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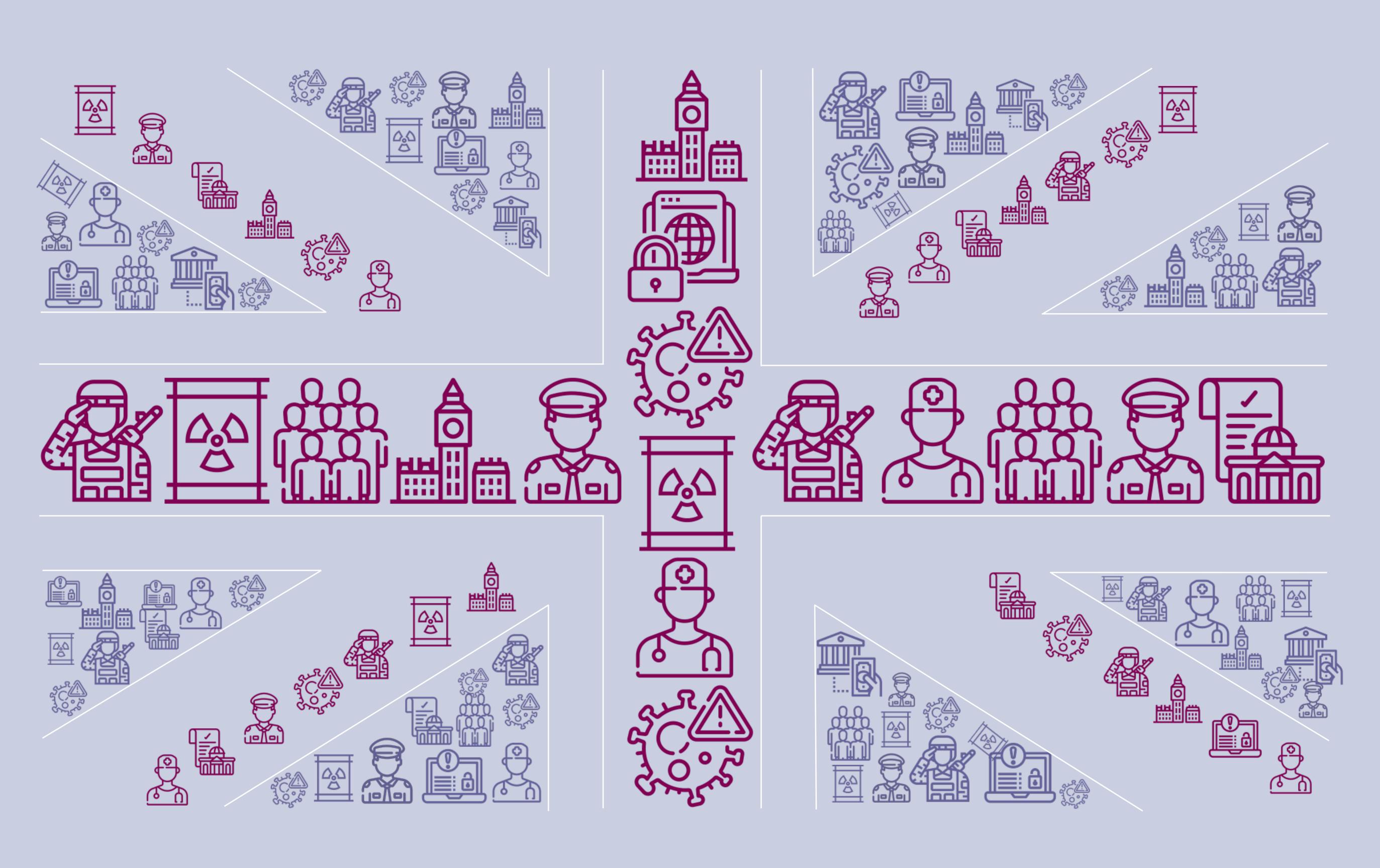## Resilient State

Building a resilient state: A collection of essays

Deborah Cadman OBE, Professor Sir Ivor Crewe, Professor Ian Goldin, Andy Haldane, Suzanne Hall, Danny Kruger MBE MP, Rt Hon Baroness Nicky Morgan, Professor Nick Pearce, Charlotte Pickles, Dr Rod Thornton and Dr Marina Miron, Rt Hon Lord William Wallace

October 2020 #resilientstate

About *Resilient State*

The COVID-19 pandemic has placed a
huge strain on the State, and while
the response has demonstrated some
of the great strengths of our public
services and machinery of government,
it has also exposed some of the biggest
flaws. As we move towards a 'new normal', we have
a unique opportunity to explore fundamental
 questions about the shape of the State
and how it operates. Reform's 'Resilient State'
programme seeks to learn the lessons from
this crisis and identify the key building
blocks that, if put in place, would enable
us to better deal with future shocks and crises.

This collection of essays brings together leading
thinkers to explore different aspects of
a resilient state. The series aims to provide
a platform for innovative ideas, to stimulate
debate, and help shape a way forward. Each essay
is the view of the author, and not necessarily that of *Reform*.

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Introduction: Towards a resilient state

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Routine surgery stopped, cancer care delayed, classrooms emptied, courts paused, the military mobilised – as COVID-19 hit, many of our public services found themselves ill-prepared to cope. The scale of the challenge, and the novel nature of the virus, meant serious disruption to business-as-usual services was inevitable, but, as our authors highlight, structural weaknesses meant this disruption was more severe and longer-lasting than it should have been.

The State, it seems, was not as resilient as we might have hoped.

That is not, of course, to say that we have not witnessed impressive examples of resilience – between mid-March and the end of May, the Department for Work and Pensions processed almost three million Universal Credit claims;[1] hundreds of thousands of public servants transitioned overnight from office to home working; and GP surgeries shifted to remote consultations (though the latter is not without its problems).

There were also notable examples of creativity – the Coronavirus Job Retention Scheme was developed in weeks and saw over nine million jobs furloughed; Nightingale hospitals were built in days (although went largely unused); and councils across the country found innovative ways of using tech to deliver services and support the vulnerable. And the UK has led the world in treatment and vaccine development – in part because of the flexibility of regulators in streamlining processes.

> " *Funding was by no means the only, or even biggest, issue* "

Yet there is an overriding sense that the State was unprepared when the pandemic hit, slow to mobilise when the threat became clear, and in too many areas has failed to deliver.

As Professor Ivor Crewe writes in his essay, the "continuing lack of a clear and coherent strategy" led to errors, delays and poor decision-making.

Professor Goldin notes that resilient states learn not just from their own past experience, but that of other countries. This was a failing in the UK: detailed plans were in place for dealing with an epidemic of influenza, but little thought had been given to a coronavirus-based pandemic despite the experience of SARS, largely in the Far East, in the early 2000s.

At the same time, Professor Crewe reminds us: "Do not plan future wars with the battleplans of the last". Both are right, and government would do well to follow such advice in the future.

The narrow focus on influenza demonstrates a degree of groupthink, another risk to resilience – recent calls for greater cognitive diversity in government

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[1] House of Commons Work and Pensions Committee, DWP's Response to the Coronavirus Outbreak: First Report of Session 2019 - 21, HC 178 (London: The Stationery Office, 2020).
[2] NHS Confederation, Getting the NHS Back on Track: Planning for the next Phase of COVID-19, 2020.

are well placed (though that must apply across the board – to officials, politicians, and expert advisers).

The lack of planning may not have hit so hard had public services been in more robust health – a point Lord Wallace makes in his essay. Even before COVID-19 hit, the waiting list for NHS treatment stood at over 4 million,[2] and both the health and social care workforces were struggling with high vacancies. Local government was similarly under pressure, with rising social care costs squeezing already falling spend on other services

In much of the public sector there was no, as Lord Wallace puts it, "redundancy". This tension between efficiency and resilience – which requires some degree of excess capacity for times of crisis – will have to be addressed if we are to better weather future shocks.

But funding was by no means the only, or even biggest, issue; a point proven by the fact that billions of pounds have been spent over the past six months yet huge challenges still remain.

A lack of funding was not the reason that so many state school pupils received little to no formal teaching during lockdown, or that the exams algorithm proved such a fiasco. It was not the reason that justice was paused when jury trials were pulled. And it was not – given the Chancellor's pledge that "whatever it costs, we stand behind our NHS"[3] – the reason that cancer care and elective operations were postponed (much of the extra capacity sourced was left empty).

While extra investment is clearly needed in some areas – not least social care as several authors point out – the prolonged and highly damaging cessation of core public services is symptomatic of deeper issues.

Poor collection and use of data, insufficient pre-pandemic adoption of tech, gaps in civil service capability, a seeming lack of scenario-testing and decisive action, and a mixture of over centralisation and excessive fragmentation in the machinery of government and service delivery. All of these meant the State was less resilient than it could have been when crisis hit.

"Government departments have retreated to their command-and-control comfort zones"

One of greatest weaknesses exposed by the pandemic is central government's controlling instinct. Rather than recognising the value of local insight and infrastructure, and devolving power and resources accordingly, ministers and government departments have retreated to their command-and-control comfort zones. From identifying and supporting shielding households, through delivering test, track and trace, to designing the employment and skills programmes to support the millions left unemployed, local partnerships were needed.

Instead, promises were made but not met, creating a perception of incompetence and undermining public trust in the Government, as Suzanne Hall makes clear.

As Danny Kruger puts it, "Centralised bureaucracies are entirely unfitted for the nimble, digital, diverse 21st century." Or to put it another way, as Deborah Cadman writes, "the centre cannot hold". A more resilient State is one that trusts, supports and empowers its regions – as well as holding them to account.

In addition to the fragilities that have been exposed in our machinery of government, our authors also highlight specific areas that may need redress. Dr Rod Thornton and Dr Marina Miron cite the Government's heavy reliance on the "serendipitous" availability of military personnel where capacity and skills were lacking. From sourcing PPE, to running test sites, to building Nightingale hospitals, the armed forces played an essential role in building our homeland resilience – might it be time for a civil defence body?

Professor Nick Pearce notes that the pandemic has exposed the "holes in the [social security] safety net", and asks whether it is time to rethink our welfare system. The Treasury's rapid design and delivery of the furlough scheme is a key crisis success, but the fact that it had to be created in the first place also reveals a key weakness is the State's infrastructure – in many European countries their social insurance models could be flexed to accommodate the jobs crisis.

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[3] HM Treasury and The Rt Hon Rishi Sunak MP, The Budget Speech as Delivered by Chancellor Rishi Sunak, 2020.

And many Britons who have lost their jobs will have been shocked at how bare bones the benefit system is. A welfare system that does not support household resilience in times of need also has serious implications for state resilience.

Yet among the gaps and holes that COVID-19 has exposed there have also been positives. Reserves of strengths and capabilities that can be built upon as we move to recovery and beyond.

Our basic digital infrastructure is one of those, as Nicky Morgan highlights. Millions of Britons shifted overnight to working and socialising virtually, many public sector processes and transactions went digital at a speed few would have anticipated pre-pandemic, and businesses shifted sales and services online. Improvements to connectivity and skills are needed, but this critical infrastructure proved resilient. Yet the largely successful shift to digital also presents a major risk to the State –

the new types of warfare that Rod Thornton discusses will be cyber-enabled.

Most encouraging of all was the upsurge in community solidarity as neighbourhoods rallied together to support those in need. As Andy Haldane puts it, "as other sources of capital (financial, physical, human) crumbled, social capital... grew".

" *A resilient state has the ability to learn and apply lessons in real time* **"**

An "investment state", Danny Kruger argues, that gives power back to communities, is a more resilient state. But as with our digital infrastructure, our social infrastructure cannot be taken for granted, it needs nurturing,

resourcing and protecting.

Winston Churchill is credited with having said "never let a good crisis go to waste". While the phrase may seem insensitive, particularly when we are still in the midst of the COVID-19 crisis, it is nonetheless true. Indeed a resilient state has the ability to learn and apply lessons in real time. In the aftermath of a World War that wrought such devastation and challenged so many social 'norms', Britain demanded more of its State. We must do the same today.

Fragility to strength: lessons from around the world

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It is a mark of the times that 'resilience', a term particularly associated with fragile and low-income states, has become a relevant lens for examining wealthy Western nations. At root, the concept concerns the way a state responds to shocks. What I have described as "the butterfly defect" characterises the modern economy with endemic instability.[1] We live in times of "radical uncertainty", such that no state can be perfectly prepared for every eventuality.[2]

A fragile state is one that breaks under a negative shock. A competent state can withstand the shock and recover to its previous level. A truly resilient state does more: it is "anti-fragile",[3] emerging from the crisis stronger than before. It learns and grows, with each trial survived leaving it better prepared for the next.

The COVID-19 pandemic has both highlighted key behaviours which foster resilience and exposed their absence. Resilient states (i) learn from the past, (ii) train, trust and retain the best people, (iii) invest in preparedness while the sun shines, (iv) distribute domestic power effectively, and (v) build mutually-supportive coalitions internationally.

