

# Telegraph article on managing the public sector

I reproduce below an article I wrote for the Telegraph recently:

More money for the public sector must be something for something.

If we work smarter and produce more then we can be paid more. Growing the country's income per head is central to creating the greater prosperity and the wider opportunities people expect. The covid lockdowns imposed a heavy price, destroying business and tax revenues and limiting output. They led to massive public borrowing to tide us over the difficulties. Many people and enterprises came to rely on state handouts. Output and output per head slumped.

Productivity sounds technical and tedious yet it is the key to economic and individual success. If you help produce something lots of people want you usually generate more revenue, allowing your employer or your business to pay you more. If you make something unique like a best selling book or movie, or a new app which is a must have, you can be extremely well rewarded. If you help a company produce oil or pharmaceuticals or some other very investment intensive activity with few people in relation to valuable output you can benefit from the high pay the activity will allow. Markets determine the value of people's output and so influence their pay.

The public sector tends to assess the pay of its staff by reference to market based private sector comparisons. In the 22 years from 1997 to 2019 public sector productivity rose by just 3.7% over the whole time period though public sector staff got pay awards based on comparisons with a private sector that was doing a lot better at raising output per person.

Real state output soared under Labour from 1997 to 2009 by a massive 50% , but productivity fell 2% over the 12 years. Under the Conservatives pre covid by 2019 output was up again by a more restrained 8%, with productivity edging ahead to show a 3.7% gain for the entire 22 year period. By end 2021 output was up again by almost a tenth but productivity was down on 1997 levels by 3.7%. So over nearly a quarter of a century of fast automation and technical advance in the wider economy the UK public sector saw a fall in productivity.

Now the state is much deeper in debt to pay for that huge expansion of public sector activity over the last quarter of a century as a result. We did not see savings for all the investment in computers, on line services, new trains and the rest. We cannot go on like this. It is bizarre that productivity has fallen a lot in an area like benefit processing, given the big investment in electronic systems to speed the efficiency of the process. Having an ever more complex tax system raises the costs of collection. The collapse of commuter five day a week travel on the railways has gravely damaged fare revenues leading to a surge in state subsidy to support a far less productive

railway. Subsidising too many near empty trains makes little sense financially or environmentally.

The government needs to go through the reasons for failing productivity department by department, function by function. It needs a series of something for something pay deals, that recognise people's wishes for pay that keeps up or beats prices. It needs to meet aspirations where it can afford them through promotions, increments, adjustments to pay scales that are based on more output through smarter working.

The railway is a good place to start. The government should not be offering more subsidy which is now more than double the fare revenues. It should be seeking ways to cut the cost to taxpayers, expecting from management and unions together a new approach to identifying how to use the railway to better effect to collect more fares and incur less cost. There is no need to have compulsory redundancies but there is every need to reduce manning levels where technology can do the job, to use new methods for track inspections, to amalgamate guard and driver tasks and a range of other measures which can help. Above all they need a more imaginative timetable that fits modern travel needs. They should have ticket pricing that offers larger discounts the more often you travel a route to try to get more people back commuting more regularly.

In the NHS Ministers should expect more achievement and more transparency from their many higher paid managers in the quangos and Trusts that employ the staff and spend the money. The NHS clearly needs more capacity. Management passion to reduce or limit bed numbers over the years has left it short of physical capacity for an expanding population. It needs an effective workforce plan, as it has many vacancies that need filling and many Agency staff who should be recruited into permanent roles to save the Agency fees and the frictional costs short term employment generates. Quality and output are normally enhanced by allowing people to specialise in areas that they then become good at handling. The NHS under Labour developed more ways to buy in activity and skill from the private sector, whilst preserving the all important free at the point of delivery for the patient. More use can be made of this to encourage centres of excellence and special treatment centres by type of procedure and illness.

Taxpayers are paying large sums to retain 33,000 NHS managers. They expect to see better results from all that planning, hiring and memo writing. Higher output and quality can go together, and depend on a well motivated, respected and professional workforce. As we watch the strikes and delayed access on the news broadcasts we need to ask how they can do things better. We need a public sector productivity revolution, which requires inspirational managers and positive workforces to get together for the sake of better services and higher pay. The two go together. Taxpayers are happy to pay for a good service through their taxes, but resent tipping more money into services where productivity is falling and where services do not meet the public's needs.

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## Written Answers from the Department for Business, Energy and Industrial Strategy Regarding Wind

These answers reveal a worry about discussing the magnitude of special payments to renewable generators, and confirms that there are too many days when wind produces little electricity, leaving us dependent on gas, coal and biomass.

