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I have successfully pressed with some other Conservative MPs to make tackling potholes a priority. Wokingham is getting a current baseline sum of 3,314,000 from government each year for road maintenance. The government is also providing an additional £418,000 extra this year and again next year for additional work on potholes. The minimum promised uplift in road money between 2023-4 and 2033-34 will be £13,095,000.

So Wokingham Council, what is your excuse now? This is another increased sum and new money the Lib Dems do not want to tell us about. Time to do something with all this extra money.

West Berkshire with more road to maintain gets £5,387,000 as base sum, with a pothole uplift of 679,000 this year and next.

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## [Paying for the BBC](#)

The BBC is both a national broadcaster providing public service broadcasting in return for special tax, and a commercial broadcaster in the world market operating through commercial subsidiaries BBC Commercial Ltd, BBC Studios Ltd and UK TV Media Ltd. It has a valuable back book of programmes and a well know brand worldwide.

BBC Commercial is small, turning over just £2bn. Licence fee activity brought in another £3.74bn. After selling its main property assets the BBC has a small balance sheet for a world media company, with just £2.66bn of capital and reserves on the balance sheet.

If we look at the US media majors we see far larger and better capitalised groups. Amazon, parent of Amazon prime entertainment, has a full group market capitalisation of \$1760 billion. Disney is worth \$177bn, Comcast \$178bn, Netflix \$243 bn and Thomson Reuters \$98 bn. These all dwarf the BBC in a very competitive world market. The turnover of Netflix, Comcast and Disney at \$240 bn is 31 times BBC total turnover and 92 times BBC Commercial turnover. Even Amazon prime videos on its own has a turnover double that of BBC Commercial.

The BBC sold off TV Centre and entered into a complex sale and leaseback or bond issue financing for Broadcasting House to raise £813 million.

The BBC Commercial arm to compete with the main media world players needs to raise capital and scale up. It could be spun off with commercial contracts to use and pay for BBC back material and any other privileged links. The new commercial company should be free to raise both equity and debt to be able to spend on more and better programming and routes to market.

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## [My Interventions on the Finance Bill](#)

John Redwood (Wokingham) (Con):

I have declared my business interests in the Register of Members' Financial Interests.

I rise to support the Government's new clause 5. I think it is good that they are considering what more they can do to promote investment in the United Kingdom's generating capacity. We import far too much power already, especially when the sun does not shine and the wind does not blow, and on the basis of the Government's ambitious forecasts and targets for much more of our energy to be delivered by electricity, I think that the position will get a lot worse quite quickly. Anything that the Government can do to encourage that additional investment in generating plant will be very welcome.

We will, of course, need a similar positive approach to grid and cable, because the more we electrify, the more we will need to convey that power from the rather remote locations where much of it comes from to the parts of the country that will need it. So my only worry about new clause 5 is that I am not sure it goes far enough. I think it is helpful in this limited number of cases, but I trust that the Chancellor, when it comes to the Budget—quite soon, on 6 March—will consider that the new clause is just a stepping stone and that we need to review again the very large tax impositions on energy of all kinds in this country. We now have double corporation tax in many cases and a range of windfall taxes that are often not really windfall taxes because they do not come off when the prices go down, although they are put on when the prices are going up.

That whole area needs considerable review, because we need to take seriously the fact that we are short of energy overall. We are short of electricity generating capacity and short of the means to route power from generation to use, and it would be an important stimulus for the British economy if we produced more of our own energy and generated more of our own electricity, and if we were thinking about having a surplus to export again instead of all too often being cruelly reliant upon imports of liquid natural gas and electricity, particularly from the continent.

I would also like briefly to refer to new clauses 4 and 6. They are wide-ranging new clauses that invite the Government to make assessments or reviews of features of this legislation, but they also wish to broaden it out to get the Government to review the impact of their general fiscal strategy on equalities, on investment, on the state of the corporate sector and on inequalities in our society. I am quite sure that the Government will be reviewing all those things as a matter of course, as this is often a continuous process. Indeed, many of the items covered in this request for special review are already reported on and form part of the normal process of policy preparation, and rightly so. If the Minister were to tell me that he would be grateful if I did not vote for these new clauses, I would have no problem with that—I am not sure that it would help to embody them in the legislation anyway; I think it would be a bit of an abuse of the legislation—but the Government need to respond to the general thirst for knowledge that these new clauses represent, and to understand that there are some serious issues here that need to be returned to. I trust that the Chancellor will return to them at the Budget.

Looking at the fiscal impact that these new clauses cover, I trust that in the preparation of the Budget we will have analysis in the Treasury of these particular measures, which are still going through from the last time, but I

also hope that the Government will review the extraordinary losses of the Bank of England—I think that they have already run up to £34 billion in the current financial year. These are losses that the Treasury, and therefore the taxpayer, have to pay as they are incurred, and that is completely unacceptable. It imposes strains on the public accounts and on the Treasury at a time when we really do not need them and when we need that money for other purposes.

There are two simple measures that the Bank could take to stem the magnitude of those losses. First, it should not be selling bonds at a big loss in the market. The European Central Bank is not doing this, although it has a similar problem with a portfolio of very expensively acquired bonds. There is also the issue of the running losses on these holdings where the Bank of England is paying the full, much enhanced, short-term interest rate following its increases in it. This now greatly exceeds the revenue on the bonds because the Bank paid far too much for the bonds and there is a very low rate of interest on them. Those running losses are a problem. I think the Bank should look at what the European Central Bank is doing, in paying different interest rates on reserves held under this system so that it does not have such a large running loss.