> " *A truly resilient state emerges from the crisis stronger than before. It learns and grows, with each trial survived leaving it better prepared for the next* "

One-off policy initiatives are insufficient: true resilience emerges from practicing these behaviours repeatedly, so that knowledge, expertise and trust compound over time.

The first, simplest, and most important characteristic of resilient states is that they learn from the past. Taiwan, Singapore, South Korea and Vietnam have been top performers in the fight against COVID-19, despite their proximity to the source of the outbreak, and very different political systems, due in part to their previous experiences with MERS and SARS. After struggling to deal with the 2015 MERS outbreak, the South Korean government changed the law to provide more resources to epidemic intelligence officers, including access to CCTV footage for contact tracing.[4]

Learning and implementing such lessons is difficult if inquiries take a

[1] Ian Goldin and Mike Mariathasan, The Butterfly Defect: How Globalization Creates Systemic Risks, and What to Do about It (Princeton: Princeton University Press, 2014).

[2] John Kay and Mervyn King, Radical Uncertainty: Decision-Making for an Unknowable Future (London: The Bridge Street Press, 2020)

[3] Nassim Nicholas Taleb, Antifragile: Things That Gain from Disorder (London: Random House Publishing Group, 2012)

[4] 'Contact Transmission of COVID-19 in South Korea: Novel Investigation Techniques for Tracing Contacts', Osong Public Health Res Perspect 11, no. 1 (February 2020).

long time to report and are overly politicised – as with the UK's Chilcot inquiry into the Iraq War, which did not publish its findings until 2016 (seven years after UK combat operations ended). There are already fears that a similar fate awaits an inquiry into COVID-19 in the UK.

Resilient states also learn from others' pasts, not just their own. While less directly affected by previous pandemics, Germany went into the crisis with a detailed pandemic response plan that was quickly updated – with the South Korean model of widespread testing at its centre. This preparation enabled testing to scale up rapidly, with little time wasted on disputes over governance, accounting or costs.[5]

"Resilient states also learn from others' pasts, not just their own"

Adopting international best practice is intimately connected to the second key behaviour of resilient states: the ability to empower and retain good people. Scientific advisors have received a nightly news profile equivalent to military generals in times of war (or national team coaches during international sporting events). Social distancing measures require public compliance. Taiwan's response has been helped by having a popular party-independent epidemiologist as

Vice President. The Australian Government has surprised many with its deference to experts and collaborative decision-making, with 93 per cent of Australians approving of its handling of the pandemic.[6]

In the UK the Government had "had enough of experts"[7] during the Brexit debate, but subsequently in its response to the COVID-19 pandemic experts have played a central part: government action has been based on the advice of the SAGE committee, and the Chief Scientific Adviser and the Chief Medical Officer were given leading roles in media briefings. In the US by comparison, the system has become highly polarised, with many talented officials locked out of office by party affiliation, and high turnover among those who remained.

Beyond personnel, physical and financial resources are required to deal with crises – and these are best saved up during the good times. Singapore has been able to spend almost 20 per cent of GDP on stimulus measures by drawing on reserves accrued precisely to prepare for financial shocks. Going into the pandemic Germany had 35.3 intensive care beds per 100,000 compared to 7 in the UK.[8]

Trust in government is a vital intangible asset. In the UK there was a sharp fall in already fragile public trust following the revelation that the Prime Minister's close advisor Dominic Cummings had broken rules without any apparent consequences for his position. The

repeated failure to scale up tracking, tracing and testing have similarly dented trust that the ideas of experts and promises of politicians can be translated into effective actions.

The extent to which trust and compliance make the difference is evident in the relative successes of governments from Canada to China, and also relatively poor countries such as Vietnam, Mongolia and in Europe Greece, which in their management of COVID-19 have outperformed richer countries. Countries who credibly can claim to lead in science, such as the US and UK, have had far worse outcomes than those with far lower levels of national expertise. Those that have done well have been aided by high levels of public support[9] and prompt and widespread compliance, not least with WHO guidelines. 'Rally round the flag' effects can provide a temporary boost to individual leaders, but effective responses require deeper support for a wide range of government actors and a commitment to international protocols and coordination.

Resources alone, however, are not enough – they must also be managed effectively. This requires finding the optimum trade-off between the coordination value of centralised control and the experimentation value of decentralisation. A national public health body like the Robert Koch Institute in Germany can publish guidelines and set standards, then state and county authorities can tailor them to their locality.

[5] Constantin Eckner, 'How Germany Has Managed to Perform so Many COVID-19 Tests', *The Spectator*, 6 April 2020.

[6] Natasha Kassam, 'Covidpoll: Lowy Institute Polling on Australian Attitudes to the Coronavirus Pandemic', Web Page, Lowy Institute, 14 May 2020.

[7] Henry Mance, 'Britain Has Had Enough of Experts, Says Gove', *The Financial Times*, 3 June 2016.

[8] Jan Bauer et al., 'Access to Intensive Care in 14 European Countries: A Spatial Analysis of Intensive Care Need and Capacity in the Light of COVID-19', Intensive Care Med, September 2020

[9] 2020 Edelman Trust Barometer Spring Update: Trust and the Coronavirus (Edelman, 2020).

The subsidiarity principle – that issues should be dealt with at the lowest possible level consistent with their resolution – is a useful guide but implementing it in practice is difficult in unknown and changing circumstances. Resilient states have established mechanisms for handling the constant adjustments required, whether through formal channels like the European Court of Justice, or through complex political haggling, such as is the case with negotiations over Northern Ireland and devolution in the UK, or negotiations in the EU to raise common taxes.

> ❝ *Resources alone are not enough – they must also be managed effectively* ❞

Resilience does not require that these dynamics will ever be complete, finished for all time, but simply that they occur in a way which does not undermine the ultimate unity and legitimacy of the territory being governed.

Finally, true resilience is not achieved in a vacuum. COVID-19, like financial panic or a computer virus, is not constrained by human borders. In our globalised economies it is not practical to cut off trade, and tourist demand is rebounding fast from Bulgaria to Tanzania to Wyoming. A key finding from studies of developing and embattled states is that peace and prosperity are closely related to the condition of neighbours.[10] Given this deep integration, resilient states invest in mutually-supportive coalitions internationally.

China's delay in reporting the virus may have had severe consequences, as have President Trump's moves to undermine the WHO precisely when it is needed most. Multi-lateral alliances have been a key part of British security and economic stability since 1945; a successful Brexit will require new relationships to replace those that have been weakened.

How resilient does Britain appear, looking forward? COVID-19 has highlighted the country's strength in direct healthcare provision, vaccine research and macroeconomic policy, even as it has exposed fragilities in broader public health and central government.

Major changes to civil service personnel are in the works, but it remains to be seen how those answering the call compare to those who make way. The budget deficit was falling prior to the pandemic, but the consequent cutting of investments in health and education are having a profound toll and increasing inequality, the impact of the pandemic and are likely to slow productivity and growth.

Domestic and international relationships are more uncertain than they have been for generations, with both Scottish devolution and Irish re-unification in play, and a growing risk of a 'no-deal' Brexit. Yet the British state has a long history of incremental reform and muddling through, reflected in the Common Law system. Britain will survive – it may just look diminished and different unless greater attention if given to the long term and building resilience.

10 Paul Collier, The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done about It (Oxford: Oxford University Press, 2007); John A. Vasquez, 'Why Do Neighbours Fight? Proximity, Interaction, or Territoriality' 32, no. 3 (1 August 2020).

Points of failure, lessons for the future

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Thomas Hobbes published Leviathan in 1651 in the aftermath of the chaos of the English Civil War. A revised edition appeared in 1668, shortly after the Great Plague of 1665-66 had killed 100,000 in London alone, and the Great Fire had devasted the Medieval city. Leviathan was the precursor of the theory of the modern state as a social contract: the establishment of a single, unified sovereign, with absolute power over its subjects, was necessary to transcend the "state of nature" in which a "war of all against all" would render people's lives "solitary, poor, nasty, brutish, and short".

The foremost purpose of the modern, democratic state is the security and welfare of its population, notably protection from the ravages of civil disorder, external threat, natural disasters, and epidemics. In return the population pays taxes, obeys the law, complies with regulations and (in the past) accepted military conscription and rationing among other impositions.

The UK State has had a creditable record since World War II. It repulsed a German invasion, maintained a liberal democratic order, rebuilt the economy and constructed the welfare state. The pre-war scourges of destitution, mass unemployment and epidemics did not return, although occasionally it was a close-run thing.

> " *The handling of the pandemic represents the most egregious failure of British governance in living memory* "

Governments have dealt effectively with the lesser-scale emergencies of floods, mad cow disease and terrorism, which appears to be contained. The jury is out on climate change, which is work in progress.

The COVID-19 pandemic is the gravest threat to the health and livelihoods of the British people since 1945. It poses the most demanding test of the State's resilience and good governance in our lifetime. Any judgement of its performance should be tempered by recognition of the speed with which the pandemic spread, unavoidable uncertainty about the character and trajectory of this novel virus, and the exceptionally high-stakes trade-off between protecting public health and sustaining businesses and employment.

Moreover, a full and detailed account of the Government's major decisions is not available and what currently appear to be errors and deficiencies may be vindicated in retrospect.

Despite these caveats, the handling of the pandemic represents the most egregious failure of British governance in living memory. The major failures include:

• The continuing lack of a clear and coherent strategy, understood by decision-makers and public alike.

• The delay of the lockdown until mid-March.

• The inadequate supply of personal protective equipment (PPE) to medical staff and other key workers.

• The offloading of untested elderly hospital patients to care homes.

• The failure, after six months, to establish an efficient national system of testing, tracing and isolation (TTI).

• The squandering of public trust in government measures of protection, particularly social restrictions, and the growth of non-compliance.

Appearing before the Parliamentary Health Committee, the Government's Chief Scientific Officer, Sir Patrick Vallance said that keeping the pandemic toll to under 20,000 deaths would be "a good outcome" (17 March). But these and other failures have contributed to cumulative deaths numbering 42,000 and rising (October 2020), including 20,000 in care homes left to fend for themselves, one of the highest excess death rates due to coronavirus *pro rata* to population in the world, behind only Ecuador, Peru and (just) Italy.[1]

The delayed Government lockdown of 16 March led in the following quarter to the sharpest contraction of the economy of any of the 37 OECD countries, and the forecast of a 10.1 per cent contraction for 2020 as a whole, well above that for the G20 (4.1 per cent) and the Eurozone (7.9 per cent).[2]

'Failures of governance' fall into different categories, with accordingly different implications for the reform of the country's governing arrangements. Some are strategic, others operational; some are structural, the product of design faults in our decision-making institutions; others are human, the product of deficiencies in the country's political leadership.

"*The Government procrastinated over strategy when decisiveness was imperative*"

The persisting absence of a clear and coherent strategy: the government procrastinated over strategy when decisiveness was imperative in the face of conflicting models and advice from the epidemiologists. Initially the Government adopted a 'mitigation' strategy of 'flattening' the curve of rising infections by a programme of testing and isolating those with symptoms and shielding the vulnerable. But the limited available testing capacity was soon overwhelmed, which forced the Government to abandon community testing and switch to a 'suppression' strategy, requiring a national lockdown.

The hesitation over strategy led to four other major failures.

The delay to the lockdown: this was a policy failure of the core executive of ministers and their most senior advisers. The Government imposed the lockdown two weeks or more after much of Continental Europe, despite well-publicised reports from Lombardy in February of exponential increases in infections, overwhelmed hospitals and mounting deaths.

The Government had only half an eye on the ball ("we shall adopt the right measures at the right time"); Boris Johnson, distracted by delivering Brexit, and reluctant to grapple with the details of bad news, was absent from COBRA meetings.

The inadequate supply of PPE: this was an operational failure arising from bureaucratic inertia and amateurism. Despite warnings to the Department of Health and Social Care (DHSC) in June 2019 of low stocks, UK hospitals and care homes were beset with PPE shortages throughout March and April, resulting in higher than necessary absentee, infection and fatality rates of key medical and caring staff.

The DHSC had been slow to construct, pilot and test supply chains, and to recognise that gowns designed for influenza were inadequate for COVID-19.[3] By the time desperate NHS trusts looked abroad, global supply chains had dried up.

Frontline staff were promised PPE that didn't materialise and issued with frequently changing

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[1] FT Visual & Data Journalism team, 'Coronavirus Tracked: The Latest Figures as Countries Fight Covid-19 Resurgence', *The Financial Times*, 1 October 2020

[2] Building Confidence amid an Uncertain Recovery: OECD Economic Outlook, Interim Report September 2020 (OECD Economic Outlook, 2020)

[3] Camilla Hodgson, 'UK Had No Stocks of Protective Gowns When Coronavirus Struck', Financial Times, 28 May 2020

guidelines. Number 10 scrambled through personal contacts to secure supplies with what turned out to be flawed contracts.

The offloading of untested elderly hospital patients to care homes: this appalling error was a product of long-term policy neglect in the form of chronic underfunding of social care since at least 2010, and of structural weakness in the central responsibility for social care provision, which is divided between the DHSC, local government, charitable and private providers. No agency considered it had overriding responsibility for the protection of the sector.

