

## Visit to Baylab

I went to see Baylab, a schools initiative run by Bayer at their Green Park headquarters. The pharmaceutical and agrichemicals business provides up to a day of practical science for schoolchildren and six form students from local schools and Colleges. The participants undertake practical exercises to find out about issues like the role of bees, DNA, enzymes, forensics and cosmetic chemistry. This is a free lab service with workshops geared to the National Curriculum offered to groups from schools.

I thanked the team there for showing me round and for helping encourage young people to study more science and to find it rewarding and interesting.

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## Higher taxes cut car sales as planned

The Treasury has hit diesel car sales hard as the government wished. They have managed to bring the whole new car market down for a year by pushing up taxes in the Spring 2017 budget and leaving open future tax attacks on diesels in particular. People fear further action by national and local government. It was a surprising policy choice given the considerable work past governments put in to getting more car engine manufacture in the UK.

There have been strenuous efforts to blame Brexit and "confidence" but the numbers showed confidence and car purchases soared for nine months after the vote, and then plunged as the taxes came in and car loans were tightened by regulatory action. I blame the taxes.

I guess the Treasury is pleased with its work. It has achieved a big planned reduction in new diesels, despite new diesel cars meeting all the government's own emission standards. It also has the side effect of bringing the UK growth rate down a little to get it closer to the official forecasts.

It probably means the government has collected less revenue overall, as the higher VED will be more than offset by the big fall in tax on new car sales. There is a 20 % tax on new cars, so each sale lost us a big hit on tax revenue. This then means the Treasury scramble around for something else it can impose a higher tax on, which could help slow another part of the economy they do not like. I will highlight some of their other successes in using higher taxes in posts to come.

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# Government Consultation on Unauthorised Development and Encampments

The Government is seeking views on the effectiveness of powers for dealing with unauthorised development and encampments. This consultation asks a series of questions relating to powers for dealing with unauthorised development and encampments, including:

- local authority and police powers
- court processes
- trespass
- planning enforcement
- the provision of authorised sites
- the impacts on the travelling community

The consultation is open to local authorities, police, local residents and community groups. You may register your views at:

<https://www.gov.uk/government/consultations/powers-for-dealing-with-unauthorised-development-and-encampments>

The consultation closes on 15 June.

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## More car industry investment – thanks to Brexit?

Nissan, Toyota and Vauxhall have all now announced important investments in the UK post the referendum. We were told the opposite would happen by Remain. During our time in the EU Ford pulled out of making vehicles here and BL collapsed completely.

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## Shop prices fall again

In the year to March 2018 UK shop prices fell by 1% according to the British Retail Consortium. They tell us that “shop prices have been deflationary for 59 months now, and this is the deepest deflation since February 2017”. I

haven't heard the usual voices scrambling to tell us this is all because of Brexit. There has been far less comment on this than the rush to get it wrong when general prices were briefly going up a bit faster last year, when many came forward to tell us it was the result of sterling which in turn they thought was related to Brexit. I explained then that their forecasts of much higher inflation to come were likely to prove wrong, and explained how they had misunderstood the movements of sterling and their likely impact on prices.

Sterling has been rising gently for some time as we move closer to Brexit, and shop prices have fallen again. Sterling fell a lot in the year and a half before the vote for unrelated reasons. It had fallen from \$1.71 to \$1.42 before the referendum. This did not stop shop prices falling. It is around \$1.40 today. The Euro was strong last year against all comers. Shop prices have always had more to do with world output, internet competition to retailers and the hugely competitive market for things like clothing and electrical appliances that the world market has provided. The Retail Price Index has been more volatile thanks to rising international energy prices and domestic price pressures like Council Tax and the EU/UK move to dearer electricity for policy reasons.