

GDP figures reveal big decline in public service output and rise in public sector inflation

Two of the biggest sector falls in the economy in the sharp recession last quarter were health and education, owing to the impact of the virus on their ability to work. The ONS decided they delivered 34.4% less education and 27.2% less healthcare. These are bigger falls than the economy as a whole. Because public spending rose sharply the ONS also decided there was a very fast inflation in the public sector. They calculated public sector inflation or the rising cost of government at 32.7% "because the volume of government activity fell whilst at the same time government expenditure increased in nominal terms". The overall deflator "the broadest measure of inflation in the domestic economy" as a result shot upwards.

Restoring health and education output is a very important part of the recovery policies the government is now following. Of course the government needs to ensure safe working for all employees as the schools and surgeries get back to full working and the non Covid work of the hospitals builds up again.

Ministers intervene in exam grade appeals

Overnight we have news that Ministers have reviewed the actions of teachers, Examining Boards and the independent regulator. They have decided that a good ground for appeal can be the mock exam results where these were achieved in properly controlled conditions. This means an individual will have a way of upping their grade where a combination of teacher assessment and Examining Board moderation has delivered a lower grade than the mock exam result.

Taxing development

The government wants to speed more housebuilding, but it also wants to tax development. It proposes a new infrastructure tax to replace the existing system.

It is true the gap between land values with permission to build homes and land values for land without any building permission is huge. It is also true the wider community incurs large costs from more housebuilding. There needs to be more schools, surgeries, roads, power lines, broadband cables and the rest. All parties have accepted the idea that there should be some infrastructure levy or contribution to public sector infrastructure costs, just as securing private sector services may entail direct payments to the service providers. The government does not mention the need for compensation payments to existing homeowners, though there are clear cases where the amenity and value of their property is hit by more traffic and noise, worse views etc. Developers who want speedy progress sometimes offer compensation to reduce opposition to a scheme.

The Section 106 payments system has been a negotiation between Councils and developers. Many Councils have wanted to take the money to build more homes for rent instead of using the money to build the roads, schools and surgeries needed. The sums have expanded to try to accommodate both needs. The government has also introduced an additional Infrastructure levy.

The new levy proposed is only set out in outline. It is national with maybe a single national rate or rates. It might also have regional or local variations. It seeks to flex according to land and home prices, allowing developers to make a given margin before the levy kicks in. In falling markets the levy would fall and in rising markets it would rise. That is a sensible feature.

I would urge simplicity and suggest a per house levy to cover the obvious public sector infrastructure costs. The government wishes to increase this tax, which will make achieving more home building more difficult.

Given that many people want fewer new homes with reduced migration, what do you think would be sensible by way of a tax on new developments?

[On line meeting with Schools Minister](#)

I dialled in to Nick Gibb's briefing yesterday about the forthcoming exam results. He set out the position as I did on my blog yesterday. He agreed it would have been better for all pupils to be able sit the exams, and for these to be marked by independent teachers who do not know the pupils as before. Instead we have a second best system where compromises have been made by the Examining Boards to try to award meaningful qualifications to pupils who have done the work but not taken the exam.

The Exam Boards and their Regulator have decided they do need to adjust the results proposed by teachers. They stressed to teachers they want them to concentrate on getting the right order in their list of student results, so the Board knows who they think would have done best and who would have done

worst in the exam. The general adjustments to the teacher scores will not affect the rankings of pupils school by school. The Examining Boards are going to adjust some school results downwards, keeping the proposed order, as in aggregate teacher's assessments can produce considerably better results than past years.

This of course can produce injustices for pupils and schools that are improving on previous years. In some cases it may favour the school or pupil and will go unchallenged. The appeals and exam options allow individuals and their schools to bring evidence that the adjusted grades are not fair because they are too low. Any constituent who is worried about their grade or their children's grades should talk to their school about the possibility of an appeal or the exam option.

The truth in each case is we can never be sure how well that student would have performed in exam conditions on the day. There will remain a degree of approximation in some cases. The important thing is for pupils to get a sufficient grade to go on to the next stage. Those who move from GCSE can prove they are better in their A levels if they feel their grade was wrong, and those who move to university can prove themselves better in University exams when they get there.

BA should listen to its staff

Constituents are understandably writing to me about the words and actions of BA.

I have condemned the way IAG has treated their staff and written to them urging them to be fairer to their employees. I have also questioned the worse treatment for BA relative to other airlines they own. I have drawn attention to the strong financial position of IAG despite the temporary large loss of paying passengers.

I have urged the government to do more to allow safe returns to work for as many people as possible, and to work with the aviation industry on recovery. I understand the anger of my constituents who have worked well for BA over the years and who feel the airline's shareholders and top management have let them down at this time when they need help and support.