The Department for Business, Energy and Industrial Strategy has provided the following answer to your written parliamentary question (112033):

**Question:**

To ask the Secretary of State for Business, Energy and Industrial Strategy, how much was spent on National Grid constraint payments to wind generators in 2022. (112033)

Tabled on: 16 December 2022

**Answer:**

**Graham Stuart:**

The National Grid Electricity System Operator publishes data on the costs and volumes of electricity system balancing services monthly. This includes a breakdown of constraint costs by fuel type, including wind farms. The total amount paid to wind generators for 2022 has not yet been finalised. Further detail on wind farm payments paid in October can be found in The National Grid Electricity System Operator's monthly Balancing Services Summary.

The following documents were submitted as part of the answer and are appended to this email:

1. **File name:** Monthly Balancing Services-october-2022.pdf  
**Description:** Monthly Balancing Services Summary 2022/23 October

The answer was submitted on 28 Dec 2022 at 10:24.

The Department for Business, Energy and Industrial Strategy has provided the following answer to your written parliamentary question (112032):

**Question:**

To ask the Secretary of State for Business, Energy and Industrial Strategy, how much has been paid to wind generators in subsidies in 2022. (112032)

Tabled on: 16 December 2022

**Answer:**

**Graham Stuart:**

The Government supports wind generators through a number of schemes. Finalised data for total payments made in 2022 are not yet available.

The answer was submitted on 28 Dec 2022 at 10:26.

The Department for Business, Energy and Industrial Strategy has provided the following answer to your written parliamentary question (112031):

**Question:**

To ask the Secretary of State for Business, Energy and Industrial Strategy, on how many days did wind power provide less than 10 per cent of UK electricity output in 2022. (112031)

Tabled on: 16 December 2022

**Answer:**

**Graham Stuart:**

The Department for Business, Energy and Industrial Strategy does not hold daily electricity generation data. However, for the Public Distribution System in Great Britain only, Elexon's figures show that up to 20th December, there were 64 days in 2022 where generation from wind provided less than 10 per cent of total generation. This excludes net imports from interconnectors.

*Source: Elexon half-hourly balancing mechanism reports, available at: <https://www2.bmreports.com/bmrs/?q=generation/fueltype>*

The answer was submitted on 28 Dec 2022 at 10:28.

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## [The battle over recession](#)

In the summer I and a few others warned the government and advised the Truss campaign that then economic policy was going to take us into recession. Official forecasts from the budget said otherwise. I argued that we could change policy to seek to offset some of the recessionary forces coming into play. If the Bank with tight money combined with a treasury hiking taxes, and a concurrent inflation squeezing real incomes, there would be a sharp downturn.

Liz Truss centred her campaign around the need to boost the UK growth rate, and to abate the recessionary forces. She was right to do so, and it proved the more popular cause. The establishment she was battling now accept that their policies will lead to a recession, with the Bank forecasting six quarters of misery and slowdown. Despite this they still are keen to put up taxes. As a result they face public borrowing this year 75% higher than their budget forecast, confirming the warnings I gave that this year unlike

recent years the OBR borrowing figure would be far too low after periods of massive overstatement. Borrowing remains most sensitive to whether you get growth or not. Slowing the economy deliberately gives you higher borrowing, not less.

What we can agree on is the UK state needs to do a better job at controlling public spending. I have issued lists of ways of getting spending down a bit, whilst improving both spending and performance levels in key areas like health and education. I see in a recent poll ending spend on HS2 and reducing Overseas Aid are the two most popular ways of getting spending down a bit from the issues raised. There are plenty of other ways. It is imperative that more of these public sector pay disputes are settled with something for something settlements, allowing better pay for smarter working. Above all the government should get on with the changes to help many more people into work. There are still plenty of vacancies and people of working age who could be better off if assisted into work.

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## Written Answers from the Department for Business, Energy and Industrial Strategy Regarding Oil and Gas

The Department which is meant to be increasing UK gas output to displace imports is still very reluctant to talk about what it and its quangos are doing to make this possible. The cited source shows just 3 new fields coming into production in 2022, Blythe, Elgood and Tolmount. There is no mention of the status of Cambo or Jackdaw. Ministers should require more open reporting and more progress to fill the gaps in our home energy supply. There are several proven fields that need investment and production licences. The more we produce oil and gas at home the more tax revenue we generate, the more transport cost we save, and the less CO<sub>2</sub> that is produced. Ministers accept this case but need to make sure the quangos reflect their policy. The Treasury needs to stop the windfall taxes which threaten future investment and will reduce revenues in the medium term.

