OPINION

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After the de-banking scandal, Britain needs to give up its stake in Natwest

Eliot Wilson

LAST week, Jeremy Hunt revived a touchstone folk memory of Conservative lore. He told the House of Commons he would look to divest the government's stake in Natwest completely and bring back "Sid".

It was a reference to the notional investor when British Gas was privatised in the 1980s; it is a brilliantly simple way of showing that the average voter could be involved in the sell-offs of state industries and become, many for the first time, share-owners.

Finally shaking off the government responsibility for Natwest is long overdue.

Readers will recall that the National Westminster Bank was bought by the Royal Bank of Scotland Group (RBS) in 2000 in a £21bn hostile takeover, after Natwest's commercially disastrous merger with Legal and General.

This turned RBS, once a genteel Edinburgh-based bank – which invented the overdraft in 1728 – into a commercial behemoth, the second-largest bank in the UK and the fifth-largest in the world. During the global financial crisis, the government bought a majority stake in RBS Group, spending £37bn but stressing the temporary nature of the move. Further investment brought the state's ownership – public ownership – to 84 per cent.

Jeremy Hunt announced plans to divest the government of the last of its stake in Natwest

The process of unwinding this stake began in 2015, when a rebranding to Natwest Group took place in 2020 and further sales reduced the government's share to 48.1 per cent by last year. Natwest took a reputational battering this summer over the "debanking" of Nigel Farage, which cost the CEO, Dame Alison Rose, her job; the chairman Sir Howard Davies will step down next April after his catastrophically inept handling of the furore.

According to the Autumn Statement, the government intends to sell off its last shares by 2025-26, including through accelerated bookbuilds and ongoing directed buybacks with Natwest. It plans a retail offering in the next 12 months "subject to supportive market conditions and achieving value for money".

I am a child of Thatcherism. I am no uncritical acolyte: Thatcher was putting into practice what Hayek and Friedman had conceived and Enoch Powell and Keith Joseph had preached. Nevertheless, Britain was in dire straits in the 1970s and the radical revolution she undertook was necessary.

Hunt's tribute to privatisation caught my attention. The most fanatically loyal Conservative in 2023 would struggle to claim that the party currently has an inspiring vision for Britain: banning smoking and pedicabs, and diverting asylum seekers to Rwanda (or the Falkland Islands, or Orkney...), do not add up to a brighter tomorrow. But maybe Sid could make a difference.

Selling its remaining holdings in Natwest is obviously the right thing for the government to do: the state has no business owning a financial services conglomerate, any more than it did a travel agent (Thomas Cook) or a hospitality chain (British Transport Hotels). Moreover, spreading share ownership to the public at large could be transformational: think tank New Financial estimates there is £740bn in untapped capital among potential private investors.

It goes further than that too. It was Scottish Conservative MP Noel Skelton who first spoke of a "property-owning democracy" a century ago. He conceived of it as a bulwark against creeping socialism, but it is also a brilliantly conservative method of wealth redistribution.

It simultaneously reinforces property rights and, as Tony Blair found by appropriating the rhetoric in the 1990s, encourages social cohesion and a sense of shared endeavour.

This is a long-term issue: releasing shares in Natwest to the public is not going to tip the balance at next year's general election, in May, October or any month.

Looking further into the future, however, isn't there something energising, open and empowering about a platform which would seek to devolve capital?

To take the very epitome of capitalism, a financial heavyweight with assets of three-quarters of a trillion pounds, and say to every voter, on an impeccable commercial basis: you can be part of this.

Eliot Wilson is co-founder of Pivot Point and a columnist at City A.M.

If we keep building new offices from the ground up, we will miss our climate goals

Chris Hayward

IN LESS than a week, global climate activists, investors and governments will descend on Dubai for Cop28 with a central aim to tackle the climate crisis and bring global temperatures under control.

At the 2015 Paris Climate Summit, world leaders promised to try to stop the planet heating by 1.5C by the end of the century. But current policies are set to heat it by around 2.4C.

Globally we've seen investors drive real change in how seriously firms take climate change. And there is recognition that getting to net zero and achieving our environment targets is not just essential to tackling climate change and biodiversity loss, it is also a huge growth opportunity.

At the City Corporation we've been taking a number of actions to contribute to that goal. Just this month we published a report showing that we are on course to meet our target to become operationally net zero by 2027, ahead of becoming an entirely net zero City by 2040.

One area where there remains a lot of work to do, however, is within the built environment sector. Amid a strong year for planning and development, with large increases in project starts, applications and approvals on last year, the built environment sector accounts for around 42 per cent of the City's total carbon emissions. This presents a huge challenge with both job growth and demand for office space in the Square Mile surging, despite the post-pandemic hybrid working model apparently here to stay.

To address this challenge, we have provided a clear policy direction for developers to assess the whole life-cycle of carbon options for proposals. Our advice sets out how planning applicants should consider ways to ensure that carbon emissions resulting from development are reduced as much as possible. This approach promotes the reuse and retrofit of existing buildings, instead of demolition and redevelopment. And it encourages driving whole life-cycle carbon emissions down from the construction and operation of both retrofitted and new buildings, too.

According to Deloitte's recent Winter Crane Survey, there were 124 office projects in progress across London, with 34 buildings this year retrofitted – half of which were delivered in the Square Mile. The City Corporation is now moving towards a "retrofit first" approach, where reuse and refurbishment of existing buildings, structure and materials must be given serious consideration in any planning application.

The new guidance applies to major developments – those with a greater floorspace uplift than 1,000 sqm – and developments which propose knocking down most of the existing structure. Recent examples of buildings to be refurbished rather than demolished include the redevelopment of Fleet House, on New Bridge Street, which was approved in January and will see almost three quarters of the existing structure retained. Other projects include 81 Newgate Street – transforming a 1980s office building into a mixed-use development, avoiding three years of demolition and construction and provoking a 46 per cent carbon emissions reduction.

These projects alone amount to tens of thousands of tonnes of carbon emissions saved, and we will be seeking to enshrine this 'retrofit-first' approach into the City Plan, forming the strategic basis for how the City develops over the years ahead to 2040.

In an area as diverse, dynamic and well-connected as the City, there will always be the potential for new builds. But this guidance, which supports our ambitious sustainability targets, will promote lower carbon alternatives where appropriate and assist developers in putting carbon considerations front and centre.

Where there's a lot of doom and gloom, this can be one bright spot in our net zero journey.

Chris Hayward is the policy chair of the City of London Corporation

BARGAIN BUCKET

Conservative Party HQ had a sale over the weekend. No, they weren't selling off dinner with ministers, they were trying to get loyal Tories to donate by buying a pair of 'Keir Starmer flip flops'. In fairness, their merch is better than Labour's NHS mug