

# 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

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## COP 28 High time China turned up

The UK sends our King and Prime Minister to the COP event. Neither President Xi, head of the dominant CO<sub>2</sub> emitter or President Biden, Head of one of the other big CO<sub>2</sub> producers is going. These two produce around 30 times and 14 times as much CO<sub>2</sub> as we do. China adds as much extra CO<sub>2</sub> each year as the UK total. I appreciate some readers want to end the whole set of policies. I continue to advise against inflicting so called net zero policies on us which do not work in their own terms and do damage to our businesses and living standards.

The first issue COP 28 should sort out but will not is the mad accounting system. This says that if the UK shuts its steel works its CO<sub>2</sub> has gone down. World CO<sub>2</sub> however has gone up, as the UK imports steel it would otherwise have made, with more CO<sub>2</sub> in its production and transport than doing it at home. The UK government should want to change this instead of claiming credit for our big reductions based on shutting down too many activities to rely on imports. If world CO<sub>2</sub> has gone up how is that a win?

The second issue to examine should be the unpopularity of the green products government recommend as crucial to success. People are not rushing to buy electric cars, worried about costs, ability to recharge, insurance and battery life. They are even less keen on heat pumps, given the cost, the disruptive works needed to install and the costs of electricity to run them. The road to net zero needs people to buy in willingly to the new products and carry most of the costs of transition by buying new vehicles and heating systems.

COP 28 could do more thinking about what are practical and affordable ways of travelling their chosen road. Would it be better to introduce synthetic and sustainable fuels for existing transport as they plan with planes rather than trying to scrap all existing vehicles and replace with electric? Would it be better to develop synthetic fuels to mix with domestic gas and gradually increase the proportion instead of scrapping all domestic boilers? Have they assessed the amount of CO<sub>2</sub> created by the process of early scrapping of existing technologies and the need to mine and use the materials for battery and electric assembly?

The third issue is wrestling more honestly with the costs. The Conference papers say the emerging world needs to spend \$5.9 tn between now and 2030 and will need help with that in the form of grants and loans from the developed world. COP 28 has claimed an early win by establishing a fund to provide money to countries adversely affected by climate change. This has been reported as around \$400 m with the EU providing \$225m, the UK \$75m, the US a measly \$16m and Japan a mere \$10m. China has given it a miss so far. Quite a lot of these initial sums will go on lawyers, administrators and offices to set up the fund. The world is still struggling to achieve the \$100bn a year

of transfers from the advanced world long ago promised as an annual minimum for climate change policies overall. The UK has once again been generous. This is yet another unfunded spending commitment which will need to be borrowed. It is also more spending where Ministers will be unable to check value for money or sense of how it is disbursed. Why not do these things under our own overseas aid budget direct?

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## Answer to My Written Parliamentary Question on SCS1 civil servants

This reveals there has been a large increase in top posts at a time when productivity has fallen badly. You can have too many managers.

The Cabinet Office has provided the following answer to your written parliamentary question (2438):

**Question:**

To ask the Minister for the Cabinet Office, how many civil servants are employed at each grade above SCS1. (2438)

Tabled on: 20 November 2023

**Answer:**

**John Glen:**

The number of Senior Civil Servants by Director, Director General and Permanent Secretary paybands are shown in the table below.

This information is published each year by payband through the Government evidence to the Senior Salaries Review Board.

Table 1: Number of Senior Civil Servants by Director, Director General and Permanent Secretary paybands, as at 1 April 2023

Payband	Number
Director (Payband 2)	1140
Director General (Payband 3)	180
Permanent Secretary	45

Source: SCS Database, Cabinet Office

Notes: Numbers are rounded to the nearest 5.

Numbers are provisional and subject to revision over time.

Numbers refer to the centrally managed 'Senior Civil Service' that does not

include the Diplomatic Service and a number of civil servants that work at a senior level, for example some senior military officials and health professionals, and who are not part of the 'Senior Civil Service'.

The answer was submitted on 28 Nov 2023 at 17:06.

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## [Answer to My Written Parliamentary Question – Directors](#)

The Cabinet Office has provided the following answer to your written parliamentary question (2437):

**Question:**

To ask the Minister for the Cabinet Office, how many (a) Directors and (b) Director Generals there are in his Department as of 20 November 2023. (2437)

Tabled on: 20 November 2023

**Answer:**

**John Glen:**

As at 31 October 2023, the Cabinet Office employs 74 people at Director level and 21 people at Director General level.

The number of Senior Civil Servants (SCS) stems from our coordinating role at the heart of Government. First, the professional experts who lead functional services across the whole of the Civil Service sit in Cabinet Office (the level of professional expertise required, often recruited from the private sector, means a high number of SCS roles). Second, the Cabinet Office also delivers secretariat functions which need to be led at a senior level given their national significance, including the National Security Secretariat and Joint Intelligence Organisation.

