
Insights for the new Parliament

Impartial analysis of the key issues



Foreword

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Penny Young

Librarian, House of Commons



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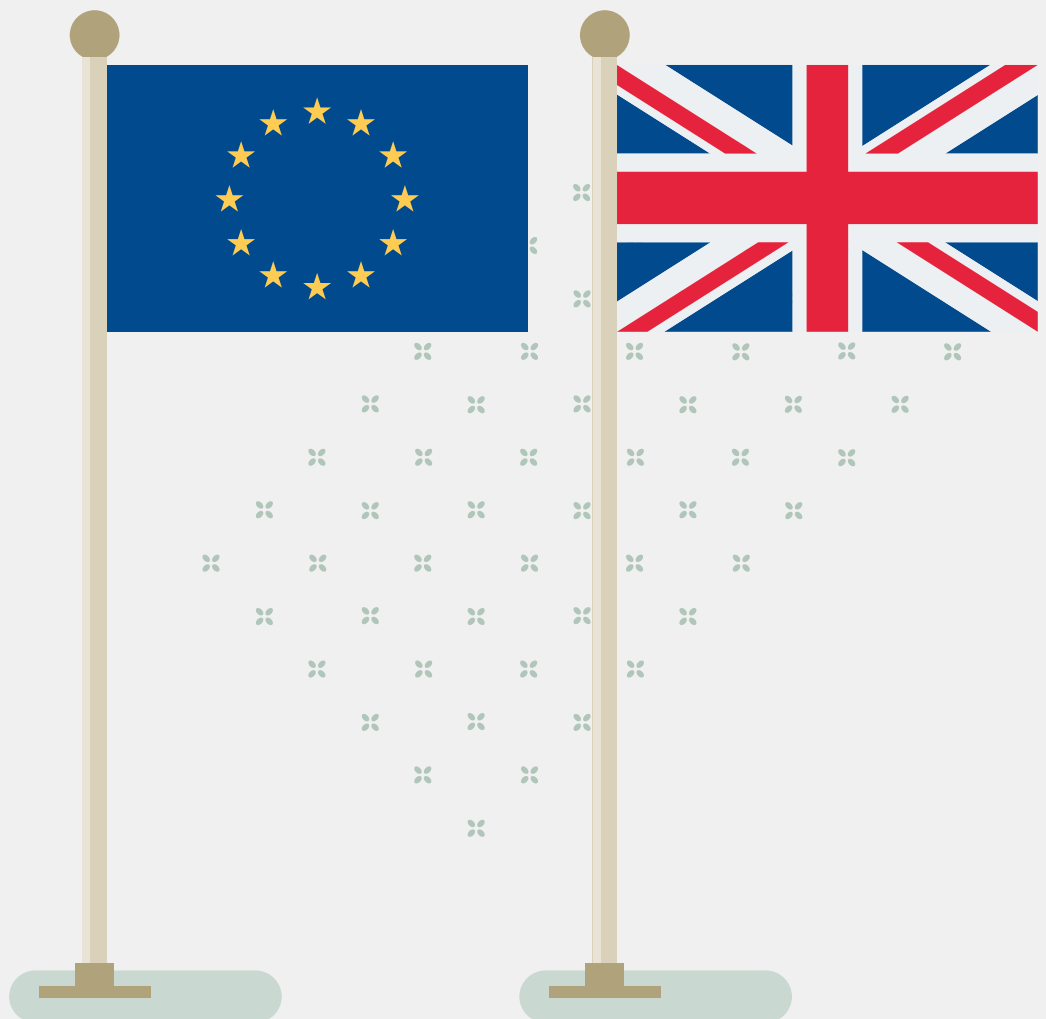
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Brexit: What happens next?

Stefano Fella

In 2019, the House of Commons voted against Theresa May's Brexit deal three times. In October, the Commons withheld approval for the revised deal negotiated with the EU by the Johnson Government.

At the end of October, the UK and EU agreed to delay the scheduled Brexit date, for a third time, to 31 January 2020. Boris Johnson proposed the election as a way of breaking the Brexit deadlock.

