

Affording tax cuts Conservative Home article

A lot rests on the budget

The polls show there are many former Conservative voters refusing to commit to Conservatives again who do not trust Labour or want a Labour government. They say they will not vote, or will vote Reform. When pressed they say they want the government to do what it promised and what they expect Conservative governments to do.

Defining this and delivering is therefore the task of Prime Minister and Chancellor. They recognise they need to curb migration, as the 2019 Manifesto promised and as the Prime Minister has pledged. As they lower the excessively high rates of legal migration this year they need to make sure the Treasury and OBR accounts for this in an accurate way. They should put in many economies on public services, as cutting migration by 330,000 as promised (legal and illegal) reduces pressure for school places, for health treatments and above all for subsidised housing. It should make it easier to honour the pledge to get the waiting lists down in the NHS. The EU in 2016 said a new migrant cost a state Euro 250,000 in capital to provide a home, and in costs to offer good public services.

The government understand that winning people back is above all about the economy. Three of the Prime Minister's own five pledges are to lower the debts, halve inflation and grow the economy. That is the right emphasis. People expect from a Conservative government prudent finances, lower taxes, more jobs and decent growth. They know from bitter experience that past Labour governments end with burgeoning debts, higher unemployment and downturns. The 1964-70 Labour government devalued the pound and had to go for austerity. The 1974-9 government ran out of money, had to borrow from the IMF and created a recession. The 1997-2010 government allowed an inflationary banking bubble, created a deep recession and ran out of money. This government and its Conservative predecessors since 2010 have created 800 extra jobs every day they have been in office, got unemployment down, and presided over faster growth than the larger European countries. Even the shocks of covid lockdown and the Ukraine war did not undermine the good record on jobs, essential to people's living standards and self esteem.

All this makes the budget crucial to plans to win back lost voters and to show the economy is on track to deliver that faster growth, lower inflation and controlled debt people expect. The big inflation was a blow delivered by the Bank of England, making similar mistakes to the US and EU Central banks. If only

they had kept money under better control as Japan and China did we could have been spared that agony. Labour of course supported the Bank's bad policies throughout.

The task of growing the economy with low inflation is made very difficult by the very institutions that are meant to bring stability, wisdom and competence to the task. The Bank has followed its inflationary monetary policy phase with overdoing the correction. It now needlessly sells bonds at big losses to sandbag the Treasury and taxpayer with huge bills. The OBR pads the figures with bad news, usually exaggerating the future deficit and borrowing and acting as a shop steward for more public sector spending. It ignores the productivity collapse in the public sector and assumes all the current spending is worthwhile.

The Chancellor needs to cut through all this unhelpful policy and commentary. It is not money well spent to send the Bank of England £34 bn so far this year to pay for their losses. They should stop selling the bonds they bought so badly at a loss and hold them to redemption. They should copy ECB policy on the payment of interest on commercial bank reserves to curb the running losses on their ill judged portfolio.

He should demand more care with quango and nationalised industry spending. Why are Post Office managers paid so much for losing the state a small fortune and for treating their sub postmasters so badly? Why do the railways need £12bn a year of subsidy when they run so many near empty trains that people do not want to use, and fail to run trains people do want because they cannot get on with their staff? Why do large projects like HS 2 and the nuclear plants overrun so badly?

He should speed up and intensify the work he has asked the Chief Secretary and Cabinet Office Minister to do to win back the big losses of productivity in public services. There is around a £30bn extra cost to deliver the same things as in 2019 before allowing for all the extra costs of inflation on top. Where is the stop to all external recruitment into the civil service and administration of other public services to start winning back lost productivity? Why has the explosion of managers and Directors in the public sector resulted in so much worse productivity?

He needs to review value for money and desirability of the various policies for net zero. £20 bn for carbon capture and storage is a huge sum. This idea should be largely financed by the private sector with limited and phased taxpayer money. The Government car service has one third of its fleet now as electric cars, which cost 18% more than the ICE cars they would otherwise have bought. Is this value for money? Why can't the government concentrate its net zero spend on obvious wins like proper insulation and controls on heating and lighting in its vast public estate? Spend to save money as well as cut energy use would be a win win.

Labour tells us we need more nationalisation, starting with the

railways. As they are largely nationalised already they see a way to do this without having to compensate existing owners. Which features of nationalised HS 2 management does Labour think would help with the rest of the railway? Or is it the Post Office model of computerisation and treating staff that appeals?

Armed with better cost controls and an attack on some of these areas of needless spending Chancellor and PM could show how you get more public service for less cost under Conservatives. That would mean money left over for tax cuts to boost living standards and make it more worthwhile working. That is what all these reluctant Conservatives want.

A modern growing railway

Greens like trains. They seem to think they are free or low on CO₂ though all the time there diesel trains and electric trains running on power from a fossil fuelled power station that is a lie. One day when all the trains are electric, and when all the electricity is from renewables maybe this will be a sensible view of theirs. In the meantime we can harness their enthusiasm for trains with plans to maximise use of the substantial railway assets the nation owns.

