

# UK employment continues to grow to new record levels

The UK has 302,000 more jobs than a year ago, in today's employment figures. There are 2.7m more jobs than in 2010. The UK's employment rate, at 75%, is around the German level, and well above France at 65% and Italy at 57%.

I doubt we will hear these figures on the main news bulletins. All those who tell me a country has to be in the single market to prosper, have to explain two inconvenient facts. Why are Greece, Portugal, Spain and other countries in the single market so cursed with mass unemployment? Why do countries like New Zealand, Australia, Canada, Singapore and the USA flourish with low unemployment by EU standards whilst not being in the single market?

---

## Cheaper energy

The news of problems with Toshiba's nuclear power generation investment plans will prompt some new thinking here in the UK. Some in the press are suggesting that in order to carry forward a programme of additional nuclear stations beyond Hinkley, the UK government will now itself have to venture into being a minority investor in these new plants. Private sector companies are finding it a stretch to handle the very high up front investment costs of a new nuclear station. They also have to worry about the long term nature of their commitments, and the eventual costs of decommissioning the facilities when they are worn out.

It is true, as the government argues, that nuclear has merits compared to wind power. It is much more reliable, and the plants can be run permanently without the same amount of back up power than interruptible renewable sources require. Whilst a nuclear plant is dear, you do not need an equivalent amount of stand by capacity, as you do for wind. The idea has been to supply unsubsidised power from nuclear plants. That means guaranteeing them a high and constant price for the power they will generate, given the high fixed costs involved. Some see guaranteed prices as just another variant of subsidy.

The enthusiasm for UK nuclear is based around the decarbonisation plans of Labour and the Coalition governments, in harmony with the EU requirements. The new government, leaving the EU, can rethink our energy needs and vary the policy. The overriding objectives should be to provide a sufficient supply of affordable power. We need that both to pursue the new Industrial strategy, and to tackle fuel poverty. Building a new nuclear industry here may make sense, but only if it can be done in a way which delivers sufficient power at affordable prices. It may be the case that a new fleet of gas

powered stations would be a better way of ensuring plentiful good value energy.

What is sure is that you don't have a meaningful policy to fire up many industries we have lost or where there has been decline unless they have access to cheap power.

---

## Housing numbers

During my last meeting with Wokingham Borough I was reminded that Wokingham has a target to build 856 new homes a year from 2013. (LEP study of housing need Feb 2016) That makes Wokingham's share of the West Berkshire total 30%, with the other Councils providing the rest of the 2855. Reading itself has a lower target of 699, despite having substantial brownfield redevelopment potential, the coming of Crossrail and the possibility of more starter home and smaller flats in the centre. Bracknell has to build just 635 a year. Going forward there needs to be a fair division of the requirement.

The total numbers needed in the future also should take into account any change of migration policy designed to lower the numbers of additional people coming to live and work in the country as a whole. The current high numbers of new homes partly the result of adding 330,000 extra people each year to our population, as we wish anyone coming to live and work here to have access to decent housing. If the government sticks to its target of a substantial reduction and takes the necessary measures on leaving the EU, could the targets be lowered.

Were the Council to agree to a new settlement at Grazeley of 15,000 homes that would on its own provide 17.5 years worth of housing against targets. Would the development be spaced out over such a time period? Is it feasible to say no to building on any other large sites throughout such a long time period? Or might Grazeley add to the build rate? If other sites are granted on appeal or run over from past grants of planning, then we need to build even more infrastructure to take care of a faster build rate than present plans.

I am writing to the authorities to ask what thought is going in to future targets in the light of these issues.

---

## UK inflation falls in January compared to December. Core inflation holds steady.

The CPI index fell 0.5% in January compared to December. Food prices also fell 0.5% over the same time period, despite the bad weather effects on vegetables.

Core inflation over the last twelve months stayed at the same level as in December, at 1.6%.

Overall the CPI rose by 1.8% over the last twelve months. This was a higher annual rate than December owing to the fall out of a very good month a year ago. The main factor, accounting for half the annual increase came from higher oil prices affecting transport. The UK inflation rate is mirroring the German and US rates, affected by the same world oil price rise. The other most buoyant item was the increase over the last year in restaurant and hotel bills, reflecting higher wages.

January's figures were helped by falls in clothing and footwear prices, and by the intense supermarket competition which kept food prices down.

---

## The UK leaving the EU is no divorce and we certainly do not have to pay alimony

One of the more absurd analogies that pass for debate in the EU is that the EU and the UK need a divorce settlement. For a body which loves Treaties and lawyers it is bizarre. The Treaty makes no provision to require a departing state to pay an extra one off payment, nor does it seek or have any power over former states to carry on paying contributions. There is no need for lengthy negotiations on this obvious point. The answer to the request for a large one off financial contribution is No.

To make this a more interesting and longer article, I will however extend the divorce metaphor that so many like. Were this a divorce, it is between two high earning partners. The domineering husband, the EU, earns six times as much as his UK wife. He lives in a large suburban family home in Berlin, with a smart modern flat in Brussels. His wife has a country cottage in Wiltshire where she has retreated to as whenever they meet she just gets shouted at and told what to do. He has a large Mercedes. She drives a modern Mini.

Fortunately there are no children from the marriage. She is generously offering a clean break settlement to the husband to speed things up and to get on with her life, free of his endless demands for cash and obedience. It's none of her business that he has run up huge bills with his Greek affairs, as she did not agree to any of those and made clear her wish to keep out of it all at the time.

As the husband wishes to undertake the divorce in a foreign court and she intends to live under UK law it is difficult to see how the husband thinks he can carry on with his demands once his foreign jurisdiction no longer applies.