

Paying for local government

I joined in the Parliamentary debate on Council funding on Wednesday. I urged the Secretary of State to complete his review of how much each Council receives, and do more to help Councils like Wokingham and West Berkshire that are at the bottom of the tables for grant assistance.

The government has pledged to come forward with proposals to reduce the extremes between the highest paid and lowest paid Councils in the country. Some say that Councils with substantial deprivation deserve more money than Councils in more affluent areas. Of course if there is more need of public service this should be reflected in grant levels. But we also have to take into account the higher costs of provision in an area like Wokingham. It is also the case that Wokingham and West Berkshire have growing populations of elderly people with excellent longevity, in need of considerably more social care.

Labour criticised the government for treating Wokingham too well compared to areas with higher grants. I pointed out that Wokingham still gets poor treatment in terms of grant per head compared to many parts of the country.

The need for decent banks

It has been fashionable to bash banks and bankers ever since the 2008 crash. Politicians have often been keen to criticise, as they enjoy finding a category of people more unpopular than themselves. The commercial banks were a useful whipping boy when there had been a monumental failure of monetary policy. The Regulators had allowed or encouraged the banks to expand credit and investment banking activity too far too fast, and had then sought to collapse the asset bubble and bank sheets too quickly when they changed their minds. They obviously wished to publicise the failure of the banks that failed to manage within this unreliable framework, rather than on those who had created a boom bust cycle.

Today the US banks are largely mended and capable of financing a reasonable recovery. The UK banks have much stronger balance sheets and have taken much of the pain for past bad loans and wrongful trading practices. RBS still struggles to make a profit and to put itself in a strong enough position to return to the private sector. On the continent there are more weak banks.

A successful economy needs a group of competing commercial banks capable of offering low risk savings products to savers, and lending the money on to individuals and companies that can afford to borrow. The hatred of debt that is often manifest in many modern commentaries is unrealistic. A growing and flourishing economy needs some debt. Young people need to borrow to buy a

home or to establish a business. They can repay the debts out of future earnings. Larger companies need to borrow to put in large scale modern plants to meet future demand. They can repay the debts out of future revenues and profits from the plants. Property companies need to borrow to put up good modern buildings, which they can let to other users in the society to pay off the borrowings.

Some worry about the overall level of debts. This should not be a reason to deny new borrowers who have plenty of unpledged income the opportunity to buy a home or capital asset on borrowed money. If 35-50 years olds have borrowed too much, there is no need to take it out on 20-35 year olds who may have good cause to borrow. If a government has borrowed too much – and the UK government has not – it need not prevent individuals and companies in that country borrowing more.

Mr Trump and his Treasury team are wanting to relax the credit creating banks a bit. That will be a healthy development. The US needs more investment in productive capacity, homes and infrastructure. There are companies and individuals who could afford to borrow to help do this. The UK too needs to ensure a sensible pace of additional private borrowing to continue a decent rate of economic growth.

Night Flights Consultation

In light of the problems with aircraft noise and nights flights in the constituency I have lobbied Ministers, Heathrow and the National Air Traffic Services (NATS). Please find below the letter I have written to Department of Transport in response to their consultation on night flights.

I would also strongly encourage residents to contribute to the consultation which ends on 28 February

at: <https://www.gov.uk/government/consultations/night-flight-restrictions-at-gatwick-heathrow-and-stansted>.



The magic extra million is a public sector constant quest

If the state is spending £100 million on providing a service the debate will be about providing an additional £1m to make it better. The possible extra

£1m is endowed with magic powers by the service providers and often by the political opposition. The extra one million we are told would make all the difference to the quality and performance. A government that refuses it is mean, is cutting the service. A government which votes it is caring.

The trouble is it is simply not true that the extra million will tip a service from poor to good, or will make all the difference to the quality and quantity delivered. All the energy that goes into debating the extra million diverts the energy that should be going into debating how we spend the £100 million. It would be an odd programme where all £100 million was well spent, an odd service where you could find no ways of being more efficient and delivering higher quality.

Sometimes if you ask how would the extra £1m be spent it becomes obvious that it is not the answer. Of course some services need more people to deliver them well, or higher pay to motivate and retain good people, or more capital equipment to make the task of provision better. Sometimes extra money is part of the answer. The danger is that politicians will see extra money as the sole answer, when if you vote more money you still need to supervise how it is spent, and how the rest of the money is spent which it is topping up.

The private sector concentrates more on outputs than inputs. If I go to a shop they do not tell me how much it costs them to run and staff the shop. Shop A does not claim to be better than Shop B because it spends more on wages, computers and lighting. The shops compete on service and appearance without saying which is the low cost and which is the high cost store. Those running the shops are always trying to get the costs of running the shop lower, whilst preserving or improving quality. Sensible employers also know you do not have a good quality service if you treat staff badly and pay them too little.

The public sector needs to concentrate more on outputs, service volumes and quality. Some of the services will need more money to make them better, but we need to start with an honest analysis of what needs doing to expand or improve them, which includes working out how well we are spending the large sums already committed.

The public sector has an approach that adds in something called "efficiencies". Some of these are sensible improvements in purchasing, staff use and service delivery. Some are cuts in service dressed up as efficiency improvements. What we need is a management process based on continuous improvement, and implemented by using talent well within the organisation. Good public service providers need to be good employers, training and mentoring staff and helping staff to worthwhile careers based on pursuing service excellence.

Business rates

I have been lobbying the government along with other MPs to do more to alleviate high business rate increases hitting some firms in our areas under the revaluation proposals. The government has offered substantial rate relief to many small businesses, but there remain numerous businesses that will experience rises in their rates bills at a time when they can ill afford the extra money.

Today the Communities and Local Government Secretary announced that he is working on a scheme with the Chancellor to offer more help, which will be welcome.