

UK Government Investments Ltd piles high the losses

UK Government Investments Ltd is another of these 100% government owned arms length bodies. It is meant to supervise and manage the governments substantial holdings in nationalised businesses and its stakes in private sector companies. Last year to March it ran up costs of £23.4 m paying its CEO over £260,000 and its staff a media salary of £91,000 each. The Treasury made £24 m available to it to pay the bills. The auditor agreed it is a going concern because the Treasury will make cash available to pay the losses.

So what magic did we get for this expenditure? Why not rely on departmental supervision of these bodies which happens as well, with Ministers being more involved? Just look at what has been happening under UK GI's stewardship.

Post Office. PO has accumulated losses of £1390 million. It has presided over the calamity of the sub postmaster accounting system. Recent stories suggest senior management is still not resolving the issues rapidly enough despite ministerial policy to do so.

Network Rail. Despite owning all the track and stations with a monopoly the remaining net asset value of Network Rail is just £15 bn. £ 55 bn has been expensively borrowed against its network assets. It lost £1140 million last year.

The British Infrastructure Bank . A relatively new venture, this lost £21.4 m last year with costs of £35.8 m. It is planning to commit £22 bn to investments, with £10 bn of that being guarantees and the rest debt and equity underwritten by taxpayers. The Bank does not expect to be profitable anytime soon. I expect it will be able to deliver that forecast.

Sheffield Forgemasters is a government owned defence supplier. It lost £5 m pre tax last year but does have positive assets and provides some important products.

Nat West. UK Government Investments says it engaged with Nat West as shareholder over culture and values . It was very quiet over the leaks from Nat West and the resignation of the Chief Executive. Clearly its engagement did not prevent serious problems.

OneWeb This investment is now sitting on big losses. It has been rolled into Eutelsat as a UK minority holding, only for those shares to fall more. Difficult to see why the UK taxpayer should be losing money in a 10 % holding of a European business like this that it is not currently making us money.

SizeWell C Much delayed and over original budget.

The government should get rid of this body and go back to more detailed supervision by ministers advised by their departmental official who

currently help supervise these businesses . This track record is very poor and not worth £24 m a year.