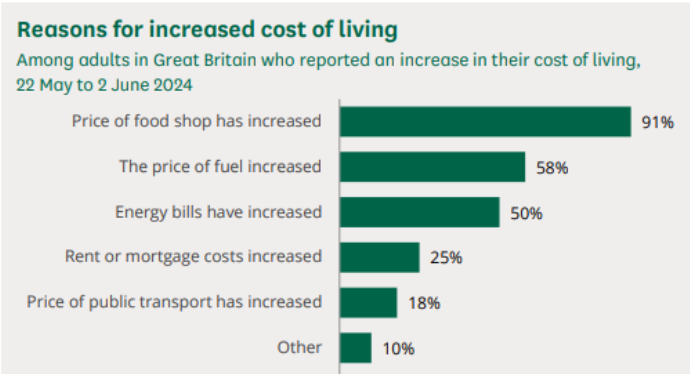
In general, world agricultural prices peaked in the months following the invasion and subsequently fell back in the second half of 2022, before stabilising in the first half of 2023.

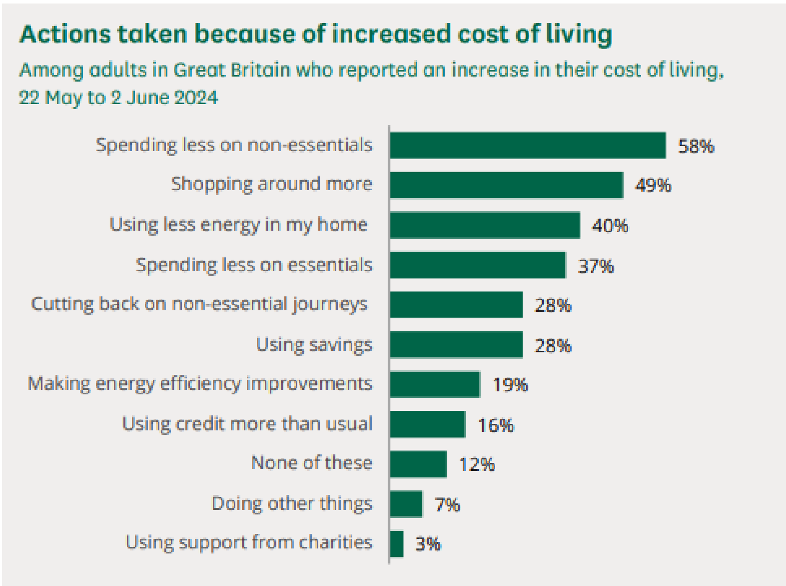
The conflict led to some Ukrainian farmers being unable to spread fertilisers and pesticides and plant seeds for the spring crop due to be harvested in the summer. In addition, Ukraine's Black Sea ports are transportation hubs for exporting certain commodities, including grains. They were mostly shut in the aftermath of the invasion. During summer 2022 a deal was brokered by the UN and Turkey to allow Ukraine and Russia to export some food from its Black Sea ports. The agreement was limited and was interrupted in spells. As of July 2024, the most recent deal expired in July 2023, with subsequent military strikes on commodity export infrastructure leading to concerns over the supply of food from the region.

A surge in fertiliser prices also led to higher costs in 2022. Russia is a major exporter of fertilisers and has put restrictions on exports, with supplies also disrupted.

6.4) Impact on Households

From November 2021 to June 2024 (the most recent data at the time of publication), people reported seeing on increase in their cost of living compared with the month before. This peaked in August 2022 when %91 of adults in Great Britain reported a higher cost of living than the precious month.





Source: ONS, Public opinions and social trends, Great Britain: household finances, 7 June 2024

Throughout the period, adults mostly noticed an increase in the price of their food shopping, as well as fuel and energy bills and rent and mortgage costs. During the period 22 May to 2 June 2024, 54% of adults in Great Britain reported an increase in their cost of living compared to the previous month. Of those who reported an increase in the cost of living in this period, 91% said it was because food shopping had increased in price, while 50% cited an increase in gas and electricity bills and 58% saw an increase in fuel prices.

People responded to a higher cost of living by spending less on nonessentials, shopping around more and using less energy in their homes. Between 22 May and 2 June 2024 58% of those who reported a rise in their cost of living said they were spending less on non-essentials as a result, while 40% reported using less energy at home and 37% reported cutting back on essentials like food shopping. 3% were being supported by a charity, including food banks.

