high pay centre

WINNERS AND LOSERS

THE GREAT PRIVATISATION GAME

About the High Pay Centre

The High Pay Centre is an independent non-party think tank established to monitor pay at the top of the income distribution and set out a road map towards better business and economic success.

We aim to produce high quality research and develop a greater understanding of top rewards, company accountability and business performance. We will communicate evidence for change to policymakers, companies and other interested parties to build a consensus for business renewal.

The High Pay Centre is resolutely independent and strictly non-partisan. It is increasingly clear that there has been a policy and market failure in relation to pay at the top of companies and the structures of business over a period of years under all governments. It is now essential to persuade all parties that there is a better way.

The High Pay Centre was formed following the findings of the High Pay Commission. The High Pay Commission was an independent inquiry into high pay and boardroom pay across the public and private sectors in the UK, launched in 2009.

For more information about our work go to **highpaycentre.org**

Follow us on Twitter **@HighPayCentre**

Like us on **Facebook**

Contents

Executive Summary

Privatisation in the past 30 years has shifted billions of pounds' worth of assets from the public to the private sector achieving a sweeping transformation of Britain's corporate landscape. During this period, opposition to the sell-off of state assets has been swept aside and the benefits of the programme extolled by politicians across the spectrum. But amid record public opposition to the sale of Royal Mail last year, we ask who are the winners and losers from privatisation?

Consumers

Bills have gone up while standards of service have arguably not improved.

> The average UK energy bill has risen by 140% in the past 10 years to £1,252 while household incomes have increased by 20%.

> Water bills have increased by 74% since 1994/95 while leakage rates are up in some cases by nearly 30%.

> Some rail fares have gone up by 100-200%. Season tickets, which are subject to government controls, have risen just above inflation at 55-80%.

Investors

Those who held onto their shares have done well since privatisation.

> Investment company, Brewin Dolphin, calculates that investments in nine of the privatised companies from the 1980s and 1990s have seen a return averaging 419%. This compares with the 206% average rise in the FTSE 100 index since then.

> Brewin Dolphin says the strong overall returns in part reflect the knockdown flotation prices of many of the 1980s sell-offs.

> Many of the shares are now owned by overseas hedge funds, meaning that wealthy foreign investors, in particular, have benefited from the increase in value of privatised companies.

table 3 **Executive pay in five largest by market cap privatised[1]**

	CEO	Salary (£000)	Total Performance related Pay	Total award 2012/2013 (£000)
National Grid	Steve Holliday	996	1,560	3,399
Centrica	Sam Laidlaw	950	3,653	4,959
SSE	Ian Marchant	840	328	1,187
Severn Trent	Tony Wray	575	712.4	1,527
United Utilities	Steve Mogford	650	606.80	1,420

Executives

Many executives in the privatised companies have hit the jackpot. CEO pay reflected public sector norms in the 1980s and 1990s, but now replicates the multi-million pound pay-outs common at major private corporations

At the same time, workforce wages stagnated and some 170,000 jobs were lost.

Government

At first glance, taxpayers appear to have benefited from the privatisation programme.

> The sell-off raised £50 billion for the public purse (at 2000 prices).

> But the government had to write-off many companies' debts and take on pension obligations in order to complete the sale.

> Some companies subsequently required taxpayers' support or were effectively re-nationalised (eg National Rail).

Conclusion

Whilst investors have done well from privatisation, many are overseas so the UK consumer pays the price and the foreign investor reaps the dividend. The biggest winners are the executives at the top of the companies who have benefited from multi-million pound pay-outs for doing a job that paid a civil servant's wage prior to privatisation.

[1] Figures based on annual report 2012/2013. Figures are those included in the company remuneration report.

Introduction

Multiple privatisations have taken place since 1979, making the transfer of state-owned institutions to the private sector one of the defining changes in modern economic history. Conservative, Labour and Coalition Governments have moved what were publicly owned and run companies into the private sphere.

Box 1: Privatisation Timeline

OCT 1979	British Petroleum
FEB 1981	British Aerospace
OCT 1981	Cable & Wireless
FEB 1982	Amersham International
FEB 1982	National Freight Corporation
NOV 1982	Britoil
FEB 1983	Associated British Ports
JULY 1984	Enterprise Oil
AUG 1984	Jaguar
DEC 1984	British Telecommunications
1985 (ONWARDS)	British Shipbuilders
DEC 1986	British Gas
FEB 1987	British Airways
MAY 1987	Rolls-Royce
JULY 1987	BAA
DEC 1988	British Steel
DEC 1989	Water Utilities
1990	Electricity providers

Public goods became private assets in the name of efficiency, competition and balanced books. The view was that privatisation would make the large utilities more efficient and productive, and thus make British capitalism competitive relative to its continental rivals. Britain would no longer be the 'sick man' of Europe.

