

IR 35 and the Loancharge.

I supported moves to get a rethink on these two difficult tax issues yesterday evening , but was on the losing side on both occasions.

The Prime Minister's building plans

The Prime Minister set out a vision of hope and optimism yesterday about economic recovery. He also detailed some £5bn of accelerated and useful public sector investment in better school and FE buildings, road improvements, health buildings and new schools. This is welcome.

We also need to recognise that even allowing for the temporary sharp fall in output the UK economy is still a £2 trillion economy. A recovery rests heavily on the positive response of the private sector . Better roads and communications help. Good quality education and plenty of educational opportunity for all is crucial.

The big numbers of state support rest in the furlough scheme and the 8 million people currently helped by it. Success in recovery will come from finding the right ways to get the companies that employ them off state support, and restoring as many of those jobs as possible. For those who do lose their jobs from their current employers, we need maximum job opportunities to speed new openings for those made redundant.

Here the challenge is to think through what the future offers for shops, cafes, restaurants and a range of services on our High Streets. Maximum flexibility is needed for landlords and tenants to adjust their use of buildings to new ventures or socially distanced versions of old activities. There needs to be many strands to generating more new jobs. These can come from the digital revolution, from the artificial intelligence reforms and from the onward march of the robots. They can come from growing more of our own food, catching and processing more of our own fish, growing more of our own timbers , generating more of our own power and all the other openings identified.

Yesterday the Environment and Housing Secretary set out proposals to make it easier to flex the use of commercial buildings with all this in mind.

We do need education to equip young people for the opportunities of the digital world. We are entering an era of rapid change, where the transition to a digital and on line economy has just been out into fast forward by the arrival of home working for the many.

[My intervention during the Statement on the appointment of the National Security Adviser and other senior civil service positions, 30 June 2020](#)

John Redwood (Wokingham) (Con): I strongly support the split of the two roles. They are both very big and very different jobs.

When the Government comes to appoint a new Cabinet Secretary and Head of the Civil Service would it pay special attention to the need to improve the accuracy, timeliness, relevance of data being used by Chief Executives and other senior managers throughout the Civil Service and the agencies and timely data to Ministers, so they can ask the right questions and provide the right supervision. I think there could be a lot of improvement in that area.

The Chancellor of the Duchy of Lancaster (The Rt Hon Michael Gove MP): My Right Honourable Friend is absolutely right, and he was intimately involved in a program of Whitehall reform when he was Head of the Prime Minister's Policy Unit in the 1980's as a very young man. The innovations that were brought in at that time under political appointees such as John Hoskyns and others helped to create the next steps agencies which were so vital in making sure there was greater accountability in the delivery of public services and we could do well to learn from some of the examples he set.

[Reforming Whitehall](#)

Michael Gove's lecture makes interesting reading. He says he wants a civil service which is better at delivering and places more emphasis on the implementation of agreed policy. Previous governments too have sought to make distinction between the civil service as policy advisers to Ministers, and the civil service administering large programmes of tax and grants, or managing public services and investment programmes. Tony Blair set up a Delivery unit in the Number 10, to reflect his frustrations that things he wanted done were delayed or diluted.

When I was Margaret Thatcher's Policy Adviser I always regarded getting the policy worked out and agreed by Cabinet and Parliament as the start, not the end of the process. It then had to be turned into practical administration or spending. Margaret embarked on a substantial reform of the civil service,

encouraged by Michael Heseltine who ran a Ministerial information system based on big data. Michael was right that Ministers often were not shown the key data any business person would expect at the top of a large company. The purpose of the reform was to separate the implementation or administration of various activities from the policy work and Cabinet level decisions over priorities and resources. A set of Next Steps Agencies were set up under professional public sector chief executives to run substantial services or programmes. The CEOs were set targets, offered bonuses for good performance, and were responsible for the day to day detail. Ministers remained responsible for the policy, the overall results and the financing.

A service like the NHS has long had professional and medical management running it. There is management at the national level, at the regional level, at the local level and in each hospital and surgery. They have large budgets and considerable devolved power. Ministers do not expect to be making decisions about which cleaning services to use or how much protective clothing to buy. Ministers are never involved in awarding huge contracts to suppliers. During the recent crisis responsibility moved upwards, and Ministers were drawn into procurement of ventilators and clothing, blurring the divisions between overall responsibility and the day to day judgements about how to spend budgets and provide for staff in each unit. Ministers had asked for plentiful supplies of PPE and tests and had offered the money to pay for them, but found they were pulled into how to do this at a time of world scarcity and rapidly changing views of how to defeat the virus

Under Labour some hospitals had scandals over high death rates or poor levels of care. Ministers had not ordered those to take place, and had not designed policies likely to produce such results. Once these issues became important national arguments, they of course had to step in, make decisions, and take some blame. It went to prove that in what can become a very centralised large service it is difficult to keep responsibility and remedial action at the local level, even though it was individual hospitals that created these problems.

It would be good to sharpen Whitehall's focus on delivery again, and to learn from recent experiences in adapting a large public service to the hostile conditions of Covid 19. The call for better data is also a wise one. Often in the public sector the data is there but it is not available to decision takers in a timely and accessible way, or it comes in data series where the basis of computation is not properly understood. The data at the regular press conferences on the pandemic kept changing with different definitions and different aggregates, which made good decision taking more difficult.

Build us out of recession?

Yesterday we read of the forthcoming Prime Ministerial speech about the need

to build new hospitals, transport systems and homes to help lift us out of the deep Covid 19 created recession we are living through. Investing in the future is a good idea. Better transport and some improvements to the health and schools estate are helpful.

There are many other things that are needed to get us out of the deep pandemic hole we and the rest of the world are in. The main drivers of our future success and prosperity will come from the private sector, expanding the goods and services we make and supply at home, and in turn paying more tax to support better public services.

I have drawn attention to the way health activity actually fell sharply over the lock down, despite the huge efforts some NHS staff put into fighting the virus, which we all admire. The large reduction in other NHS work to keep the hospitals clear for Covid 19 cases meant a big overall fall, which we now need to recover. We also need to get all the state schools back to work, either in classrooms or remotely, to regain that lost activity as well.

There is huge scope in the private sector to do more and to invest more. We need substantial investment in additional energy capacity, to remove our growing dependence on imports . There is the opportunity under our new independent trade policy from January to recapture much of the market share in temperate foods that we lost during our CAP years. We can aim to replace many of our timber imports, as the UK has good growing conditions for softwoods compared to our Canadian and Scandinavian suppliers. The UK has the liveliest and most promising tec sector in Europe, which needs more government contracts and full fast broadband rollout to assist it. The UK pharmaceutical industry has shown some of its strengths over the disease, and can achieve more.

Government can help by being an informed buyer, by setting a policy framework which advantages instead of disadvantaging UK based activity, by buying more UK sourced goods and services and by leading a movement to rely more on local output.