[Where all the money is going and what should be done. Making state services more efficient]

Please find below my latest article for Conservative Home:

This government has been generous with taxpayers' money. Record sums have gone into the NHS, alongside the huge amounts spent on Covid measures. Extra money has been allocated for the police, defence, levelling up. and other priorities. Despite this, NHS waiting lists have surged, our armed services are shrinking, we struggle for skilled people to fill thousands of jobs and the (effectively nationalised) railways are perpetually striking to resist changes that would boost productivity.

This century, our public sector has seen productivity gains come to a halt. The latest ONS publication on the subject is dated 7 April 2020. The long-term graphs included show that from a base of 97 in 1999, productivity had just managed to reach an index level of 100 twenty years later. There are some in the public service senior management who think productivity does not apply to them.

By associating productivity with cost-cutting, those managing our public services have not learned that good productivity programmes aim to improve quality whilst reducing costs. Concentrating on good outcomes cuts complaints and remediation costs. Employing fewer better-trained and better paid-people for any given task often raises customer quality, improves motivation and performance, and leads to more growth of the business as a result. Productivity can be raised by applying the right technology, automation and machinery to tasks and training people better to do the tasks only people can do.

Some claim that the public sector requires a high ratio of staff to users for the best service. Whilst limiting class size in schools can improve the quality of each pupil's experience, learning experiences can also be enhanced by giving pupils remote access to star lecturers, or by using digital lessons that are not as staff intensive. Many like access to a named GP or hospital consultant if they become seriously ill, but also approve of new opportunities for phone calls or online links to their GP for advice or treatment. The railways should also be an ideal industry to embrace automation to improve safety and raise productivity.

The government is right to seek better control over public spending after the huge expense of tackling Covid. The first reductions were easy: removing Test and Trace and scaling back the vaccination programme after most people had received three jabs. But there is more to do. The Secretary of State needs to take a tougher interest in the amazing array of administrative and policy jobs still being advertised for various health quangos. I have twice now asked Ministers to tell me how many Chief Executives there are of health bodies in NHS England.

As they are all clearly drawing large salaries you would have thought the NHS would know. But on each occasion they have replied that they do not. No large private sector organisation would employ CEOs without knowing how many there are, what they cost, and what they do. It was particularly strange that one of these exchanges was debating a report into the senior management of the NHS, which should logically begin with its size and cost.

My next recommendation to curb spending targets the million people on out of work benefits whilst there are far more than a million job vacancies. Both the individuals and the public finances would be better off if they took those jobs. The pre-Covid checks and support offered to job seekers must be reinstated and improved so we can take advantage of these plentiful vacancies.

When it comes to handing out money, the Treasury could offer ways that cut government costs rather than raising them. Its wish to offset the high price rises for fuel by sending one off payments to people based on various criteria is more expensive than reducing taxes on the specific items. The Treasury also adds to costs by inventing new taxes when it should concentrate on economic growth and the large revenues generated from pre-existing taxes. Recent and upcoming Treasury reforms will make tax collection less efficient and add to compliance costs. It does not set a good example for Whitehall.

With the Government hoping to extend home ownership, it would be wise to review the number of permits granted to people to come and live and work in the UK. The current rate of admission requires the UK to build many extra homes, to construct additional school and healthcare capacity, put in extra roads and much else to accommodate the rising population. All this requires substantial up front capital to be provided, and adds to demand side market pressures Accepting a slower rate of population growth would relieve some of the pressure and cut the need for additional public sector capacity.

The government should review quangos and contract terms for Chief Executives of agencies and public bodies. It should slim down the number of bodies, transferring more to central Whitehall and the existing team of senior managers, and amalgamating elsewhere to cut overheads. Doing more better with existing resources should be a normal expectation in many areas, as it is in the private sector. The public sector pays large salaries to some of the chiefs of the larger trading bodies but often does not get the performance from them you should expect from such well paid individuals.

There have been long-running problems with public procurement. Most of the system is run by officials to avoid allegations of favouritism in contracts. There should be methods to ensure the system is capable of delivering great quality and a good price for all that government buys. It should also ensure domestic supply and access to technology is properly looked after in a competitive process. Importing too much is often not the cheaper option in the long term, is subject to overseas supply interruptions, entails more transport cost and undermines the domestic industry and tax base.