This report asks what effect privatisation has had, who are the winners, the losers and the runners-up.

The first wave

During the 1980s and 1990s, more than 50 formerly publicly owned utilities were privatised.

Some of these were unprecedented in size; the sale of 51% of BT for example:[2] the sale of even a half share in BT was six times larger than any previous issue on the London Stock Exchange.

During this period, the British government sold off Jaguar, British Telecom, the remainder of Cable & Wireless and British Aerospace, Britoil and British Gas.

Later came British Steel, British Petroleum, Rolls Royce, British Airways, water and electricity utilities. Before finally British Coal, as well as generating companies Powergen and National Power, and British Rail.

The peak of this privatisation period was between 1984 and 1996, when the programme of major sales ended.

[2] John Kay (2002) http://www.johnkay.com/2002/06/01/twenty-years-of-privatisation

Some of the newly privatised companies did well, but others failed to compete, collapsed, were bought out or re-nationalised. All embraced the dominant pay structure within the private sector, which saw pay linked to performance in increasingly complex and varied ways. As pay packages became more complicated they also increased in size. The bonus culture of the private sector became the benchmark for executive pay across the privatised industries, rather than the much lower pay of senior civil servants.

These new private entities were not subject to the disciplines, procedures and expectations attached to government employees. Public duty was no longer the maxim, profit dominated: only through self-interest would the public interest be achieved, only through competition could efficiency be assured.

The second wave

Most major assets were sold off in the 1980s and 1990s, but a few remained, including Royal Mail, the Tube network, Prisons, Schools and Hospitals. During the Blair years we saw a growth in PPP (Public Private Partnerships) and PFI (Private Finance Initiatives) and outsourcing rather than full scale privatisation. Indeed at the end of the period of Labour government we saw re-nationalisation (albeit on an initially temporary basis), of rail lines, and, most notably, the banks.

With a new government, a coalition of Liberal Democrats and Conservatives, came a renewed interest in privatisation: the nationalised banks would be sold back to the private sector, and Royal Mail would be floated on the stock market.

The success or otherwise of this second wave will not be known until long after this government has left office. Indeed determining the achievement of a project, such as privatisation, which offers no definition of what success looks like, is challenging to say the least. For this reason we have opted to assess the impact privatisation has had on four distinct interest groups:

- Consumers;
- Investors;
- Government; and
- The Executives.

The following section asks; who were the real winners of privatisation?

Winners and losers

This section looks at the winners and losers of the privatisation focusing on the consumer, the investor, the executives and of course, government. To do this we look at key sectors including water, rail and energy.

The Consumer

For the consumer, the promised efficiencies have not always been apparent and have not resulted in conclusively better or cheaper services.

Water

Under the Water Act 1988, the newly floated companies became owners of the entire water system. The Act gave them 25-year concessions for sanitation and water supply (except for the 25% covered by the existing small private companies). These contracts were protected against competition in effect creating private monopolies.

The initial price regime, was extremely generous. As a result the pre-tax profits of the ten sewerage and water companies rose by 147% between 1990/91 to 1997/98 with sewerage and water prices rising respectively by 42% and 36%.[3] The overall experience for the consumer was a dramatic increase in the cost of water. On average, prices rose by over 50% in the first 4 years.[4]

Last year Ofwat announced that water bills would rise by an average of 3.5% to £388 a year.[5] In 1994/95 the average bill in England and wales was £223.[6] This represents an increase of 74%.

Yet the picture for consumers is not just one of increasing bills. The four biggest English water utilities have experienced very high water leakage rates:

- Severn Trent loses 27%,
- Thames Water and United Utilities (supplier to northwest England) 26%, and
- Yorkshire Water 25%.

In the case of Thames Water, which serves London, this reportedly equates to almost 200 litres, per customer, per day. These leakage rates are far higher than some public controlled water utilities including in Denmark, Paris and Milan.[7]

Box 2: Daily Mail on the Water Industry

In 1994 the paper ran a feature entitled 'The Great water Robbery'.

