

## Mr Carney's speech

This week the outgoing Governor of the Bank of England gave a speech which was read as dovish and temporarily drove the pound down. He set out how despite low interest rates the Bank could if necessary ease money policy more. He did not encompass all of the ways in which the Bank could ease but was right about the possibility and the general magnitude of flexibility left in the system.

There were two glaring omissions from the speech. There was no detailed examination of the worldwide Central Bank moves to ease over the last few months, as practically every other Central Bank has joined the necessary move to stop the global slowdown and stimulate growth. China has lowered commercial bank capital requirements and brought forward local authority borrowing. The Fed has cut interest rates three times and pumped money in at the short end. The ECB has resumed Quantitative easing. Brazil, Turkey, Australia, New Zealand, India and many others have cut rates. The UK has done nothing and has ignored the slowdown.

The second is he did not refer to the substantial tightening the Bank has carried out. Contrary to the global trend the Bank has just doubled the countercyclical buffers restricting commercial bank lending. Its words and actions have until Mr Carney spoke this week helped boost the pound, in itself a monetary tightening.

I ask why the Governor did not comment openly on these moves and explain the different path the UK has taken. I think he should seek to justify the tough policy being followed and tell us how this affects growth. He should understand and explain the FPC and MPC interactions and the significance of balance sheet moves by both the Central bank and the commercial banks to money conditions and to economic growth. It looks as if the Bank has yet again misjudged the situation. He talks too much about alleged Brexit impacts and not enough about the global and domestic policy influences on price and output which are dominant as elsewhere in the world.

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## The next local Plan

I am urging the Council to do more work on the housing target for the next local Plan. Before discussing where new homes might be placed we need to discuss and agree how many are needed. The new number would best be considerably lower.

We should define a sustainable rate and defend more of our green spaces and rural areas from development. There will need to be a negotiation with the government, but first we require an informed paper on how many is sustainable

and how many are needed. I am happy to contribute to this but it will have to be an official document from the Council as the Planning Authority.

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## Spreading wealth more widely

There are two ways of reducing equality. There is the socialist way, which is to tax the rich until enough of them leave the country or make less money owing to disincentives, or simply have less money thanks to the tax. That will cut inequality by removing the richest, but may make everyone else poorer as it takes away the demand for services and assets that the rich provided.

There is then the Conservative way, which is to find ways to help people into better paid jobs and to assist them become owners and savers. Taking tax down is one of the best ways the state can help with this.

I have always regarded the elimination of poverty as a more important aim than the reduction of inequality, given that it does also reduce inequality anyway. Reducing inequality by driving away all the billionaires does not do much to raise overall happiness whereas getting hundreds of thousands or millions more people into well paid jobs from low paid jobs or into work from unemployment is a big win.

There are those who think the imbalance in wealth between old and young is unacceptable. They should understand that is always likely to be the case that the older people own most of the wealth as they have had a lifetime of working, earning, building businesses, buying homes to accumulate their wealth and increase their income. Most of us starting out with no wealth and little income take time to get to a better paid job and to owning a home and repaying the mortgage. What government needs to do is to make sure it eases the way for the young to accumulate, save and invest.

I want to see thus new government back an ownership revolution, finding more ways to promote home ownership, share ownership, small business ownership and the rest.

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## EU negotiations

There is one simple rule for UK negotiators seeking a Free Trade Deal with the EU. We do not need to pay to trade. We do not need to accept restrictions and controls on our conduct in order to buy imports from the EU, any more than the USA or Canada or Japan do.

A Free Trade deal is of great benefit to the EU, giving them privileged access to our large and lucrative market for their food and goods. They have promised one in the signed Political Declaration. They know what an FTA looks like, having recently signed ones with Canada and Japan.

I trust the UK negotiators will table a draft FTA based on the best of Japan and Canada with suggested improvements given our tariff free starting point.

We need to take back control of our fish. They should not be offered up as a further sacrifice to secure a Free Trade Agreement.

There is no need for the negotiations to take longer than this year if there is good will on both sides. The UK can show its good will by tabling the proposal soon. If the EU is decent and wants to keep its word all will be well.

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## IR35 review

The Government is launching a review of changes to off-payroll working rules today. I repeat below what they have sent out. I will continue to press for urgent change as I appreciate the problems this is currently causing:

- Government launches review into implementation of changes to the off-payroll working rules
- Review will gather evidence from affected individuals and businesses to ensure smooth implementation of the reforms

The Government is launching a review of changes to off-payroll working rules today to address any concerns from businesses and affected individuals about how they will be implemented.

The review will determine if any further steps can be taken to ensure the smooth and successful implementation of the reforms, which are due to come into force in April 2020. As part of this, the review will also assess whether any additional support is needed to ensure that the self-employed, who are not in scope of the rules, are not impacted.

Off-payroll working rules, known as IR35, were introduced in 2000 to ensure that someone working like an employee, but through a company, pays similar taxes to other employees.

The reforms, announced in the 2018 Budget, are designed to tackle non-compliance with off-payroll working rules by making medium and large organisations in the private and third sectors responsible for determining the tax status of contractors.

The review will focus on the implementation of these reforms, which are due

to come into force on 6 April 2020.

The government will launch a separate review to explore how it can better support the self-employed. That includes improving access to finance and credit, making the tax system easier to navigate, and examining how better broadband can boost homeworking.

Today's announcement fulfils a commitment made by Chancellor Sajid Javid on November 30th last year.

Financial Secretary to the Treasury Jesse Norman said:

We recognise that concerns have been raised about the forthcoming reforms to the off-payroll working rules.

The purpose of this consultation is to make sure that the implementation of these changes in April is as smooth as possible.

The review, which will conclude by mid-February, will engage with affected individuals and businesses on their experiences of the implementation of these reforms.

As part of the review, the Government will hold a series of roundtables with stakeholders representative of those affected by the reform, including contractor groups and medium and large-sized businesses, to understand how the government can ensure smooth implementation of the reforms. The Government will also carry out further internal analysis, including evaluation of the enhanced Check employment status for tax (CEST) tool and public sector bodies' experience of implementing the reform to the off-payroll working rules in 2017.

The off-payroll working rules do not affect the self-employed, as only those working like employees are in scope. As part of the review, the Government will explore whether there are any further steps it could take to support businesses in correctly determining employment status.

In parallel to the review, HMRC will continue its comprehensive programme of education and support activities, proactively helping customers to prepare for the reform to off-payroll working rules in April 2020. This will include one-to-one engagement, webinars and workshops alongside targeted communications and support for customers, and their representatives to help them prepare for implementation on 6 April 2020.