

Striving to save money

It was not just the big productivity loss that boosted the deficit and lay behind higher taxes in the last Parliament. I spent time throughout giving Prime Ministers, Chancellors and Chief Secretaries who came and went many ideas of how to save money in bloated state budgets.

There were the large sums being spent on energy subsidies as they intervened heavily to switch from coal and gas generated electricity to solar and wind. There were the over the top domestic energy subsidies for the better off as well as for those on low incomes. The Truss plan gave double subsidy to most MPs, as anyone with two homes qualified for two subsidies. There were the large loans to Councils to let them buy up property investment empires. There were the grants to Councils to take road capacity out. There was overseas aid for bad schemes and for some developing economies with their own budget capacity. There was the large expenditure on housing for illegal migrants, and the big cost of housing and public service provision for low income and no income legal migrants. There was the wasteful HS 2 project and the escalating losses of the nationalised railway.

By the last year I was hammering my big 3. The annual £20 bn plus of lost public sector productivity. The £20 bn of avoidable annual bond losses incurred by bad policies at the Bank of England. The £10 bn to £20 bn of overall cost and lost tax revenue from high levels of economic inactivity amongst people of working age after the pandemic. The government tried to do something about the first and third of these, but the benefits were neatly put forward into years after the election in the main by officials who did not see the urgency of implementing the necessary changes. . They would not budge on the easiest cut of all, to stop selling the bonds at a loss.