

The rise of the civil service

In the three years to March 2023 there was an increase of 63,000 civil servants, or 64,000 full time equivalents. Over the 3 years 2020 to 2023 there was a substantial fall in public sector productivity. There are now more than 4000 senior civil servants in Director level and above jobs.

Whilst it is understandable that the NHS and the civil service needed extra temporary help to deal with the special needs and extra government direction which covid controls and lockdowns brought, it is surprising that extra recruitment has continued well after lockdown was lifted.

At the same time there has been expansion in numbers at various quangos and so called independent bodies. Far from slimming the centre as more is done outside core government, the advent of more and more powerful independent government bodies seems to have increased the need for staff. Maybe the need or wish for cooperation, coordination and communications between the external body and the government department has required more people to talk to each other.

It is time for Ministers to set out their plans to get productivity back up to 2019 levels. It is time for them to ask civil service senior managers and quango chiefs how come productivity has slumped? What action is being taken to put it right?

Poor productivity can come with bad service. Get things right first time and productivity and quality rise. Do things promptly and spare yourself the need to respond to enquiries and complaints about delays. Have easy and friendly systems and requirements and have fewer complaints or need to help people access your services.

The Autumn Statement – again

The Times runs detailed stories on what will be in the so called Autumn Statement. Time was when the Autumn Statement was an annual review and future budget for spending, provoking proper debate about priorities, costs, public sector productivity and the rest. This was followed by a Spring budget which set out how the spending would be paid for. Tax changes were proposed and revenue voted by Parliament.

This Autumn Statement appears also to be a budget. There is active discussion of tax changes. The story has changed several times recently. I have no idea what PM and Chancellor will decide. I do not think the Times makes it all up, so their stories presumably come from people who do know something. This implies that the ideas for the budget have been fluid. Today's stories say

the decisions are still not made. this is running it late as the government will need to print all the documents with their confidential press in time to release them the moment the Chancellor completes his presentation to Parliament.

After someone briefly widely a cut in Inheritance tax I now read that this will not happen next week. A tax cut for a small group of well off families to receive more on death des seem an odd priority for now. I am sticking with my advice to prioritise getting infkation down with energy tax cuts for the next year, and to boost growth and output with cuts to tax on small business and self employment. There is a suggestion in the press that the latest figures give the Chancellor more scope to cut taxes as the outlook is better again than OBR forecasts.

My package was modest, and included asset sales and spending changes to give more leeway. I read they are considering a possible 5% cut in the standard rate o& income tax from 20% to 19 % or a lifting of the 40% threshold or a cut in National Insurance. Of those as an extra to my proposals I favour threshold changes to take more out of 40% tax and to correct the anomaly of withdrawing tax free allowances from £100,000 rather than a higher figure. The National Insurance proposal is the least attractive.

I stress again the main objectives must by the give inflation another push down and get growth going. This argues for a more generous package for the self employed, small business and on energy costs than I set out rather than tackling Income tax next week. Sort growth and inflation now and start a stated planned reduction of Income Tax next spring as growth returns and yields more revenue.

The Autumn Statement

Next week the Chancellor presents his Autumn Statement.

It is important he starts to cut taxes. The Conservative party must be the party of lower taxation. It needs to do that as well as say that. It has two main opportunities left before the next General election. It should start now on the downward path of tax rates and numbers of taxes.

It is important he tells the Bank of England to stop selling so many bonds at big losses. The European central Bank who made the same inflationary mistake as the Bank of England in printing too much money and buying too many bonds, is not making the same mistake of selling them too soon at huge losses. Hold the bonds to redemption and the losses will be smaller. Selling bonds now gives us higher mortgage rates, as forcing the price of bonds down puts the rate of interest up. The bond portfolio is fully indemnified against loss by the Treasury whose permission is needed for it. Why do taxpayers have to pay those big losses?

It is important to cut taxes that boost output and or help bring down inflation faster. The tax cuts need to help the self employed, where we have lost 800,000 this decade. Remove the 2017 and 2021 IR 35 Income Tax changes. Boost output by raising the VAT threshold for small businesses so they can expand further. Cut taxes on energy and on petrol and diesel to push prices down.

The Treasury wrongly thinks tax cuts are inflationary. If you pay for them by cutting the growth in public spending they are not inflationary. If you get enough revenue in from the extra growth they are not inflationary. If you borrow money through selling more bonds they are not inflationary. What was inflationary was to have a surge of public spending along with massive money creation and bond buying.

Indeed, helping creating more business capacity to supply more goods and services cuts inflation. Taking taxes off energy cuts inflation.

What should Esther McVey do?

Esther McVey is taking up a new post in the Cabinet Office as Minister without portfolio. The press say she is the "Commonsense Czar", the wokefinder general, the slayer of wrong headed wokery.

So where should she begin?

The kind of commonsense I would like from government includes putting the public first when designing public services. Car parks that are friendly where it is easy to use the machines, rather than tax and fine traps with complex rules and limited ways to pay. Roads designed and looked after with drivers in mind, rather than obstacle traps getting in the way of getting around. Council websites that are easy to access and allow you to see what service is on offer, find out things about your local area, and see an honest account of where all the tax money is going to. Appointments that can easily be arranged to access a public service and mean the times on the agreement. Trains that run on time and are not cancelled. More commonsense on net zero, better value for money from many public services, less intrusion into our lives by government. Fewer forms and compliance with ever more rules.

The government may have in mind altering views on cultural matters.

What would you want her to take up and achieve?

Votes on the Israel/Hamas war

I voted in accordance with the Conservative Party whip. I support the government as it urges all involved to avoid civilian casualties, to obey the laws of war, to provide humanitarian pauses and facilitate humanitarian aid. I support its diplomatic work to press the humanitarian case and to seek to get UK citizens out safely.

Like those who send emails about loss of life in Gaza I want to see an end to the deaths of civilians in Gaza. Like those who send me emails about the attacks on Israeli civilians and about the hostages I wish to see an end to those attacks and a release of the hostages.

Of course I would like a ceasefire to end the violence. This can only come when the two sides can agree one. It cannot be imposed from the UK.