

# Do not bring in more people to cover “temporary” skills shortages

Whitehall thinks the answer to every lobby from business over shortage of employees is to grant permission to bring in more people under a Temporary Skills shortage designation. For years we have had these temporary shortages of care workers, farmers, medics and others. We have also watched as many more categories have been added. It is high time we remedied more of the shortages ourselves. Temporary should mean temporary.

The cheap imported labour model has several major drawbacks

1. It keeps wages down, making it less likely for the lower paid jobs that UK residents will want to do them
2. It deters investment in productivity enhancing machinery and computing power, reinforcing a low productivity low wage outcome
3. It imposes large extra costs on taxpayers to meet the bills for top up benefits, subsidised housing and a range of public service provision for the new comers.
4. When it comes to public services it brings more demand as well as some labour supply to meet demand for services. You need then to invite in more health workers to take care of the other workers you have added to the population.
5. Keeping more UK residents out of work is costly for the state.

The government did show how you can cure an acute shortage in the way it tackled the shortage of drivers created by the big move to on line shopping over covid, and by the UK's net zero model of importing more and more things to cut the UK national CO<sub>2</sub> output. The government did put in a lot more capacity to train and licence more people as truck drivers, and allowed the market to put wages up. There was also necessary discussion of improving facilities for longer distance drivers so they can get a meal and decent rest facilities en route.

Sector by sector where currently the government is granting thousands of permits for imported labour it needs to have better defined and more urgently implemented strategies for attracting and training people already settled here. I have been urging these, and urging the DWP Secretary of State to roll out his promising plans more rapidly than the civil service is currently allowing. Get on with it.

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## The need to lower legal migration

In the year to June 2023 1.2 million people came to our country legally. This

overwhelms the 30,000 illegals who made their way here. The new arrivals were rightly welcomed. Some came to take educational courses, some came to fill jobs, some came to join family here or as dependents of those coming to work or study.

In the years ahead we will want to welcome more students to fill courses, some people with skills we need for jobs we find difficult to fill. We want more investors, entrepreneurs, business builders. We do not want to prevent families reuniting where there is good cause.

We also need to recognise that the huge numbers are no longer fair on either those who come or who are in the settled communities that receive them with a welcome. We want people coming to enjoy a good lifestyle. They need decent homes, school places for their children, NHS doctors and hospitals capable of seeing them promptly when need arises. They need roads to drive on and utility supplies for their energy and water. All of these things are under stress and much stretched as we are not keeping up with providing the extra capacity in all these areas that 700,000 extra people a year need.

It is true that last year 500,000 left the country which is why I wrote 700,000 not 1.2 million. Some people just net that off, but in practice for some purposes you need to look at the gross number. People leaving may sell or vacate homes that are in different parts of the country or in a different price bracket to the new comers' needs and pockets. People leaving may be older requiring fewer school places than younger migrants arriving. There may be concentrations of new arrivals particularly in big cities and in places with plenty of jobs.

We also need to be fair to taxpayers. The low wage model, inviting in people to fill low paid jobs may be cheap for the employer but it is very dear for the taxpayer. A low wage worker will need a subsidised home, benefit top up of wages, a wide range of free public services, and extra capital for the additional utility supplies and transport they need. I have set out before how it probably costs around £250,000 per low paid migrant in public sector capital set up costs and early years public service and benefit costs. This is in line with the EU estimate of 250,000 euros a migrant in 2016.

In future pieces I will explore the government's plans to reduce legal migration by 300,000 a year. This could be expanded and speeded to the benefit of many. We need a higher wage higher skilled economy.

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## [Wokingham gets more money for schools and teachers in 2023-4 Total £192.75 m](#)

The Council have been putting out that they get very little money from the government. I will set out again just how many grants and how much money they

do get, as they seem forgetful of the various sources of government cash and just how much they receive.

Wokingham in 2023-4 is receiving £192.75 in capital and revenue grants for education. This comprises

Dedicated Schools grant	£168m
Pupil Premium	£4.3m
PE and Sports	£1.06m
Covid recovery grant	£0.42m
Universal infant free meals	£1.46 m
National tutoring programme	£0.22m
Pensions grant	££0.41m
Mainstream schools Additional grant	£4.55m
Teacher pay grant	£1.48m
School conditions capital	£2.17m
Basic needs capital	£0.72m
High Needs capital	£7.6m
Childcare expansion	£0.30m

The main schools grant is up by £11.5m with an additional grant of £4.55m for mainstream schools or over 10% this year on last.

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## Quango abolition

Recent governments have allowed too many so called independent bodies to continue, to increase their fees, charges and budgets and often do a poor job. When they let us down Ministers get the blame, as the Environment Agency has on sewage discharges, the Rail regulators and public sector bodies have on train services, the North Sea Transition Authority has on energy self sufficiency and cost, The Post Office has on treatment of its sub postmasters, HS2 has over building a railway to time and budget, the Highways Agency has over keeping the main roads open and free flowing and the Border controllers have over illegal migration to name a few.

The public want controlled migration, good roads, affordable railways, well

run Post Offices , more of our own oil and gas for our needs and clean water. They do not want Ministers who say it was not us, and responsible bodies who suddenly claim it was nothing to do with them. Ministers tell me with these bodies they are warned off intervening and told they have independent powers. In practice they are creatures of the state. Ministers need to get them reporting to them in an agreed and sensible way. Ministers should act as the non executive chairman or the responsible shareholder, They can delegate their authority but they need to know the up to date position, supervise the annual report and the budgets, and ask good questions if there are complaints. They need to be ready to praise or blame, reward or fire the top management related to their conduct and performance.

In some cases we would be better off without these bodies. Take the work back into the department and supervise it directly.

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## Public sector productivity

^The large fall in public sector productivity since 2019, assessed at 7.5% by the ONS to last year, is a major cost to taxpayers and a major drag on economic performance.

The immediate task for the Chief Secretary to the Treasury and the Cabinet Office Minister for the civil service must be to arrest the big increase in management and administration. The more managers and senior staff they recruit or promote, the worse the productivity becomes. The easiest thing to do it to impose a ban on all new external recruitment into the civil service and the public administration, unless a special case is made out and approved by a Minister.

Natural run off occurs at around 6-7% a year as people retire, find other jobs elsewhere or change their work life balance. As a post is vacated one of the many managers needs to decide if the post can be eliminated, or amalgamated with another. If not then a new appointment is made from within the civil service or public body, and some other post removed.

Ministers and top management would also have to make clear that to raise productivity the work done by these extra people either has to be abolished by better process or carried out more effectively. They must not contract more work out to the private sector. They should review their use of private contracts on a regular basis, asking each time the contract comes up for review if this is the best way to do the work or if now they know how to do it more of it could be done in house to raise productivity. There is a tendency to have a bigger overhead of managers who then buy in more work from outside to keep their own headcounts down a bit. There has been a big grade inflation as the civil service has expanded, implying more buy in of the work from outside .

We may need more doctors, nurses, teachers, police and other front line personnel. There are plans underway to do so. Some of this requires extra back up staff so they can do their jobs well. That should be allowed where it is needed for growth of output. If we need more doctors and nurses to put through more treatments, or more teachers for more pupils then that will not depress productivity to have sensible support staff numbers.

What is strange is the fall in productivity and the big increase in clerical staff has taken place against a background of large expenditures on new computer systems and big breakthroughs with artificial intelligence, faster and better data processing., more remote working and conference calls to cut down travel time , better software for everything from booking systems to accounts. So why hasn't this led to a big productivity gains in the public services that have a high administrative content?