

Nationalised industries, quangos and Ministers

The way the Post Office, a nationalised industry throughout, treated its sub postmasters must have destroyed the myth that nationalising a business makes it ethical, good for its staff and customers and capable of resolving public policy problems. Just as the old nationalised water industry tipped sewage onto beaches, and the nationalised railway kept cutting services and sacking staff whilst failing to run the trains on time, so modern nationalised bodies show they are no good at doing what customers need and want. The Environment Agency wrecked the Somerset levels by not using pumps and not keeping the drains and ditches clear. The North Sea Transition Authority delights in closing down our oil and gas fields so we can import more fossil fuel generating more CO₂. Local Councils pursue vendettas against motorists. DEFRA has been specialising in stopping us growing our own food with large grants to let the land go wild.

It is curious how this century Labour, Lib Dem and Conservative Ministers have been keen on more so called independent bodies with greater powers. They seemed to think they would do a better job and would take the blame and the strain. Instead many of them did a worse job whilst the blame as far as the public is concerned rested with the Ministers who could have changed the instructions or the management of the body. Some Ministers have become timid or have been house trained to believe they must simply rely on the advice and defend the statements and actions of these independent bodies even when they are obviously wrong and or upsetting many members of the public.

Government needs fewer of these bodies. It needs to supervise them effectively. When I was a Minister with reporting quangos I insisted on an annual review meeting of the previous year's performance and actions prior to publishing the annual report, and an annual budget meeting to discuss how much they should spend and how much public money or underwriting they might need in the year ahead. If big issues cropped up or if their performance was poor there could be additional meetings during the year. I reported any intervention I made to Parliament and was prepared to discuss the published budgets and annual reports which became open documents.

If necessary I asked a CEO or Chairman to leave

Why do so many Councils hate drivers?

The hypocrisy of Council reserved car parks never fails to annoy me. The architects of our current road misery so often have reserved areas in a car park next to the Council offices for their cars when they do make it into the

office to tell the rest of us to leave our cars at home.

My journeys these days like yours are beset by closed roads, narrowed traffic lanes, more traffic lights, more 20 mph, 30 mph and 40 mph zones, endless changes of speed limit and access rules, ever dearer and more restricted municipal parking. Huge sums are spent on remodelling the roads and junctions, putting up forests of new signs and controls, and on installing more cameras than in a communist state. These Councils seek to collect easy revenue from drivers who make a mistake and dare to go 23 mph in what was a 30 mile an hour zone or who get stranded behind a vehicle just across the lines of a box junction.

The Councils love inventing new tortures and increasing their revenues from their anti driver scams. It never occurs to them that they might one day need the ambulance or doctor to get to them quickly by vehicle. They forget that the plumber or decorator or window cleaner they need at home might find it all too much, or put their prices up because traffic delays means fewer visits in a working day. They delight in letting contracts for temporary traffic lights and barriers so the taxpayer has to pay for weeks of their hire, often for long periods when no works are proceeding on the road.

Why do they hate us so much?

[When the establishment gets it wrong](#)

One of the most frustrating features of an MP's life is when you know something is wrong, you highlight it, and you cannot get the necessary changes. When I first discovered years ago that my knowledge of a local post office damaged by allegations of shortfalls was not alone but other MPs had similar cases I thought that it was very unlikely there had been mass outbreak of fraud around the same time as the introduction of new computer system. My concerns were strengthened as those affected had often alerted the Post Office to the accounting troubles which no fraudster would have done, and they did not themselves appear to have the money they were said to have embezzled. I supported James Arbuthnot who led the originally small group of MPs who wanted to help sort this out.

In the end the good work of some of the sub postmasters themselves and important reversals for the Post Office in court led to government instituting a proper review and compensation. Today there may be faster progress as the tv programme has pricked the conscience of the nation and revealed the big scope of the disaster.

The truth is that whilst this is a very bad and current example of poor work and worse treatment of people by a nationalised industry or branch of government, it is not unique. There are too many cases of wrong decisions, bad outcomes, poor treatment of users, businesses and taxpayers. One of the

reasons there is a feeling of frustration in large sections of the electorate with many saying they do not like what is on offer from the main parties is this feeling of helplessness exemplified by the sub postmasters against the mighty power of a state determined to get it wrong.

I have been battling against a Bank of England determined to give us high inflation whilst blaming something else. It is now determined to lose taxpayers a fortune by selling bonds at big losses and to drive us into recession. Why?