This Insight examines the possible next steps on Brexit in the new Parliament.

Brexit options

The options for withdrawal from the EU will remain much the same as they were before the election: leave the EU with an agreement, leave without a deal or revoke the Article 50 notification and remain in the EU.

The choice could be delayed by another Article 50 extension (if agreed by the UK and EU). This would be necessary if the UK Government wanted to renegotiate the withdrawal deal again, or if another Brexit referendum was to be held (which might lead to Article 50 revocation). But the EU is unlikely to agree to repeated extensions that leave the UK's status within the EU unresolved, meaning the choice would have to be made sooner or later.

Leaving the EU with an agreement

Before the UK can leave the EU with an agreement, Parliament needs to pass legislation to implement the agreement in UK law. The European Parliament also needs to give consent.

The Conservative party pledged to take the UK out of the EU on 31 January 2020 on the basis of the revised Withdrawal Agreement (WA) negotiated in October 2019.

That agreement would be ratified and implemented by Parliament passing the EU (*Withdrawal Agreement*) Bill (known as the WAB).

At present, there is a legal requirement to hold a separate 'meaningful vote' on both the WA and the accompanying Political Declaration on the future framework of the EU-UK relationship. The version of the WAB published in October 2019 would have repealed that requirement.

The version of the WA agreed by the Johnson Government was largely identical to the one agreed by Theresa May's Government in November 2018. The main difference was a revised protocol on Ireland/Northern Ireland (see Brexit and the Northern Ireland border). The unchanged provisions of the WA include the following:

- A transition (or implementation) period until the end of December 2020. During this period, EU rules – with a few exceptions – will continue to apply to the UK. This provides a bridging period while the UK and the EU negotiate a new relationship. The period can be extended for one or two years. During this time the UK will no longer have representation in EU institutions
- Provisions on citizens' rights to give permanent residence rights to UK citizens living in EU Member States and to EU citizens living in the UK at the end of the transition period

Article 50 TEU

Article 50 of the Treaty on European Union (TEU) sets out the process for negotiating a withdrawal agreement, after a Member State has issued a notification to leave the EU.

The withdrawal agreement has to take into account the framework for a future relationship between the EU and departing Member State. But the future relationship agreement is to be negotiated under the EU's normal procedures for agreements with third countries.

If no withdrawal agreement has been concluded, the default is that the Member State will leave the EU two years after notification without a deal, unless there is agreement to extend the Article 50 period.

- Separation provisions to allow processes that are ongoing at the end of the transition period to come to an orderly end. For example, where European arrest warrants have been issued or where goods have been placed on the market (enabling continued circulation until they have reached their end user)
- Financial provisions to settle existing obligations (the ‘divorce bill’). Future UK payments will reflect commitments and liabilities arising from its time as a Member State
- A joint EU-UK committee to oversee the WA, with an independent arbitration panel in the case of disputes
- Protocols on the Sovereign Base Areas in Cyprus and Gibraltar

Leaving the EU without a deal

A no-deal Brexit remains the default scenario if the UK and the EU are unable to agree a deal that can be ratified in both the UK and EU Parliaments. Further extensions to the Article 50 period could delay but not avert this outcome. Without a ratified withdrawal agreement, on the assumption the EU will not agree to extensions indefinitely, a no-deal Brexit can only be averted by revoking the Article 50 notice.

In a no-deal scenario, the current UK-EU relationship would cease to apply. Trade between the UK and EU would fall back to World Trade Organization rules. The European Commission has stated that before further talks can take place, it would expect the UK to address the three main issues covered by the WA: citizens rights’ provisions, the financial settlement and the Northern Ireland-Ireland border.

Negotiating the future relationship

The Political Declaration (PD) set out a possible framework for the future relationship between the UK and the EU, and covers both an economic and a security partnership. The detail is still to be negotiated. The PD is not a legally binding document and it is possible for an alternative relationship to develop.