6.5) Government Support

The UK Government has spent billions to provide support to households with the cost of living. The amount of support provided was highest in 2022/23. In 2024/25, fuel duties, which are largely levied on sales of petrol and diesel, are frozen. They remain at the level they were reduced to in March 2022. The Household Support Fund received an extra £500 million so it could be extended until September 2024. The fund allows local authorities in England to make discretionary payments to people most in need to help with the rising cost of food, energy, and water bills. In 2022/23 and 2023/24, the government provided significant support through the energy price guarantee, cost of living payments, energy bill support scheme, council tax rebates and other policies. The energy price guarantee cost around £25 billion alone, while cost of living payments (to recipients of certain benefits and tax credits) cost around £18 billion.

A temporary 5p cut to fuel duties has been extended into 2024/25 and the planned increase of fuel duties in line with inflation has been cancelled. Fuel duties, as of July 2024, stayed at the level they were reduced to in March 2022. The policy costs around £3 billion in 2024/25. The Household Support Fund received an extra £500 million so it could be extended until September 2024. The fund allows local authorities in England to make discretionary payments to people most in need to help with the rising cost of food, energy, and water bills. The main National Insurance contributions (NICs) rates for employees and the self-employed were cut in April 2024, lowering NICs bills. Income tax thresholds continued to be frozen at their April 2021 levels, making income tax bills higher than they would be if thresholds had risen with inflation, which is the default approach.

Energy Price Guarantee October 2022 - March 2024

The EPG operated between 1 October 2022 and 31 March 2024, capping the unit cost of energy for households. It provided significant support for households facing rising energy bills. The EPG meant that the maximum energy prices for customers on standard variable tariffs were set by the lower of the EPG or the existing energy price cap (also known as the default tariff cap). It applied to the unit cost of energy, so a household's exact bill was influenced by how much energy they used. The level of the EPG limit was set as follows:

• Between 1 October 2022 to 30 June 2023 the EPG was set at a level equivalent to an annual bill of £2,500 for a "typical" household in Great Britain.

• Between 1 July 2023 to 31 March 2024 the EPG rose so that a typical household in Great Britain didn't pay more than £3,000 per year. However, a typical household paid less than the EPG during July 2023 to March 2024 as the energy price cap fell below the EPG.

The EPG saved a typical household around £1,100 by the end of June 2023, compared to if there was no EPG, according to the government.

Targeted cost of living payments were provided to people receiving certain benefits and tax credits. Those eligible included:

• means-tested benefit recipients who received three payments totalling £900

• pensioner households who received a £300 payment

• households on non-means-tested disability benefits who received a £150 payment.

The Household Support Fund received £1 billion of funding for April 2023 to March 2024. The fund allows local authorities in England to make discretionary payments to people most in need to help with the rising cost of food, energy, and water bills. Fuel duty, which is largely levied on sales of petrol and diesel, was frozen at its March 2022 rate. This meant that a temporary 5p reduction, introduced in March 2022, continued and there was no inflationary increase.

In January 2024, the main rate of NICs paid by employees was cut from 12% to 10%. NICs was reduced further in April 2024 but other personal tax policies increased taxes.

Support for Mortgage Holders 2023-24

In response to concerns about the effect of rising interest rates on borrowers, in June 2023 the then Government and most lenders agreed a Mortgage Charter. This says:

• Customers may contact their lender for information and support without affecting their credit scores. Lenders will also provide information in advance of the end of deals to help customers to plan ahead.

• Customers who are up to date with their payments may switch to a new deal at the end of their existing fixed-rate deal without a new affordability check (unless they want to borrow more, change their repayment type or the length of their mortgage).

• They will also be allowed to switch to interest-only payments for six months, or extend their mortgage term, though with the possibility to revert to the original term within six months.

• Lenders will offer "tailored support" to help struggling customers. This might include such options as extending the term of the mortgage or a temporary move to interest-only repayments.

• Borrowers will not face repossession for 12 months after their first missed repayment (apart from in exceptional circumstances).

• Customers may set up new fixed-rate deals up to six months ahead of the end of their existing deal – and may change to any better deals that arise in the meantime.

Support for 2022-23

The EPG was the most significant policy in 2022/23 at a cost of around £21 billion. Other household support announced during 2022 included:

• Energy Bill Support Scheme: a £400 grant for all households taken off their energy bills over 6 months, starting in October 2022. The scheme is Great Britain wide – Northern Ireland received funding through the Barnett formula.

• Cost of living payments of varying sizes to different recipients:

– £650 payment in 2022 – paid in two payments – for over 8 million households on means tested benefits. For most, the first payment was made in July 2022, the second in autumn.

– an additional £300 payment to over 8 million pensioner households who receive the Winter Fuel Payment, from November 2022.

