

## Getting people back to work

I have drawn attention to the loss of nearly 800,000 self employed since February 2020, and proposed tax changes to reverse the losses. I am surprised Ministers have allowed this to happen and have accepted the official argument that the loss is down to covid, when the losses have continued after the end of lockdowns. There may well be people on benefits who would be both better off and happier if they worked for themselves, who have been put off by the paperwork and tax issues it raises. The rules now make it difficult for a self employed person to get a contract from a company.

The collapse of self employment is part of a wider problem Ministers are trying to address. They say maybe 500,00 people of working age are now signed off from work owing to ill health who would like to return to work. Whilst no-one who is badly incapacitated should be required to work, those with some physical conditions impeding mobility may well be able to work with computer assistance or from home, whilst those with mental health issues might find work can be part of the answer or part of the way of managing the condition.

The Secretary of State has announced various initiatives to tackle some of these problems. There is considerable delay, with elongated timetables for consultations to be followed by possible legislation. It should be time to accelerate the possible. I cannot believe it is against the law to run the Employment and benefit system to encourage and help people back to work. After all, that was the main point behind the legislation and reforms bringing in Universal Credit.

Ministers need to push harder. The economy will grow faster and the budget deficit will fall if we can persuade and help more people into work. They will also be better off.

---

## The five targets for government

I have always supported the Prime Minister's five targets. Of course they should curb illegal migration, bring down health waiting lists, cut inflation, boost growth and control public sector borrowing. Being competent at doing these things is an important part of reassuring people about the quality of the government. The fact that the Opposition would make some of these things worse with their misguided approaches does not absolve government of the need to deliver.

With others I did raise the question with him of how they would stop all the boats, desirable though the aim was. It was never going to be easy given the criminal persistence of the boat trip organisers. I have always thought you

can get the three economic variables all moving in the right direction at the same time, but you need to reduce tax rates and to control public spending to do so. It was always clear to get NHS waiting lists down you need to get the full engagement of NHS staff, which is not helped by strikes and disputes over pay and conditions of employment.

The NHS pledge is important. Too many people complain of the lottery to get a doctors appointment with the system some practices in some parts of the country use with the need to ring first thing in the morning when everyone else is and then finding the appointments for that day have gone. Too many people wait for months to get access to hospital appointments for diagnosis or for treatments.

One way to help get the waiting lists for treatment down would be for the NHS to buy in more capacity from the private sector, as it did during covid, to get routine items like cataract removal and knee surgery done in private facilities, providing it free for NHS patients. Specialising and making full use of operating theatre capacities would accelerate productivity and quality, as doing many of the same types of operation improves skills and reduces handover time between different teams using a general operating theatre.

A thorough review of the needs of those on long waiting lists would also be a good idea , with administrators updating needs and producing plans to maximise capacity to tackle the big areas of delay.

Even better than all such thinking would be a workable plan from the Chief Executive of NHS England with defined targets and methods to cut the waiting lists, that met Ministers' urgings to cut the list. The Chief Executive should have that as her priority after patient safety, and should have plans to at least get NHS productivity back to where it was in 2019 as quickly as possible.

---

## [The productivity and output problems in the public sector](#)

I have pointed out before that the UK uses a different statistical presentation of public sector health and education to comparable countries. The UK attempts to proxy output of these services, rather than just including their costs. This led to a faster decline in UK GDP when the lockdowns occurred, as both services cut back on the measured outputs which included numbers of pupils attending schools and numbers of doctors consultations. This same scoring system is now losing us GDP because these core services have not got back up to pre covid levels of output despite big increases in spending. Indeed, the latest poor figure for GDP with a 0.5% fall in the last month had as it largest negative a further decline in health output thanks to

strikes in the NHS.

The quirky presentation is telling us something real and of importance. It would not be right to bump up our output figures for all that extra public spending when it is not delivering gains in output. There has been a large decline in public sector productivity in the last three years which has coincided and maybe resulted from the excessive increases in spending committed to the services. This productivity problem now lies behind some of the big political rows going on, though there is still a reluctance by the opposition parties to discuss what you should do about the way putting more money in does not necessarily result in more service coming out.

The one row where productivity has been openly discussed is over the backlog of illegal migration cases. The Opposition accepts there was a bad decline in the number of cases dealt with by each employee in the service. Their answer to the problem is to recommend more staff, and to propose better paid and more senior staff. Ministers have committed more money to the budget and have recruited more people to try to shift the backlogs and report that more cases are now being decided per employee after a period of very low output.