The NHS declared the highest level of emergency on 30 January, but there was no action plan for care homes until 15 April, by which time 25,000 elderly untested patients had been discharged by hospitals desperate to find beds for the swelling inflow of COVID-19 patients. PPE was in even shorter supply for the staff of under-resourced care homes, leading to high rates of self-isolation and absence from work. A parliamentary report concluded that care homes "were thrown to the wolves".

The failure to set up a national TTI system: this was – and remains – a public service delivery fiasco, rooted in initial government ambivalence about the role of TTI in its overall strategy, a skills deficit in Whitehall and over-centralisation of implementation. On 16 March the Director General of the World Health Organisation declared that his central message was: "testing,

testing, testing."[4] South Korea, Taiwan and Singapore had adopted a mass TTI programme and already appeared to have the virus under control. But four days earlier the Government abandoned general testing.

Public Health England was slow to get a national effort off the ground: a mass capacity TTI system, available locally on demand, with rapid processing times and reliable tracing of contacts needed to ensure timely isolation, proved a huge logistical challenge beyond PHE's capability. A succession of capacity targets were set and usually missed. On 20 May Boris Johnson announced in Parliament that the UK would have a "world beating system" up and running by 1 June, but it did not materialise.

> " *Capacity is irrelevant without efficient implementation on the ground* "

Moreover, capacity was irrelevant without efficient implementation on the ground. By September capacity had very significantly increased, but delivery was a shambles. People seeking appointments online were directed to testing stations hundreds of miles away; some testing stations were largely idle; tracers complained of being given no contacts to follow up; and the processing of test results was too slow – up to 48 hours – which defeated its purpose.

PHE over-relied on a small number of central laboratories for processing, and on a home-grown mobile phone app for contact tracing (of which the first prototype had to be abandoned). In retrospect, PHE should have taken advantage of the substantial unused processing capacity in university and private laboratories and should have mobilised local authorities, each of which has its own department of public health, with knowledge of the local community, for tracing contacts of those testing positive. Over eight months after infections began, Britain still lacks a national TTI system fit for the purpose of containing their spread.

The erosion of public trust and compliance: a test of good governance is its capacity to rely on the public's compliance with emergency directives that disrupt their everyday lives and take away their normal freedoms. The Government began well: the unexpected lockdown, a drastic deprivation of people's liberty and means of livelihood, was very widely supported and observed.

A palpable national solidarity, crystallised in support of the NHS, lasted until late May. It was sustained by the Government's one undoubted success in the early stage of the pandemic – the rapid and efficient roll-out of bold schemes for furloughing workers who could not work from home, loans to businesses and adaptions to Universal Credit.

Solidarity then slowly frayed as lockdown measures were gradually eased. By late summer there were

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[4] WHO Director-General's Opening Remarks at the Media Briefing on COVID-19 - 16 March 2020', Web Page, World Health Organisation, 16 March 2020.

widespread breaches of compliance with the Government's guidelines on social distancing, household mixing and masks.

There is no reliable measure of how compliance levels in the UK have compared with those abroad and nothing but impressions to suggest that public discipline has been stronger elsewhere. But by September self-reported levels of compliance were low. For example, a Kings College London survey of over 31,000 people living in the UK from March to August found that only 11 per cent of those in contact with someone who had tested positive went into quarantine and just 18 per cent of those who developed symptoms isolated themselves. By common observation enforcement in pubs, shops and public transport was patchy.

Acquiescence with social restrictions would very probably have drifted down irrespective of official exhortation and regulations, but numerous Government mistakes accelerated the drift. The critical failure was the absence of a clear and convincing strategy for balancing the protection of public health with sustaining the economy. The outcome was a set of regulations and appeals which taken together defied common sense: for example, the Government encouraged people to go out to pubs and restaurants, but avoid family get togethers; and throughout the lockdown, non-UK travellers from countries with high infection rates were free to disembark at airports without testing or restrictions and continue

their journey (an automatic quarantine policy was introduced later by which point COVID-19 levels in most countries abroad were much lower.) Apparent illogicality and inconsistency in the rules eroded the public's confidence in them.

This was compounded by the Government's carelessness with the public's trust in both its competence and integrity. Government ministers and officials breached the social distancing in plain sight, and the Prime Minister's Chief Adviser, Dominic Cummings, who broke the self-isolation rule, in spirit if not technically, escaped the sack, unlike other delinquent officials before him.

> **" *A test of good governance is its capacity to rely on the public's compliance with emergency directives* "**

The message was that one could decide for oneself to be exempt from the rules. The blizzard of changes to the rules over the summer, compounded by different but varying restrictions for local lockdowns, left people both confused and sceptical that the rules in every detail were necessary.

Faith in the Government's competence to manage the

COVID-19 crisis was also undermined by a catalogue of policy reversals. Of these the most significant was the Education Minister's reluctant reversal of his insistence that, in the absence of A level exams, teacher-assessed grades be adjusted by an OFQUAL algorithm despite warnings that it would produce bizarre and unjust results.

But the list includes: agreeing to the right of leave to remain for families of non-UK key workers who had died of COVID-19; the abandonment of the immigration health surcharge on immigrant doctors; the mid-June switch from resisting to insisting on the wearing of face masks on public transport, followed by a similar reversal in August for schools and shops; the abandonment of the commitment in June to give all primary school children four weeks of schooling; the switch from refusal to agreement to extend Free School Meals over the summer holidays; the cancelling of the home-grown NHSX tracing app for a new app involving Apple and Google; the launch in May of an ambitious antibody-testing programme (trailed by the prime minister as a potential "total game changer"), followed by its suspension in mid-July; and in late September the Prime Minister's plea to people to work from home wherever possible, having appealed for the exact opposite three months earlier.

A few of these U-turns could be justified as reasonable adjustments to a changing situation; but most were concessions following intense

public and media pressure. The constant drip of policy shifts and reversals wore away public confidence in the Government's grip, and the foundations for compliance with restrictions designed to manage the pandemic.

The COVID-19 pandemic has tested the British State's capabilities and the Government's competence. Both get relatively low marks. What are the lessons to be learned for next time? A brief list follows:

1. Do not plan future wars with the battleplans of the last. PHE was geared up for an influenza epidemic similar to SARS in 2003 and MERS in 2015 but Covid-19 proved far more infectious, unpredictable and lethal.

2. Do not delay the action plans of risk assessments.

3. Understand the limits of scientific advice. There is always some uncertainty and therefore rarely full consensus. Social scientists (e.g. of public health) should be heard alongside modellers

(epidemiologists) and biomedicals (virologists). All should be on tap, not on top. Elected politicians must always choose between conflicting scientific advice.

> " *Do not plan future wars with the battleplans of the last* "

4. Develop, at speed, a clear and coherent strategy, apply it across all policy sectors, and sell it to decision makers and public alike. This is the ultimate test of good government.

5. Recognise the limits to the centre's capacity to design and deliver public services. Incorporate from the start local government and other local agencies in delivery of services on the ground.

6. An old lesson, still not learned: develop Whitehall's project programme skills, especially in IT and logistics, on

a much larger and deeper scale, or at least the skills of an intelligent client if outsourcing complex projects.

7. Another old lesson, not yet cracked: improve both horizontal and vertical coordination of responsibility in policy sectors that cut across departments, e.g. social care.

8. Nurture public trust, which will be needed for compliance. Adopt a communications strategy that levels with the public. Under-promise and over-deliver, not the other way round.

Public policy failures rarely have a single or common cause, as this eclectic list reveals. There are lessons for the strengthening of the country's administrative apparatus and decision-making structures. But the quality of governance ultimately rests with the quality of governors, which cannot be legislated for.

Public trust and compliance in a time of crisis

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In 1970, political scientist John Mueller published a paper entitled *Presidential Popularity from Truman to Johnson* in which he described the "rally round the flag" effect – a concept used to explain short-term popular support of a country's government or political leaders during times of crisis or war.

Mueller outlined three conditions required for this effect to occur. It had to be: international; involve the country and its leader; and be "specific, dramatic and sharply focussed". Mueller was referring to events related to the Cold War, but the definition could also be applied to the COVID-19 pandemic: a global public health crisis with far reaching social and economic implications and which has involved country leaders directly in terms of their response to it, their own health and vulnerability to the virus, or both.

In the early days of the pandemic, the rally round the flag effect appeared to be in evidence. Prime Minister Boris Johnson's favourability ratings increased sharply while the image of the Conservative Party also improved.

> " *What matters now is competency – identified by the OECD as a core driver of political trust* "

With an 80-seat majority in the House of Commons secured in December, by April the Government's position looked still stronger as a majority of British people (51 per cent) had a favourable opinion of the Prime Minister (up 17 points from early March), and three in ten (31 per cent) had an unfavourable opinion of him (down 16 points). And, for the first time in 2020, more believed Britain was moving in the right direction than the wrong one (40 per cent versus 35 per cent).[1]

However, Mueller also stressed that any rallying round the flag does not last indefinitely – what goes up must, inevitably, come down. And since April, public opinion towards the Government has shifted. By the end of August, just three in ten people were favourable towards the Prime Minister and just under half unfavourable.[2] Further, a majority were dissatisfied with the way that Boris Johnson was doing his job as Prime Minister (54 per cent dissatisfied versus 40 per cent satisfied).[3]

Some of this dissatisfaction may stem from how, in times of crisis, what we want from our leaders changes. What matters now is competency – identified by the OECD as a core driver of political trust.[4]

Whereas Boris Johnson is identified as being patriotic and has lots of personality compared to the

[1] Ipsos MORI, Ipsos MORI Political Pulse April 2020, 2020.

[2] Ipsos MORI, Ipsos MORI Political Pulse: 21 - 24th August 2020, 2020.

[3] Ipsos MORI, Ipsos MORI Political Monitor - September 2020, 2020.

[4] OECD, Trust and Public Policy: How Better Governance Can Help Rebuild Public Trust, OECD Public Governance Reviews (Paris: OECD Publishing, 2017).

Leader of the Opposition, he is behind on having sound judgement, being a capable leader and being a good representative for Great Britain on the world stage.[5]

And it's not just in the UK where competency is increasingly valued: another study highlights how across the UK, the US, Australia and Italy, citizens tend to look more positively on those politicians who are perceived to listen to outside experts in formulating their response to the pandemic. Rather than people having had enough of experts it seems they are, for now, back in favour. Similarly, the leaders that have been perceived to have used expert advice, been open and transparent, and capable of working with others are generally seen to have handled the outbreak most effectively.[6]

Perceptions of a lack of competence are likely to be further damaged by a poor communications strategy: a majority have found the Government's communications about what to do in response to COVID-19 to be unclear.[7] Three in five also agree that the Government's response has been confused and inconsistent.[8] And, as a result of all this, half say they do not trust the Government's advice on when it's safe to start to return to work, school or leisure activities (compared to 45 per cent who do).

There may be broader implications of this shift in public opinion. What do public perceptions about how competent a government is mean for people's behaviour as the pandemic plays out? And what might it mean for the future relationship between the citizen and the State?

> " *Three in five also agree that the Government's response has been confused and inconsistent* "

There are already signs that the British public are not acting as the Government would like them to. Prior to the guidance changes on 22 September, when the public were once again urged to work at home if they could, there was little sign of British workers returning to the office. Even with the Government's carrot and stick messaging approach – at once stressing both the benefits of being back in the office with colleagues for both productivity and mental wellbeing and implying that people's jobs could be vulnerable if they did not start going into the office more – British workers seemed reluctant to go back to their desks.

Research conducted by Morgan Stanley found that, in mid-July, just half of all British workers surveyed (52 per cent) had returned to their normal workplace, compared with over four in five employees in France, and three quarters in Germany, Spain and Italy.[9]

There are pull reasons at play here – working at home means minimising both commuting time and costs, while technology enables people to do their jobs remotely in a way that was previously impossible. The role of employers and their own guidance also needs to be taken into account. However, an unwillingness to do as the government wishes could also be an indication that the public perceive the threat posed by COVID-19 differently to our leaders.

The latest trend data finds seven in ten people remain concerned about the risk of COVID-19 to them personally – just one percentage point lower than it was at the end of June.[10] Concern for the country as a whole also remains stable – and high – down just three percentage points from 90 per cent to 87 per cent since the end of June. Additionally, on balance more feel that lockdown measures have been eased too quickly than feel the Government has moved at the right pace or too slowly. Further, when asked to rate on a seven-point scale how worried they are about restrictions being lifted, just over a quarter give the top two scores compared to 17 per cent who give the two lowest.[11]

Given the public's continued high level of concern about the virus and the pace of change to this point,

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[5] Ipsos MORI, Ipsos MORI Political Monitor - September 2020.

[6] Ipsos - TrustGov Survey, Political Trust and the COVID-19 Crisis: Summary Charts, 2020.

[7] Ipsos MORI, Ipsos MORI Coronavirus Polling, Fieldwork: 18 - 20 September 2020, 2020.

