

## The Forest School

I was sad to receive a copy of the resignation letter of the Head teacher of the Forest this week. I wish her well in retirement and understand her wish to pass the leadership of the school on to someone else.

In the letter she draws attention to the current level of the Forest budget. I agree with those in Wokingham who would like our schools to have bigger budgets, as they are at the bottom of the league tables for receiving public money. I campaigned on the Conservative party Manifesto in 2015 that proposed a move to fairer funding in this Parliament. I worked with MPs from other parts of the country in the previous Parliament who shared the problem of relatively low levels of financial support for their schools. This Parliament I have urged successive Secretaries of State to press on with putting in a suitable scheme that rebalances the cash going to each school so that those getting least are better treated.

The present Secretary of State has promised to introduce such a scheme and is consulting on the details. I have urged her to give more to the poorly financed schools. I have also asked for further transitional relief. Some was awarded in recent years as the Coalition government agreed with me and the MP Group making the case for fairer funding.

I did have a meeting at the Forest to discuss budgets and to suggest ways to attract more money. The immediate pressures have been created by a shortfall of pupils applying to the school, which the Forest attributed to the opening of Bohunt. The main sums of money are given to schools on a per capita basis to cover the costs of each pupil. This will remain true under the new funding scheme, so it will be important for a school that wants a decent budget to recruit pupils up to its capacity. With more pupils and more income it is possible to offer a wider range of subjects and to have more equipment and staff. If fewer pupils attend then it does mean fewer staff and may also entail a narrower range of subjects.

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## Night flight restrictions at Gatwick, Heathrow and Stansted

The Government is currently consulting on proposals for night flight restrictions at Gatwick, Heathrow and Stansted. The Government's proposals relate to:

- Environmental objectives
- The length of the restrictions
- The structure of the restrictions

- Movement limits at each airport
- Noise quota limits at each airport

The consultation can be found here: <http://bit.ly/2j4uhwI>. It closes on 28 February 2017.

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## The future of the High Street

The changes to rates has once again highlighted the rapid changes on UK High Streets. Large centres with numerous coffee shops, restaurants, boutiques and the main multiples are usually trading successfully. The Metro Centre, Oxford Street, Bicester Village, Meadowhall and the other well established shopping centres are flourishing. People want a good range of shops, good brands, and the capacity to make a half day or a day of it with stops for food and drink. Big new shopping centres like Westfield are still being added, with the redevelopment of Birmingham Bullring and other leading City retail destinations.

In contrast many of the smaller High Streets are suffering from the attack of internet shopping offering keener prices, and destination shopping offering more choice. Many a small butcher, baker, fishmonger and green grocer has given up the struggle to compete with the volumes, prices and freshness of the leading supermarkets. In their turn the large supermarkets are under strong competitive pressure from the discounters, who target a narrower range of popular products so they can use their dominant volume in these items to command great prices from suppliers.

The advent of new or expanded and revamped destination shopping centres, and more space for the main discounters has intensified the bricks and mortar shopping competition. The large food retailers have added to the complexity of their tasks by opening a range of local smaller stores, seeking to tap into the narrow range essentials that many people buy daily or several times a week at a convenience store near their homes.

The changes to rate valuations seek to mirror the changing fortunes, but some think they throw up anomalies. The aim is to reduce or remove business rates from small independents, to cut the tax on those many shopping centres with falling revenues or weaker margins, whilst boosting the tax on the successful destination shopping areas. We will find out how successful this has been in the debate that has been unleashed by the new rating schedules.

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# Major problems with overseas aid for Eastern European countries

I was surprised to read in the Sunday press that some people think it a good idea to divert overseas aid to Eastern European members of the EU to “buy” a better deal with that organisation.

As I have explained before, there is no Treaty power to require a UK leaving payment above and beyond completing our annual payments to their budget for the period of our continuing membership. Nor is it legal under WTO rules to pay for more favoured trade with a particular country or group of countries than the rest. Payment for trade under WTO rules takes the form of accepting tariffs, and these have to be limited to the current mfn schedules the EU has agreed.

The trade choice is for the rest of the EU to make. The UK would be quite happy to carry on tariff free. That will help the rest of the EU more than us. It would mean registering our current trade arrangements as a Free Trade Agreement at the WTO. Or we can trade under mfn arrangements under the WTO. Most of UK trade will be tariff free, whilst EU sales of agricultural products would suffer heavy tariffs into the UK. The UK could agree lower or no tariffs with other cheaper suppliers of food around the world through the WTO process. I have said it is in the EU's interest to accept the tariff free offer, and they may do so after much huffing and puffing. I have also always said that they might decide to harm themselves by accepting WTO terms instead. Under the general WTO arrangements the UK will be fine.

The overseas aid idea also falls well foul of the overseas aid rules. The Eastern countries in the EU do not qualify for overseas aid under the international definition, as they are too well off. UK Ministers by law have to hit the 0.7% Aid target under international definitions, so they could not switch this aid money to Eastern Europe unless they repealed the 0.7% requirement. It would not be easy to achieve repeal, given the likely fact that all the opposition parties would oppose repeal other than perhaps the one UKIP MP. The government might be able to persuade enough Conservative MPs to get it through the Commons, but the Lords would be likely to have a big majority the other way. As it would not be a Manifesto pledge, and does not stem directly from a referendum, the Lords might become very difficult.

In circumstances where the EU Commission and one or two large countries were not wanting a free trade Agreement with the UK for political despite their interests in having one, it is difficult to see how offering to send money to Eastern countries would buy a change of heart.

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# Business rates

The media have been running two popular causes in recent days. The campaigners want the government to spend more on social care. Campaigners also want no business rate rises in places where property prices have risen. This highlights the perpetual tension. How do you raise enough money for good purposes without overtaxing the people and businesses which generate so much of the national income?

Taxing work and enterprise is never a popular idea, nor helpful to promoting growth. It is a necessary evil as the country wants to have decent public services. The skill is how do you raise enough from those who earn the money without doing too much damage to enterprise?

The decision to tax business property is commonplace around the world. The political difficulty in the UK comes from the need for periodic revaluations of properties. In the areas where these have risen a lot businesses face large increases in rates bills. In the areas where values have gone down other businesses benefit but are not so vocal about the changes.

Is this a good system for taxing business? If you did not raise business rates, how would you replace the revenue?

I favour setting income and profits tax rates that people and business will pay and can pay, to avoid too much damage to incentives and to keep business and enterprise at home. I have no problem with the principle of business rates but would be interested in comments on the current levels.