

Municipal roads are letting us down

I have watched with concern as Council highways departments have spent much money and time making our roads worse. Motorists and business drivers have to pay huge sums in taxation. There is the taxation on a new vehicle, road fund duty to take a vehicle on the roads, there is the 55% of the fuel price that goes in taxes to the state as fuel duty and VAT, and the taxes on insuring and maintaining the vehicle. The original idea that motoring taxes pay for the roads has long since been supplanted by spending much of the traveller and transporter taxes on anything but roads.

Local authorities do not seem to see the roads as a necessary service to taxpayers where they should constantly consider the ease of safe use of the highways by the taxpayers. Most people need to use roads for good purposes. Van drivers need to get to their next client. Delivery drivers need to get food to the shops and medicines to the surgeries and hospitals. Parents need to drive young children to school in safety. Emergency vehicles need to get to accidents and disasters. Many workers need a car or van to get to their place of employment because of their hours and or the location of their work and home. Few people live in walking distance of a station with an employer in walking range of another station down the line. Few people can do the weekly shop from a bicycle or bus. Buses and cycles too need roadspace.

Years ago when I was a member of a County Council I found then there was a wish to restrict use of the roads by some officers rather than a wish to provide additional capacity and safer freer flowing junctions. Traffic lights were often preferred to roundabouts. More recently Council after Council has set about narrowing roads, removing lanes, creating artificial barriers and bollards to restrict flow, cutting traffic light green phases on busy roads, changing kerbs and painted lines, creating more special zones. They often take out parking spaces and raise the charges, leading to more vehicles circulating looking in vain for a parking place. Many streetscapes now are a slalom course festooned with many menacing signs. Large sums are spent on aggressive kerbs, with fancy blockwork for carriageways.

All this undermines business productivity, limiting the number of calls someone can fit in. It adds greatly to business costs and therefore to prices of services as the self employed and businesses need to recoup the increased cost of transport and parking. It adds to the stress on drivers and can make roads and junctions less safe, as with the country roads where now one way is occasionally blanked out by bollards forcing vehicles to use the wrong wide of the road to progress. It gives many Councils a bad name and leads the public to be more hostile to all the taxes they have to pay. A council only provides two services to every household, the roads and the refuse collection. If both are damaged and made worse people form a bad impression of the Council as a whole.

Today we see too many roads full of unrepaired potholes, and too many streets narrowed or under road works designed by the Council, against the driver. Too much money is spent on making roads less available and too little on better

roads away from pedestrians and homes to allow people and businesses to get about in a sensible way. Coming into work yesterday my optimistic sat nav once again underestimated the time it would take by 17 minutes, not allowing for the all the delays created by Councils through roadworks that many of the public do not want performed.

Reading FC

I have been saddened to read of the financial difficulties of Reading FC and to see the understandable impatience of fans with the owner and management. I have not made any public statements as government has no powers to intervene in these matters and it would be wrong to suggest government can find a solution to the difficulties of paying the wages and tax bills and creating more harmony between owner and fans. Reading FC is regulated by the FA.

The Club owner needs to understand that the financial value of the club depends on a strong and loyal fan base willing to buy plenty of tickets for matches and club merchandise. A team is more likely to play well and boost fan numbers if there is no financial problem hanging over them. If an owner cannot get the fans on board and motivate players it is usually best for a new owner to take over. The goodwill and support of the fans is crucial.

A few have written to me hoping regulation could put things right. The government has consulted on introducing a new independent regulator with powers to intervene over issues like financing a club and its ownership. It has promised legislation in due course following more detailed discussions with clubs and the authorities. It will need to balance club independence allowing them to make often expensive decisions that offer the prospect of better results, with Regulator worries about overspending on players, management and facilities and over the stability of income. The legislation is not imminent and is unlikely to be retrospective, so it cannot deal with the urgent issues currently facing Reading FC.

The Bank of England deliberately hiked mortgage rates

On 21 st September 2022 on the eve of Kwarteng/Truss budget the Bank announced a 0.5% hike in bank rate. This was designed to push up interest rates. Just to make sure it would mean higher mortgage rates on the same day

they announced they would over the ensuing year sell £80 billion of bonds at a loss which they had bought at very elevated prices in the previous year. Selling bonds pushes their price down which automatically pushes up interest rates.

The bond market fell in the days before the mini budget because US bonds were falling and interest rates rising, and then because the Bank so clearly signalled it wanted rates higher. This was a bad background for the Kwarteng announcements.

On the following Monday it became clear in the market that a number of pension funds had bought too many government bonds through levered funds. As bond prices fell they had to put up more money for bonds they owned but had not fully paid for. They did not have cash to pay for their losses so they had to sell bonds to raise money, on top of the planned massive sales by the Bank. No wonder the bond market tanked.

The Bank of England responsible for the overall solvency of the system at last realised their dreadful error of selling so many bonds when pension funds were so weak. They suspended the sales and agreed to buy some. The market surged upwards, Pension funds had space to reduce their heavily overcommitted positions and the crisis past. Between 28 September and 14 October the Bank bought £19.3 bn of bonds to correct its errors.

These were the special UK factors of autumn 2022 that temporarily increased volatility. The UK trend was the same as the US and EU. The higher mortgage rates that resulted were caused by Bank of England policy. Today's higher rates have nothing to do with the long cancelled Truss budget.

Mortgage rates

I write to counter the Labour lies that Liz Truss's mini budget of September 2022 caused higher mortgage rates, owing to unfunded tax cuts.

I wish to make it clear Liz Truss did not take my advice on either the mini budget or the policy on the conduct of bond buying and selling. As set out on my website I recommended tax cuts matched by some spending reductions, with support for energy bills limited to lower income households, not for everyone. I strongly argued against starting a large programme of bond sales from the joint Treasury /Bank portfolio amassed under Quantitative easing.

So first the facts.

UK ten year bond yields rose to a peak of 4.4% on 9 th October 2022, more than two weeks after the budget. They fell back to 3.1% on 20 th November following temporary reversal of the Bank's aggressive bond sale programme. They hit a new higher high on 13 th August 2023 at 4.67%. They are currently

at 4.2%.

They largely mirrored US (and EU) bond rate rises. The US ten year yield rose to 4.2% on 21 October 2022. The US bond rate rose to a higher high of 4.9% on 20 October 2023.

These changes were not reflected in Japan or China as their Central banks did not make the same errors as the Bank of England, Fed and ECB who needed to rein in excess money they had created by forcing up interest rates.

This pattern shows there was no big special effect from the Kwarteng budget. It also shows rates went higher a year after the Kwarteng budget had been reversed, as happened in similarly placed EU and US,

Tomorrow I will explain two special factors hitting the UK in the autumn of 2022 from Bank policy which did temporarily cause sell offs in the bond market.

Wokingham Borough Council wastes more money on worsening the refuse service

Householders have been sent a glossy leaflet telling us from this summer Wokingham Borough Council are going to cancel weekly household rubbish collections and go over to fortnightly.

They are scrapping the blue bags and spending money on black bins for everyone. Recycling from the green bags will also be downgraded from weekly to fortnightly. However, they still need to go to every house every week and offer a weekly collection of the food waste.

Why go to all this trouble and cost? It is unlikely there will be any savings as they still have to get round every house every week. It will be frustrating for householders to see the waste service arrive and leave but not be able to get either recycling or household waste removed that week. This looks like another case of paying them more for a worse service, something this Council specialises in. They should try listening to what residents want, and should drop unpopular ideas.