[8] The Policy Institute and Ipsos MORI, Coronavirus: Growing Divisions over the UK Government's Response, 2020.

[9] Joanna Partridge, 'UK Office Workers Slower to Return to Their Desk after Covid', The Guardian, 5 August 2020.

[10] Ipsos MORI, Ipsos MORI Coronavirus Polling: Concern about the Virus 10 - 14 September 2020, 2020.

[11] The Policy Institute and Ipsos MORI, Becoming 'Covid-Secure': How the UK Is Getting Used to Wearing Face Masks and Other Precautionary Behaviours, 2020.

combined with their doubts as to the Government's competency, it is perhaps not surprising that they are taking matters into their own hands.

Their reluctance to return to work is just one indication of this – but other data suggests that people will be prepared to go to lengths previously unthinkable if a vaccine or treatment is not found.

Under such circumstances, half think it would be acceptable for most children to be home-schooled over the very long term (37 per cent do not) and three in five think it would be acceptable for parents to decide whether their children go to school or not.[12]

It is important to note that this does not necessarily represent a new crisis of trust; our veracity index shows that a lack of trust in politicians is something of a chronic condition.[13] But competency – as a component and driver of political trust – is under more scrutiny, and also perceived to be in short supply at a time when it is most needed.[14]

What's more, the partisanship and division that has characterised our politics prior to this crisis has not gone away: 2019 Labour voters are three times more likely than 2019 Conservative voters to say that the pandemic has been mismanaged (60 per cent versus 21 per cent).

> *"Perceptions of incompetence foster mistrust, meaning people may be less likely to follow the rules"*

Further, when it comes to who is to blame for the mismanagement this is also split along party lines; Labour voters are much more likely than Conservative voters to blame the Prime Minister (78 per cent vs 35 per cent), the UK government as a whole (73 per cent vs 58 per cent) and the Conservative party (57 per cent vs 16 per cent). By contrast, Conservative voters are much more likely to blame the scientific advisors to the Government (32 per cent vs 12 per cent), global health organisations like the WHO (29 per cent vs 8 per cent) and Public Health England (23 per cent vs 5 per cent).[15]

Amid all this there are, however, grounds for optimism for a more radical reshaping of our relationship with government. Two thirds say they think that the coronavirus crisis gives us the chance to change how we've done things and build a better UK in the future. Support for this varies by generation – those in the pre-war group, who of course have first-hand experience of rebuilding the world anew, are the keenest proponents of this sentiment (76 per cent), while younger generations, who stand to be hit hardest by the financial fallout are a bit more cynical (just 60 per cent of millennials support this view).[16] The latest wave of deliberative democracy – as illustrated by the UK's Climate Assembly – offers more opportunities than ever for political leaders to consult widely and ensure that their decisions have legitimacy.

In times of crisis, public trust in government is key to ensuring compliance with any measures citizens are asked to take. Perceptions of incompetence foster mistrust, meaning people may be less likely to follow the rules – which in turn makes the State less resilient in the face of adversity. The UK experience of the COVID-19 pandemic to date suggests that whichever political leader is able to best demonstrate to the public that they have the skills, expert advisors and sound judgement needed to navigate the crisis and lead the recovery will gain the most. That also means harnessing new ways of engaging meaningfully with a public that is concerned and confused.

[12] The Policy Institute and Ipsos MORI, The Future under Coronavirus: Long-Term Changes and Immediate Expectations, 2020

[13] Ipsos MORI, Ipsos MORI Veracity Index 2019: Trust in Professions Survey, 2019.

[14] Gideon Skinner, 'A Contract Under Strain - Trust in Government and Politics', Web Page, Ipsos MORI Thinks, n.d., accessed 1 October 2020.

[15] Ipsos MORI and The Policy Institute, Coronavirus Fallout: Blame, Trust and the Future of the UK, 2020.

[16] Ipsos MORI and The Policy Institute, Coronavirus Fallout: Blame, Trust and the Future of the UK.

A new settlement for social security

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It is staple of public commentary in times of national crisis that 'there can be no going back' to the status quo. But how far is a critical juncture like the coronavirus pandemic transformative of our economic and social life? What changes will endure and what will Covid-I9 leave behind in the 2020s?

When we consider the long-term impact of the pandemic on the welfare state and the institutions of social security, there are at least three factors to consider. First, there are the antecedents to the crisis and, in particular, developments in the welfare state in the years preceding the pandemic. Second, there is the immediate impact of the crisis itself, and how national government has responded to it. Third, there are the steps taken by political actors and organised interests to use the instability created by the crisis either to reshape the institutional landscape, or to close down opportunities for reform. We know a lot about the first two and much less about the third.

Social security in the UK is commonly considered archetypal of a liberal welfare state. Benefits are relatively parsimonious, flat-rate and extensively means-tested. The role of both universal and contributory or earnings-related benefits is limited. Private savings and insurance play an extensive role, and household incomes depend critically on employment.

> **"** *As the pandemic arrived in the UK, both the gaps and inequities in this structure of social security were exposed* **"**

There is no tripartite governance of social security between unions, employers and the State as there is in Continental Europe, nor universal institutions for the provision of childcare and social care, as you find in the Nordic countries.

Despite incremental expansion in the scope and generosity of the welfare state, this institutional structure has endured for over a century. Important reforms were made to expand the 'social investment state' in the New Labour era: to create tax credits for families and those in low paid work, a patchwork of childcare provision, a more robust pensions system, and wider opportunities for education and skills training.

After 20I0, retrenchment in public spending saw extensive cuts to social security benefits, particularly for young people and families with children, and intensified sanctions for those of working age. In contrast, the Basic State Pension and additional benefits for older people were reformed and enhanced in value.

As the pandemic arrived in the UK, both the gaps and inequities in this structure of social security were exposed. Older people – leaving aside the vulnerability of those in care homes – were relatively

protected, if not generously. But the new Universal Credit – a single payment integrating six benefits – could not replace lost earnings for millions of employees, nor those of self-employed workers.

Statutory Sick Pay is payable at a rate of £95 per week and excludes the lowest paid, making quarantine and self-isolation unaffordable for thousands still well enough to carry on going into work. Vast swathes of the British population – notably those in the low paid sectors of economy – faced unemployment and dramatic income losses.

In response, the Government introduced three key measures of employment support and social protection: the Coronavirus Job Retention Scheme (JRS or 'furlough'), the Self-Employed Income Support Scheme (SEISS), and a £20-per-week increase in the main rates of Universal Credit and tax credits, coupled with increased housing allowances.

More than 9 million jobs, or around a third of the workforce, were furloughed by the summer of 2020, while 2.4 million self-employed workers had claimed SEISS and 3.2 million people had claimed Universal Credit. In total, these interventions will cost over £70 billion this year, and that is before accounting for the new winter job support measures the Chancellor of the Exchequer has announced.

These were important interventions to shore up the labour market and provide social security. The JRS is more typical of

policies in coordinated capitalist economies than those of a liberal market economy like the UK, and stands in stark contrast to the scattergun subsidies to companies introduced in the USA (which, not being tied to the retention of employees, have failed to prevent mass unemployment). JRS therefore represents a genuine innovation in the UK's political economy.

Similarly, the SEISS has provided significant protection against income loss for those self-employed workers entitled to it. It has particularly benefited workers in sectors like construction that rely heavily on self-employed labour. Meanwhile, although delays in accessing payments and restrictions to entitlements militate against the Universal Credit's role as a safety net, it too has buttressed social protection. Increased weekly payments and the suspension of sanctions for claimants have been particularly important. A new £500 payment for low income workers forced to self-isolate will also plug some of the gaps in sick pay coverage.

> " *This is the time to seriously consider institutional innovation and reform in the welfare state* "

The signs are not promising that these innovations will endure, however. The JRS is being wound down and its replacement is not as

generous or well designed. The Government will extend the SEISS until April 2021 but has not committed to maintaining the level of increased payments in Universal Credit. And the Treasury will be eyeing up options for fiscal consolidation in the 2020s – an ageing society recovering from a pandemic, with significant pressures on health and social care spending, and a large post-Covid deficit, is unlikely be a receptive environment for increased spending on social security.

Yet, significant increases in unemployment are looming this winter and the UK's welfare state and employment support policies are not ready to meet the challenge. The flaws that the pandemic has exposed in the UK's social security system need to be addressed. This is the time to seriously consider institutional innovation and reform in the welfare state.

The exposure of millions of British people to insecurity and the vital role played by key workers during the pandemic may lead to a shift in attitudes to collective risk-pooling. It is far harder to maintain a discourse of a 'deserving' and 'undeserving poor' and ignore labour market precarity when pandemic conditions create widespread reliance on social security. With appropriate political leadership, the public's normative sensibilities about welfare entitlements may therefore change. The flowering of mutual aid and community support groups in recent months is testament to a bedrock of social solidarity.

The holes in the safety net exposed by the crisis, and the depredations and dysfunctions of sanctions and welfare conditionality, have led to intensified calls for the introduction of a Universal Basic Income (UBI). Supporters of UBI argue that a structure of universal payments would have obviated the need for creating a myriad of new welfare policies in the pandemic, while helping to sustain demand in the economy. A number of countries – from the USA to Spain and Hong Kong – have pioneered direct payments to households or minimum income guarantees during the crisis, pointing to the possible institutionalisation of UBI-style policies.

Across Europe, older voters and labour market insiders remain largely wedded to redistribution and social insurance policies, while the middle classes are wary of paying the taxes needed to fund a UBI (short perhaps of using monetary financing). In such circumstances, the biggest challenge to UBI is political: how to marshal an electoral coalition and set of political-economic interests to support its introduction. Incremental steps towards a UBI, such as a single allowance for young people, probably offer the most promise.

In the UK, the Basic State Pension has evolved towards something like a UBI for the retired population. It is now a single-tier state pension with extensive credited-in contributions for those spending time outside the labour market to care for children or relatives. Older voters constitute a critical electoral bloc in British politics and they are likely to be able to defend their entitlements to the state pension and public services like the NHS. In these areas the prospects for the welfare state look good.

But Covid-19 has also exposed the failings of social care in England and Wales, and the damaging split between the funding and provision of the NHS and care services commissioned by local government. A fair system will have to confront the electoral power of the grey vote, not least as care services that are integrated with the NHS and free at the point of use can only be financed by tapping into the accumulated wealth of the baby boomers. The abject failure to protect so many care home residents and their carers from the coronavirus may prove the spur to reform.

> *"Incremental steps towards a UBI, such as a single allowance for young people, probably offer the most promise"*

A new kind of intergenerational politics is also needed to underpin renewed investment in childcare, lifelong learning and active labour market policies.

These core components of the social investment state paradigm remain critical to both the rekindling of productivity growth and a return to full employment in the UK, without which fiscal pressures on the welfare state will be intense. But demographic ageing will squeeze the space for upfront spending on these social investments unless widespread support across the generations can be marshalled behind them. Care services, which directly support families at both ends of the life course and enable working parents and carers to balance employment and care, are lead candidates for this kind of political coalition. Access to such services should not be contingent on employment status.

Equipping societies for an age of zoonotic diseases is likely to have universalising impulses. Robust public health policies and infrastructures are, by definition, population-wide; partial or privatised social protection cannot provide societal security. But whether COVID-19 leaves a trail of reform in its wake will depend on political leadership and collective action, as welfare state reform has always done.

Rethinking homeland resilience

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A few weeks into the national lockdown ordered in March in response to the spread of the COVID-I9 virus, the Deputy Chief Medical Officer said the UK was an "international exemplar in preparedness ".[1] By July, it had turned out to be the European country hardest hit as measured by the death rate. Indeed within the same month, the UK's Chief Scientific Adviser had to admit that, "It's clear the outcome has not been good in the UK".[2] Clearly the UK was not in fact 'prepared' for the pandemic: its 'homeland resilience' capacity was revealed to be weak.

One area of strength, however, was the UK's armed forces. These had, in early 2020, a ready availability of personnel, equipment, capacity and transferable skills that proved invaluable in mitigating these weaknesses at scale and at pace.

The military was also made ready (although not used) to take over certain duties from the police. The UK Government came to rely heavily on its military. There was no other state agency that could have brought to bear the resources that it did.

It was serendipitous that in early 2020 the Government had considerable military capacity to turn to. At this time, at least 96 per cent of regular forces personnel were based in the UK.[3] Never before in the history of the UK's armed forces has this figure been so high. Military personnel were thus on hand in numbers – at a push they could have provided the sort of mass that the Government, at the start of the UK's lockdown, was looking for.

According to Armed Forces Minister James Heappy, it was initially

floated that it might be necessary for Army personnel to deliver "millions" of meals to people shielding across the country. Another 1,000 were to be on standby to support the prison service and a further 1,550 drivers available for general supply deliveries. Moreover, to support the police 10,000 troops were held in the wings for, presumably, dealing with any pandemic-induced social disorder. As Heappy darkly put it, "crisis brings economic instability and economic instability brings insecurity. At times of insecurity Defence is at its busiest".[4]

Even though such numbers were not, in the end, needed, the military proved essential in other areas. This was not only in designing and building (and partially staffing) the series of Nightingale hospitals around the country, but also in setting up and delivering mobile

[1] Jasmine Cameron-Chileshe and Georgina Hayes, '"It's Clear the Outcome Has Not Been Good in the UK", Sir Patrick Vallance Tells MPs', The Telegraph, I6 July 2020.