The best green and commercial use of rail capacity could be for goods movement. Taking many more lorries off the road and using rail tracks more at night would be a double win. To work well there needs to be more track spurs from mainline to retail and industrial parks. The rail businesses need to offer good pricing for waggon loads, not just whole train loads. There needs to be a network of tractor units to collect from stations and do the last few miles where there is no track direct to factory or warehouse.

To win back commuter travel the industry needs to find the best way of charging. Flexible season tickets where the more you travel on the specified journey the cheaper per journey it becomes is the obvious way to go. Discounts could be bigger for Mondays and Fridays the less popular days.

The railway needs to experiment with events, leisure, short breaks and holiday travel. This is becoming the most common, with huge discounts in fares to win heavily loss making business. This is a very bad model for the taxpayer and generates more CO₂ creating discretionary travel. Prices need to be more realistic, and entrepreneurs need to venture with event, hospitality and travel organisers to make it an attractive package.

The current losses on rail are unacceptable. Too many little used passenger trains run, whilst some popular times and routes lack capacity. Freight could be economic.

Labour's net zero disaster

Labour's big difference with the Conservatives was going to be a big programme of net zero state investment and subsidy. This would be backed up by stricter targets to be enforced by tougher and earlier regulation to force us out of our cars and into our heat pumps. How they complained when the PM made a speech favour of a slower and less regulated pathway to low carbon. Conservatives want the PM to do more to show he has turned away from unrealistic targets, dirigiste regulations and wasteful subsidy.

The Labour approach was full of lies and implausibilities. Where did they get £28 bn a year from to pay for the programme? They now admit there was no £28 bn and they cannot find it.

They say they will have moved over from fossil fuel electricity by 2030. No way. We still cannot store much wind and solar for wind and sun free hours and still lack grid to handle so much more interruptible power.

They say many more people will insulate, buy heat pumps and switch to electric cars. You cannot achieve that by just spending more taxpayer money on subsidies and tax cuts. Half the country will not even accept a "free" smart meter let alone have their homes made into a building site for a heat pump.

Maybe they would get us to deindustrialise at a faster pace to make us ever more dependent on imports whilst cutting CO₂ produced here. As for the favoured green jobs they would create plenty of those in China. No sign of realistic plans to wrestle the manufacture of solar panels, wind turbines, big batteries or electric cars away from now well established Chinese dominance.

Letter from the Transport Minister – money for resurfacing roads and potholes

Please find enclosed below the letter that I have received from the Secretary of State for Transport on how much Wokingham will receive for resurfacing roads and filling potholes:

Dear John,

Local Roads Resurfacing Funding

I am writing with details of how the Government is helping local authorities in your constituency to resurface more roads and fill more potholes.

We are providing **£8.3 billion** of extra roads resurfacing funding for English local highway authorities between 2023/24 to 2033/34. This money will, over time, transform the condition of local roads, allowing all road users smoother, faster, and safer trips - paid for with savings delivered by the Prime Minister's decision to cancel HS2 Phase 2. All HS2 savings that would have been spent in the North or the Midlands will still be spent there, with savings from a revised approach to delivering Euston station shared across the rest of the country.

Individual [highway authorities' allocations](#) are online, as is the [Network North Command Paper](#), which makes it clear this funding is in addition to transport funding from the last Spending Review and on top of what authorities were expecting to receive.

As per the command paper, every penny committed to the Northern leg will go to the North, every penny committed to the Midlands leg to the Midlands, and every penny saved from our new arrangement for Euston station will be spread across every other region in the country.

Wokingham is covered by two local authorities in receipt of this additional funding: West Berkshire and Wokingham. The table below sets out the funding that West Berkshire and Wokingham are receiving in the current year and the total additional funding they will be receiving over the years from 2023/24 to 2033/34.

You will naturally want to ensure that your constituents benefit in full from this funding uplift, and you may therefore wish to raise this as appropriate in meetings with your local authority leaders and the relevant local cabinet

members to ensure that West Berkshire and Wokingham are putting the money to good use and complying with the new reporting requirements that the Government has introduced, as set out below. You may, for example, wish to ask which roads they are intending to resurface and/or which other highway assets (such as bridges) they are intending to maintain with the additional funding.