I have been arguing with an OBR that cannot get its deficit forecasts right and refuses to accept cutting some tax rates can boost growth and revenues. They have this mad idea that we tax cuts are unaffordable but lots of spending increases are unavoidable.

I have been explaining to the vast empire of net zero officials and Ministers that importing LNG gives us more CO₂ than drilling for our own gas, that switching people to electric vehicles before there is sufficient renewable electricity does not help and that heat pumps are far too dear and unsatisfactory to be something most people will want to buy. I have been saying you cannot have a green revolution until consumers think the products that make us greener do genuinely do that, are affordable and are popular.

There are many other examples of wrong theory doing damage to people's lives and livelihoods. Too many policies lead to more burdens on the small businesses and self employed on whom we rely for so many services. Many of these people now see the state as the enemy, fearing unreasonable conduct by those in authority as they are made to pay more tax, comply with more regulations and sometimes falsely accused of misconduct.

[My Conservative Home article on the budget](#)

To cut taxes, inflation, and the deficit, Hunt must break free of the OBR

Treasury briefing keeps telling us unfunded tax cuts will cause inflation. Yet we have just lived through two years of surging and high inflation with increased taxes – that should lead them to question their bizarre view.

If they believe that tax is the key to inflation, why don't the Treasury think the tax rises also caused it? In one sense, some of them did: they heaped higher taxes on energy as energy prices soared.

The Office of Budget Responsibility acknowledges that it has overstated this year's borrowing so far by £20bn. Yet carries on asserting there is no scope to cut taxes.

The reason borrowing is lower is once again they got their forecasts of tax revenue wrong. I read in the press they keep sending the Chancellor very different forecasts of how much borrowing there might be in five years time. The Government uses this to decide what tax cuts they can afford. The OBR forecasts, though fluctuating wildly, never seem to allow tax cuts according to the press briefings that filter out.

Why does the Government use the five-year forecast to decide anything? It is bound to be wrong. The last three years have seen many overstatements of future borrowing by the OBR for the immediate year, which should be a lot easier to get right than five years out.

The Treasury and Bank need to think again about the inflation they have just presided over. Let me give them some thoughts on what did cause it.

The Bank should grasp that printing £150bn in the recovery year 2021 and paying very high prices for bonds to keep interest rates close to zero was inflationary. The Treasury should understand that boosting spending by £350bn a year over three years, and borrowing the money to pay for much of the extra spending, was inflationary.

They ended up borrowing it at overdraft rates from the Bank of England; these rates then surged as the Bank decided to hike them. It means it was unwise to borrow like that. If they had funded it long it would have been a lot cheaper and arguably less inflationary.

The Government needs to grasp that recruiting 103,000 more civil servants over six years and allowing a 7.5 per cent collapse in productivity was inflationary.

They will reply that the surge in oil prices from the Ukraine war was inflationary. It certainly drove up energy prices. But this does not account for why British inflation was already three times target before that happened. Nor does it explain how big energy importers, such as China and Japan, did not have a big general inflationary surge as we did. (But then, they did not print lots of extra money and drive their interest rates lower.)

Jeremy Hunt's budget needs to cut taxes, to help bring inflation down, and to push downwards on the deficit. Far from being impossible to do these three things at the same time, the right policies will indeed do all three together.

If only the Treasury had a model of revenues that picked up more accurately increases in growth delivering higher revenues, it would be easier to persuade them. If they were better at controlling public spending and at avoiding big falls in public sector productivity, that would help too. Let's have a go at a budget that they could grudgingly agree, using their wayward models, that will achieve these ends.

Let's start with getting inflation down more quickly. Suspend the five per cent VAT on domestic energy for heating for the year ahead. Take five per cent off petrol and diesel by a temporary cut in fuel duty. This will give a

useful nudge down to energy costs just as world prices are increasing again.

Some of the revenue lost will be compensated by higher profit and windfall taxes on the energy companies as they benefit from higher world prices. Cover the rest with the proceeds of selling the whole remaining holding in NatWest shares. A lower rate of inflation, earlier, will also save some money on public spending, which is very geared to the inflation rate.

Hunt should also expand the supply side of the economy to offset some of slowdown the Bank is creating.

The VAT threshold for registering small businesses should be raised from £85,000 to £250,000. This would release a lot of new capacity quickly, which in turn would produce a bit of downward pressure on prices. More importantly, it would generate additional tax on incomes and profits as the small businesses did more.

