

Housing at the centre of the debate

There has been a tussle going on over how to finance a larger housebuilding programme. The Prime Minister announced her intention to build more homes in her Conference speech, but was only able to agree modest sums of public money for the affordable housing she had in mind. The Treasury is seeking to limit the expenditure of taxpayer cash, and to look at other ways of relaxing the housing market to foster more development.

This week we read that the independent Office of National Statistics who put the £70bn of Housing Association debt onto the government's balance sheet in 2015 is now going to take it off. The Office is apparently now satisfied that the Housing Associations are sufficiently independent of government so their debt is not part of the state's obligations. This follows legislative changes concerning Housing Association finances and management.

This is significant because it removes Treasury concerns that more Housing Association borrowing impedes reducing state borrowing as a percentage of GDP, one of the government's chosen targets. It will allow Housing Associations to borrow more to build more, subject to their own balance sheets and credit worthiness. It means that the Communities Secretary's plea to borrow more at these current low interest rates to invest in housing has just got a bit easier for part of the housing sector.

Thursday we saw the PM out and about highlighting the housing issue. The Communities Secretary made a speech urging Councils to achieve more with their local plans. There remains the issue of the capacity of the housebuilding industry. Successful large companies dominate the activity, and have their own reasons to limit the pace of growth in their activity. They worry about maintaining standards, and recruiting and training sufficient skilled people. Local Colleges can help by putting on sufficient places for building trades courses, and promoting these to potential students.

As the government turns its attention to more affordable housing it is important it includes enough affordable housing to buy, as that is still the preferred tenure for most people. It also needs to expand shared ownership and rent to mortgage models to create additional pathways to ownership.

David Davis was right to urge the EU to engage on the future relationship for their own sake

The EU is trying to stick with the idea that you can settle the Irish border

issue without deciding the basis of our future trading. They hope that by delaying trade talks they will get more money out of the UK. The Brexit Secretary was right to offer no money and to remind them that a Free Trade deal is in their self interest.

[Germany still does not have a government with a majority](#)

I wrote after the German election that after her large loss of votes and seats Mrs Merkel would find it difficult to form a coalition. Her own party polled just 26.8%. So it has proved. I drew a contrast with Mrs May and the Conservatives where the vote went up to 42.4% and who could form a coalition with the DUP.

Two months on she missed the deadline for agreement yesterday. It was difficult enough keeping her coalition with the CDU's sister party the CSU to take her up to 32.9% of the votes. To consolidate that she needed to reassure on migration which makes it more difficult to get the Greens into a government. The Free Democrats and the Greens also have substantial disagreements with each other over coal, energy generally and approach to business.

It is still possible they could reach an agreement, but the long delays imply the best that could happen for Mrs Merkel is a weak government with limited capability given the big disagreements between the parties. If she fails to form a coalition her party may want a new leader and there might be another election.

[Why I am very positive about the UK economy post Brexit](#)

As there is a concerted attempt to misrepresent my views on the prospects for the UK economy let me repeat why I am very positive about the UK post Brexit, as I have always said.

I see the UK as a great destination for inward investors and for domestic investors wishing to set up businesses, create jobs, build factories and new properties. Only a month ago I was being criticised for daring to say we needed more realistic forecasts which would be more optimistic ones. My

critics ignored the fact that I had disagreed with the Treasury and Bank of England view that the Brexit vote would plunge the UK into recession last winter and had been proved right by events.

It is those who cannot accept the result of the referendum who are being gloomy about UK prospects and constantly talking about businesses thinking of moving out. They have been wrong about commercial property and about the expansion plans of overseas investors in the UK

Brexit is full of opportunity for businesses already in the UK, for new businesses that can be set up in the UK, and for businesses thinking of investing from overseas. The UK has a large balance of payments deficit which we can cut by making and growing more things for ourselves. The UK is very competitive at the current rate of exchange. Freed of the constraints of the EU agriculture and fishing policies we can start to reduce the huge deficit in food that we have built up with the EU over the years. The Common Fishing Policy has restricted the amount that can be landed by British vessels in UK ports. We could do better by our fish and our fishermen with a UK fishing and conservation policy. Past quota policies damaged parts of our farming industry. A UK policy needs to include the promotion of more growing of our own food.

The swing lower in the pound against the Euro both before and after the vote makes UK manufactured products like cars that much more competitive compared to EU imports, which should help our domestic industry. The UK is establishing itself as a great centre for knowledge based industries in general, and for technology based companies in particular.

11pm 29th March 2019

The date of our departure from the EU is determined by the EU Treaty. Under Article 50 we gave notice. We leave at any time when there is Agreement between the UK and the rest of the EU, or at the two years point if there is no agreement.

It now looks clear that the EU has no wish to reach a mutually beneficial Agreement to get us out of the EU before March 2019. They are still refusing to discuss the future relationship and trade arrangements which the UK thinks it is in our mutual interest to discuss.

The question now comes up for debate in Parliament about when the UK needs to bring into full effect the EU Withdrawal Bill to ensure legal continuity and certainty following our departure. The government is therefore moving an amendment to make the time and date 11pm on 29th March 2019.

This should not be contentious. It is the date and time we will cease to be a member state under the Treaty and Article 50 procedure. The reason it also

needs to be written into the Withdrawal Bill is that we need to bring in its provisions at the same time as we cease to belong to the EU in international law. Domestic law has to take over. It is also the likely earliest time when there could be an Agreement.

So why is it a matter of grave concern to some MPs that the government wishes to ensure this legal continuity? For the rest of the Bill they are desperate to ensure anything is debated in Bill Committee and does go through full legislative scrutiny, yet they don't want to do the same for the important matter of when we leave.

The reason seems to be that they think we might get into the position where we are very close to an Agreement by 29 March 2019 but would somehow be thwarted in concluding shortly afterwards if we had in the meantime left the EU. It is difficult to see why this should occur. We have 16 months prior to departure to try to reach an Agreement. That Agreement could include an implementation period to follow exit if it required changes that are difficult to put in place quickly. The government has already said there will be additional legislation for any Agreement to be implemented in the UK.

I cannot see having a deadline 16 months ahead makes it more difficult to conclude an Agreement. If the EU does want a mutually beneficial Agreement there is plenty of time to get one. If the EU does not really want one or intends to try to squeeze more and more concessions out of the UK, an extension of a week or two after March 2019 is not going to suddenly provide a suitable Agreement after months of failure.

When Parliament legislated to send the Article 50 letter it legislated for us to leave in March 2019. The main reason we want that on the face of the Withdrawal Bill is to provide certainty and continuity of law given it now seems inevitable we will not be leaving by agreement any earlier.

On Tuesday the crucial Clause 1 which repeals the 1972 Act and therefore takes us out of the EU according to UK law passed by 318 to 68. The official Labour party abstained, as they realised voting against would be to vote against Brexit itself. The rest of the Bill is about creating legal certainty by carry over of EU laws.