

Taxes for a purpose

Let me have another go at explaining to the Treasury why hypothecated taxes are a bad idea and have not been adopted before now. The idea that an NI rise of around £12bn will pay to get the NHS waiting lists down and to fix social care is deeply misleading.

The first problem with it is how does the government transfer the money from the NHS to social care? Will the NHS be willing to say goodbye to the £12bn soon? When will the waiting lists even begin to come down, let alone come down to sensible levels? I suspect the NHS will want to keep the money

The second problem is we spend £40bn of public money a year on social care. The extra £12bn will not pay for social care. It will merely pay for some improvements. It is wrong to give people the idea that social care is cheap, when it is dear and will get dearer.

If we truly want hypothecated revenues to pay for the NHS then we need to tell people all current Income Tax, Inheritance Tax, Stamp Duty, property transaction duty and Capital Gains Tax is needed to pay for the current NHS budget. Then they might understand the sums involved. It would take all current Council Tax to pay the present £40 bn of social care.

The government would be well advised to change all its presentations of sums of money and public service delivery. It is not the case that a £10bn service is good and a £15 bn service naturally better. When I go to the shops I do not come home and say I have spent £80, only to be told by family I should have spent £100. Instead I report what I bought and might report the sums involved if I thought it was good value. My family might want me to buy more things or get better bargains but would not urge me to simply spend more money. Government should talk about what it buys and how it ensures value for money rather than bragging about large sums spent.