

Conservative Home article on mutualising parts of the public sector

Everyone an owner. There's a popular Conservative policy that reaches out across the divide. An owner can be a self employed person setting up and running their own business. They can be a shareholder in a company they work for. It can be a left of centre idea in the form of a co-operative or mutual where workers and or customers own the concern. It can be home ownership, as attractive to many Labour voters as to Conservative.

Time was when past Conservative governments made great strides in extending ownership. As a Minister I helped the miners of Tower Colliery take on the ownership of their mine against a reluctant Coal Board. I freed parts of the Property Services Agency from within government so the managers could take it on and sell their skills more widely than the public sector. As an adviser I helped the lorry drivers of National Freight take over their old nationalised industry and transform it into a successful transport business.

The work I did for Margaret Thatcher led to the option of self invested pension funds instead of having to join a multi member big fund. It beefed up company share ownership schemes, and launched popular issues of discounted and free shares in the big privatisations. Incentives and help to own your own home were improved. Schemes to allow self build and homesteading, taking on and improving a run down public sector property were extended. We made it easier to be self employed and to set up a business. We raised the VAT threshold so small businesses did not have to wrestle with that extra cost and complexity.

Today we could find new ways to extend ownership. The public sector has become bloated and it has a deep productivity problem. It would be a good idea to explore ways in which employees in nationalised businesses, in independent public bodies and in parts of the administration of state departments could have a stake in what they do and more reward for improved performance.

The Post Office shows just how much can go wrong when the people running it do not have a stake in it. They have presided over the dreadful treatment of the sub postmasters for many years. Less remarked is that they also have accumulated a massive £1390 million loss for taxpayers. They have wiped out all the money taxpayers put in and left an effectively bankrupt business. It can only trade because it has guaranteed subsidy and cash made available by the government to meet all the losses.

HS 2 Ltd shows how overpaid senior executives there spent ever larger sums given freely by taxpayers with a much delayed result and with a huge cost overrun. Again they had no incentive from success and no downside if they got it wrong. If people want private sector large company levels of pay and bonus they should be expected to deliver good results for taxpayers, or should lose their jobs and or not get a bonus if they fail.

The railways are largely now nationalised. They have all the symptoms of nationalisation. Poor service, too many strikes, bad labour relations, huge losses to be paid by taxpayers are constant. There is no energetic business plan to win back lost passengers and provide new purpose for a system running high on overheads. Staff are often not treated well

and do not benefit from success in attracting more passengers and earning more revenue. As the contracts to run train services end the state should reorganise. It should reconnect track with train services. It should offer shares in the new regional businesses to employees and to new providers of capital. It should allow other companies access to the tracks of the regional companies, with a competition regulator adjudicating if the regional company does not want to offer track capacity to others.

Much of the work of the Agencies, Councils and departments takes the form of contracts with providers. A Council sets a refuse or street cleaning or grounds maintenance policy and then sub contracts to a private provider. Quite often poor supervision of contract or poor policy choices lead to bad work or inefficiencies. More of the work done by the staff of the department, Council or Agency could be done by an external specialist concern, which could emerge from giving current staff teams contracts to do the work and the right to offer their services elsewhere. Once more is subject to competitive challenge so there will be more progress in raising productivity and quality and using innovations and new technology to improve service. The Minister or Council Committee should set the objectives and the budget.

The government needs a more generous policy towards self employment. The self employed provide so much of the crucial flexible personal service people need. They are prepared to work at week ends and evenings, come to your home to work, allow you to get in touch by phone or email without all the aggressive protective noise from larger companies. We have lost far too many of them since 2020. The government should scrap its changes to IR 35 which make it more difficult for self employed to win company business. Councils need to offer them a better deal on van access and parking to help the rest of us. Government should assist Councils to be business friendly in the interests of more and better services for their residents.

The government should improve its schemes to help service personnel and other key worker groups to own their own homes. Housing on public sector land, and created from modernising and adapting other public property would help. Mortgage contributions could be part of the salary package, with private capital brought in from building societies and banks. Where the state wants to keep the property when the person wishes to leave public employ, then it should buy back the home at a market adjusted price so the person has money to help with the purchase of a property for their new lives.

There are plenty of ways for government to help people own something. More of the public sector can be mutualised. More public property can be used to help create homes and businesses for people to own. This could give the state a new sense of purpose, raise quality and productivity, and help improve relations with the workforce. Let's have a nation of owners, where the interests of workers, executives and owners are aligned because many more can directly participate in success.