

Controlling public spending

The government has rightly confirmed that a successful economy requires sensible control of public spending and borrowing. The pressures that require more to be spent on schools and social care do not mean we can afford to relax public spending generally. Growth in the economy will generate more tax revenue to meet the needs of priority services for more money. Action still needs to be taken to remove less desirable public spending, to root out waste, and to run the public sector better.

Conscious that many readers here want to see financial discipline in the public sector, I am today writing about it to give you more opportunity to state what you think could be better done or removed from the budgets. In the middle of this current 5 year Parliament the state will no longer have to send the large gross and net contributions to the EU. From March 2019, assuming a sensible deal or no deal, we will no longer be sending that money to the EU. Of course the UK Parliament will wish to spend money on farming, universities and regional development where we were getting some of our money back from the EU. This will leave us around £12 bn of the net contribution to spend, as I explained with my suggested post leave budget before the referendum vote. This will take some of the pressures off.

There are many other areas to look at to save money. The government could press on more vigorously with its office and property rationalisation programme. It can initiate something for something pay deals to promote smarter working in return for higher pay. It can do more to cut its demands for fuel and other supplies.

I voted against HS2. It looks as if we are now committed to that expensive project. In the light of that the budget of Network Rail should be reviewed. Network Rail can improve efficiency, dispose of more property assets, and encourage more use of existing track to boost revenues. There are opportunities for getting more value for money from the railway budget.

The large overseas aid budget is pledged by Act of Parliament which this Parliament is unlikely to amend. There should be more scope to include as part of this budget the many costs the UK already incurs in helping low income countries and refugees. When our armed forces are undertaking humanitarian or peacekeeping work for a low income country all their costs doing that should be part of the overseas aid budget.

Introducing more Right to buy purchases by tenants of social housing would raise more private capital, to offset the housing budget. There are a range of public sector assets which could be sold as an alternative to additional borrowing.