– an additional £150 payment to around 6 million people receiving disability benefits. Most received their payment by the beginning of October 2022.

• The Household Support Fund, which was first established in September 2021, helped vulnerable households meet daily needs such as food, clothing and utilities and is distributed by councils in England. The Fund was allocated £500 million for the period 1 April 2022 to 30 September 2022. A further £500 million was allocated for the period 1 October 2022 to March 2023. At the time of publication, it is set to end in September 2024. The devolved administrations in Scotland, Wales and Northern Ireland received funding through the Barnett formula.

• **National Insurance contributions (NICs):** there were several changes made to NICs during 2022/23:

– in July 2022, the point at which employees and self-employed start to pay the main rate of National Insurance contributions (NICs) on their earnings or profits was increased. The annual NICs thresholds rose from £9,880 to £12,570 in July 2022.

– in November 2022, the government reversed a 1.25%-points increase in NICs rates. The increase had been introduced by the government in April 2022.

• **Fuel duty** is temporarily reduced by 5p per litre from 23 March 2022 until March 2025. Fuel duty had already been frozen in 2022/23 by the 2021 Autumn Budget. The temporary 5p reduction was due to end in March 2023 but fuel duty, as of July 2024, has been frozen until March 2025.

• **The VAT on energy saving materials** (such as solar panels) is reduced from 5% to 0% until March 2027 (as of July 2024, the time of publication). Wind turbines and water turbines will be added to the list of energy savings materials.

• **Council tax rebate** households in Band A to D in England (which covers 80% of homes) received a £150 non-repayable Council Tax rebate. Local authorities received additional discretionary funding for some households who do not meet these criteria. Council tax is devolved, so the devolved administrations in Scotland, Wales and Northern Ireland are receiving funding through the Barnett formula. The devolved administrations can spend the funding on their priorities. Schemes similar to England's Council tax rebate are operating in Scotland and Wales.

• The Warm Home Discount for winter 2022/23, the discount (for vulnerable households) rose from £140 to £150 and eligibility was expanded by a third. This support is funded through a levy on all energy bills. More detail of the support is given in the briefing paper Energy price rises and the Energy Bills Rebate

6.6) Other Policies Affecting Household Budgets

As well as support for households, new government policies on personal taxes, uprating benefits and pensions, and student loan repayments and maintenance support, affect household budgets.

Income Tax

The government has frozen both the income tax-free allowance (known as the personal allowance) and the point at which people start paying the 40% higher rate of income tax (the higher rate threshold). Normally, both would rise by inflation, but, as of July 2024, they will be frozen from April 2022 until April 2028. Inflation was higher than was forecast when the policy was first announced, in March 2021. The higher inflation is, the more the freeze costs income taxpayers and the more it raises for the Treasury. This is because if there was no freeze, the thresholds would increase by inflation and more of peoples' earnings would fall into lower tax bands. Together, the freezes were forecast in March 2024 to raise the Treasury over £23 billion a year in 2024/25 rising to £32 billion a year by 2027/28.

Personal Allowance Freeze

The personal allowance is frozen at the current level of £12,570 until April 2028. The allowance would normally rise by inflation, which means people could earn more without being taxed on it. The personal allowance would have been £15,220 in 2024/25 if it had risen by inflation. The freeze also means that more people, with lower incomes, will pay income tax. In 2023/24, the freeze meant around 2.1 million more people paid income tax. By the end of the six-year freeze, around 3.8 million more people might be brought into income tax. The personal allowance freeze applies across the UK.

Higher Rate Threshold Freeze

The higher rate threshold (the point at which people start paying the 40% higher rate of income tax) will also be frozen at £50,270 from April 2022 until April 2028. This means that higher rate taxpayers will pay 40% on more of their income than if the threshold rose with inflation. It also means that more people will pay the higher rate of income tax. The higher rate threshold would have been £61,020 in 2024/25 if it had risen by inflation. In 2023/24, the freeze might bring around 1.4 million people into the higher rate of income tax. By the end of the six-year freeze, around 2.7 million more people might be brought into paying the higher rate of income tax. The policy applies in England, Wales and Northern Ireland. It also applies to individuals in Scotland with savings and dividends income, but it doesn't apply for most income tax in Scotland. This is because income tax on earnings is devolved to the Scottish Government who determine the thresholds (except for the personal allowance) and rates.

National Assurance Contributions

For employees and the self-employed, the Conservative government increased (and then froze) NICs thresholds and lowered rates. NICs on employees' earnings and self-employed profits will be lower in 2024/25 as a result. The government froze the point at which employers start paying NICs on their employees' earnings. This increases government receipts as without the freeze the threshold would have risen by inflation. This doesn't directly affect employees' NICs bills but may affect wages. Together, the NICs policies were forecast in March 2024 to cost the Treasury over £17 billion in 2024/25 falling to £14 billion a year by 2027/28.

