

Trading opportunities

On Monday I asked the Prime Minister to update us on the work the UK is now doing to have a better set of trading arrangements after we leave the EU.

She confirmed that the UK is working on transferring the current EU trade agreements with other countries to the UK as well as to the rest of the EU on exit. The two most important are with South Korea and Switzerland, with another 50 with other smaller trading partners. There is every prospect of this happening smoothly. So far no country who has signed one of these Agreements has said they wish to cancel it with the UK or with the rest of the EU as a result of our exit. Why would they? It makes no sense to put up barriers where you have successfully negotiated them down. The new EU/Canada deal will start coming into effect over the next year. That too can novate to the UK and be the basis for an enlarged Agreement in due course.

She also confirmed that the UK is working on a new Agreement with the USA and with Australia, where the EU does not have one. There will be other countries too where the UK can make progress in preparing a deal prior to exit to speed up signature after exit. The Prime Minister went on to say that the UK was also working on proposals to help the WTO speed more free trade worldwide.

Some remain negative about trade prospects outside the EU, afraid that the EU will impose new and difficult barriers on us. The good news is no EU member state has said it wants to impose tariff barriers on its exports to us, and therefore on our exports to them. Nor has any member state said it wants to stop its people and businesses getting access to the money, investment and financial advice that London provides.

Some on the continent have said they want to repatriate dealings in the Euro to the continent. This is a silly statement. All the time they want the Euro to be a serious global currency like the dollar, widely used around the world, they have to allow non EU centres to make a market in it. How would the EU stop people buying and selling Euros or Euro denominated bonds outside their area? And why would the world then take their currency seriously?

We will doubtless face another year or more of posturing. All the time interests in the UK try to force the UK to weaken its position over the future relationship there will be voices on the continent demanding we do so. They cannot believe their luck that so many in the UK establishment are still out to weaken the UK's clear, optimistic and positive proposals on movement of people, future trade and collaboration.

Paying for local services

Since the election of the new Parliament I have concentrated on the issues of schools funding and the provision of local services. I have urged the Education Secretary to speed up the new fairer funding formula which is meant to help schools in Wokingham and other places which receive low amounts per pupil under the present arrangements. I have also urged her and the Treasury to put more money in total into English schools, to make the change easier to sell around the country.

This matter has become tied up in a much wider debate about how much money public services require, and how much we can afford to spend. Health spending is planned to rise anyway, but the NHS could always use more. The costs of social care are rising rapidly as the number of elderly with substantial needs increases. In the election voters made clear their dislike of the idea that the elderly person should have to pay by pledging the value of their home to the state on death for the costs incurred. That means we need to find more out of general taxation to pay for social care.

Many people in the public sector would like a pay rise, after some years of pay caps limiting general rises. It is true that some have enjoyed better rises than the pay cap implies. Nurses, for example, usually qualify for six years of 4% a year rises in the form of annual increments, which have been paid during the period of restraint. Other groups too have benefited from annual increments on top of the basic rate rise. Promotion, overtime, higher pay at week-ends and other methods have been available to boost pay for some public sector employees. I think the right approach is to see what the Independent Pay Review Bodies come up with. They are meant to assess the adequacy of pay in relation to the cost of living and comparison with other workers. They have to take into account whether the public sector can recruit and retain the people it needs at the recommended pay levels. The government needs to listen carefully to their assessment of what is needed to be fair and to ensure we can continue to employ all the people we need.

The best way of paying for the additional costs of public service is through the proceeds of economic growth. As the economy grows so people earn more money on which they have to pay tax. As it grows more goods and services are bought and sold, attracting more VAT and business taxes. This has been the main source of increased revenue in recent years. We need more of the same so we can afford the better public services we all want. Going on a public sector spending and borrowing binge would damage this, as would high taxation rates.

We also need to tackle the issue of public sector quality and productivity. Something for something pay deals backed by smarter working can be a win win for taxpayers, service users and employees.

(Published in the Wokingham paper)

The battle for Mosul

We have been told regularly by the BBC that Mosul has been recaptured from ISIL. They did that story again over the week-end.

Like most people I condemn ISIL for the tyranny it exerts on communities it infiltrates or conquers, for its brutality and its treatment of subject peoples. If they are now defeated in Mosul that could be a precondition for something better. Mosul rests at the northern top of Iraq, near the head of the Tigris valley to the south with its richer agricultural lands. The issues now are what price victory, and what political settlement will follow?

The pictures from near the front line show that most buildings are either damaged or demolished by the heavy firepower used to kill or clear ISIL fighters from the city. The economic work of the city has been destroyed for the time being, and many people have fled the violence and the lack of basic services needed for a normal life. Restoration will require immediate recovery to put in an electricity and water supply and start to recreate functioning shops, food supply and the other urgent needs. It will take time to tempt people back and help them rebuild.

Assuming the government of Iraq has both the capacity and the will power to initiate this work there can be some recovery. The central question is how can they ensure in future that ISIL or similar terrorist and extremists groups do not start up all over again? Can they settle a population back in Mosul and find a way of governing which gains sufficient consent to work? The Iraqi civil war has proved to be deep seated, with irreconcilable communities feeling the central government does not speak for them. It has proved to be a polity that allows or nurtures extremism in places where the central government loses control. How that government now behaves as it surveys the rubble of its military victory will determine whether something better can emerge from the bitter fighting.

St Teresa's Catholic Primary School

Congratulations to St Teresa's Catholic Primary School which has achieved academy status. St Teresa's, which has been assessed by Ofsted as an Outstanding School became an academy on 1 July.

A hearty well done to the Headteacher, Nikki Peters, staff, pupils and parents!

Housing and planning

Last Tuesday the Communities Secretary of State made a speech about the need to build more homes and to provide more affordable accommodation. His intention to get many more homes built was clear. His local government audience had mixed feelings about the message and the means to bring it about.

Some local authorities do not have up to date local plans. The Minister was right to stress to them the continuing need to do this. Developers and owners of property look to the Council to set out in a plan which areas are protected, where development may occur, and how the Council will provide infrastructure to support new development. There is a need for some new development in most communities, and a need to relate this to the roadspace, public transport, schools, health facilities and the rest that are available.

The problems come more when there is an extant local plan. The Council may decide to concentrate the development of new homes in a limited number of places. This makes it easier to provide the services and transport links, and protects more residents elsewhere from additional development they may not want. A Council may set out enough space for the likely or required build rate.

If the developers who own or control these chosen sites do not then build at a fast enough rate to meet the targets, they or others may put in for planning permission elsewhere in the area. The Council will turn it down as against the plan. Then the Inspector on appeal may grant it on the grounds the Council is not hitting its build rate!

Because we have created such artificial scarcity by inviting in many migrants and not building enough homes, this gaming of the system can be profitable. The conversion of brownfield or greenfield to development land usually results in a big uplift in values, so why wouldn't a developer want to exploit it?

The UK is both wedded to a planning system, and very critical of its results. This is another difficult disagreement between developers and Councils. I am exploring ways that we can reconcile these differences of view and approach between Councils, Inspectors and developers. We need to control development in a sensible way and bring demand and supply for new homes into better balance.