

Why do most politicians and commentators say public spending is so tight?

People have suffered in recent years thanks to the lockdowns, the Bank of England created great inflation and some tax rises. The public sector has witnessed a surge in public spending and a big increase in staffing levels. The problems in the public sector are not austerity but a big drop in productivity and massive misplaced spending.

I used to take to Chancellors and Chief Secretaries short lists of large losses by the public sector. The state has clearly have not been short of money because the Bank of England has pocketed £75 bn so far to pay its losses in the last couple of years. We have seen a £20 bn loss of productivity in public services since 2019 as they were given plenty of money to add personnel without adding output. The true figure is higher, and we now have a five year loss of any productivity gains during a period of big spending on smarter digital technology.

The public sector had billions to sign people off as permanently unable to work when more with support and training could get a job. Government tipped billions into a southern railway called HS 2, as its budget overrun more than threefold and the decision was taken that it would never get to the North which was the original big idea. The state afforded the luxury of a Post Office expensive management which ran up losses of £799 m with no one in power objecting. The new government has not queried or changed any of this.

The new government is worse. It thinks it fine to give out big pay awards with no clauses on boosting service quality and output for the extra money. We need better pay with smarter working. Whilst they say there is a shortage of cash for pensioners winter fuel there is no shortage of cash for anti driver road schemes, for welcoming more migrants who came illegally, for importing more of our energy as we close down our own oil and gas prematurely.

The public sector is not short of administrative staff and not short of money, It is not short of expensive managers. It is short of effective managers who spend wisely. It is also now short of Ministers who care about value for money and know how to get back lost productivity.