The revised PD, agreed in October 2019, stressed that the basis of the future economic relationship will be a free-trade agreement. References in the November 2018 PD to a close UK alignment with EU rules were removed.

The revised PD suggests that the UK and EU will need to maintain certain “level playing field” standards to ensure fair competition between the UK and EU given their geographical proximity. These would be in taxation, environmental and employment standards, and state aid and competition policy. But the precise nature of any commitments would depend on the scope of the future relationship. In October, the EU’s chief Brexit negotiator, Michel Barnier, indicated that UK access to EU markets will be “proportional” to commitments to common rules.

Negotiations on the future relationship will commence as soon as possible after the UK’s withdrawal from the EU.

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Extending the transition period

If the UK leaves the EU under the terms of the WA in early 2020, the Government will have the option of asking for an extension of the transition period. Currently, transition is due to end on 31 December 2020, but it can be extended for a further “one or two years”. An extension would need to be agreed by both the UK and EU, and the decision needs to be taken by 1 July 2020.

The Conservative Party manifesto stated that a Johnson Government would negotiate a trade agreement with the EU in 2020 and it would not extend the implementation period beyond December 2020. But the Labour Party and others have warned of the risk of a no-deal scenario at the end of 2020, if a future relationship framework is not ready for implementation and the transition period is not extended. Legal arrangements for regulating the UK-EU relationship could cease at this point.

Numerous commentators have expressed scepticism about the chances of a new UK-EU relationship framework being in place by the beginning of 2021. Recent EU trade agreements have taken four to seven years to conclude. International treaties can be applied provisionally ahead of ratification. The October PD refers to the European Commission’s readiness to apply relevant aspects of the future UK-EU relationship provisionally at the end of 2020, but that would still require some form of agreement by then.

Ratification of a future agreement could take time. If a so-called ‘mixed agreement’ is proposed (one which goes beyond the EU’s exclusive competence), ratification by national parliaments within EU Member States – and in some cases their regional parliaments – is required.

Further reading

- The October 2019 EU UK Withdrawal Agreement, *House of Commons Library*.
- Revisions to the Political Declaration on the framework for future EU-UK relations, *House of Commons Library*.
- UK-EU relations after Brexit: an Association Agreement, *House of Commons Library*.

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Housing: Raising quality and supply

Wendy Wilson and Cassie Barton

As Prime Minister, Theresa May described the housing crisis as “the biggest domestic policy challenge of our generation”. The crisis is multifaceted, with specific regional challenges as well as policy linkages across numerous areas, including planning, infrastructure and social security. Evidence suggests that the housing crisis is eliciting a real human cost, but its resolution could yield economic as well as personal benefits; for example, in reduced NHS spending and a healthier more mobile workforce.

Supply and affordability: The overriding priorities

The most pressing challenge facing the housing sector is to achieve a sustained increase in housebuilding. There has been a long-term failure to meet newly arising demand and to tackle the backlog of unmet housing need. One visible manifestation of the backlog is the 169% increase in rough sleeping recorded in England between 2010 and 2017.

Housing supply has increased. More than 241,000 net additional homes were delivered in 2018/19, representing the highest level of delivery in at least a decade. This is at the lower level of the 240,000 to 340,000 units per year that experts, such as Professor Glen Bramley at Heriot-Watt University, believe would start to address the supply gap in England.

There’s some debate over the supply gap. Economist Ian Mulheirn argues that “the housing shortage story is unconvincing,” and that there needs to be a “fundamental rethink” of the focus on supply. There is certainly agreement in the sector that increasing supply alone will not solve the affordability crisis.