The answer was submitted on 28 Nov 2023 at 17:16.

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## [My Intervention in the Autumn Statement Resolutions \(2\)](#)

John Redwood (Wokingham) (Con):

Underneath the exchanges of words, I welcome the outbreak of agreement, given that the Labour party now strongly supports the idea of helping more people into work. I suspect that the Opposition will not vote against the main items in the autumn statement because they understand that the Government have had success in keeping so many people in work and promoting employment over the years, despite some extremely difficult situations. They also understand that that is an important thing for a responsible Government to do, and not just to get the benefit bill down. As Labour has eloquently said, life can be so much more worth while when people have suitable work, suitably supported, that gives them a sense of purpose and of contributing to their communities.

I wish to draw brief attention to the issue of getting inflation under control and the inadequacy of forecasts by the Office for Budget Responsibility and the Bank of England. It is extremely difficult for Ministers to conduct consistent policy when the forecasts are zinging around so much and giving different and often misleading ideas of what is feasible and what is not. I welcome the other place's most recent report on the Bank of England, which highlights how the Bank has been unable to come up with realistic inflation reports over the last three years and has therefore taken inappropriate action. First, it loosened monetary policy in the covid recovery phase, and now its monetary policy is too tight as it seeks to adjust its past mistakes. I hope that the Bernanke review will get on with the important task of adjusting the Bank's models and coming up with a better answer to help guide our counsels, and particularly those of our Ministers. I find it odd that we have a Monetary Policy Committee that is not interested in money and credit. As the other place's report suggests, perhaps it should look at putting money and credit into its thinking—more diversity of thought is recommended—and into the models to try to get them to work. What is the point of the committee sitting around trying to make decisions if the main data it is using—namely, what it thinks the inflation rate will be—can be massively out? It thought that the inflation rate would stay at a pretty consistent 2%, when it was en route to 11%. That was why, for many months, the Monetary Policy Committee did not take appropriate action to rein in potential inflation. Now it is pretty sure that inflation will come under control, but it still has had difficulties and is constantly having to change its inflation forecasts in the meantime, as has the OBR.

The review rightly points out that when looking at money and credit in the economy, we need to look at the experience elsewhere in the world. Of the five most important central banks of the world, including the Bank of England, those in Asia have lived through exactly the same big escalation in food and energy prices as a result of the dreadful war in Ukraine. The two major central bank economies in Asia are very vulnerable, because they import a lot of food and energy, but their inflation stayed around 2%, whereas the three western central banks, including the Bank of England, took much more aggressive monetary action, printing a lot of money and buying an awful lot of bonds, and experienced the inflation rate going up to around 10%. They should pause and ask why.

The review also rightly says that the Bank of England should be more accountable to Parliament—not to the Government, in any way to prejudice its

independence—because it is in the process of losing us the most colossal sums of money. Successive Chancellors have guaranteed the Bank of England against all losses from their bond buying programmes, which started under Labour at the end of the first decade of the century and were escalated by the current Government in response to covid. We are now looking at a possible loss of £170 billion, based on the latest figures that it has revealed. Every penny of that has to be paid by the Treasury on behalf of taxpayers as and when it is incurred.

There is absolutely no need for the Bank of England to make those losses bigger and more immediate by wading into the markets at the moment and selling those bonds in a hurry, at very depressed prices—prices that the Bank has deliberately depressed in order to get interest rates higher. It could follow the European Central Bank, which wisely is not selling its bonds at a loss in the market but is awaiting their retirement when they fall due for repayment, when the losses will be less but it can still shrink the balance sheet, which is the main thing it wishes to do.

I hope the Government will look at that, because it has always been a dual-controlled policy: the bond buying required the signatures of successive Chancellors of the Exchequer. It is a matter of legitimate concern for this House when the losses are so colossal, and there is a direct impact on all public expenditure figures, public borrowing and so forth, excluding the Bank of England. As many in the debate will know, we look at the figures both cum the Bank the England and ex the Bank of England. The ex the Bank of England figures look very poor indeed.

I welcome measures in the autumn statement to promote more growth, which is crucial. The way to get inflation down faster is to promote more capacity, so any measure that gets us more capacity is welcome. That is why I am particularly keen that we be much kinder to the self-employed and small businesses. They can do more work immediately, but some of the tax penalties still weigh on them, preventing them from getting self-employed status or winning contracts, or preventing small businesses from growing quickly enough. I repeat my urging for Ministers to look at that: more capacity would be the best way to get inflation down.

I will put in one final plea to Ministers to find some money to cut the taxes on energy. They are making us extremely uncompetitive and are keeping inflation higher for longer. It would be a win-win to get some of the taxes on energy down.