[2] Ibid.

[3] Noel Dempsey, UK Defence Personnel Statistics (House of Commons Library, 2020).

[4] James Heappy MP and Ministry of Defence, Minister for the Armed Forces James Heappey MP: The Ministry of Defence Response to the Covid-I9 Pandemic, 2020.

testing facilities: at one point 95 per cent of the mobile testing centres around the country were run by the military.

Its personnel also helped deal with the dire shortage of PPE. This assistance was not just a matter of military officers using their own contacts abroad to source PPE, but also essentially putting individual officers in charge of running the National Health Service's PPE resupply system – including developing an online platform – with an admiral in overall charge.

But what if serendipity had not played a part – if the Army, in particular, had been tied down on operations abroad and not so readily on hand to help? The UK government, where pandemics and other possible future emergency situations are concerned, should not have to depend to such a degree on its armed forces.

Virtually every other European country has a dedicated civil defence, civil protection or emergency situations body to improve its homeland resilience capacity. There is a case for the UK to follow suit, releasing the military from having to perform such emergency duties. There may also be a case for creating a paramilitary force with the necessary capacity, scale and pace to also provide mitigations in a crisis. This new force could help provide the infrastructure needed, not only in dealing with nature's pandemics, but also with expected future man-made contingencies.

It is true that there is the Civil Contingencies Secretariat in Whitehall, but this has only 75 employees.[5] Compare this to the Federal Emergency Management Agency (FEMA) in the United States with 11,000 staff, and Russia (with a population only just over twice that of the UK), whose Emergency Situations Ministry (Emercom) has over 300,000 personnel. Russia also has a body called Rospotrebnadzor (110,000), which is concerned with everything from consumer rights to epidemiological surveillance in the country. This latter organisation has come to the fore of Russian mitigation efforts in relation to COVID-19, including setting up mobile testing centres countrywide.

> " *The UK government, where pandemics and other possible future emergency situations are concerned, should not have to depend to such a degree on its armed forces* "

Even smaller European countries have dedicated civil defence/emergency situations bodies. Spain and Italy, for instance, the two countries that suffered almost as badly as the UK

in the pandemic, could look for assistance from their substantial civil defence organisations. While they both used their armed forces, there was no sense of reliance on their input. These organisations played a substantial part in generating swift action and in keeping the death rate in these two countries below that of the UK, despite their weaker health services and initially being very badly affected.

Yet robust mitigation practices in the most extreme of emergency situations, such as in pandemics, require more than adequate civil defence. To requote Heappy: "at times of insecurity Defence is at its busiest". He was talking about domestic insecurity – when troops might be needed on UK streets to deal with unrest after the police have lost the ability to provide control (as happened in Northern Ireland in 1969 and as was initially expected after a no-deal Brexit).

This issue is particularly pertinent to the UK given that a large police force is not considered necessary: the UK population is used, more or less, to policing itself, based on the principle of policing 'by consent'.[6] Hence, England has one of the lowest ratios of police to population in the world. This stance creates a vulnerability, however, if it ever does become necessary to keep public order after consent is lost. And it has, in the current pandemic, come close to being lost. As one Chief Constable recently put it, "These are the toughest times in the history of policing".[7]

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[5] Ben Gummer, Civil Contigencies Secretariat: Question for Cabinet Office, UIN 57940, 2016.

[6] Niall McCarthy, 'The EU's Most Heavily Policed Countries', Web Page, Statista, 3 January 2019.

[7] Dave Thompson, 'Chief's Blog: The Long Haul', Web Page, Police Blog, 5 August 2020.

Other countries do not have to rely on troops to deal with incidences of domestic 'insecurity'. They have their paramilitary forces to back up the police. France has its Gendarmerie (100,000-strong); Spain the Guardia Civil (78,000); Italy the Carabinieri (110,000), and in Russia there are the 340,000 personnel in the Rosgvardia. The personnel of such bodies have, across all these countries, stepped in to provide extra levels of policing in the current pandemic. They have set up roadblocks to prevent the movement of people in lockdowns, maintained a street presence that encourages compliance with restrictions and, when necessary, dealt with pandemic-linked social disorder. The governments of these countries have not had to rely on the delicate idea of public 'consent' when it comes to imposing restrictions and, indeed, order – nor resort to their militaries.

In the UK, with low police numbers and without a paramilitary body, the actual physical imposition of lockdowns and of social control in extremis would be impossible without calling in military personnel. Thus, overall, when it comes to providing mitigation, at scale and at pace, in emergency situations in the UK – and when the call is for both civil defence measures and for extra policing – it is the military that is the first and, indeed only, option.

This is a situation that does not appear tenable. The UK government cannot rely on the luck of having armed forces so freely available in future emergency situations. Fundamental changes are needed. This is especially so given that, as appears to be the case, the frequency and severity of emergency situations will be increasing in future years.

While the incidence of pandemics is, thankfully, rare they do appear to be becoming more frequent.[8] There will also be an increase in the emergencies generated by climate change: the likes of floods, major forest and grass fires, and drought. But more than that, the current pandemic has exposed the UK's general lack of homeland resilience to the activities of state adversaries.

> " *The current pandemic has exposed the UK's general lack of homeland resilience to the activities of state adversaries* "

Actors such as Russia and China, acting as revisionist powers and seeing themselves involved in an existential struggle with the West, are already engaging in what UK military doctrinal statements euphemistically refer to as "persistent competition" with core NATO countries. In terms of this "competition" both Russia and China will have noted the UK's homeland vulnerability. This is a significant issue given that homelands have become the new frontlines of 'war'.

The militaries of both Russia and China, in pursuit of government objectives, have come to understand that what Clausewitz called "the character of war" is changing. The wars of the future are very unlikely to be fought kinetically on traditional battlefields. They are much more likely to be non-kinetic, long term in nature, and occur on the domestic terrain of adversaries. 'Defeat' will be induced from within, not imposed from without.

Russian military writings, for example, are suffused with directions on how to create internal *destabilisatsiya* within the likes of the UK and US. The aim being to gradually weaken governmental and societal structures to the point where, ideally, *khaos* is created and the state collapses. The Russians refer to this as "new generation warfare" (NGW).[9]

This is a type of warfare by now well understood in the West. Familiar headlines referring to Russian interference in elections are just one, albeit limited, manifestation. Other examples include the planting of fake news, the work of cyber trolls and social media manipulation. There are also more 'hands on' techniques such as 'grooming' Western political figures, the influencing of governments and the occasional attempts to conduct actual coups (such as in Montenegro in 2017).[10] All these Russian actions are the work of the Russian military or are coordinated through this military's National Defence Management Centre in Moscow.

Perhaps, though, the most profound means now available to generate degrees of state

[8] Nita Madhav et al., 'Pandemics: Risks, Impacts, and Mitigation', in Disease Control Priorities: Improving Health and Reducing Poverty, ed. Jamison Dean T, Gelband Hellen, Horton Susan, Jha Prabhat, Laxminarayan Ramanan, Mock Charles N, and Nugent Rachel (Washington DC: The International Bank for Reconstruction and Development, 2017).

[9] Rod Thornton, 'The Russian Military's New "Main Emphasis"', The RUSI Journal 2017, no. 4 (October 2017).

[10] BBC News, 'Montenegro Jails "Russian Coup Plot" Leaders', Web Page, *BBC News Online*, 9 May 2019.

instability lie in the cyber-technical realm. In particular, destructive cyber attacks enabled by Artificial Intelligence represent a fundamental threat to any state's homeland resilience capacity. The promise of such attacks is that they can be so targeted and so fast-acting (within hours) that they can radically disrupt the functioning of a state: the lights might go out, bank cards become unusable and there may be no food delivered to supermarket shelves. The consequences could be devastating.

NGW in fact seeks to use all the methods of destabilisation to engineer social agitation within the targeted state – to work on what Russian military doctrine refers to as the "protest potential of a population".[11] The ultimate aim of NGW is thus to make adversary states ungovernable because, in the end, the population, put under intolerable pressure from various vectors, no longer accept being governed. Control, let alone consent, is completely lost.

This turn in the character of war to emphasise targeting homelands adds further weight to the argument that the UK needs to be fundamentally better prepared for future emergency situations. And these may come far more suddenly than COVID-19. Preparation is vital. The UK government cannot continue to rely on the fortuitous ready availability of armed forces personnel to provide both immediate mitigation and to act as a pool of personnel to call into further action if necessary.

There are several actions that may be contemplated. The first could be

to firmly 'double-hat' the military. That is, to add a series of specific homeland resilience tasks to its overall mission portfolio. The Australian military already follows this model. As a force, it is specifically designed to provide homeland resilience capacity, including to act alongside the police and not just as a possible substitute for it. This was a fact highlighted by the recent employment of joint police-military patrols (with the military unarmed) to enforce lockdowns in Australian cities.[12]

Inevitably, though, such a change would lead to a dilution of core UK military skill sets and degrade operational deployability. Given this, and the fact that the armed forces would have to spread themselves more thinly, such a change would be resisted by the military itself; a point already made by Armed Forces Minister Heappy.

There appears to be a need to set up a substantial civil defence organisation whose sole mission it would be to provide immediate and dedicated emergency situation mitigation – but to act at scale and at pace, such a body would need a high degree of standing mass. This would be expensive to maintain. And what would be the tasks of such a UK body in the periods between emergencies? The actual organisational set-up of any new UK civil defence body requires substantial thought – Emercom, for example, has proved itself to be weighed down by Soviet-era clumsiness and many of Russia's COVID-19 mitigation tasks have been better handled by Rospotrebnadzor alongside the military.

A further and more controversial step would be for the UK to establish a paramilitary force. Pandemics aside, if the aim of the UK's state adversaries is to generate internal instability and social disorder then better preparations need to be made to deal with them. This new force could provide support to the police in emergencies. It would not, of course, be popular. It would likely be viewed as a vehicle for state control and would run counter to the whole idea of policing by consent. But, in the coming years with the changing nature of the threats facing the UK, control may be more important than consent.

> **"A further and more controversial step would be for the UK to establish a paramilitary force"**

Whatever the avenues explored, the UK must ensure that it is not as unprepared as it was prior to COVID-19. Relying on luck is not a long-term option where future threats are concerned. There are profound arguments for setting up both a civil defence organisation and a paramilitary force in the UK. If they are, then the country may, indeed, become an 'exemplar' of emergency situation preparation.

[11] 'The Military Doctrine of the Russian Federation', Press Release, The Embassy of the Russian Federation to the United Kingdom of Great Britain and Northern Ireland, 25 December 2014.

[12] Foreign Staff, 'Australian State of Victoria to Deploy Military as Police Face Resistance to Covid-19 Orders', *The Telegraph*, 4 August 2020.

A new relationship with Whitehall

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In a crisis we revert to type. The chatty among us get on the phone to friends or family to talk things through late into the night, while the introverted retreat into themselves. Self-restraint fails us as we reach for a cigarette, a biscuit, or another glass of wine. Unshakeable optimists tell us everything will be fine, whilst cynics shoot them down from the sidelines.

As with individuals, so with institutions. As the leader of a regional public body in one of the worst hit areas of the country, I saw two contrasting reversions to type during the response to Covid-I9.

The first was a set of local institutions doing things differently under pressure. After a decade of funding constraint, local government has had to develop ways of delivering without significant resource. While Local Authorities sometimes have a reputation for being sluggish and bureaucratic, in a crisis they are the opposite – dropping 'tanks on lawn' organisational competition, bringing in expertise from the private and charitable sector, and reaching out to members of the community.

The West Midlands saw councils and the combined authority work with community groups to get resources to shielded populations, coordinate with faith leaders to get public health messages to diverse groups, and integrate procurement processes to tackle PPE shortages and weed out disingenuous approaches. Local institutions were nimble and scrappy out of necessity and remained resilient under pressure.

> " *Too often processes were designed and delivered centrally where local knowledge was key* "

The second reversion to type was an instinct to centralise within Whitehall. Public servants and politicians faced an unprecedented task in responding to this crisis. From the beginning, it was clear that Whitehall intended to deliver much of their response from within government departments. On

many issues, this was right – the allocation of resources across the country, and the mapping of the spread of the virus, requires coordination at the centre informed by experts.

On some issues coordination was seamless, including the construction of the NHS Nightingale Hospital at the NEC in Birmingham. Yet too often processes were designed and delivered centrally where local knowledge was key - particularly on shielding, where central government had neither the data nor the logisticals capacity to deliver food and resources to all necessary homes.

On too many issues the mechanism of collaboration the proforma, with local leaders providing information to the centre and waiting for the necessary resources to be distributed down.National institutions attempted to hold control over enormously complex systems, where the key was rapid response and local insight. This inevitably meant that resilience and patience was strained.

