

Spending and value for money

I have always stressed when saying we can afford to borrow to offset the damage done by anti pandemic policies to the economy that we should not waste money or undertake spending the private sector can cover as it did pre pandemic.

The Business Department budget shows that it should be possible to reduce future outgoings whilst still doing a good job for the UK economy and business sector.

The Business department has a massive £175 bn of accumulated liabilities. Many of these are possible future payments to close down nuclear power plants and to subsidise wind and solar power. The Accounts may understate the possible outturn on contract for differences power costs, which are currently priced at £89.6bn by the Department compared to the more modest £16.5bn liability on the balance sheet.

All this needs managing to get value for money and to control outgoings.

1. Safety should of course be an absolute override, but it would repay study to examine the pace of the nuclear closure programme and the speed and incidence of remedial and recovery work thereafter. They currently assume 7 stations close 2023-30.

2. The Smart meter programme is costing a massive £20.1bn and is very unpopular with many users. Could this be rephased?

3. International contributions to climate change projects are in at £11.6bn. So far the public sector has contributed more than the private. Maybe it is time to demand greater leverage from the private sector? Surely emerging countries would prefer profitable projects?

4. £85.3bn of accumulated business support for CV 1 9 was necessary spending. As there are £69.1bn of loans, what is being assumed about repayment schedules once we have a proper economic recovery post vaccination? It is important the government makes sensible phased arrangements for recovery or for the transfer of these loans to banking sector.

5. CFD payments for renewable power . It is time for a value for money review of options as this is becoming a large contingent liability, particularly for new nuclear.

The Business Department budget is a reminder of just what a complicated nexus of subsidies, regulations and interventions there are now are to keep the lights on and the factories turning.