

# Where all the money is going and what should be done. Making state services more efficient

Please find below my latest article for Conservative Home:

This government has been generous with taxpayers' money. Record sums have gone into the NHS, alongside the huge amounts spent on Covid measures. Extra money has been allocated for the police, defence, levelling up, and other priorities. Despite this, NHS waiting lists have surged, our armed services are shrinking, we struggle for skilled people to fill thousands of jobs and the (effectively nationalised) railways are perpetually striking to resist changes that would boost productivity.

This century, our public sector has seen productivity gains come to a halt. The latest ONS publication on the subject is dated 7 April 2020. The long-term graphs included show that from a base of 97 in 1999, productivity had just managed to reach an index level of 100 twenty years later. There are some in the public service senior management who think productivity does not apply to them.

By associating productivity with cost-cutting, those managing our public services have not learned that good productivity programmes aim to improve quality whilst reducing costs. Concentrating on good outcomes cuts complaints and remediation costs. Employing fewer better-trained and better paid-people for any given task often raises customer quality, improves motivation and performance, and leads to more growth of the business as a result. Productivity can be raised by applying the right technology, automation and machinery to tasks and training people better to do the tasks only people can do.

Some claim that the public sector requires a high ratio of staff to users for the best service. Whilst limiting class size in schools can improve the quality of each pupil's experience, learning experiences can also be enhanced by giving pupils remote access to star lecturers, or by using digital lessons that are not as staff intensive. Many like access to a named GP or hospital consultant if they become seriously ill, but also approve of new opportunities for phone calls or online links to their GP for advice or treatment. The railways should also be an ideal industry to embrace automation to improve safety and raise productivity.

The government is right to seek better control over public spending after the huge expense of tackling Covid. The first reductions were easy: removing Test and Trace and scaling back the vaccination programme after most people had received three jabs. But there is more to do. The Secretary of State needs to take a tougher interest in the amazing array of administrative and policy jobs still being advertised for various health quangos. I have twice now asked Ministers to tell me how many Chief Executives there are of health

bodies in NHS England.

As they are all clearly drawing large salaries you would have thought the NHS would know. But on each occasion they have replied that they do not. No large private sector organisation would employ CEOs without knowing how many there are, what they cost, and what they do. It was particularly strange that one of these exchanges was debating a report into the senior management of the NHS, which should logically begin with its size and cost.

My next recommendation to curb spending targets the million people on out of work benefits whilst there are far more than a million job vacancies. Both the individuals and the public finances would be better off if they took those jobs. The pre-Covid checks and support offered to job seekers must be reinstated and improved so we can take advantage of these plentiful vacancies.

When it comes to handing out money, the Treasury could offer ways that cut government costs rather than raising them. Its wish to offset the high price rises for fuel by sending one off payments to people based on various criteria is more expensive than reducing taxes on the specific items. The Treasury also adds to costs by inventing new taxes when it should concentrate on economic growth and the large revenues generated from pre-existing taxes. Recent and upcoming Treasury reforms will make tax collection less efficient and add to compliance costs. It does not set a good example for Whitehall.

With the Government hoping to extend home ownership, it would be wise to review the number of permits granted to people to come and live and work in the UK. The current rate of admission requires the UK to build many extra homes, to construct additional school and healthcare capacity, put in extra roads and much else to accommodate the rising population. All this requires substantial up front capital to be provided, and adds to demand side market pressures. Accepting a slower rate of population growth would relieve some of the pressure and cut the need for additional public sector capacity.

The government should review quangos and contract terms for Chief Executives of agencies and public bodies. It should slim down the number of bodies, transferring more to central Whitehall and the existing team of senior managers, and amalgamating elsewhere to cut overheads. Doing more better with existing resources should be a normal expectation in many areas, as it is in the private sector. The public sector pays large salaries to some of the chiefs of the larger trading bodies but often does not get the performance from them you should expect from such well paid individuals.

There have been long-running problems with public procurement. Most of the system is run by officials to avoid allegations of favouritism in contracts. There should be methods to ensure the system is capable of delivering great quality and a good price for all that government buys. It should also ensure domestic supply and access to technology is properly looked after in a competitive process. Importing too much is often not the cheaper option in the long term, is subject to overseas supply interruptions, entails more transport cost and undermines the domestic industry and tax base.

There is a big productivity agenda to make government better that the government needs to take seriously. There are plenty of Ministers. They should be charged with the task of raising the quality and volume of output we get for the large resources now committed.