The centralising instinct is still apparent as we move to recovery. In some areas of response, there have recently been deliberate steps to work more closely with local and regional bodies. Postcode-level public health data is shared more openly with local authorities and combined authorities, and our role in Test, Trace, and Isolate is better established. Yet in other areas Whitehall is still reverting to type – including the recently launched Kickstart scheme. Despite evaluation of the Future Jobs Fund indicating that local coordination was key to success in finding suitable roles, the decision has been taken to deliver this scheme from Whitehall, with minimal engagement with local institutions. Mayoral Combined Authorities, who have a key role in skills and apprenticeships, have been overlooked as an ideal delivery body for Kickstart or for "similar programmes to reboot the economy.

The new Cabinet Secretary and other leaders in Whitehall need to learn the key lesson of this crisis – that the centre cannot hold. We need a new shared vision for the national system of public institutions – based on responsibility, capacity, accountability, and control. I recently joined the Commission for Smart Government[1] in order to shape this debate and ensure that the role of local and regional bodies in the system is recognised.

Announcing the Commission, Michael Gove said "we must listen to ideas on transforming how we deliver ... because we all know the machinery of government is no longer equal to the challenges of today." In prompting the debate on the machinery of government, I offer four initial thoughts for how we might begin to operate more effectively as a system, and ensure increased resilience in the face of future crises.

> ## " *Devolution must finally unleash the potential for public service reform* "

Responsibility – giving genuine powers and flexibilities to local and regional institutions. Devolution to date has often felt more like delegation. At the West Midlands Combined Authority we have been able to deliver with the powers provided to us – exceeding our housing targets, rapidly expanding our bus, metro, cycling, and rail networks, and delivering skills programmes to tackle youth unemployment. Yet genuine responsibility means going further – providing both local authorities and combined authorities with the funding and powers to deliver long-term plans focused on outcomes, not on individual projects. It is through holding this responsibility that bodies outside Whitehall can earn trust and ensure that projects are suited to local economies and responsive to local needs.

In constructing 21st century infrastructure, we need to develop 10-25 year regional plans, with aligned pooled and devolved funding, to give developers and investors the certainty they need to shape successful places. And this applies to our social infrastructure too. Devolution must finally unleash the potential for public service reform. Here, the key is to experiment and take risks – piloting new approaches, gathering data in real time, learning and adjusting where there is failure, and scaling success.

Capacity – investing in the skills and leadership abilities of public servants in local areas. Both the delivery of large infrastructure projects and agile economic development are enormously challenging, straining governments at all levels around the world. The key to success is building the collective capability of public servants. This is partly about discrete skills in statistics and data analytics, to understand and act on real-time information – a core capability when responding to a crisis, as well as taking day-to-day decisions and about priorities and delivery.

Yet it is also about leadership, ensuring that we move away from command and control forms of management and towards adaptive and collaborative forms of leadership. Both require new forms of public-private delivery models for training, and a more porous relationship between academia, industry, and the public sector. Critically, there must be far greater incentives for our brightest and best public servants to make their way in local and regional government rather than being sucked into Whitehall or the private sector.

Accountability – more robust accountability for directly elected officials, both to Parliament and the public. More responsible and capable public institutions need new accountability mechanisms.

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1 'About Us' , Web Page, The Commission for Smart Government, n.d., accessed 21 September 2020.

As long as permanent secretaries are put in front of select committees to account for funds provided to local and regional bodies, there will be a reluctance to devolve responsibility. New arrangements need to be introduced at a national and local level – including reform of the select committee system, changes to the NAO's scope and powers, and the introduction of new local and regional accountability functions.

New responsibilities should also be placed on local institutions to engage with and involve communities in the exercise of increased powers, not least through more deliberative forums like the recent West Midlands Citizens' Panel on Recovery.[2] This way accountability reflects the true complexity of the system – it is made stronger through clear relationships with the public, local institutions, government, and parliament.

Control – recognising that control must be shared. Ultimately, we need to recognise that making progress on the key challenges we face is a shared endeavour between Whitehall and other bodies. We are all on the same team, and we all want the same

outcomes. Action against climate change is a key example – every part of the system has a role to play, and all our interventions are interdependent. Our 'WM2041' zero-carbon plan for the West Midlands involves numerous changes to how we live, work, play, and travel – just one example is our plan for a battery production 'Gigafactory' to boost domestic electric vehicle production.

> " *There must be far greater incentives for our brightest and best public servants to make their way in local and regional government* "

Yet this one intervention requires support from across government – trade promotion to secure an international anchor firm, energy infrastructure to support the facility, planning to make a location viable and eco-friendly, new financial instruments to secure long-term funding, and more. Until we move from a model of Whitehall's control over the system, to one of control

together to achieve shared goals, we will fall short of our shared potential and lag behind our international neighbours.

When a crisis subsides, we can enter a period of reflection on what it revealed about us. We then work to harness our best elements and address those that hold us back. Many individuals and families are making changes to how they spend their money and their time post-COVID-19, spending more time outdoors or revaluating long-held plans. Whitehall must remain in a similarly reflective mood. By addressing the State's current challenges through boosting responsibility, capacity, accountability, and control, we will be in a much stronger position when the next crisis hits.

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[2] West Midlands Combined Authority, 'Citizens' Panel to Help Guide Covid-19 Recovery', Press Release, 4 June 2020.

Weak state, inadequate capacity

*Rt Hon Lord William Wallace
of Saltaire
Lib Dem Spokesperson for the Cabinet*

A resilient state needs a strong central government, but also strong local government and an active civil society. And it needs institutions which encourage challenges to the conventional wisdom, allowing for a balance between expert advice and political leadership at different levels. The quality of the staff – public servants at all levels – is an important factor; but successful management both of daily business and of extraordinary crises requires first a strong institutional framework and effective political leadership.

In all of these aspects, the response of British state institutions so far to the COVID-I9 epidemic, has displayed underlying weaknesses. The most evident has been the weakness of local government, and the apparent reluctance of central government to use local authorities' resources and expertise. Successive cuts in central financial support for local government, compounding the narrow base of their own sources of funding, had left local authorities with very little capacity to respond to a major health emergency. The

contrast with Germany, where well-funded local government led the response to the outbreak, with locally-run testing and tracing in support, has been stark.

> **" Resilience in a crisis requires a degree of redundancy: stockpiling of supplies, planning for staff deployments and laboratories in reserve for emergency use "**

Nevertheless, English public health officers and local authorities retained a degree of familiarity with local geography, and social and economic conditions that should not have been neglected. Two years before, the effective

response to the Salisbury poisonings had been jointly managed by local officials, the local NHS Trust, and a team from London. But in the early months of 2020, ministers in London turned instead to private companies and consultancies to manage the response across the country, bypassing existing local institutions and public servants.

Resilience in a crisis requires a degree of redundancy: stockpiling of supplies, planning for staff deployments and – for health emergencies – laboratories in reserve for emergency use. The British public sector has been constrained by government efforts to reduce the numbers employed, and by determination to hold down public spending below the level of any other European democracy except Switzerland, Ireland and the small Baltic states.

A Cabinet Office exercise on responding to a potential epidemic had concluded without a commitment to ensure that there were adequate reserve stocks of equipment.

Laboratories within the health system had been consolidated and partly privatised since 2010, primarily in order to contain rising costs. Hospitals were running with a tighter margin of bed occupancy than in comparable countries, and with fewer staff. This left the British state without the spare capacity to respond to or manage the major health emergency that it faced in early 2020.

Information on the Cabinet Office scenario exercise conducted in 2018 shows that the centre of government had the capacity to anticipate such events. To have invested in the contingency planning and stocks that the exercise suggested would be wise, would, however, have gone against the political and financial assumptions of the then Government. Officials may have advised differently, but ministers were in charge.

The governance of the UK invests authority in a strong central executive, with Parliament as the legislature having limited powers to examine, and where necessary to challenge, policy as it evolves. The five years from 2015 to 2020 saw remarkable turbulence within the political leadership of that executive – in spite of the continuity of the party in power. There have been two changes of Prime Minister, three changes of Chancellor of the Exchequer and of Secretary of State for Local Government, four changes of Secretary of State for Business, and five of Secretary of State for Work and Pensions. Turnover among junior ministers has also been as high, and each of these changes has been accompanied by changes

of personnel and responsibilities among ministerial special advisers.

Sustained and informed political direction is not possible under such conditions. It takes time for new ministers and their advisers to learn about their responsibilities, particularly if their previous experience has not been in that field. The Prime Minister's senior adviser, Dominic Cummings, has criticised the practice in Whitehall of moving 'generalist' officials every two to four years, as disruptive for policy and damaging for expertise. His criticisms apply at least as strongly for ministers and their political advisers, often moving on after less than a year.

> *All governments make mistakes in responding to unanticipated emergencies. Not all governments learn from those mistakes, to carry through reforms to improve their resilience*

Multi-party government might have promoted more active discussion among ministers before decisions were taken, or left to one side. Stronger parliamentary committees, within an institutional framework where information flowed more freely from executive to legislature, might have led to challenges to the low level of

preparedness for such an emergency. A more consensual political climate, within which ministers briefed the spokesmen of opposition parties on the dilemmas that government faced, might have led to more coherence in the presentation of government responses to the wider public.

Yet the entrenched framework of Westminster is of institutional confrontation, rather than of dialogue. The Government's approach to managing the crisis – from the Prime Minister downwards – has been over-confidence in promising what it could provide, leading to loss of public trust when targets have not been met and results from tests not delivered.

One of the government's first responses to the COVID-19 threat was to outsource testing, and later tracing, to large British and American companies, without extensive prior experience in this field or local knowledge. The network of 'Lighthouse' laboratories was set up by a private consultancy firm, separate from the existing NHS network, creating problems for the exchange of data as well as the sharing of workloads when under pressure.

Central direction has meant on many occasions that local political leaders have been left uninformed of the intensity of infection within their communities, and not warned in advance about the imposition of stricter conditions for local lockdowns. This has not helped in carrying the public along with changing instructions on social behaviour.

High initial levels of public trust in government required for observance of social restrictions have declined.

Local authority leaders have struggled to respond to central instructions which impose additional responsibilities without offering additional funding, as on the ministerial announcement that 'COVID marshals' would be appointed.

What should have been a partnership between central and local government, to manage diverse local outbreaks while taking into account specific local circumstances, has been marred by ministerial mistrust of local government and the public services it provides.

The failure of successive governments to tackle the funding and management of the social care sector, or to move towards linking the NHS and social care more closely, exacerbated the problems the emergency exposed. But reform has proved too contentious in the UK's confrontational political system. Reform has been attempted on several occasions, most recently in the Dilnot proposals which the Conservative government adopted before the 2017 election campaign. Labour and several newspapers attacked the proposals as a 'dementia tax', and Theresa May retreated from these necessary changes. Neglect of the protection of care homes and their staff in the response to a health emergency significantly contributed to the high death rate in the first wave of the COVID-19 epidemic.

All governments make mistakes in responding to unanticipated emergencies. Not all governments learn from those mistakes, to carry through reforms to improve their resilience before the next unexpected emergency arrives. So far, ministers and advisers have blamed civil servants and government agencies for mistakes made. But the issues that the crisis has illuminated are far wider than that: they show systemic weaknesses in the United Kingdom's framework of government, political recruitment and leadership, and political culture.

> ❝ *The epidemic has highlighted an underlying crisis of British governance* ❞

The greatest weakness is the absence of any effective partnership between central and local government. The devolved administrations in Scotland, Wales and Northern Ireland have the authority, and to some extent the financial authority, to make their voices heard on national policy and to tailor its implementation to conditions on the ground. English local authorities have no similar standing in Westminster and Whitehall.

The abolition of regional offices of government in 2010 reduced Whitehall's ability to inform the centre about regional and local concerns. There is little interchange between officials in Whitehall and local authorities. Unlike in previous political generations, few ministers responsible for local government have previous experience in local government. Political recruitment to Parliament comes much more often through work as a special adviser or in party headquarters than as a local councillor or council leader.

The distant image of a political elite, recruited primarily from experience in London, playing rhetorical games in Westminster which do little to prepare themselves for government, has fed popular cynicism. There are lessons to be learned about the style of government, the presentation of policy, the role of parliament and the engagement of other parties and groups in understanding and helping to communicate the problems that government faces which are too broad to pursue further here.

The UK's experience in the first nine months of 2020 confirms the message of John Micklethwait and Adrian Wooldridge's newly-published study of different national responses to the epidemic: weak and underfunded states lack the resilience to respond effectively to crises like this.[1] They may also find it more difficult to generate the collective public engagement, the community solidarity, when commissioning private providers under centrally-negotiated contracts rather than investing in public services led by locally-based officials

This raises large and long-term questions about the future orientation of the British state. The

[1] John Micklethwait and Adiran Wooldridge, The Wake-Up Call: Why the Pandemichas Exposed the Weakness of the West - and How to Fix It (London UK: Hachette Books, 2020)

surge of public sympathy for NHS and other essential workers as the epidemic developed was impressive.

