

## The Bank of England

I think the Bank was right not to raise interest rates this week pending more knowledge of the Labour market and wage rises now the furlough scheme has ended. I am against raising rates all the time the Bank is creating more money to buy bonds to keep rates down. It would be a contradictory policy.

I have called for an end to more money creation. The Bank has created quite enough. Savings are high, so many people could afford to spend more if they wish. Bank liquidity and capital is strong, so banks could lend more if people wanted to borrow more. There is no need to create more money. If people and companies did decide to spend much more of their cash and borrow more to increase their spending inflation would pick up more. No need to stoke the money fires further.

The task of money management is not easy. There is a slowdown underway which will be intensified by the squeeze on real incomes next spring from delayed energy price rises and the tax increase. There is also a steep and predictable rise in inflation which the Bank did not see coming earlier this year but is now forecasting .

I would stop the money increases and watch the Labour market. Only if there is clear evidence of wage settlements generally taking off to embed the temporary price rises will we need higher rates. So far the wage rises are a feature just of a limited number of activities in shortage.

The government is squeezing incomes too much in the year ahead. It should cancel the National Insurance rise planned for April.

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## Plastic in the oceans

During a question and answer session at a local school environmental issues dominated the exchanges about public policy as usual.

The two most important environmental questions they raised were plastic in the oceans and the need for more trees. I agreed with them about the importance of these matters.

Plastic in the oceans raise difficult questions both about responsibility and about who can remedy the problem.

I argued that the main blame must rest on all those people who threw the plastic away in an irresponsible manner in the first place. In the U.K. we combat this with laws against litter by adults, and with strong social pressures on parents and teachers to tell children not to litter. Some Other

countries need to educate people against littering. The U.K. also spends taxpayer money on clearing up the litter where people do offend. Verges, streets and public places are regularly swept clean and the debris taken care of. More taxpayers money is spent on refuse collection, recycling and safe disposal so our plastic waste should not end up in rivers or the sea, even where it has been discarded wrongly.

In some other countries there is less pressure on people to avoid littering and a less good back up system to intercept litter before it finds it way via a river into the oceans. There are also bad boat crews who litter the oceans directly. This is especially difficult to police.

I explained that the U.K. and other rich countries use overseas aid to promote programmes for better refuse handling and for cleansing waterways. We cannot require other countries to do this. We have to persuade and encourage.

I set out how the U.K. government is promoting more woodlands, with local and National examples of tree planting. I also pointed out that if we continue to need more homes for more people there will be some counter examples where woods are removed to build on the land.

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## Housing need and numbers

The tensions between those who need a home of their own backed by the house builders and developers and those who worry about the pressures on local schools, surgeries, hospitals and green spaces have become acute in the last two decades. The yearly arrival of more than 250,000 additional people needing homes compared with the 50,000 a year in the 1980s has required a big increase in building. There is also the demand from people already settled here as children seek a home of their own and divorced people who need a home each. This is partly offset by elderly people vacating homes if they need to go into a care home or die, and by some single people choosing to share a home with a partner.

Today there is a new tension over the decision on CV 19 health policy grounds to house illegal migrants in hotels rather than other housing, with many writing to MPs criticising the costs and the diversion of hotels from more traditional uses.

The position could be improved if the authorities had more success in preventing illegal migration . Most of us condemn people trafficking. Ministers want the profiteers arrested and taken out of circulation. Their businesses should be stopped. When will more success be announced?

It is also right to choke off most businesses being able to import cheap cut price Labour all the time there is a domestic option. In some cases shortages will need better pay and conditions and training programmes to meet our own

demand.

I will be asking more questions about the development of the governments approach to skills, domestic recruitment of Labour and illegal migrants.

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## Filling the gap in our energy needs

I have recently asked some questions about the amount of energy we import and about the capacity we have available to generate electricity.