"In recent weeks the penny has been dropping that something has gone horrendously wrong with the privatisation of Britain's water industry. When it was privatised in 1989 the water industry was hailed as the jewel in the crown of the Thatcherite privatisation programme… In reality, as a string of reports have confirmed - including the latest today from the National Consumer Council - the water industry has become the biggest rip-off in Britain. Water bills, both to households and industry, have soared. And the directors and shareholders of Britain's top ten water companies have been able to use their position as monopoly suppliers to pull off the greatest act of licensed robbery in our history offer brilliant products/services per se."

[3] Green, Colin "The lessons from the privatisation of the wastewater and water industry in England and Wales" (December 2000) (paper presented to conference in Berlin on water privatisation), p. 7
[4] Emanuele Lobina (2001)UK Water privatisation – a briefing
[5] Independent http://www.independent.co.uk/money/tax/exclusive-now-water-companies-are-caught-avoiding-tax-8496162.html
[6] CIPFA The UK Water Industry Charges for Water Services various years
[7] Reuters http://blogs.reuters.com/muniland/2013/08/12/europes-privatization-of-public-assets-isnt-a-model-for-the-u-s/

Privatised Railways

In January 1993, John Major's government enacted the British Coal and British Rail (Transfer Proposals) Act 1993.

Since the last set of British Rail fares were published in June 1995, inflation measured by the Retail Prices Index (RPI) has been 66%, according to research by fares expert Barry Doe for Rail Magazine. Doe's figures show a huge variation in fares since privatisation.

Analysis by The Independent in 2013 demonstrated that privatised railways in the UK are the most expensive train fares in Europe. Further, their analysis suggests that these fares are increasing even further as privatised train operators seek higher revenue. What's more privatisation has not meant the end of taxpayers' support (see further discussion under Investors).[8]

Box 3: Key Rail Facts[9]

- A single from London to Manchester has gone up by 208%, up from £50 in 1995 to £154 today. That is more than three times the rate of inflation.
- A single from London to Glasgow, which was £65 in 1995, is now £169 - a rise of 160%. A single to Exeter was £37.50 but is now £114.50 - a rise of 205%. London to Swindon has gone from £20 to £58.50, a rise of 193%.
- Season ticket price rises hover just below or slightly above the rate of inflation, with an increase of between 55% and 80%.

Energy

Towards the end of last year, most major energy suppliers increased their bills by between 8% and 10%. This includes:

- Scottish Power (SP) : 8.5%
- Npower : 10.4%
- SSE : 8.2%
- British Gas : 9.2%

The average UK household income has increased by 20% from £32,812 in 2004 to £39,468 today, yet the average energy bill has risen by 140%, according to uSwitch figures.

Households who were spending an average of £522 a year for their energy in 2004, are now paying £1,252 a year. This is 3.2% of income or double the 1.6% of eight years ago.[10]

Many blame the changing face of the energy market. Since 1999 we have seen a consolidation in the energy market. The number of energy retailers has fallen from 20 to just 6, controlling 98% of the market.

Conclusion

Determining whether consumers are better off with privatisation or without is impossible, we cannot know whether train fares would have risen over inflation or energy prices tripled. But it is clear that consumers cannot be considered to be definitive winners from privatisation.

[8] TNI, Privatising Europe http://www.tni.org/sites/www.tni.org/files/download/privatising_europe.pdf
[9] Fares expert Barry Doe for Rail Magazine
[10] Telegraph http://www.telegraph.co.uk/finance/personalfinance/consumertips/household-bills/9273867/The-cost-of-energy-bills-soar-by-140pc-in-eight-years.html

Box 4

"Britain's biggest water company is to cut its investment programme by £350 million - but it will not be passing on the savings to its 7 million customers. Thames Water has no plans for early price reductions or rebates. Instead consumers - whose bills have increased by 50 per cent since privatisation in 1989 - face yet another rise in April, by inflation plus 0.5 per cent. The latest price rise was decided by the industry regulator, Ofwat, during the five-yearly price review last year. It was based on a £2.1 billion capital investment plan agreed with the company. But now, six months after the review, Thames says its investment target is only £1.75bn - down £350m, or £70m a year - equivalent to £10 off every domestic bill."