Richard Fuller:

Can my right hon. Friend tell me if I have got this right? In the commentary ahead of the Budget, we talk about wiggle room and the Office for Budget Responsibility forecast and about £5 billion or £10 billion here and there, but I think I heard him say that this matter was completely out of the control of the those on the Treasury Bench and this Parliament; that the Governor of the Bank of England could unilaterally decide to crystallise losses on whichever extent of bonds he wished to, and then put that loss into the calculations of the Chancellor of the day; and that the Chancellor would then have to work around that in order to work out what the fiscal expenditure, public expenditure and taxation would be. Is that actually the case? It sounds mightily undemocratic to me.

John Redwood:

That is an interesting point of debate, but my understanding of the constitutional position is that it is not as bad as my hon. Friend is suggesting because all the bonds were acquired with the express permission of the then Chancellor of the Exchequer. The Bank of England's website says that the bond portfolio is held on behalf of the Treasury. Successive Chancellors of the Exchequer—beginning with the Labour Chancellor who first undertook quantitative easing and carried on by successive Conservative Chancellors—all signed an agreement with the Bank to say that they would indemnify against loss. So, given that the Government and this Parliament empowered the purchase of the bonds and now take responsibility for any losses on them, it seems perfectly reasonable for there to be a proper conversation about whether we want to take the losses.

I see nothing wrong with us here challenging the idea that, uniquely among the big quantitative easing programmes, it is the Bank of England that not

only insists on selling the bonds at big losses but gets reimbursed. The ECB does not sell them in the market at big losses. The Federal Reserve Board sells them in the market at big losses but gets no money back; it simply puts on its balance sheet that it has lost a lot of money and takes the view that, as it is a central bank, it does not really matter if it loses a lot of money, because central banks create money and it is therefore not like a normal commercial business. So I hope that Ministers will look at this as part of the general assessment that is being invited by these new clauses.

I hope also that Ministers will look at the expenditure items in the overall accounts covered by new clause 4 on the public finances, because there has been a marked decline in public sector productivity in the years 2020 to 2023. It was quite without precedent in my experience of following public finances over the years, and this very sharp decline represents at least a £30 billion loss to our system, in that it now costs at least £30 billion a year more to run the group of public services covered by these figures than it did before the collapse in productivity. On top of that, there has also been the need for much bigger sums to cover inflation. This is not the inflation figure; this is the real loss figure from the productivity.

We are all sympathetic to the difficulties that lockdown and the transition out of lockdown caused, and there was bound to be disruption. Our public services were badly affected by that, as children could not go to school and hospitals were disrupted by covid, but that is now some time behind us and it seems perplexing that we cannot get those public services back to 2019 levels of productivity. I hear comment that maybe artificial intelligence will do it and that there needs to be a big investment in computers. Well, that should be on top. All that I am saying to the Government is that we can surely get back to 2019 productivity levels using techniques from 2019, which was very much pre-artificial intelligence and before the latest round of computerisation. Again, this is a big area that needs to be looked at as part of any review of the public finances.

The third area, which is also very large and very much in the news today, is that even more people in our country do not feel they can go back to work and that they need help at home because they are no longer able to work. The Government are working on some important programmes, through the Department for Work and Pensions, to show people that through a combination of part-time flexible working and working at home with proper support and training, and maybe with additional financial support to help them, they could go back to work for part of the time and make a contribution. We desperately need them, and I think their lives would be more rewarding. They would also be better off because we now have a benefits system that means it is always better to work. This should be a cross-party matter, because it is a problem that our nation as a whole faces. We can enrich those people's lives, help to reduce the burden on the taxpayer and improve the net income of those concerned. Again, this involves many billions.

My point in making these three simple points apparent to the House is that there are very large sums of money indeed involved in bond losses and productivity, which we need to review because that would help in the formation of the next Budget. It would create more headroom, both for the tax

cuts that we need if we are to promote growth, and for improved public service provision in the areas where the shoe is still pinching. I trust that will be part of any review that might emerge from these new clauses, or from the spirit of these new clauses. I hope that my right hon. Friend the Chancellor is thinking about this, as we will have a Budget hard on the heels of this Finance Bill, which came out of the autumn statement. In these conditions of recovery, and given the need for faster growth, I welcome having more than one Budget a year, and the fact that we may have three fiscal events quite close to each other, if all goes well. They must promote growth and reduce taxes, and this is a good start.

I welcome new clause 5, but can we please have more? Can we please look at the headroom that I think I have helped to identify?

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## A better railway

If you flew above busy roads into our great cities at 8.30 on a mid week morning you would see busy and congested roads with many queues of traffic at traffic lights. Much of the traffic would be bumper to bumper in slow moving blocks or close together where it is flowing.

You would also observe large runs of empty train track going straight into the heart of the city interspersed with some well distanced trains. If you wait at a provincial station most of the time the track is empty.

The railways usually tell us they are using all the capacity on main lines, particularly at busy times. Despite all the trains going in the same direction on main track runs, and despite the ability of a system controller to know exactly where all the trains are, there are large gaps for safety reasons.

Modern digital signalling can allow much greater control and accuracy which in turn could allow at least 50% more trains to use the same track run safely. It does not need the wildly expensive extra HS 2 track to increase capacity to the north. Improving signals and extra surveillance of train positions and speeds should mean more trains and fewer accidents. More technology could stop drivers passing red signals by mistake or without permitted override. Knowing speeds and locations of trains can drive the signals.

Having extra capacity on the existing network is important to cater for bulges in demand and to offer more timetable flex. Trains should be good at moving large numbers of people to a single point, as for a large sporting event, concert, conference or busy office district, Rail needs to lay on more specials and peak services when trainload numbers are wanting to travel. Reception stations for such venues need to be safe for peak crowds instead of tube stations closing for fear of too many people turning up.