Student Loan Repayments

The government has frozen the earnings threshold that borrowers need to reach before repaying their student loans at its 2021-22 level of £27,295 from 2022-23 to 2024-25. This affects borrowers from England. It had previously been increased annually in line with average earnings. If the threshold had been increased by average earnings again, it would have been £28,555 in 2022-23, £29,770 in 2023-24 and £32,010 in 2024-25. This means that borrowers making repayments would pay around £110 more in the 2022-23, £220 more in 2023-24 and £420 more in 2024-25 financial years than if the threshold had been increased under the previous policy. Existing borrowers will also pay more in future years as the threshold will be increased annually after 2024-25 by the Retail Price Index, which is normally lower than increases in average earnings. There are wider reforms to student finance for new students from England starting in 2023-24 and later.

Student Maintenance Support

The Government increased the maximum maintenance loan amount for undergraduate students in England by 3.1% for the academic year 2021/22. This was substantially lower than CPI inflation of 6.2%.

Maximum maintenance loan levels were increased by 2.3% in academic year 2022/23 compared to CPI inflation of 10.2%. The maintenance increase in 2023/24 was 2.8%, again below CPI inflation of 3.6%. The situation is reversed in 2024/25 when the 2.5% increase in maximum maintenance amounts is above forecast inflation of 1.1%. The Library briefing The value of student maintenance support shows the real cut in maintenance support is expected to be 11% between 2021/22 and 2024/25, or around £1,250 a year for those from the poorest households.

The annual uprating for maintenance support is based on forecast inflation. This means that, unlike benefit uprating, these cuts will not automatically be caught up for in future increases. The Institute for Fiscal Studies has examined this issue and proposed possible remedies.

7) Topic C: Scottish Independence

Note from the Under-Secretary-General: *This section will only become relevant to the committee when the other two topics above have been thoroughly covered in the duration of the committee. The Rules of Procedure may differ according to the discretion of the Academic Team.*

7.1. Important History on the Topic

Relations between England and Scotland are notoriously temperamental with calls for Scottish Independence rarely far from the news. The history between the two countries is significant and throughout the ages, there have been opportunities to come together as well as acrimonious separations. Historical claims are undoubtedly one of the most important aspects for grasping the current & relevant events.

Events of the 17th Century

The modern history of Scotland and England's relations began with the death of Elizabeth I. When Queen Elizabeth I died, she left no heir with no children of her own. The rules of inheritance meant her throne was passed to James VI of Scotland. The traditional rivalry between the countries was halted as King James moved his court to London and positioned himself in the heart of his new kingdom.

Challenges to James' rule were frequent, the most serious coming in 1605 with the actions of the *Gunpowder Plot*. *(I highly encourage visiting the linked website by clicking the underlined part for further research.)* Catholics hoped that James, the son of Mary Queen of Scots, would be sympathetic to their plight. Despite this, he continued to persecute them, promoting the Catholic Robert Catesby to plot the king's demise. Catesby planned to place multiple barrels of gunpowder under the House of Lords to blow up the king and his government on the opening day of parliament. The aim was to spark a Catholic uprising to restore a catholic monarch to the throne.

By the mid-17th century, unrest was becoming unmanageable. The English Civil War and the struggle between King Charles I and parliament led to Oliver Cromwell taking charge, as the Lord Protector. Once Charles I was executed, the Scots rallied to support Charles II but the Battle of Dunbar in 1650 saw Scottish forces defeated, soundly outdone by Cromwell's armies and the age of Scottish kings in England was over. The Commonwealth of England, Scotland, Ireland had arrived.

Events of the 18th Century

Scotland's maintenance of the parliamentary system despite the monarch residing in England came to an abrupt ending after an economic and agricultural crisis. Poor harvestation and failed attempts at colonization destroyed the Scottish economy, forcing them to resort to England for aid. The parliaments of England and Scotland were joined and worked together from Westminster in the Act of Union of 1707.

This was not the end of uprisings, The Jacobites were behind several attempts to restore the Stuart monarchy to England and Scotland. Charles Edward Stuart had minority support in Scotland in 1745 and after the Battle of Prestonpans, Charles had effectively taken over control of Scotland. He began to extend his victory across England but was halted at Derby with the Jacobites pushed back and halted with the bloody battle in Culloden marking the end of serious challenges by force from the North.