The news on nuclear has also been suppressed. We need to know if it is safe to carry on with current plants for longer pending replacement by new nuclear. Over the weekend EDF was talking of two early nuclear closures owing in part to the windfall tax.

The Department for Business, Energy and Industrial Strategy has provided the following answer to your written parliamentary question (112036):

**Question:**

To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will list the gas fields that gained production licences in 2022.

(112036)

Tabled on: 16 December 2022

**Answer:**

**Graham Stuart:**

While the 33<sup>rd</sup> UK Offshore Licensing Round opened in October, awards for licences under this round will not be made until next year. Awards under the previous, 32<sup>nd</sup> licensing round were made in 2020. There have therefore not been any awards for new licences in 2022.

Oil and gas fields, after being licensed, require several consents issued by regulators, such as Development and Production Consents granted by the North Sea Transition Authority (NSTA) before they can begin production. Several fields have received these consents in 2022.

A full list of these consents can be found on the NSTA's website:

<https://www.nstauthority.co.uk/data-centre/data-downloads-and-publications/field-data/>.

The answer was submitted on 28 Dec 2022 at 10:12.

The Department for Business, Energy and Industrial Strategy has provided the following answer to your written parliamentary question (112035):

**Question:**

To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will make an estimate of the amount of coal generating capacity could be made available on stand by notices. (112035)

Tabled on: 16 December 2022

**Answer:**

**Graham Stuart:**

Upon agreement between the Electricity System Operator and coal operators, there are 3 coal plants still operating in Great Britain with contingency contracts until March 2023. This totals approximately 2.4GW of capacity which can be called upon if needed for the purposes of security of supply.

The answer was submitted on 28 Dec 2022 at 10:13.

The Department for Business, Energy and Industrial Strategy has provided the following answer to your written parliamentary question (112034):

**Question:**

To ask the Secretary of State for Business, Energy and Industrial Strategy, whether he has reviewed the planned dates for the closure of nuclear power stations; and whether he has made an assessment of the impact of postponing the closure dates on the safety of those stations. (112034)

Tabled on: 16 December 2022

**Answer:**

**Graham Stuart:**

The continued operation of, and any extensions to, operational dates for any UK nuclear power station is a decision for the operator, EDF, and the independent nuclear regulator, the Office of Nuclear Regulation (ONR), based on safety and commercial considerations. If the ONR has any safety concerns, they will not let the reactor return to service unless and until those concerns have been satisfactorily addressed and may require more regular shutdowns for ongoing review. Operational dates are kept under constant review by EDF and the ONR.

The answer was submitted on 28 Dec 2022 at 10:15.

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## [A and E and NHS management](#)

Yesterday when senior medics connected to the NHS warned of a crisis in A and E the BBC World at One programme did interview a senior manager from NHS Scotland. He ducked a question about money, implying fault with the SNP government. The BBC did not follow up. When asked for a way of solving the problems he emphasised the need for most patients to use a remote service to keep pressures off surgeries and A and E.

They then interviewed the Strategic Planning Director of NHS England. A good early question about the need for a new strategic plan was not followed through though clearly the current plan is full of difficulties. The Director did not offer a clear way to resolve the problems. He did point out they are working on a manpower plan which should be ready next spring. He was not asked why they currently lack a manpower plan or why it is taking so long to produce one. I and others have been calling for one for many months. You cannot have a proper plan for the NHS without a manpower plan, as people are the main resource and cost in the service.

I remember urging PM, Chancellor and Health Secretary with Boris in office to require a clear plan on recruitment and retention of key skills when the NHS was asking for a large sum of additional cash. They agreed but the NHS did not supply the manpower plan so the cash was given anyway. As the warnings all relate to lack of GP, A and E and bed capacity surely the solution must in part be recruiting and retaining more qualified people. As the population grows so we need more beds, more nurses and doctors and more treatments and operations.

It may well be possible to free more beds by improving social care, but bed numbers are still low by international comparison. Some of us pushed hard for more capacity when covid hit, only to see the Nightingales little used then closed. We also watched as the private sector capacity was not properly used though taxpayers were paying for its availability. Huge extra sums did

not buy useful extra capacity. The new strategy should include realistic manning levels and bed numbers. Why won't the media press the top management on the failure of current plans and ask why capacity is kept too low?