Observer 12 Feb 95

The performance and value of privatised UK utilities frequently compares unfavourably with state-run counterparts in other European countries. If we are to follow the axiom that 'the customer is always right' recent polling for the CLASS think-tank shows that 66% of the public believe that railway companies should be run in the public sector (against 23% for the private sector), while 68% support publicly run energy companies (21% favour the private sector).[11]

The Investors

For investors the picture looks slightly brighter. Indeed investors who purchased shares in a number of privatisations in the 1980s and kept their shares till today would have achieved double the returns of the UK stock market, according to research by the investment manager Brewin Dolphin.[12]

Brewin Dolphin calculates that investments in nine of the privatisations of the 1980s and 1990s have made profits averaging 419%. This compares with the 206% average rise in the FTSE 100 index since the flotations. Of those studied by Brewin Dolphin, British Gas had the highest returns of 1,048%.

According to Brewin Dolphin Severn Trent Water, BP, and National Power (now International Power) also outperformed the FTSE 100. However, BT (with returns of 202% for investors who backed the 1984 float) and BA (111%) have underperformed.[13]

The reason for the success of these shares does not necessarily demonstrate the business acumen of the company executives.Brewin Dolphin suggest the strong overall returns in part reflect the knockdown flotation prices of many of the 1980s sell-offs. In a comprehensive study of UK privatisation, by Martin and Parker (1997), und no consistent relationship between ownership and performance.[15]

Looking specifically at the water companies, analysis shows that profit margins in the UK are typically three or even four times as great as the margins of water companies, private and public, in France, Spain, Sweden, or Hungary.[16]

Who are these investors?

As a result of the government's privatisation programme accompanied by an advertising campaign designed to encourage

[11] YouGov, Class Polling, 27th – 28th October 2013 via http://classonline.org.uk/docs/Class-YouGov_poll_results_28_October_2013.pdf
[12] Financial Times "British Gas (famous for its "Tell Sid" ad campaign); BP; British Airways; BT's first 130p share issue in 1984; BAA; BAE Systems; Powergen; National Power and Severn Trent Water – which, collectively, attracted more than 5m private investors." http://www.ft.com/cms/s/2/f35867fa-2e06-11df-b85c-00144feabdc0.html#ixzz2iAPJKdZo
[13] Financial Times Privatisation shares up 419% since 1980s http://www.ft.com/cms/s/2/f35867fa-2e06-11df-b85c-00144feabdc0.html#ixzz2iAPvUdfF
[14] ibid
[15] Martin, S. and Parker, D. (1997) The Impact of Privatisation: ownership and corporate performance in the UK, London: Routledge.

greater public share ownership, the percentage of adults holding shares rose during the 1980s, from around 7% to 25%. Despite this growth in individual share ownership, it did little to abate the long-run trend towards increased institutional share ownership.[17]

Indeed, many small shareholders sold their holdings to make a quick return. For example, of the 2.2m. initial shareholders in BT, some 500,000 left the share register within six months.[18]

According to the Office of National Statistics at the end of 2012, the UK stock market was valued at £1,756.3 billion. Overseas investors continue to hold significantly more shares (in terms of value) than any other sector, with the gap between 'rest of the world' ownership and the next highest (individuals) widening in 2012 (see table…). Foreign investors owned an estimated 53.2% of the value of the UK stock market at the end of 2012, up from 30.7% in 1998 and 43.4% in 2010.

Conclusions

While the consumers may not have been winners, the investors certainly seem to be doing well. Yet with much of the FTSE 100 share register held overseas, it seems that UK consumers are paying the price, while overseas investors are often the ones getting the benefits.

[16] Jimmy Reid Foundation (2005) Excessive profits and overcharging. Multiple errors in the UK's model for setting utility prices
[17] Buckland, R. (1987) 'The costs and returns of privatisation of nationalised industries', Public Administration, vol.65, no.3, pp.241-57.
[18] Ernst & Young (1994) Privatization in the UK: The facts and figures: London: Ernst & Young.
[19] ONS Ownership of UK Quoted Shares, 2012 http://www.ons.gov.uk/ons/rel/pnfc1/share-ownership---share-register-survey-report/2012/stb-share-ownership-2012.html

table 1 **Beneficial ownership of UK shares by value at December 1998 2010 and 2012**[19]