Note from the Under-Secretary-General: *Since the history of the Jacobite Rebellion is impossible to cover thoroughly in a short paragraph, I recommend following this link for further research.*

Scottish enlightenment in the late 18th century saw the nation become home to many challenging and dangerous ideas. Intellectuals such as David Hume, Adam Smith and James Hutton began to share their ideas and create the idea that Scotland had an important and valuable role in the United Kingdom, due to its radical thinkers.

Events of the 19th Century

While Scottish forces no longer marched in an attempt to take over England, there were still many social struggles and activists willing to stand up. Andrew Hardie and John Baird led action to protest against the social hardships that people were experiencing. In the 1820 uprising, they marched with a militia in Falkirk but were stopped by the army. Another group of radicals, led by Andrew Wilson, protested in Strathaven near Glasgow but were also held by government loyalist forces. All three leaders were executed, sending a message to anyone considering rebellion.

The Jacobite rising of 1745 meant many of Scotland's rights and positions had been removed. By 1885 the post of Scottish Secretary was reinstated as there was no longer any considerable threat from Scotland. The Secretary of Scotland Act led to the creation of the Scottish Office and allows Scotland's individual status to exist as part of the United Kingdom.

Events of the 20th Century

The end of World War I led to a growing belief that Scotland should rediscover and recognise its individual importance as a nation. In 1922, Hugh MacDiarmid set up the literary magazine, Scottish Chapbook, and began to build a renewed interest in Scottish Literature and uniquely Scottish culture outside of the wider idea of the United Kingdom.

MacDiarmid was also a founding member of the National Party of Scotland formed in 1928 and the forerunner to the Scottish National Party. By the 1960s, the SNP were beginning to gain more traction. Winnie Ewing won a by-election for the SNP in 1967 and by the 1970s, the Labour government agreed to give Scottish voters an independence referendum. This devolution referendum was held in 1979 and a slim majority were said to support Scottish independence. However, the legislation stated that at least 40% of the total electorate needed to vote, but this wasn't the case. When Margaret Thatcher became Prime Minister, Scottish devolution was no longer a consideration or priority.

The return of Labour to power in 1997 saw Tony Blair committing to a new Scottish parliament and a new referendum. The Scottish electorate spoke, and the new parliament was enacted, with powers to raise taxes and other responsibilities. The Scottish parliament officially came into force in 1999 and strengthened the power of the Scottish voice, so much so that an independence referendum was agreed upon and carried out just 15 years later. The SNP, once a fringe party in Scottish politics, is now the third-largest party by political membership in the UK. In the Scottish parliament, they hold a majority of the seats.

The 2014 Referendum

On 18th September 2014, the Scottish Independence Referendum asked the electorate "Should Scotland be an independent country?". The "No" side won with 55.3% of the vote, with a voter turnout of 84.6% in total. The significant percentage of the population who did vote for independence means the SNP is still rallying for a further referendum and achieving full independence for Scotland one day.

7.2. Current Relevance & Political Importance

Given the history, one might not find it particularly difficult to imagine that the topic drives controversy within the public, government and The Crown. As we all know, The United Kingdom of Great Britain and Northern Ireland consists of multiple states, all of which had their respective issues about independence. However, Scotland stands as the country that carries on the most impactful agenda out of all of them.

The devolved Scottish Government was established July 1st 1999 as the Scottish Executive following the 1997 Scottish devolution referendum. The legislative competence of the Scottish Parliament has been amended numerous times. The Scotland Act 2012 and Scotland Act 2016 expanded the Parliament's powers, especially over taxation and welfare. The purpose of the United Kingdom Internal Market Act 2020, the most recent amendment, is to constrain the powers of the devolved institutions and restrict the exercise of devolved competences. Its effect is to undermine the freedom of action, regulatory competence and authority of the Parliament, limiting its ability to make different economic or social choices to those made by Westminster.

Ever since the 2014 referendum, a second referendum on independence has been proposed, particularly since the UK voted to leave the European Union in a June 2016 referendum and since pro-independence parties increased their majority in the 2021 Scottish Parliament election. In June 2022 Nicola Sturgeon proposed the date of 19 October 2023 for a new referendum on Scottish independence, subject to confirmation of its legality and constitutionality. In November 2022 the Supreme Court of the United Kingdom ruled that the Scottish Parliament did not have the power to legislate for a second referendum.

Leaving the European Union was recieved by mixed opinions through the public and government & political officials, and this fostered an environment for differing opinions upon Scottish independence. The independency of Scotland may come up as a discussion topic, and it may cause mayhem within the public. The House of Commons shall deal with the aftermath and the discord of the topic.

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