There is a big productivity agenda to make government better that the government needs to take seriously. There are plenty of Ministers. They should be charged with the task of raising the quality and volume of output we get for the large resources now committed.

[The Northern Ireland Protocol]

At last the government has published a Bill to resolve some of the deliberate law breaking and misinterpretation of this document by the EU. They must press on and legislate promptly.

The only party breaking this international law is the EU. The Protocol itself rightly makes clear the priority of the Good Friday Agreement. The EU has badly damaged that by alienating the Unionist community who do not consent to their idea of the Protocol. The EU is the only party wishing to place a border in Ireland . The EU's interpretation of the Protocol is illegal under the 1801 Act of Union.

The Protocol itself envisages it as being temporary with express provision for its abolition or replacement under Article 13.8 . It was negotiated under Article 50 of the EU Treaty which means in EU law it was only temporary. Permanent items had to be put into the future partnership or trade agreement.

So stop telling us the U.K. 's modest proposals are illegal. Grasp that if you like me want the Good Friday Agreement to work these arrangements have to change as they do not have the consent if both communities.

[Getting back to work]

There are 1 million people out of work at a time when there is an abundance of jobs on offer with many businesses desperate to recruit more staff. There are also 6 million people of working age excluding students not looking for work.

The government is now turning its attention to these issues. It is a much better idea to spend some time and money on helping UK citizens into the jobs on offer than constantly looking to increase the number of permits for economic migrants to come and fill the vacancies.

The Welfare Secretary is planning to re introduce the checks and interviews that were in place before covid for those on out of work benefits. Under Universal credit you should always be better off taking the job, so more help, support and encouragement from the Jobs service should help.

We also need to consider how many of those permanently on benefits might like the opportunity to get some work. There is clearly a lot of unused talent still in the UK which we need to train, support and help into employment. It can bring them more money and more interesting lives, and it can bring savings for the taxpayer.

Controlling public spending

Last week some of you complained I did not point out in the housing debate that high levels of inward migration add substantially to housing demand. I have regularly pointed this out and called for more control of economic migrant numbers , as well as regularly urging tougher action against people smuggling and illegal migrants. The debate last week was not involving the Home Office who are responsible for migration policy and speeches were limited to just four minutes.

It is the case that whilst economic migrants may be a cheap solution for some businesses seeking labour it is often a dear solution for taxpayers. Each new migrant needing a social rented home, school places for children, surgery and hospital facilities and transport capacity may need around £200,000 of capital to be found or invested new to make the necessary provision. I have argued that government should therefore limit numbers more than it does. I have also said that the set up capital for a new migrant should be paid for out of the overseas aid budget. If we took 100,000 migrants fewer this year that would save a possible £20 bn of capital. Clearly if migrants were willing to go to Council areas that have spare social homes and public service capacity there is a much lower cash outlay, but as we rightly do not order people where to go many go to areas of high demand with little or no spare capacity.

I will have another go as the government is now looking for spending reductions.

Treasury grossly inflates debt interest

The Treasury forecast for debt interest this year is £83bn, up from £23.5bn in 2021-21. Trying to scare us all, they do not spin out their forecast of debt interest for 2024-5 as they see it tumbling to £ 46.7bn, a fall of 44% from this year’s estimated number.

They chose to count oranges and apples in their figure. They add to the actual debt interest paid out to savers who hold government bonds the amount by which index linked bonds increase in capital value on eventual repayment. No cash passes to the bond holder alongside the regular interest payments. On repayment of the bond at the enhanced value the government usually rolls over the debt and borrows the new amount. What matters when drawing up the annual budget is the cash cost of paying the interest on the debt, not the eventual capital repayment value of indexed debt.If this matters the government should also credit itself with the fact that the bulk of the debt will be repaid in devalued pounds, a large real saving at current inflation rates.

Strange on their own figures the Treasury do not want to spread the great news debt interest is about to fall off a cliff next year. Why are they playing these games? They seem determined to sandbag the U.K. economy with big tax rises at the same time as the Bank of England sticks up interest rates and the inflation that have created slashes real incomes. They clearly want no growth or a recession.