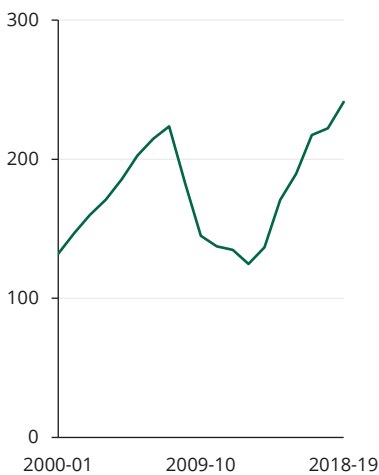
Focus has turned to tenure, and particularly the contribution that more social rented housing could make to easing affordability pressures and reducing expenditure on housing benefit. Rents in social housing are typically 50% of market rates. Professor Glen Bramley’s work for the National Housing Federation (NHF) identified a need for 90,000 new social rented homes per year up to 2031. The NHF has said this could be achieved with additional grant funding or, in part, by capturing a greater proportion of the land value released, such as when planning permission is granted or where new infrastructure is provided.

A new era of council housing?

100 years after the ‘Addison Act’ paved the way for large-scale council housing development, there are calls for a substantial public sector housebuilding programme to fill the supply gap. Local authority borrowing caps were removed in October 2018; this was roundly welcomed but will not, on its own, prompt development at the levels required. Public housing investment in England has grown and currently stands at around £53 billion, but it is focused on private market interventions such as Help to Buy. A potential policy response, which has support from the Chartered Institute of Housing and National Housing Federation amongst others, is a rebalancing of investment towards affordable housing.

Chart 1: Net supply of new housing

Thousands of homes



Labour’s 2019 manifesto committed to building “at least 150,000 new council and social homes a year within five years”. The Liberal Democrats committed to building 100,000 homes for social rent per year, while the Conservatives committed to building 1 million new homes over five years, with no specific reference to tenure.

Source for Chart 1: MHCLG, Live Table 118

Quality matters

As new-build rates started to improve after the financial crash, the sector saw an initial drop in buyers’ satisfaction with their homes. The Grenfell Tower fire in 2016 further focused attention on building standards, including on the quality of materials and workmanship and the enforcement of building controls. The May Government promised a new homes ombudsman. In the October 2019 Queen’s Speech, the Johnson Government committed to the introduction of legislation on new building safety standards, which would also create a new regulator. Ensuring improved housing quality and safety standards is likely to be a priority for the incoming Government.

Leasehold reform

Increased rates of housebuilding also saw large developers selling more houses on a leasehold – rather than a freehold – basis, with some instances of very high ground rents. Following the Grenfell Tower fire, the removal of combustible cladding and the question of where costs would fall has further highlighted dissatisfaction with management standards amongst long leaseholders in blocks of flats.

Several consultation exercises have been carried out, and the Law Commission is undertaking a substantial piece of work on issues associated with residential leasehold. There is cross-party support for leasehold reform and for the reinvigoration of commonhold, which failed to take off as an alternative to leasehold ownership following its introduction in 2002.

The private rented sector

With access to both homeownership and social housing constrained, the beneficiary has been the private rented sector (PRS). In 2011, the proportion of renters in the PRS overtook the proportion in social housing to make it the second largest tenure in England. The sector had been characterised as housing younger, mobile members of the population, but now houses more low-income families with children and a growing number of elderly people.

The PRS has the worst conditions and some of the most acute affordability issues of any tenure, particularly in areas of high housing demand. While both the Scottish and Welsh Governments used their devolved powers to increase regulation of the PRS, the Coalition Government that took office in 2010 rejected additional regulation because it would have increased the burden on reputable landlords and risked costs being passed on to tenants.

There has been a notable shift in approach in England since 2017. New regulatory measures have been introduced and the major parties have committed to abolish ‘no-fault’ evictions, thereby strengthening tenants’ security of tenure, and to further regulate letting and managing agents. Landlord bodies argue that these measures will reduce supply and further limit access to housing for those not able to buy a property or qualify for social housing.

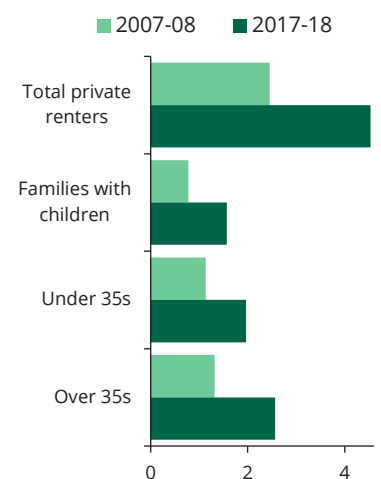
Further reading

- What is affordable housing?, *House of Commons Library*.
- Stimulating housing supply – Government initiatives (England), *House of Commons Library*.
- The end of ‘no fault’ section 21 evictions, *House of Commons Library*.

Chart 2: Map of constituencies where more than half of sales were leasehold, 2018



Chart 3: Private rented sector is growing



Source for Chart 2: Land Registry Price Paid Data
 Source for Chart 3: MHCLG, English Housing Survey

Note: Non-decent homes refers to the number of dwellings that don’t meet the government’s Decent Homes Standard for social housing. Figures are for 2007 and 2017.

The EU Settlement Scheme: A summary

Hannah Wilkins and Georgina Sturge

EU, European Economic Area (EEA) and Swiss citizens (referred to here collectively as ‘EU citizens’) who want to live in the UK after Brexit will need to apply for a new immigration status. The EU Settlement Scheme (EUSS) has been set up to grant this status. The EUSS may grant either **settled** or **pre-settled** status, depending on how long the EU citizen has lived in the UK.

What is the EU Settlement Scheme?

The EUSS is a Home Office scheme to provide status under UK law to EU citizens and their families. EU citizens must apply online to the EUSS – status will not be granted to them automatically. The Conservative Government has been criticised for this approach as it could have passed legislation for a declaratory system that granted status automatically.

Under the EUSS, people who don’t apply will have no immigration status, and critics are concerned about vulnerable people who fail to apply.

How do people apply?

To apply, EU citizens must provide evidence of their identity, length of residence in the UK, and criminal history. They will be provided with digital proof of status. The lack of a physical status document has been criticised in Parliament.

To receive settled status, EU citizens must prove they have lived in the UK for five continuous years. It is permanent and does not expire or need renewal. Pre-settled status lasts for five years. It can be ‘upgraded’ to settled status once the holder can show evidence of five years of continuous UK residence. In August 2019, *The Guardian* reported that some people are being granted pre-settled status although they have lived in the UK for more than five years, due to difficulties proving residence.

What is the legal basis of the scheme?

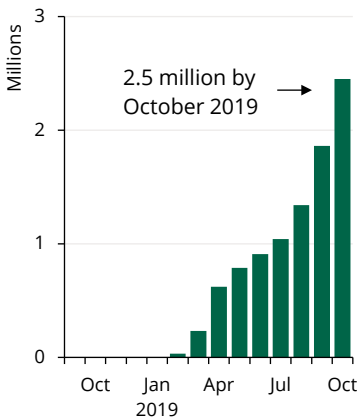
The scheme has been implemented in the Government’s immigration rules. These rules are the main source of immigration law in the UK, but are not primary legislation. Under the Withdrawal Agreement (WA), EU citizens’ rights would be protected by the European Union (Withdrawal Agreement) Bill. In a no-deal Brexit scenario, citizens’ rights may not be protected by primary legislation unless steps are taken to do so.

What are the EUSS deadlines?

There are two deadlines for the scheme: the **residence** deadline and the **application** deadline. The residence deadline is the date by which an EU citizen will usually need to be living in the UK to be eligible to apply to the EUSS. The application deadline is the date by which an EU citizen who is eligible to apply for the EUSS must do so.

This is complicated by the Brexit outcome. Deadlines vary depending on whether the WA is ratified, or there is a no-deal Brexit.

Chart 1: Applications for the EUSS, cumulative monthly total



Source for Chart 1: Home Office, EU Settlement Scheme monthly statistics

Under the WA, the residence deadline is the end of the transition period, and the application deadline is six months later. Under a no-deal Brexit, the residence deadline is the day the UK leaves the EU, and the application deadline is currently set at 31 December 2020. Some of these dates could change.

Who must apply to the EU Settlement Scheme?

All EU citizens and their families who are living in the UK under EU free movement law and want to continue living in the UK after Brexit must apply to reside lawfully. This includes EU citizens married to British citizens and those who have lived in the UK for many years.

Irish citizens do not need to apply (but can choose to) as their residence is protected by the Common Travel Area. However, their non-Irish and non-British family members will need to apply unless they have status under UK immigration law.

How many people have applied?

At the end of October 2019, the scheme had received 2.5 million applications, 2.3 million of which were from EU or EEA nationals. This slightly overcounts the number of people who have applied, as some have applied for pre-settled status and later for settled status. In 2018, there were around 3.4 million EU or EEA nationals living in the UK who were required to apply (Irish citizens excluded).

Since the scheme opened, around 300,000 people have migrated from the EU to the UK. There were also around 120,000 people who left the UK before the scheme started but who might have been eligible to apply based on historical residence.

Altogether, these figures suggest that roughly 60% of EU and EEA nationals who should apply have applied. Any eligible person who migrates to the UK before the end of 2020 will add to the population that must apply if they intend to remain after that time.

There are no reliable estimates of the number of non-EU/EEA nationals who are eligible to apply.

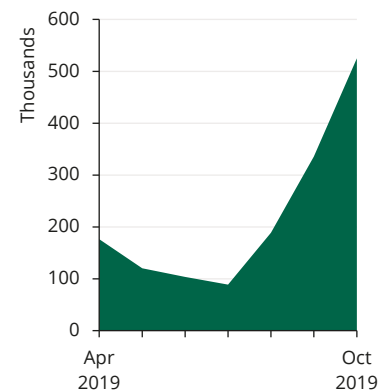
What will happen to EU citizens who fail to apply?

Those who don't apply by the relevant deadline may be unlawfully present in the UK, making them vulnerable to removal. The May and Johnson Governments both committed to a 'flexible' and 'reasonable' approach to those who fail to apply, but did not specify how this will work in practice, raising concerns in Parliament and amongst campaigners. These concerns were heightened when Security Minister Brandon Lewis admitted EU citizens who miss the deadline may face deportation.

Further reading

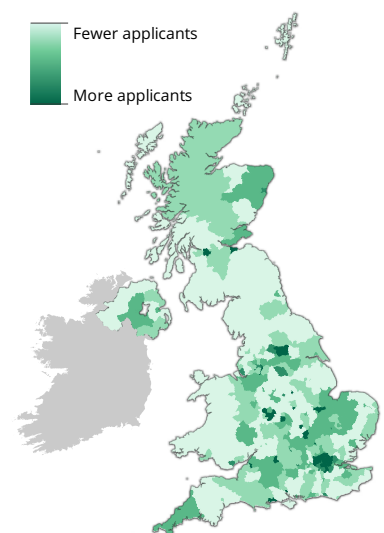
- EU Settlement Scheme, *House of Commons Library*.
- 'Apply to the EU Settlement Scheme (settled and pre-settled status)', *GOV.UK*.

Chart 2: EUSS applications unconcluded at the end of each month ('backlog')



Some EU citizens may already have status under UK immigration law. Generally, EU citizens will have 'indefinite leave to remain' if they moved to the UK before it joined the EU in 1973. These individuals do not need to apply to the EUSS to secure their residence but may choose to.

Map: EUSS applicants by place of residence (at October 2019)



Source for Chart 2: Home Office, EU Settlement Scheme monthly statistics

Source for Map: Home Office, EU Settlement Scheme quarterly statistics, table EUSS_LA_01

Building the UK’s digital future

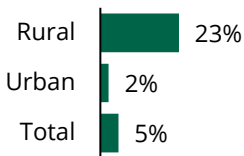
Georgina Hutton, Lorna Christie and Carl Baker

Internet connectivity has become an essential part of modern life and business. All parties’ manifestos promised major digital infrastructure upgrades to prepare for future data demands. