

Remodel the bureaucracy

The Chief Secretary needs to come forward urgently with a good plan to raise productivity in the public services, at least back up to 2019 levels. Setting this an immediate task should not be threatening or should it require large amounts of new capital investment to bring it about, as four years ago we are at the levels we should wish to regain.

Central to this task must be reviews with the 4000 senior managers at Director level and above and their equivalents in the quangos. This is a good job for junior Ministers to lead or review. What has changed for the worse? What immediate steps can be taken to boost output. There should be a comprehensive freeze on new staff from outside, and a review process to amalgamate or remove jobs as people leave by natural wastage. External recruitment should only be allowed where there is a clear need approved by a Minister.

The reviews should encompass use of external consultants. Staff should be encouraged to replace some of the consultancy contracts that come up for renewal by offering cheaper in house routes of doing the work using present staff.

There can also be plans to get above older levels. After all, the private sector has exceeded pre covid levels of productivity, in services as well as in manufactures. One thing to do is to eliminate some of the duplication and overlap between central government departments and quangos. More work should be taken into the department under proper Ministerial supervision. Ministers in many cases will be blamed when the quango makes a mistake or gets it wrong, so better to have more control where there is accountability. Employees in the civil service should be allowed or encouraged to bid to take over areas of work to run as contracted out activities where they turn themselves into contractors and can use their skills to win work from others. This would not apply to matters relating to national security, policy and other sensitive matters. I led such changes to the old Property Services Agency, the direct labour organisation within the civil service that maintained public sector properties.

The application of more computing power through AI and related technologies can also produce plenty of productivity gains. Much of government is processing data, awarding grants and benefits, answering similar queries from the public, handling applications and ensuring access to public services. This is eminently suitable for more automation.

Wokingham Council threatens our green fields

Many people in Wokingham feel our area has more than done its bit for new housing development in recent years. Surely it is time to slow the rate of new build, let the infrastructure catch up, and allow us to enjoy the woods, fields and green spaces that remain?

I have successfully lobbied the government with other similarly placed and like minded MPs. The government is dropping the national top down targets requiring large amounts of new development in places like Wokingham, and the operation of the five year supply of land rules. What the government asks in return is that local planning authorities including Wokingham Borough should produce an up to date local plan making reasonable provision for new homes and be prepared to defend their case. With a proper local plan we are then promised permissions will not be granted on appeal outside the approved plan areas.

So the Council should be getting on with our new local plan to gain that protection. Instead the Lib Dem leadership of the Council are refusing to get on with it. This will leave us wide open to more development on appeal as developers will be able to use the absence of a plan to justify more building than we would like in places where we do not want it.

The rise of the civil service

In the three years to March 2023 there was an increase of 63,000 civil servants, or 64,000 full time equivalents. Over the 3 years 2020 to 2023 there was a substantial fall in public sector productivity. There are now more than 4000 senior civil servants in Director level and above jobs.

Whilst it is understandable that the NHS and the civil service needed extra temporary help to deal with the special needs and extra government direction which covid controls and lockdowns brought, it is surprising that extra recruitment has continued well after lockdown was lifted.

At the same time there has been expansion in numbers at various quangos and so called independent bodies. Far from slimming the centre as more is done outside core government, the advent of more and more powerful independent government bodies seems to have increased the need for staff. Maybe the need or wish for cooperation, coordination and communications between the external body and the government department has required more people to talk to each other.

It is time for Ministers to set out their plans to get productivity back up to 2019 levels. It is time for them to ask civil service senior managers and quango chiefs how come productivity has slumped? What action is being taken to put it right?

Poor productivity can come with bad service. Get things right first time and productivity and quality rise. Do things promptly and spare yourself the need to respond to enquiries and complaints about delays. Have easy and friendly systems and requirements and have fewer complaints or need to help people access your services.

The Autumn Statement – again

The Times runs detailed stories on what will be in the so called Autumn Statement. Time was when the Autumn Statement was an annual review and future budget for spending, provoking proper debate about priorities, costs, public sector productivity and the rest. This was followed by a Spring budget which set out how the spending would be paid for. Tax changes were proposed and revenue voted by Parliament.

This Autumn Statement appears also to be a budget. There is active discussion of tax changes. The story has changed several times recently. I have no idea what PM and Chancellor will decide. I do not think the Times makes it all up, so their stories presumably come from people who do know something. This implies that the ideas for the budget have been fluid. Today's stories say the decisions are still not made. This is running it late as the government will need to print all the documents with their confidential press in time to release them the moment the Chancellor completes his presentation to Parliament.

After someone briefly widely a cut in Inheritance tax I now read that this will not happen next week. A tax cut for a small group of well off families to receive more on death duties seem an odd priority for now. I am sticking with my advice to prioritise getting inflation down with energy tax cuts for the next year, and to boost growth and output with cuts to tax on small business and self employment. There is a suggestion in the press that the latest figures give the Chancellor more scope to cut taxes as the outlook is better again than OBR forecasts.

My package was modest, and included asset sales and spending changes to give more leeway. I read they are considering a possible 5% cut in the standard rate of income tax from 20% to 19% or a lifting of the 40% threshold or a cut in National Insurance. Of those as an extra to my proposals I favour threshold changes to take more out of 40% tax and to correct the anomaly of withdrawing tax free allowances from £100,000 rather than a higher figure. The National Insurance proposal is the least attractive.

I stress again the main objectives must be to give inflation another push down and get growth going. This argues for a more generous package for the self employed, small business and on energy costs than I set out rather than tackling Income tax next week. Sort growth and inflation now and start a stated planned reduction of Income Tax next spring as growth returns and yields more revenue.

The Autumn Statement

Next week the Chancellor presents his Autumn Statement.

It is important he starts to cut taxes. The Conservative party must be the party of lower taxation. It needs to do that as well as say that. It has two main opportunities left before the next General election. It should start now on the downward path of tax rates and numbers of taxes.

It is important he tells the Bank of England to stop selling so many bonds at big losses. The European central Bank who made the same inflationary mistake as the Bank of England in printing too much money and buying too many bonds, is not making the same mistake of selling them too soon at huge losses. Hold the bonds to redemption and the losses will be smaller. Selling bonds now gives us higher mortgage rates, as forcing the price of bonds down puts the rate of interest up. The bond portfolio is fully indemnified against loss by the Treasury whose permission is needed for it. Why do taxpayers have to pay those big losses?

It is important to cut taxes that boost output and or help bring down inflation faster. The tax cuts need to help the self employed, where we have lost 800,000 this decade. Remove the 2017 and 2021 IR 35 Income Tax changes. Boost output by raising the VAT threshold for small businesses so they can expand further. Cut taxes on energy and on petrol and diesel to push prices down.

The Treasury wrongly thinks tax cuts are inflationary. If you pay for them by cutting the growth in public spending they are not inflationary. If you get enough revenue in from the extra growth they are not inflationary. If you borrow money through selling more bonds they are not inflationary. What was inflationary was to have a surge of public spending along with massive money creation and bond buying.

Indeed, helping creating more business capacity to supply more goods and services cuts inflation. Taking taxes off energy cuts inflation.