

My Intervention in the Road Fuel Prices Urgent Question

John Redwood (Wokingham) (Con):

Given corporation tax, carbon taxes, the windfall tax, fuel duties and VAT, is not the bulk of the price at the pump, and of other fuels, now tax-based? Will my right hon. Friend remind us of how much is tax and urge the Chancellor to reduce some of those taxes to cut the cost of living?

Graham Stuart, Minister of State for Energy Security and Net Zero:
I thank my right hon. Friend for championing the consumer, as he always does. As he will be well aware, tax is a matter for the Chancellor, but the whole House will have heard his passionate call to make sure that taxes are held down to the lowest amount they possibly can be. That is one more reason why we cannot have the Labour party taking control of the country.

NHS management

The NHS Chief Executive for England says as a commentator might that she would like the government to settle the nurses and doctors pay dispute. Many of us would like to see that happen, as it will take a happier workforce to deliver the targets to get waiting lists down, treatments and operations up. A backbench MP can say that, a member of the public can urge that, a journalist can write articles about it. I find it most odd that the CEO says it. She after all hires and fires staff members, settles pay and job gradings, supervises promotions and training, and directs staff to the places where they can do most good to deliver the services the NHS needs to look after the public well.

To suggest that there is a simple row between medics and Ministers over how large a percentage increase in pay there should be leaves open the question of what is the CEO's view of how much such a rise should be? Surely she and her advisers know what the jobs market tells them about pay levels, and her daily contact with medics should give her insight into what they want by way of pay and conditions to end their strikes. She also knows what increase she has agreed for her budget this year and must have a view on what is affordable. Management is usually about making difficult decisions about how many people to hire, how much to pay them, how to deploy them and how to energise them to raise productivity. With over 400 senior managers on six figure salaries there are people who can help her with these decisions.

If the CEO is working well with Ministers then you would expect her to be influential over helping set a pay offer. This advice would be given privately and she would either win the argument or accept the Ministers

judgement having put her case. This would then be a united NHS management offer, bringing together both politicians and senior managers. More importantly many of the demands of the medics in the public version of the pay negotiations we have all heard are about non pay issues. They want better work rotas, more support from other staff, better conditions and the right supplies and equipment. These are all issues that fall to the managers more than the Ministers to resolve, working within budgets and signing contracts with external suppliers.

Ministers rightly have to take the overall responsibility for what happens and what is achieved. They need to work with senior managers closely. I hope the managers will find a way to influence and then support Ministerial policy, which tends rightly to concentrate on overall aims and targets. Real and cash health spending have shot up since 2019. The issue is what are patients getting for it, as well as why cannot all that money buy more contentment with jobs and remuneration packages? £233 bn for public sector UK health is a lot of money which needs to buy more happiness.

The Prime Minister's 5 tasks

I have no problem with the Prime Minister wanting to be a good manager more than a visionary speaker. Nor do I find myself in disagreement with the five tasks he set himself. They may have emerged from polling rather than from his beliefs but that means they are anchored in what voters want. It is true that setting three economic tasks including reducing debt shows the influence of the Treasury as well as of the pollsters, but given the salience of economic issues and the need to tackle the cost of living crisis, again there is nothing wrong with the policy framework.

So why do I read over the week-end there is dissatisfaction in Downing Street with the state of the polls and the lack of credit going to the PM? My advice to Downing Street is threefold.

One, do not expect credit until the five aims are visibly getting nearer with good recorded progress in cutting inflation and waiting lists, stopping the boats, getting some growth and showing how that cuts the borrowing. People will not reward the government for saying the right things. They want it to do the right things and deliver results.

Two, recognise that seeking stability is not going to deliver any of the aims. It will take a strong and determined policy including more legal changes to stop the boats. It will take management change at the NHS to get the waiting lists down and staff back to work from strikes. It will take tax cuts to boost growth and cut some prices, and it will take some spending controls to help growth cut the borrowing.

Three, recognise that pursuing other policy aims like renegotiating the EU

settlement, doubling down on more moves to net zero, and seeking to intervene in so many businesses will get in the way of bringing about the five aims. The more the government spends on other policies outside core public services the more difficult it will prove to get inflation down and borrowing under control. The more it gives away to the EU the more it annoys Brexit voters and destabilises the Union in Northern Ireland. The more it intervenes with subsidised and windfall taxes and partial nationalisations in business, the more it will deter private investment and growth.

Boosting public sector productivity

One of the areas that could free some cash, curb costs and improve working in the civil service and quangos is the property estate.

Now that many officials wish to work from home for much of the week, there could be less office space with hot desking. Now that government and Unions are firmly committed to improved insulation and reduced heating and air conditioning bills in offices there needs to be more modern space. As many officials dislike travelling into large city centres, especially London, given the inconvenience and cost the government needs more modern office space away from these high cost locations.

The government should keep the heritage buildings like Downing Street, the Foreign Office and Treasury. The rest of the central London estate should be reviewed with plans to move early to replace them or to do so as leases expire. Rents are much lower as little as 20 miles out of London. There are better modern offices with lower fuel bills, higher standards of accommodation and better working space for people available at much lower rents.

If the government is serious about net zero it has to show by example how a major reform of its offices estate could both lower carbon emissions and cut taxpayer bills.

Improving economic policy

There are three main changes I am pressing for a better outcome on inflation and growth.

The first is change from the Bank of England, who have now accepted their models and forecasts have been wrong and are reviewing the way they should change.

The second is to tackle the productivity collapse in parts of the public sector, and to gain greater control over levels of spending.

The third is to get across that the UK has a supply problem. We make and grow too little, relying on imports too much. Lower tax rates and better regulation are central to rebuilding capacities in everything from water and electricity to food and industrial products.

One of the problems is in every area where taxes are too high, spending is unwise and regulation unhelpful the main Opposition parties usually support the current stance and or wish to intensify it, making things considerably worse.

In a series of blogs I will look again at how we could tackle the problems of too few producers, of wild swings in money and credit, and the collapse of public sector productivity.

Economies do not flourish if they suffer unduly from price controls, windfall taxes and subsidies. Governments are not good at backing winners and can deter investment and supply if they interfere too much.