Local authority	Funding increase for 2023/24 made possible by reallocated HS2 funding	Funding increase for 2023/24 announced at Spring Budget 2023	2023/24 total funding including baseline set at SR21	2023/24 approx. % increase on 2022/23	Total indicative additional funding allocation 2023/24 to 2033/34
West Berkshire	£679,000	£957,600	£7,023,600	30%	£21,279,000
Wokingham	£418,000	£589,200	£4,321,200	30%	£13,095,000

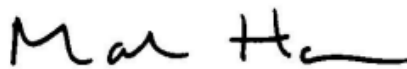
Table note: The funding increase made possible by reallocated HS2 funding is part of the £8.3 billion uplift for roads resurfacing; £150 million is being allocated for the 2023/24 financial year. The Spring Budget in March 2023 allocated an additional £200 million for highways maintenance for the 2023/24 financial year. Total funding is these two funding allocations in addition to the £915 million baseline fund for eligible local authorities outside of London and those receiving City Region Sustainable Transport Settlements (CRSTS) set at Spending Review 2021. CRSTS allocations, along with all allocations highlighted in this table, can be found on gov.uk.

To ensure transparency we are asking all authorities to publish on their websites:

- by 15 March 2024 a summary of the additional resurfacing work they will deliver with the new funding over the next 2 years;
- thereafter quarterly reports, with the first by the end of June 2024, summarising the additional work they have done and listing the roads that they have resurfaced; and
- later in 2024/25 a long-term plan for their use of the full 11-year funding and the transformation it will deliver.

I hope this significant investment in your constituency is welcome news, and no doubt you will work closely with your local authorities to ensure that it makes the most positive difference for your constituents.

Yours sincerely,



**The Rt Hon Mark Harper MP
SECRETARY OF STATE FOR TRANSPORT**

[Letter from the Transport Minister – money for resurfacing roads and](#)

potholes

Please find enclosed below the letter that I have received from the Secretary of State for Transport on how much Wokingham will received for resurfacing roads and filling potholes:

Dear John,

Local Roads Resurfacing Funding

I am writing with details of how the Government is helping local authorities in your constituency to resurface more roads and fill more potholes.

We are providing **£8.3 billion** of extra roads resurfacing funding for English local highway authorities between 2023/24 to 2033/34. This money will, over time, transform the condition of local roads, allowing all road users smoother, faster, and safer trips - paid for with savings delivered by the Prime Minister's decision to cancel HS2 Phase 2. All HS2 savings that would have been spent in the North or the Midlands will still be spent there, with savings from a revised approach to delivering Euston station shared across the rest of the country.

Individual [highway authorities' allocations](#) are online, as is the [Network North Command Paper](#), which makes it clear this funding is in addition to transport funding from the last Spending Review and on top of what authorities were expecting to receive.

As per the command paper, every penny committed to the Northern leg will go to the North, every penny committed to the Midlands leg to the Midlands, and every penny saved from our new arrangement for Euston station will be spread across every other region in the country.

Wokingham is covered by two local authorities in receipt of this additional funding: West Berkshire and Wokingham. The table below sets out the funding that West Berkshire and Wokingham are receiving in the current year and the total additional funding they will be receiving over the years from 2023/24 to 2033/34.

You will naturally want to ensure that your constituents benefit in full from this funding uplift, and you may therefore wish to raise this as appropriate in meetings with your local authority leaders and the relevant local cabinet

members to ensure that West Berkshire and Wokingham are putting the money to good use and complying with the new reporting requirements that the Government has introduced, as set out below. You may, for example, wish to ask which roads they are intending to resurface and/or which other highway assets (such as bridges) they are intending to maintain with the additional funding.

Local authority	Funding increase for 2023/24 made possible by reallocated HS2 funding	Funding increase for 2023/24 announced at Spring Budget 2023	2023/24 total funding including baseline set at SR21	2023/24 approx. % increase on 2022/23	Total indicative additional funding allocation 2023/24 to 2033/34
West Berkshire	£679,000	£957,600	£7,023,600	30%	£21,279,000
Wokingham	£418,000	£589,200	£4,321,200	30%	£13,095,000

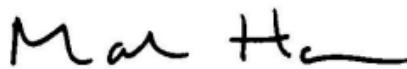
Table note: The funding increase made possible by reallocated HS2 funding is part of the £8.3 billion uplift for roads resurfacing; £150 million is being allocated for the 2023/24 financial year. The Spring Budget in March 2023 allocated an additional £200 million for highways maintenance for the 2023/24 financial year. Total funding is these two funding allocations in addition to the £915 million baseline fund for eligible local authorities outside of London and those receiving City Region Sustainable Transport Settlements (CRSTS) set at Spending Review 2021. CRSTS allocations, along with all allocations highlighted in this table, can be found on gov.uk.

To ensure transparency we are asking all authorities to publish on their websites:

- by 15 March 2024 a summary of the additional resurfacing work they will deliver with the new funding over the next 2 years;
- thereafter quarterly reports, with the first by the end of June 2024, summarising the additional work they have done and listing the roads that they have resurfaced; and
- later in 2024/25 a long-term plan for their use of the full 11-year funding and the transformation it will deliver.

I hope this significant investment in your constituency is welcome news, and no doubt you will work closely with your local authorities to ensure that it makes the most positive difference for your constituents.

Yours sincerely,



**The Rt Hon Mark Harper MP
SECRETARY OF STATE FOR TRANSPORT**