	Percentage (%)			£ Billion		
	1998	**2010**	**2012**	**1998**	**2010**	**2012**
Rest of the world	30.7	43.4	53.2	460.9	760.9	935.1
Insurance companies	21.6	8.8	6.2	325.5	153.8	109.2
Pension funds	21.7	5.6	4.7	325.8	98.7	82.7
Individuals	16.7	10.2	10.7	250.8	179.0	187.2
Unit trusts	2.0	8.8	9.6	30.1	153.8	167.9
Investment Trusts	1.3	2.1	1.7	19.2	37.5	30.7
Other financial institutions	2.7	12.3	6.6	40.4	215.0	115.3
Cahrities, church, etc	1.4	0.8	0.6	20.4	14.9	10.7
Private non-financial companies	1.4	2.3	2.3	20.9	40.1	39.8
Public Sector	0.1	3.1	2.5	1.4	54.4	44.1
Banks	0.6	2.5	1.9	8.4	44.3	33.6
Total	100.0	100.0	100.0	1503.7	1752.3	1756.3

The businesses themselves would say that this is necessary to ensure long-term investment, yet it begs the question, are UK citizens really getting their money's worth from the sale of publicly assets?

The Executives

While many investors have made significant gains, there can be no doubt that the most obvious beneficiaries were the executives.

Senior managers of privatised companies experienced the equivalent of a lottery win.Having started their careers in one of the less glamorous areas of public sector provision, they ended up as executives of large companies, with pay packets to match.

table 2 **Executive pay received by highest paid executive in UK water companies in 1990/1991**[20]

Company	1990/91
Anglian	na
DwrCymru	£143,000
NorthWest	£144,000
Northumbrian	£82,000
SevernTrent	£159,000
SouthWest	£89,000
Southern	£142,000
Thames	£209,000
Wessex	£128,000
Yorkshire	£119,000

Executive pay in the biggest UK companies has rocketed over the last 30 years and utility companies are no exception. Sam Laidlaw CEO of Centrica, one of the largest energy companies, and owners of British Gas, received a pay packet worth nearly £5m. This is in inspite of the 9% price rise facing British Gas customers this year.

table 3 **Executive pay in five largest by market cap privatised**[21]

	CEO	Salary (£000)	Total Performance related Pay	Total award 2012/2013 (£000)
National Grid	Steve Holliday	996	1,560	3,399
Centrica	Sam Laidlaw	950	3,653	4,959
SSE	Ian Marchant	840	328	1,187
Severn Trent	Tony Wray	575	712.4	1,527
United Utilities	Steve Mogford	650	606.80	1,420

[20] Source: Company Annual Reports, presented in House of Commons Research paper 98/117 December 1998

[21] Figures based on annual report 2012/2013. Figures are those included in the company remuneration report.

Equally Severn Trent CEO Tony Wray received performance related pay worth £712,000 - on top of his base salary of £575,000 - despite having leakage rates of nearly 27% (the highest in the UK). Wray's bonus payments alone are many times the pay of the UK's leading public servants.[22]

table 4

Position	Average pay award 2009
Civil Service Permanent Secretary	£163,000
3* OFFICER (Lieutenant general or Equivalent)	£151,609
Local Governmen Chief Executive	£124,784

Conclusions

There can be no doubt that the executives of privatised companies have reaped far greater benefits from privatisation than any other stakeholder.

While the data in the report is just a snap shot, it is clear that for those who run the companies providing gas, electricity and water, million-pound pay packages are now the norm.

The Government

At first glance, the government (and, in turn, taxpayers) can look like winners as it is estimated that in total these public flotations raised revenues (at 2000 prices) of around £50 billion.[23]

Yet this is perhaps too simplistic a picture. While the taxpayer may have made early gains, this is in not the picture overall. Shaoul (2003) provides a financial analysis of the privatisation of the National Air Traffic Services, through a PPP, which suggests the government faces higher financial costs to bail out the failing sale.[24] Florio (2002) concludes that public sector net wealth declined sharply during the years of privatisation, reflecting in part the under-pricing of assets sold. He concludes (ibid., p.35) that the claim 'that underpricing was recovered through the fiscal dividend is unconvincing'.[25]

Box 5: What about the workers?

While the executives have done very well for themselves, the picture is not as rosy for the workers.

- **Job losses:** Between 1990 and 2003 the number employed by the gas, electricity and water industry fell by 56% for men (from 310,000 to 156,000) and 36% for women (from 66,000 to 42,000).
- **Pensions cut:** in line with many other industries, those working in the private utilities have experienced many final salary schemes gradually closed to new entrants, leaving newer members in less generous pension schemes.
- **Pay stagnated:** between 1992 and 2002 the average overall pay increase per annum was 3.12% this is just above rates of inflations which over the same period averaged 2.72%.