Treasury models will score this as a revenue loss, so offset their fictional figure with rephrasing some of the £20bn carbon capture and storage spend. It is unlikely anyway that large scale projects with good business cases will be available to subsidise any time soon.

We have lost 800,000 self employed from the workforce since February 2020. Some of this may be covid related, but it is also the result of tax changes in 2017 and 2021 which make it too difficult for some to grow their businesses in the way they used to, particularly where they need business customers. Change the rules back.

Again the Treasury will claim a loss, it should save government money (especially where people move back into self employment from benefits). This could be more than offset by imposing a stronger version of the Civil Service recruitment controls the Government is talking about. Natural wastage should slim the Civil Service, after the increase of 103,000 in just six years.

Next, switch farming grants for the future away from stopping people growing food toward supporting them for doing so. That will generate more business success to tax and will cut imports, which do not deliver any income tax, national insurance, and or corporation tax on the food production.

Then, save on all the anti driver schemes the Transport Department helps fund, in accordance with the welcome new approach outlined by Rishi Sunak.

There are many other places for reducing the costs of government. All this means we can have lower taxes, a lower deficit, and lower inflation. This is a cautious package: it would be possible to go further and faster to generate more growth. Look at the USA, which has managed to get inflation lower than us despite their Central Bank making the same mistakes as ours: it has also just recorded 4.9 per cent growth.

We are fed up with being controlled by incorrect forecasts by the OBR, and subject to wild policy swings by the Bank of England, which did much to give us inflation in the first place. Just do something to cheer us up.

The Post Office drags out the Horizon crisis

The Labour government elected in 1997 reviewed the proposal of the previous Conservative government to put in a new computer system for the Post Office and the benefits Agency. By 1999 with problems already emerging with the initial contract they decided to cancel the Social security part of the contract and rebase the Post Office contract. They agreed revised terms with ICL for the Horizon project shorn of the other features of the original proposal.

Following Horizon computer roll out in 1999 to 2000 a number of sub postmasters already went into deficit on the computer numbers. The Post Office prosecuted 41 in 2001 and 64 in 2002. These prosecutions continued throughout the Labour years up to 2010, and for most of the five years of the Coalition government 2010-15 under 3 Liberal Democrat Ministers. Prosecutions stopped in 2015. The Conservative majority government elected in 2015 did not preside over any. Over the period 2010-15 increasing attention was drawn to alleged errors in the system by sub post masters, and in articles published in Computer Weekly. An independent investigation opened in 2012 led to four reports between 2013 and 2015. These reports drew attention to problems with the system but were not accepted by the Post Office. There were attempts from 2014 to resolve some of the disputes by mediation. It was these growing doubts that could have led Ministers to ask more questions and deter premature prosecutions before the issues over the computer properly answered.

Things only started to change meaningfully for the sub postmasters following victories in courts in 2019, 2020 and 2021. The courts came to accept that there were problems with the Horizon software and some of the successful prosecutions needed to be overturned. In 2020 the government set up a full enquiry into the scandal, and set up the first compensation scheme for victims.

This was all profoundly shocking. Honest people serving their local communities well had their reputations damaged, lost their businesses, in some case were sent to jail wrongly, and four committed suicide. The courts made wrongful judgements finding people guilty of fraud or false accounting when they had done no such thing. What should we learn from this bitter experience and what changes should now be made?

1. The Post Office and other nationalised industries should lose the right to prosecute people or companies. They have too much power. They should refer allegations to the police and prosecuting authorities rather than handling them themselves.
2. Chief executives of public services should not be paid large private

sector style bonuses as they are bank rolled by the state and often have monopoly powers over customers. They do not take the same risks as CEOs of competitive large companies and are rarely removed from office for incompetence.

3. Ministers will be ultimately held to blame for the actions of a nationalised business. Ministers control their access to public funds and may wish to direct their activities in the public interest. To reflect these truths the importance of Ministers should be clearer and their accountability for these matters should be direct to Parliament. Ministers need to manage the managers.
4. The current review should consider how the public sector might get some financial redress for its losses imposed by Horizon from both the computer company supplier and the well rewarded senior management who got bonuses as if they had done well.
5. The review should examine if the published Post Office accounts were accurate for the period concerned and see how the sums obtained from sub postmasters for alleged losses were recorded.