But it's not evident that sympathy would extend easily to acceptance of higher taxation in order to pay NHS staff, care workers and others higher wages, let alone to support the larger public sector that this analysis implies is needed to increase the State's resilience – from better-funded local government and spare capacity in hospitals and laboratories, to better-trained and generously-staffed central planning staffs.

The United Kingdom has held its level of taxation under 40 per cent of GDP, even as its population has aged and demands on public services have steadily risen. A more resilient state would require its citizens – and its corporations – to contribute a higher proportion,

closer to the 40 per cent that Canada raises, or the 43-46 per cent of the Netherlands and Germany. Public consent for higher levels of taxation, with a significantly higher proportion of taxation raised and spent at regional and local levels, will not be easy for any party contending for government to gain.

" The state is underfunded for the tasks it faces, critically short-funded at local level "

The epidemic has highlighted an underlying crisis of British governance. The constitutional crisis which the UK now faces has wider causes and implications than

can be addressed in a discussion of the State's response to the current emergency. But the lessons for the UK's public services are relatively clear. The state is underfunded for the tasks it faces, critically short-funded at local level. Depending on the private sector to create and provide public services when needed is less effective, or efficient.

Reform of Britain's central and local public services should always be on the government's agenda, carried forward without losing the confidence of the workforce and with the approval of those who may form the next government. But it is not the highest priority in reshaping the state, nor should reform or reorganisation be undertaken as a substitute for tackling the more fundamental weaknesses that the COVID-19 pandemic has uncovered.

Resilience and the social sector

Andy Haldane
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The global financial crisis (GFC) transformed the way society valued the activities of the financial sector. Pre-crisis, attention focused on the highly innovative, and lucrative, activities and products being manufactured by banks – ABSs, CDOs, CLOs and the like. These activities were often international in nature and, as they grew, so too did the length and breadth of international credit chains. There was comparatively little focus on the domestic activities that had been the bread and butter of banking since the 15th century – making payments and granting loans to households and companies.

Post-crisis, all of this was turned on its head. Many of the innovative and lucrative products turned toxic and risked sinking the banking ship. International credit chains broke almost overnight. And policy attention refocused sharply on keeping afloat those banking activities essential to the everyday lives of everyday citizens – making payments and granting loans both

of which had come under threat as the banking ship hit the rocks. As Mervyn King memorably said, we rediscovered that banks were international in life but national in death.[1]

This lesson has since been acted on. Banking regulation was reset with a much greater emphasis on resilience in general, and resilience of domestic payment and lending activities in particular. The centrepiece of the so-called Basel III banking agreements was much higher levels of banking resilience, assessed periodically through stress tests. In the UK, these internationally-agreed rules were supplemented with domestic measures to "ring fence" the domestic payments and lending activities of UK banks, helping insulate them from future toxic contamination.[2]

Twelve years on, the global economy is facing a very different crisis – the COVID-19 crisis. Nonetheless, some of the same

resilience lessons are being re-learned. International supply chains before COVID-19, like international credit chains pre-GFC, lengthened and broadened. As the crisis struck, they fractured. This laid bare the lack of national resilience in the provision of many of the everyday essentials of citizens – from pasta to paracetamol, masks to medicines. In response, a debate is just commencing about how best to achieve greater resilience in the provision of these goods and services, while retaining the benefits of internationally-integrated trade.[3]

There are many dimensions of this debate. Should industrial policies be re-oriented in ways which put greater weight on domestic supply chains, to serve as an insurance policy against future failures in international supply chains? What role should the State play in the provision of these goods and services, including through its procurement policies?

[1] House of Commons Treasury Committee, Banking Crisis: Regulation and Supervision Fourteenth Report of Session 2008 - 2009, HC 767 (London: The Stationary Office, 2009).

[2] Department for Business Innovation & Skills and HM Treasury, Independent Commission on Banking: Final Report, 2011.

[3] Maurice Glasman, 'As Globalisation Fractures, the West Must Champion Internationalism in the Face of China', New Statesman, 3 July 2020.

These are not new questions. They have periodically been the centrepiece of policy debate for as long as we have had recognisably private and public sectors, particularly at times of economic and societal stress. They are nonetheless difficult ones.

I wish to focus my comments on a different part of the economy and society, much less focused on in the past but, I would argue, as important as the public and private sectors in securing economic and societal resilience and success: the social sector. By this I mean the network of charities, community and faith organisations, not-for-profit enterprises and social movements that comprise what is sometimes called civil society – and at others times is called, in a term I dislike, the Third Sector.

The term 'Third Sector' has echoes of the 'Third World', a term earlier used to describe developing and emerging countries. We dropped this expression years back as it implicitly appeared to rank these countries below the 'First World' in policy debate and importance. Back then, that regrettably was often the case. Today, the same is true of the Third Sector. Civil society gets nothing like the same policy focus and attention as the public and private sectors. Often it is treated as an invisible residual – the amorphous part of society, neither market nor state, that largely goes unnoticed.

I think this hugely underplays the social sector's role and significance, historically and prospectively. My reading of

economic and social history is that civil society played as big a role as the public and private sectors in securing the huge economic and societal gains of the past several centuries. [4]

As the invisible hand of the market brings innovation and creativity and the body of the state brings security and stability, the heart of civil society provides the networks, communities and social glue that binds the first two together – what Raghu Rajan, in his most recent book, calls the "Third Pillar".[5]

" *Once more, the social sector has served as society's institutional immune system* "

The importance of the Third Pillar has been amply demonstrated, once again, during the COVID-19 crisis. As other sources of capital (financial, physical, human) crumbled, social capital and the social sector grew in importance. As in the past, the sector has provided the stitching necessary to mend tears in the social fabric: from the 4,000 community mutual aid groups across the UK to the 750,000 NHS volunteers. Once more, the social sector has served as society's institutional immune system during the COVID-19 crisis.

Yet despite its importance, historically and presently, the social sector has also demonstrated a

vulnerability, a lack of resilience, during these times of stress. That has been most clearly true financially, where a wide and widening gap has opened up between the rising demand for charitable and community services on the one hand and the diminished supply of finance to support these activities on the other. It has been estimated that this financing gap for the UK social sector is at present running at around £10 billion. [6]

This lack of resilience can be seen, too, in a lack of 'infrastructure' to support the social sector. There is a long-standing issue across many countries, that infrastructure does not exist to match the skills of volunteers to the needs of the organisations that seek them. It is a problem that applies across many charities and communities and many potential volunteers. The result is an all too frequent set of missed opportunities. For example, only a small fraction of those 750,000 NHS volunteers were ultimately put to work.

The same lack of infrastructure is apparent when it comes to measuring the social sector's contribution. At the level of individual charities, too few have the time and resources available to evaluate the social contribution they are making. Indeed, it was this that first prompted me to set up the charity Pro Bono Economics (PBE) over a decade ago. This matches skilled economist volunteers into charities, typically to evaluate their social impact. So far, PBE has helped hundreds of charities to do so.

[4] Andy Haldane, The Health, Wealth And Happiness of Nations: Lecture for Centre for Policy Studies, 2020
[5] Raghuram Rajan, The Third Pillar: How Markets and the State Leave the Community Behind (India: HarperCollins, 2019)
[6] Pro Bono Economics, Pro Bono Economics/ Civil Society Media Results: 02 & 03 June 2020, 2020.

That same problem exists at a national level. Our standard means of keeping score economically, such as GDP, are not well-equipped to capture the social value created by activities in the social sector. For example, the volunteering regularly undertaken by around I9 million people across the UK does not register in measures of GDP. In the UK, charitable activities make a measured contribution to GDP of a little over I per cent. [7] I have estimated that their true social contribution may be around ten times that amount. This is another example of the social sector being the invisible residual.

These resilience problems in the social sector are not straightforward to solve. They go to the very heart of its structure and design. The private sector operates in a largely decentralised fashion, allowing market forces and market prices to serve as a resource-allocation device towards those activities that are most innovative and competitive. The result is dynamic efficiency. But this comes at a cost. Those same forces also mean that the private sector tends to under-provide public goods of various types, from lamp posts to lighthouses, due to free-riding.

The public sector largely operates on a unitary, centralised basis. It is largely unguided by market forces and prices. That enables the state to side-step problems of individual free-riding and supply public goods on a scale and at a price that better satisfies public needs, from healthcare to education. But that too comes at some cost. Precisely because it is structured in a non-competitive way, unguided by market forces, the public sector can

sometimes lack the dynamism of the private sector.

The social sector has a structure that combines elements of both market and state. Like the state, it provides public goods, largely unguided by market forces and prices. Like the market, it does so on a decentralised, and sometimes competitive, basis. The risks of such a structure are only too clear. Decentralisation with no market discipline runs the risks of under-providing some public goods (and over-providing others). It also risks that provision taking place in a way that lacks the private sector's dynamism.

> " *It is the combined efforts of the public, private and social sectors, acting in partnership, that is needed to unleash the potential of each individually and their best collective benefits* "

This is not intended to be a criticism of the social sector; it serves many people very well and has done so for so many years. It simply means that the potential of the social sector may, at present, not be being fulfilled. It also means that, with change, more of this potential could be unleashed for the public good: even greater

amounts of voluntary and philanthropic activity benefitting greater numbers of vulnerable charities, communities and people. It means strengthening the foundations of the Third Pillar to give it both greater resilience and greater dynamism.

Unleashing this potential will require a rather fundamental rethink and not just of the social sector. As history attests, it is the combined efforts of the public, private and social sectors, acting in partnership, that is needed to unleash the potential of each individually and their best collective benefits. In rethinking the appropriate boundaries and structures for civil society, then, we need to consider the appropriate boundaries and structures of the market and the State too and their complementarities.

Later this year, PBE is launching a Commission on Civil Society, chaired by Gus O'Donnell and funded by the Law Family Foundation.[8] It will combine high-level representatives from across all three sectors. Its aim will be to try and address these questions about the appropriate boundaries and market structures of the three pillars. Based on rigorous analysis, I hope the Commission can give the social sector the policy prominence its role deserves and which our societies need.

There are no shortage of ways in which effective change might take place. Let me end by speculating on one or two of them. On measurement, progress has been made over recent years. At the level of the economy, the UK's Office for

[7] Andy Haldane, The Third Sector and the Fourth Industrial Revolution: Pro Bono Economics Annual Lecture, 2019.
[8] Chris Giles, 'Voluntary Work Comes under Spotlight in UK's Virus Recovery', The Financial Times, 30 August 2020.

National Statistics publishes measures of social capital, based on indicators covering personal relationships, social network support, civic engagement, and trust and cooperation. At the level of companies, so-called 'integrated reporting' provides a means of companies reporting their contribution across a broader set of capitals, importantly including natural and social capital.[9]

Despite this progress, reporting of economic performance through the National Accounts or company performance through company accounts continues largely to ignore social capital and significantly understates the contribution of volunteering and the social sector to the value of businesses and societies. What better time than now to broaden our measurement horizons, putting wellbeing and broader concepts of capital at the centre of how we measure success, as companies, economies or societies.

"*What better time to broaden our measurement horizons , putting well-being and broader concepts of capital at the centre of how we measure success*"

In providing a better-developed infrastructure for the social sector, one idea gathering ground is a formal system of National Civic Service. The National Citizen Service has since 2009 offered an excellent three to four week programme for 16-17 year olds.

But civic service should be a lifelong and inclusive pursuit, covering young and old, rich and poor. A national system of volunteering, locally-implemented, could provide that foundation for lifelong civic service, mobilising many more volunteers and offering those volunteers in return fulfilment and training.[10]

Finally, to support that lifelong model of civic service, we need improved means of recording and rewarding those that do volunteer. A digital civic passport would be one way to achieve that, as is already available for young people in Scotland. And with that passport, the door is then opened to thinking imaginatively about ways in which volunteer activity might be not just recorded but encouraged – for example, by extending 'digital credits' for time spent volunteering.[11]

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[9] Roger Simnett and Anna Huggins, 'Integrated Reporting and Assurance: Where Can Research Add Value?', Sustainability Accounting, Managment and Policy Journal 6, no. 1 (28 June 2015).

[10] Andy Haldane, The Third Sector and the Fourth Industrial Revolution: Pro Bono Economics Annual Lecture, 2019.

[11] Ibid.

Community power and the investment state

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What existed before big government? It wasn't personal freedom – it was 'big society', and not all in a good way. In the high Victorian period John Stuart Mill wrote of the suffocating pressure of social conformity, of the power of public moral expectation. This power was worse than state coercion, he thought, because it "enslaved the mind", not just the body.

Big government has had its day. Centralised bureaucracies are entirely unfitted for the nimble, digital, diverse 21st century. But what will replace them? Some, the modern Millites, yearn for freedom from both state and society – a new progressive utopia of personal liberty, sans rules or religions or nations or manners. Others nostalgically evoke a revived Victorian morality in which everyone conforms to the bourgeois standard on pain of social ostracism. Neither will do, though I think the second, nostalgic vision is closer to the future than the liberal one. As we dismantle the bureaucracies of the 20th century state we need a better idea than liberalism, something more than

individual freedom. This better idea, this something more, is community power.

