

Strikes

The government's statement on proposed new strikes legislation was short and simple. It praised the nurses for agreeing minimum service levels before going on strike, recognising their greater duty to the public to avoid action which could lead to the death of a patient. The government said it needed to put in place similar minimum service agreements for the NHS, the fire service, education, railways, nuclear decommissioning and borders. They argued they had no wish to take away the right to strike, and were copying practices in some other European countries. The Opposition saw it as an attack on workers rights and said they would oppose.

It will be interesting to see how the government proposes to enforce any such law, as by definition if people have gone on strike it is difficult to get them to come back to work against their will. The Bill implies action for damages against Unions not ensuring the minimum standard, but it will need clarification. Certain workers will be identified as essential to maintain the minimum service and they will be expected to turn up. It will also be difficult to decide what is a safe necessary minimum standard of rail services, given the way motor transport, planes and boats can be substituted for trains. The government intends to consult on minimum standards which will doubtless produce a variety of views. I would be interested in comments on these matters as I do not have settled views myself on how this will work.

A Health package

At last Ministers had something to say about getting waiting lists for treatment down and waiting times at A and E reduced. The fundamental principle of the NHS is free access to health care based on need. Rationing by delay is not part of the deal to taxpayers who are now paying very large sums for the service.

The NHS needs more medical capacity. It needs more GP surgery slots, more hospital beds and more operations performed. The backlogs are unacceptable. This is why I and others have been calling for a Manpower Plan. This needs to set out expectations of manageable workloads per employee and realistic targets for staff numbers needed to cope with likely demand. They also need extra to get rid of the oversized waiting lists.

This raises various questions over training, recruitment and retention. Could we introduce high standards of training in specific areas that take less time than a full doctor's qualification to staff specialist centres for cataracts, knee surgery and the other high volume standard procedures for elective surgery? Can nurses and pharmacists have more authority over prescribing and providing medicines? Can medical tests be streamlined and be more efficient?

When it comes to retaining doctors that does highlight the general tax issue where people get taxed at 60% in the £100,000 to £125,000 range, and where the allowed level of savings for pension has been cut back substantially. It would be good to ease these tax issues for all as doctors tell us they lead more to retire early when we still need their skills.

The Secretary of State yesterday announced more money to buy bedspaces in care homes to allow earlier discharge from hospital for some elderly patients. He also announced the equivalent of 7000 extra beds in the form of virtual wards where people are clinically supervised remotely by professionals whilst be in bed at home. he also announced some increase in capacity through adding modular units to allow more day care in A and E. He also proposed more work for pharmacies to cut the demands on GPs.

There is still no full workforce plan, nor stated plans to add beds with relevant staff to hospitals. As the population keeps on growing, and as an ageing population needs more hospital care the NHS does need to expand its core bed capacity.

The railway strikes

It is most important the government does not settle the rail dispute with more subsidy for little or no improvement.

The public sector has progressively removed a proper role for private capital and competition in the industry. In the early years post privatisation use of the railways expanded. There were sufficient service improvements and new investments for John Prescott to praise it. Important investments which the nationalised industry never prioritised like linking Heathrow into the national rail network to capture many more travellers were made by the private sector.

Then Labour nationalised Railtrack, taking track, signals and stations back into state ownership. Successive governments tightened the controls over timetables and service patterns. Successful experiments in competition to increase services as with Hull were made difficult or blocked. Then governments started into to take various lines directly into public ownership.

Today we effectively have a nationalised railway. Ministers have been dragged into strike discussions as they seek to limit the ability of management and staff agreeing to big increases in pay bills with no improvements to productivity or service quality. The collapse of fare revenues since 2019 should be a major preoccupation of management and staff, as government needs to limit subsidies for running near empty trains with rising costs and little revenue.

Ministers are right to expect nationalised and residual private sector managements to sort out smarter working. They should also advise on a better timetable and route pattern to raise fare receipts. The old nationalised industry performed badly and relied on overcharging the then reliable commuter passengers. Railway bosses threatened Ministers with commuter disruption if subsidies were not big enough. Today the commuter is not 5 days a week and can work from home on strike days. Those negotiating need to grasp this changes things a lot. It means we need a new pattern of rail services and new positive attitudes by managers and employees. The leisure railway mainly thrives on heavily discounted tickets, leaving taxpayers with unacceptable bills.

Labour attacks the GP partnership

I see nothing wrong with the idea that GP s form partnerships, finance their own surgeries, can run their own pharmacies and have a contract to supply services free to patients paid for out of taxation via the NHS budget.

It was decided by the post war government not to nationalise doctor practices in order to secure their agreement to the idea of the NHS. It left GP s free to offer private services in addition to the work they do for the NHS. It means we have thousands of GP small businesses innovating, offering variations of service and providing some choice for patients. The closer we move to an all salaried profession with GP s as employees of a centralised NHS the less choice and innovation will be on offer.

