

Productivity

The main parties and most pundits agree the UK economy has been held back by a poor performance on productivity. Most want productivity up. Most define productivity just as labour productivity, though productive use of capital and materials is also important in achieving high quality affordable output.

So let us begin with labour productivity. The cross party consensus on the need to raise it soon breaks down when you explain that the biggest part of the problem is the collapse of labour productivity in the public sector in the last three years, after a desultory performance from the sector all this century. Labour rush to the barricades and spend much of their time arguing the public services need more staff and more money to deliver. They think the extra £330bn a year this government has decided to spend this Parliament is not enough, instead of asking more questions about where all the money went to and why it is not working better. They have pointed to a few areas in health, defence and railway procurement where they think the government paid too much to the private sector but have never identified waste in the public sector itself.

Let me protect myself from unfair charges by saying I am all in favour of more well qualified teachers and medics to cope with growing demand. My immediate concerns are about the large increase in management and administration staff, and particularly in the large numbers of extra well paid senior managers and the runaway budgets of the profusion of quangos that sit between Ministers and Parliament on the one hand and those providing the medical and schools services on the other.

There is increase in the civil service and in other public administration of some 130,000 people since 2020. Since 2012 the percentage of higher grades (E0 and above) has risen from 54% to 72% of the total. Grade 6-7 are up from 7% to 14%. The civil service analysis of the workforce has a large number of charts on sexual orientation, religion and sex but nothing on qualifications and skills. It says 54.5% are women and 45.5% are men. I have no problem with them not complaining about the under representation of men as I am more interested in what they contribute and what their skills are. There are 11 grades in the civil service though we are assured not all departmental or divisional structures contain all 11 in a reporting line. It nonetheless trends to a top heavy and multi layered approach to working which can be a low productivity model.

I have tried to get Ministers to impose a ban on additional recruitment to the civil service and public administration save where an exceptional case can be made out for the need. I have urged them to rationalise senior positions as people leave. One of the obvious causes of poor productivity is the ever higher ratio of managerial to working level staff. I will be writing more on this topic