> " *Centralised bureaucracies are entirely unfitted for the nimble, digital, diverse 21st century* "

Community power is closer to nostalgic conservatism than to modern liberalism because it recognises our fundamental need – more fundamental than our need for freedom – for belonging. Indeed, freedom proceeds from belonging: only with the secure base of home, only with the identity learned from others, can you safely and effectively venture into discovery and self-discovery. This unfashionable truth, that 'we' precedes 'I' in the sequence of life, is the basis of conservatism and the cardinal distinction between it and liberalism.

Leaning in to this truth will align the desires and inclinations of individuals with their family, community, and ultimately the nation as a whole, improving trust, tackling the democratic deficit and building the resilience of the state.

The doctrine of community power is a modernised conservatism. Power properly belongs not just to the rich men who led communities in the old days, but to the communities themselves. Here is where liberalism is co-opted to shore up the conservative idea. We can avoid the social suffocation Mill objected to (more likely these days to be the new intolerances of critical theory than a resurgent religiosity) when ordinary people can assert their values through local decision making.

Community power is the secret to levelling up, the magic yeast that will make depressed places rise. As Professor Sir Paul Collier puts it, there is a "radical uncertainty" about what drives local growth.

Fittingly, there is no central recipe we can apply to every community.

All we know for sure is that, as Robert Putnam demonstrated 30 years ago in his study of the regions of Italy, prosperity depends on "norms of reciprocity and networks of civic engagement".[1]

Places with high levels of social infrastructure and associative life – with churches and clubs and charities, with volunteering and mutual support – do better economically than those without these things. "Civic conditions", says Putnam, act like "a powerful magnetic field", pulling social and economic conditions forward in their wake. Or to put it another way, "civics helps to explain economics, rather than the reverse." Strong families and communities, in other words, reduce economic dependence and make for a stronger, more resilient state.

" *Community power is the secret to levelling up, the magic yeast that willl make depressed places rise* "

This is the way to level up – but our current fiscal model hinders it. In a nutshell, we send revenue spending to poor areas – largely via transfers in the welfare system, investing in individual people rather than in civic conditions – while investing capital in the areas that are already wealthy.

This is because of the way the Treasury calculates value for

money. Bang for buck is by definition larger in areas of existing growth: adding a housing estate or a business park to an affluent town yields bigger and quicker returns than putting these things (let alone the social infrastructure places really need) into a depressed or 'left-behind' area. The system also applies a discount rate of 3.5 per cent per year for capital investment – a depreciation forecast that encourages short-term projects rather than the long-term investments that drive sustained growth.

Our social model similarly inhibits the associative life that places and people need. We have a 'just in time' system of social support, which essentially means the government steps in when things have gone wrong, and tries, expensively and often ineptly, to put them right again. Hence the favouring of acute healthcare spending over preventative treatment (the famous ambulances at the bottom of the cliff rather than fences at the top), the vast expenditure on prisons compared to youth services, or the cost of looking after children in care rather than investment in families and family support.

These late, reactive, acute interventions are necessary because of the absence of community capital, the assets that places need to prosper and to withstand economic shocks. Community capital could be said to consist of human capital (skills and good mental health); social capital (the trusting networks that form around institutions and associations); and financial capital (wealth, whether liquid or physical, held by and for communities).

Rather than just thinking of ways to deliver acute remedial services with greater efficiency and value for money, government should think of ways to generate community capital. We need an 'investment state' that helps create the civic conditions for prosperity. How do we organise government to do this work? We are, in the words of John Fonte of the Hudson Institute, in the era of "post democracy", when elites run the show with little reference to voters and their representatives. The Blair years saw a transfer of power from democratic control to quangos, including the European Commission; many were helpfully abolished under David Cameron though others were created (like Public Health England, and indeed NHS England as a chartered, autonomous body of its own).

Boris Johnson has rectified the European mistake, and restored democratic control of our borders and our laws. He might yet rein in the independence of the health quangos. But this is not enough. Indeed, democracy in its formal sense – the ultimate power of Parliament over the bureaucracy of the state – is not enough, though we do need this very urgently. To properly enfranchise the people we need a more distributed model of power: more varied, more local, more informal.

In the report I recently completed for the government,[2] *Levelling up our communities: proposals for a new social covenant*, I set out a range of policy areas where community power should replace the dominance of large public and

[1] Robert Putnam, Making Democracy Work (New Jersey: Princeton University Press, 1993).

[2] Danny Kruger MP, *Levelling up Our Communities: Proposals for a New Social Covenant*, 2020.

private sector bureaucracies. These include housing, health and socia care, aspects of criminal justice, early years, employment, and refugee support. In all these areas we should enable local people, front-line professionals and expert non-government organisations to take more responsibility - to build systems based on trust and reciprocity rather than simply on command, control, and quasi-markets.

There is a danger here, as Nigel Ball of the Government Outcomes Lab at the Blavatnik School of Government points out: "Relying too heavily on relationships and trust demands an idealised vision of human behaviour, and risks a resurgence of many of the vices that the reform of the past was intended to combat: inefficient services meaning wasted money; weakened accountability structures allowing patronage and corruption; variations in local funding leading to 'postcode lotteries'; institutionalised prejudice; systematic abuse of the vulnerable. Many residents of less mature democracies or less dynamic economies are still attempting to exorcise these demons."[3]

Here, then, is one of the essential functions of the investment state after power has been given to communities: to police their use of it, inspecting and reporting on the exercise of responsibility by the myriad organisations now entrusted with it.

> " *The centre should be much smaller, but it should be much more long sighted* "

The investment state should be more than a neutral inspector, however. Indeed the government we need is far from neutral. The centre should be much smaller, but it should be much more long-sighted. The 'grand challenges' identified by Theresa May's Government, the threats and opportunities presented by demographic and technological change, was the right approach, and we should add the ethics of AI, pandemic preparedness, the rise of China, and no doubt others to the list. These, not the mechanics of local healthcare or the management of local jobs markets,

are the proper business of central government.

Radical devolution will free up the capacity of central government to attend to these grand challenges, while securing the long-term resilience of our towns and villages for future generations by allowing local systems to develop and mature according to local needs. Putnam's work shows that strong communities do not erode trust in the central state, but enhance it. Community power is not an anarchist or anti-state doctrine. Indeed this is the way to restore faith in politics, and in the good that government can do.

More is needed, as Putnam discovered in Italy, than formal democracy and liberal individualism. We need an older idea, the inheritance of civic humanism and the 'virtue' philosophy of the Renaissance, which stressed your contribution to society rather than your independence from it. Then (leapfrogging the Enlightenment, that over-promoted era) we need the Victorian ethos of social solidarity and collective action, albeit (as Mill wished) a little less patriarchal. Disraeli had it right: 'trust the people'.

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[3] Nigel Ball, 'Reset of Refine: How Should Boris Johnson's New Government Set about Reforming UK Public Services', Government Outcomes Lab, 13 December 2019.

Future-proofing our digital infrastructure

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As so many aspects of our lives moved dramatically and unexpectedly online in March 2020, I suspect I wasn't the only former Digital Secretary or Minister nervously wondering if our broadband and telecoms networks would meet the likely demand. To their credit, overall, they did.

But the switch to virtual meetings, online school lessons and Zoom drinks was still, for many people, a slower and more frustrating experience that it should be in the 21st century. To achieve a truly resilient state we need better connectivity both geographically but also demographically.

When I became Digital Secretary in July 2020 the Prime Minister was clear that ensuring communications providers worked towards gigabit-level connectivity faster than they might otherwise do was to be a key focus for me and the Department for Digital, Culture, Media and Sport. Broadband and telecoms are

massively important parts of our national infrastructure. In some ways, given the shift to working from home and working on the move they are becoming more important than some of our more traditional infrastructure such as transport. And they will definitely play a role in helping us to achieve our low carbon ambitions.

> " *To achieve a truly resilient state we need better connectivity both geogrphaically but also demographically* "

There can be no let up in focusing on our digital infrastructure and pushing for upgrades as quickly as possible. The operators want to get stuck in, which is a good thing. But we can't wait for them to upgrade

one area before they start on another. We need a nationwide step change in our digital connectivity now. And we must be realistic that Government support will be needed particularly for parts of the country which are too remote for operators to upgrade without it.

Our digital infrastructure needs to be explicitly stated to be as important as projects such as HS2 or the third runway at Heathrow. And it needs to be non-negotiable now in areas such as new housing developments. Offering a new property for occupation that doesn't have fibre should be as unacceptable as offering one without a connection to mains water or the national grid.

Our supply chains need to be diverse. The recent arguments over which companies should be allowed to upgrade our 5G network is a different conversation for our infrastructure planners than who builds our roads or railways.

We will need to be clear about what is in our national interest when it comes to our digital infrastructure for the simple reason that as it becomes a key part of our lives we are more vulnerable to the risks, along with the opportunities, it can bring. But the UK is also in a unique position, particularly as we leave the EU, that we can bridge the different digital attitudes shown in Europe, America and Asia. We should plough our own digital furrow and not be compelled to make a choice between other nations' self-interests.

The other encouragement needed is for customers to take up those faster speeds. That means making it easier for customers to understand what is available, or soon will be, in their area, what that means for them and how they take advantage of it. Any anti-competitive practices or hurdles which make it harder for people to switch contracts must be tackled. And in the same way as moves have been made to encourage loyal (often older and long-standing) customers who pay over the odds to move energy supplier, we need to do the same with their broadband and/or telephone suppliers too. It's not acceptable for older or less digitally confident customers to be paying too much simply because they feel tied into a service such as an email address.

The UK is a digital nation – we lead the world in areas such as quantum computing, deployment of 5G and the Internet of Things. Better digital connectivity is not just about more stable video conferencing calls or faster download of content – it is about dramatic improvements in our productivity and giving confidence to the tech businesses

of the future that the UK is the place to locate based on our talent pipeline, regulatory environment and explicit support for innovation.

That also means encouraging all of us to learn new digital skills, adopt new tech and encourage the next generation to look to the digital horizon for their careers. This is about more than coding – it is about creativity and innovation, taking existing things we do and re-casting them for a digital age.

"Our digital infrastructure needs to be explicitly stated to be as important as projects such as HS2"

HealthTech is one of those areas where the UK is developing world-beating capabilities – such as the Centre for Responsive HealthTech Innovation I visited as Digital Secretary. The Centre is a collaboration between Leeds University and Leeds Teaching Hospitals NHS Trust.

And if this all sounds slightly overblown then just think of one very simple application which might help all of us with elderly relatives living on their own – thanks to health tech we (and their medical team) will be able to check if they are mobile and if they've taken their medication without having to interrupt their day. But that does need reliable digital infrastructure to work.

Other applications of technology can be found in sectors as diverse as farming, the creative industries, and the payments industry.

In accepting that more of our lives are going to be lived online we also have to accept that we all have to become more cyber savvy. Banks and other financial institutions and their customers have learnt this the hard way – by losing millions of pounds and being knocked offline by attacks and sometimes just a lack of operational resilience. Banks are continually looking for ways to bolster online security and remind customers of the threats to their finances and the steps they should take to prevent such risks. There can be no substitute for continual and widespread nationwide cyber security campaigns.

And the lesson from the WannaCry ransomware attack on the NHS (amongst many thousands of other organisations) is that IT software has to be kept up to date and there are many bad actors trying to disrupt our online activities and even extort money from us.

The UK has world-beating cyber capabilities in GCHQ and the National Cyber Security Centre and we need to deploy them not as agents of doom, but as agencies which give confidence to those using digital services and those creating them that the UK's cyber defences are robust.

Encouraging people to take up faster services and to think about future careers in digital and tech won't, however, get very far if our

young people don't have access to computers or any kind of connection other than, perhaps, a parent's or carer's mobile phone.

The move to online learning in schools across England, because it happened so fast this year, inevitably highlighted the divide between those able to access virtual lessons and those who couldn't. Many schools did a heroic job of helping their students cope with online lessons or found ways to provide alternative lessons. And many thousands of laptops were provided, but it was still patchy.

Given the ongoing uncertainties of the virus and, in any event, the fact that once the digital genie is out of the bottle it can't be put back in, ensuring teachers and students are comfortable with online learning has to be part of a longer term move for education in the 21st century. EdTech is another sector where the UK plays a leading role but what the pandemic has shown is that online learning is not just for some subjects and some schools – it has to be for everyone.

Inevitably 2020 has been the year of the pandemic. But, because of the virus, many individuals, organisations, and businesses have made digital leaps in days or weeks that would otherwise have taken years or decades. The UK can create a world leading digital eco-system - modern digital infrastructure, a responsive and realistic digital regulatory environment, effective cyber security capability, a strong digital skillset across the nation and a focus on digital equality for all. We must not miss this chance.

" We need to give confidence to those using digital services and those creating them that the UK's cyber defences are robust "

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