

## More public service for more money

The government since 2019 has not been shy with the cash. Record increases and record sums have gone into the NHS. The output of operations, treatments, medical consultations has not gone up as hoped for with all the extra money.

Of course more money was needed. There needed to be pay rises as inflation picked up. There needed to be extra capacity as the population expanded considerably given a generous policy towards inwards migration and difficulties in stopping illegal arrivals. There also needs to be good management choices about how to spend the extra money. There needs to be good employee relations. Management needs to design achievable workloads and create a favourable environment for productive endeavour.

The 36,000 managers need all to contribute to a better mood and mutual support of staff. All need to be focused on delivering more healthcare. More of the extra money has to buy extra capacity – more beds with staff to look after patients, more GP and nurse consultations, faster tests for diagnosis.

Above all the extensive management and personnel functions need to grade, evaluate and create worthwhile and feasible jobs that people are proud to hold. Too many staff leave, work on short term contract and feel unhappy about their job spec and remuneration. These are the very issues within their large budgets managers need to sort out, given the staff unhappiness on display. Did they put in the right evidence to independent pay review? Can issues be remedied in next years settlement? Did the Pay Review body think enough about the impact of higher inflation on their settlement?

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## Letter from the Minister about Cost of Living Support and the extension to the Household Support Fund

I have received the following letter from the Minister about Cost of Living Support and the extension to the Household Support Fund which is available to Local Authorities.

Dear Colleague,

### **COST OF LIVING SUPPORT AND EXTENSION TO THE HOUSEHOLD SUPPORT FUND**

The Government understands the pressures people are facing with the cost of living and is taking further action to provide vital support for those in need in the coming months. The Prime Minister has committed to cut the

headline rate of inflation in half by the end of the year.

We are also making further cost of living payments in 2023/24, including up to £900 delivered in three payments to those on eligible means-tested benefits, a £150 payment for those on eligible disability benefits, and £300 on top of Winter Fuel Payments for pensioner households. Benefits and pensions will also increase by 10.1% in April, with the minimum wage also seeing its largest ever cash rise hitting £10.42 an hour.

The Energy Price Guarantee is also continuing to protect customers from increases in energy costs and, from April 2023 until the end of March 2024, meaning a typical household bill will be around £3,000 per year in Great Britain, while equivalent support will continue to be provided in Northern Ireland.

The Government is also providing an additional £1 billion of funding, including Barnett impact, to enable the extension of the Household Support Fund in England in the next financial year. This is on top of what we have already provided since October 2021, bringing total funding to £2.5 billion.

In England, the Household Support Fund, backed by £842 million, will run from 1 April 2023 to 31 March 2024, enabling Local Authorities to help households with the cost of essentials. The Devolved Administrations will receive consequential funding as usual through the Barnett formula to spend at their discretion.

This year-long extension allows Local Authorities in England to continue to provide this support. Local Authorities have the flexibility and discretion to design their own local schemes within the parameters of this guidance and grant determination that we have set out for the fund. Local Authorities have the local knowledge and ties to best determine how this support should be provided to those in need in their local communities.

Local Authorities have been asked in the scheme guidance to support households in the most need, and in particular those who may not be eligible for the other support government has recently made available. Local Authorities are expected to help eligible households with the cost of energy and water bills, food and other related essentials. Authorities can deliver the funding in a number of ways that they deem most suitable, such as by paying into bank accounts, or via the provision of goods.

Today, the guidance and grant determination for this forthcoming extension have been published, and can be found here.

This extension, in addition to the previously mentioned initiatives, will work to help those in need. We would be grateful if you could direct constituents in need of support to their Local Authority or Devolved Administrations who will be able to help them access the local support available to them in the coming months.

I am placing a copy of this letter in the House Library.

Mims Davies MP

Minister for Social Mobility, Youth and Progression

Wokingham Council will receive £1,051,147

West Berkshire will receive £1,389,666

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## The state of the public finances

It is becoming more and more difficult to see an accurate picture of the nations finances given changes to the definitions and runs of data and the accounting methods deployed.

Yesterday we learned that there was a £5bn surplus of revenue over expenditure in January., This was considerably better than the OBR recent forecast. We should expect there to be a healthy surplus each January, as substantial sums of self assessment income tax, CGT and other annual taxes are paid following the filing of returns.

I found the more interesting figure was the one for the government's cash surplus last month. That was a much healthier surplus of £21 bn for the one month. That is the excess of revenues over total bills paid by the government that month. The big discrepancy with the headline figure of just £5bn can be explained by non cash items like the payment of £4.2bn of taxpayer cash to the Bank of England for its losses, where the cash sent to the Bank remains within the wider public sector, and the so called interest bill including the indexation changes on indexed government borrowings. The state does not pay these out as cash payments but they are rolled up until the maturity date of the bond which may be 20 years or more away. It will then be reborrowed, not requiring tax revenue to pay out.

The figures suggest there is what the Treasury call headroom for some tax cuts in the budget. The OBR will score lower tax rates as losing the state revenue. There is an issue with this, as cuts in tax rates for taxes like Corporation Tax and higher rate Income Tax have always in the past led to more revenue not less. Overseas experience as I highlighted yesterday is a lower rate of business tax brings in much more revenue, encouraging so many more businesses to locate and invest in low tax jurisdictions. The headroom will be enlarged by Treasury accounting. By the year end when many expect the inflation rate to have more than halved there will be a big saving in the interest programme as the Treasury charge the non cash item of indexation increases on inflation linked state debt to the debt interest programme. The energy subsidy programme will also produce large savings after the wind down in April.

Among the ideas the Treasury should adopt to assist growth and more capacity in our economy are cancelling the Corporation tax rise, improving the tax

system for the self employed, raising the VAT threshold for small business and suspending VAT on domestic fuel.

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## My visit to Nationwide Building Society, Wokingham



To the right is Morgan Milner, the Branch Manager and to the left is Lisa Harley, one of the branch's Member Representatives.

On Friday I visited the Nationwide Building Society branch in Wokingham as part of the site's 50th Anniversary celebrations. I met the team and toured the branch, learning about the services that the Nationwide offers to their members.

I raised the importance of retaining face to face services and learned how the Nationwide is supporting those who are not comfortable with online banking. I heard how the Nationwide is supporting their mortgage holders and helping renters to enter the housing market. They are also offering support to Nationwide members with money worries through their freephone cost-of-living hotline.

I was very interested to learn about their Money Lessons programme which is targeted at students from Year 1 to Year 13 and works with schools to deliver

sessions on a wide range of topics including savings, budgeting and staying safe online.

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## **My Interview on GB News with Mark Dolan, 17.02.23**

On Friday I did an interview with Mark Dolan on GB News in which I discussed the Northern Ireland Protocol, tackling illegal cross channel immigration and growing the economy – particularly on ways to assist small businesses and the self-employed.

You can find my interview below between 17:20 and 29:30 minutes in.