[22] Hutton (2011) Fair Pay Review
[23] John Kay (2002) http://www.johnkay.com/2002/06/01/twenty-years-of-privatisation
[24] Shaoul, J. (1997) 'A critical financial analysis of the performance of privatised utilities: the case of the water industry in England and Wales', Critical Perspectives on Accounting, vol.8, pp.479-505.
[25] Florio, M. (2002) 'A state without ownership: the welfare impact of British privatisations 1979-1997', , Working Paper No. 24.2002, Milan: Dipartimento di Economia Politica e Aziendale, Universita degli Studi di Milano

In addition the government wrote off all the debts of the water companies before privatisation, worth over £5 billion, giving the companies a 'green dowry' of £1.6 billion.

The incoming Labour government in 1997 argued that the utilities had been sold off too cheaply by the previous Tory administrations and were making excess profits. It levied a windfall tax on the water, gas and electricity companies, raising more than £4bn for the public purse. This was used to establish a welfare-to-work programme to generate employment. However, prices for consumers have continued to rise sharply.

Many other privatised industries now require government subsidies. Seven rail franchises were in "revenue support" during 2012. The government paid operators – which included three UK-listed companies, German, Dutch and French state operators, and Virgin Trains – £490m in subsidies.[26]

Taking into account the cost of the subsidies for some companies, and the ongoing difficulties many of these companies experienced (often requiring re-nationalisation as happened with Railtrack, now National Rail, in 2002), it is certainly not clear whether the government has been a net gainer from privatisation.

Conclusions

While the consumer has borne the brunt of privatisation, the benefits for government (and, by proxy, tax payers) are debateable.

While investors enjoy rising share values and multi million pound rewards are lavished on the executives, the long-term benefits of privatisation for the Government are much less clear.

[26] Financial Times http://www.ft.com/cms/s/0/d2ef05a2-0ee9-11e2-9343-00144feabdc0.html#ixzz2k9uP0WEe

Conclusion

While assessing the success or failure of any project is challenging, particularly one where there is no defined outcome, this report has looked at who the winners and losers are of privatisation.

What is clear is that the executives, with newly ballooned pay packages were major winners of the privatisation boom.

Yet for many executives their role changed little, water companies continued to operate with a monopoly, renewed every 25 years, well beyond the life of your average CEO who enjoys a tenure of perhaps 5 years. Rather than starting up their own companies from scratch, the executives of privatised companies took over well established organisations with a customer-base and supporting infrastructure largely already in place.

In comparison with many other products or services offered by the private sector, the competition for formerly public utilities like gas, electricity or rail transport is less intense because these are essential items for many households – pro-actively switching a utility supplier can be time-consuming and not certain to reduce bills, while a commuter cannot avoid taking a train to work. Energy companies enjoy an oligopoly, with little competition, and the rail companies are compensated from the public purse when their revenues don't materialise.

This certainly begs the question of whether these executive pay packets are excessive.

Investors too did quite well out of privatisation, mostly through price controls and low flotation pricing. Indeed as dividends continue to be prioritised over longer term investment in energy and water companies, it is likely the investors will continue to do well.

Yet these investors are now often overseas hedge funds, or those motivated by short-term profit with little interest in the long term stewardship of the company let alone, the public good.

In comparison, consumers and government look like the real losers from privatisation. Critics have argued that low flotation prices and rigged markets meant that government sold the family silver without appreciating its value.

Consumers have arguably fared even worse, facing ever higher energy and water prices, and growing train fares.

This would perhaps be acceptable if services improved, yet this isn't necessarily the case. Trains remain overcrowded and under-invested. Water is over-priced and yet leakages, and droughts continue. Energy prices are increasingly unaffordable, and yet the energy companies fail to meet promised green investment targets, and threaten the public with 'the lights going out'.

At a time when the public contempt for politicians and the executives of privatised companies – particularly the energy companies – is inescapable, it is worrying to see that privatisations undertaken by politicians – of all three major parties – have so clearly benefited a tiny number of wealthy executives and foreign investors ahead of ordinary public service users. Reform of both the pay and ownership structures of the privatised companies should be an essential part of the process of delivering an economy and political system that people believe in.