The government said their capacity auctions have “secured the majority of GB’s needs to meet the forecast peak demand out to 2024/5 at a low cost”. It is true it says the majority. Does that mean the minority can be covered but at less satisfactory prices, or does it mean there is still a theoretical gap? If the latter they need to auction some more requirements.

When I asked if they would keep the remaining coal stations available which had to be used recently when we had a windless period, I was told they do not plan to do so as they use the capacity auction system. I fully accept that capacity auctions can be the best way of procuring the cheapest next available power, and these are indifferent as to ways of generating. The point about asking is that they have just had to use the coal stations, so putting a ball and chain through them might not be a great idea. If there are cheaper and better ways of guaranteeing sufficient capacity then of course the coal stations could be demolished but only after better sources of reliable power have been secured.

I went on to ask if they were thinking of converting the coal stations they have just had to use to biomass, as they have done with the bulk of the capacity at Drax. They ruled that out in their response.

When I asked about substituting more UK produced gas for some of the expensive gas we are importing, including long distance LNG, I was told that they offered but “conditional support for ongoing domestic gas production”. I still do not understand why they think imported gas is better in any circumstances. Long distance gas brought in on ships must be less green given the transport involved and probably dearer.

It appears that gaining a low domestic carbon dioxide score is the main driver of policy. Policy needs to ensure sufficient UK energy capacity at affordable prices as well. Importing timber pellets or gas is not a carbon win on any sensible accounting scheme.

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# Tackling health waiting lists

We are all in favour of getting NHS waiting lists down. Patients need timely appointments and prompt treatments. The government has announced a substantial unspecified portion of the £36bn extra in one announcement over three years to tackle waiting lists, money to be shared and transferred eventually to social care. It has announced another £8bn added to future budgets. I asked some questions about how this money is going to be spent.

When I asked how many extra medical staff will be recruited using the £ 8bn I was told "We are working closely with NHS England and NHS Improvement to develop a plan for how that funding will be used including workforce requirements and additional medical posts that may be needed".

When I asked where was the plan to reduce waiting lists I was told they aim to publish "an elective recovery delivery plan " in November. They have explained that they added £1bn to this year's £1bn Elective Recovery fund and aim to spend the £8bn over the three years 2022/3 to 2024/5. When I asked about the NI surcharge money they said they are "working with NHS England and NHS Improvement to develop a plan of how that funding will be used"

When I asked how much the property costs would be of setting up new NHS diagnostic centres they told me the small and precise figure of £55m. That implies a plan with proper costings for that venture. I look forward to seeing how many centres that buys. The bigger cost will of course be staffing them. When I asked about the value for money of the Test and Trace programme I was told there will be a value for money report on that in the late autumn this year.

I was somewhat surprised by these answers. Given the strength and depth of NHS management I thought they would have put together a plan to bid for funds from the Treasury for the waiting list work. I would have expected the workforce requirements to be the main feature and cost in the plan. I would have expected the Treasury to require detail over how waiting lists were to be brought down before placing a firm sum into the budget. I would also have expected the Treasury to have pushed back on the huge Test and Trace budget to see if some of this year's allocation could be transferred to waiting list work. There are other elements in the large and fast growing health budget of the last two years that also need examining, as they should have been one off and set up costs brought on by the pandemic. There is a general attempt in the Red Book to distinguish between one off and regular spending.

Presumably the costs of establishing then standing down the Nightingales was a one off . Presumably necessary work on better controls over airflows and air cleaning to curb infection spread has all been done by now, and those items should drop out of budgets. Presumably fewer of the workforce are now having to self isolate or be off sick as the Covid case rate in hospital declines and as serious infections wane thanks to widespread vaccination. All that should help improve the ability of the hospitals to tackle backlogs

and to get staff back to more normal duties and routines. I will watch out for the plan to get the lists down, and will ask further questions to see how they are getting on. They were not able to tell me how many Chief Executives the various parts of the English NHS now employs. I would have thought someone would keep a record of that, as they all get paid.