One of the problems today is the reluctance of younger doctors to take on the responsibilities of co ownership and management of a partnership. Many opt for part time salaried employment. This makes it more difficult to provide sufficient cover and irregular hours which Home visits and emergencies can entail.

There is also an issue over early retirement. Some GP s argue that the reduction of limits on tax free pension saving stops them working more years to build a better pension pot. Many GP s are also in the pay band above £100,000 where the effective marginal tax rate is 60% , discouraging full time or longer hours working.

Government needs to listen to GP s over tax and pensions, and look at a range of ways to facilitate more GP surgeries and practices. We are short of capacity. GP surgeries can be places where a whole lot of tests, diagnoses, treatments and procedures can be successfully carried out relieving pressure on hospitals and providing a service close to home for more people.

Telegraph article on managing the public sector

I reproduce below an article I wrote for the Telegraph recently:

More money for the public sector must be something for something.

If we work smarter and produce more then we can be paid more. Growing the country's income per head is central to creating the greater prosperity and the wider opportunities people expect. The covid lockdowns imposed a heavy price, destroying business and tax revenues and limiting output. They led to massive public borrowing to tide us over the difficulties. Many people and enterprises came to rely on state handouts. Output and output per head slumped.

Productivity sounds technical and tedious yet it is the key to economic and individual success. If you help produce something lots of people want you usually generate more revenue, allowing your employer or your business to pay you more. If you make something unique like a best selling book or movie, or a new app which is a must have, you can be extremely well rewarded. If you help a company produce oil or pharmaceuticals or some other very investment intensive activity with few people in relation to valuable output you can benefit from the high pay the activity will allow. Markets determine the value of people's output and so influence their pay.

The public sector tends to assess the pay of its staff by reference to market based private sector comparisons. In the 22 years from 1997 to 2019 public sector productivity rose by just 3.7% over the whole time period though public sector staff got pay awards based on comparisons with a private sector that was doing a lot better at raising output per person.

Real state output soared under Labour from 1997 to 2009 by a massive 50% , but productivity fell 2% over the 12 years. Under the Conservatives pre covid by 2019 output was up again by a more restrained 8%, with productivity edging ahead to show a 3.7% gain for the entire 22 year period. By end 2021 output was up again by almost a tenth but productivity was down on 1997 levels by 3.7%. So over nearly a quarter of a century of fast automation and technical advance in the wider economy the UK public sector saw a fall in productivity.

Now the state is much deeper in debt to pay for that huge expansion of public sector activity over the last quarter of a century as a result. We did not see savings for all the investment in computers, on line services, new trains and the rest. We cannot go on like this. It is bizarre that productivity has fallen a lot in an area like benefit processing, given the big investment in electronic systems to speed the efficiency of the process. Having an ever more complex tax system raises the costs of collection. The collapse of

commuter five day a week travel on the railways has gravely damaged fare revenues leading to a surge in state subsidy to support a far less productive railway. Subsidising too many near empty trains makes little sense financially or environmentally.

The government needs to go through the reasons for failing productivity department by department, function by function. It needs a series of something for something pay deals, that recognise people's wishes for pay that keeps up or beats prices. It needs to meet aspirations where it can afford them through promotions, increments, adjustments to pay scales that are based on more output through smarter working.

The railway is a good place to start. The government should not be offering more subsidy which is now more than double the fare revenues. It should be seeking ways to cut the cost to taxpayers, expecting from management and unions together a new approach to identifying how to use the railway to better effect to collect more fares and incur less cost. There is no need to have compulsory redundancies but there is every need to reduce manning levels where technology can do the job, to use new methods for track inspections, to amalgamate guard and driver tasks and a range of other measures which can help. Above all they need a more imaginative timetable that fits modern travel needs. They should have ticket pricing that offers larger discounts the more often you travel a route to try to get more people back commuting more regularly.

In the NHS Ministers should expect more achievement and more transparency from their many higher paid managers in the quangos and Trusts that employ the staff and spend the money. The NHS clearly needs more capacity. Management passion to reduce or limit bed numbers over the years has left it short of physical capacity for an expanding population. It needs an effective workforce plan, as it has many vacancies that need filling and many Agency staff who should be recruited into permanent roles to save the Agency fees and the frictional costs short term employment generates. Quality and output are normally enhanced by allowing people to specialise in areas that they then become good at handling. The NHS under Labour developed more ways to buy in activity and skill from the private sector, whilst preserving the all important free at the point of delivery for the patient. More use can be made of this to encourage centres of excellence and special treatment centres by type of procedure and illness.

Taxpayers are paying large sums to retain 33,000 NHS managers. They expect to see better results from all that planning, hiring and memo writing. Higher output and quality can go together, and depend on a well motivated, respected and professional workforce. As we watch the strikes and delayed access on the news broadcasts we need to ask how they can do things better. We need a public sector productivity revolution, which requires inspirational managers and positive workforces to get together for the sake of better services and higher pay. The two go together. Taxpayers are happy to pay for a good service through their taxes, but resent tipping more money into services where productivity is falling and where services do not meet the public's needs.