We live in a world where Ministers are responsible for the productivity but rarely have the powers to directly hire, fire, and manage the staff. The case seems to raise the issue should Ministers have removed senior managers when output fell off? Should they take more powers to reward, offer incentives and become more involved in recruitment? Why did productivity fall off so far? Why didn't senior managers in the department take action to tackle it, or alert Ministers and ask for assistance and resource to do so? I cannot believe any recent Minister wanted there to be a collapse in productivity or who would have blocked moves to tackle it if it had been accurately reported early enough. Ministers were setting targets to get more done and had as a policy reducing the backlog.

The bigger one that is similar is the target to get NHS waiting lists down. The Ministerial wish to cut these has been clear throughout. Ministers have provided large general increases in money to the NHS, and have offered additional specific sums to get waiting lists down. Why hasn't that worked? I will develop these issues in future blogs.

---

## [The war in Ukraine](#)

Some of you would like to discuss the war in Ukraine. You ask my view.

I hate to see senseless slaughter and destruction of property. The loss of life and injury to Ukrainians is dreadful. I would like to see a ceasefire and negotiated settlement, but this can only happen when Russia and Ukraine both wish to proceed in that way. I do not want to see other forces and nations intervene to try to impose a settlement on them. That would doubtless

mean even more deaths and unhappiness.

I do not agree with the few who take the Russian side and say Russia is close to victory. All the evidence available from this far away points to a fairly static war now, with both sides well dug in. Both can damage the other but cannot win quickly or easily. I condemn Russia's violent seizure of Ukraine territory.

The issue of how much support the UK and allies should offer Ukraine is difficult. There is general agreement that no NATO, therefore no UK, forces should enter Ukraine and fight on their side. There is agreement no NATO supplied weapons should be used by Ukraine for an attack on Russian territory, but they can be used within Ukraine against Russian occupied areas. There has been a reluctance to supply fast jets, but some tanks and more sophisticated drones and smart weapons have been supplied.

Clearly the volume and power of western weapons supplied will have an impact on the result, just as weapon supplies and economic support to Russia by her allies helps Russia. I wrote before this latest conflict about the circumstances that led to a change of government in Ukraine in 2014 and the background to the Russian seizure of Crimea. I would be interested in your thoughts on how NATO should proceed. I have not been seeking to influence or change this policy.

There are big issues arising from the prolonged war concerning the displacement of people, the costs of rebuilding and the future financing of Ukraine.

---

## [Saving industry](#)

The path to net zero threatens many traditional industries that rely on fossil fuels for their manufacture and for their products. The car industry is being asked to close all its petrol and diesel car factories, writing off large amounts of sunk capital in machinery and research and development. The steel industry is being asked to switch from making steel from ore smelted in a blast furnace, to melting old metal in an electric arc furnace. Oil, and gas companies will be asked to stop extracting more fuel from their wells as the electric revolution proceeds, leading Green campaigners to talk of stranded assets. If the UK does this too soon we will end up importing fossil fuel heavy products instead and world CO<sub>2</sub> will go up, not down.

Western governments want to force the pace of these changes, going faster than consumer preferences and normal market forces will deliver. As a result business is demanding large subsidies to set up the new activities, bans and controls on the old activities to prevent people still wanting these products, and even favours the use of taxation to tilt the markets in the direction of net zero products.

Biden's America has decided to increase spending and borrowing substantially to be able to pay large subsidies to divert green investments to the USA from other places that might have attracted them. The EU with a smaller budget is also planning on spending and borrowing more at EU level to do the same. So far EU strategy has been good for electric vehicle and battery manufacture in Hungary and Poland. This poses a serious issue for the UK. How do we best compete?

Out of the EU gives us a great advantage as we can target our own policies to benefit the UK rather than going along with EU policies which are likely to help other countries in the Union more, as has so far been the case. It seems to me we could best add to the attractions of the UK by strengthening our offer on skilled people, lower business taxes and informed government purchasing. Bidding up the subsidy cost of getting an investment is not a good idea, and may help to undermine the future profitability of these new businesses by concentrating attention on subsidy farming rather than on what the consumer wants to buy. In the end the only guarantee of a strong business and of the tax revenue that can bring is for the business to make things people want to buy at an affordable price. Too many business bought with large subsidies flounder when the subsidy ends.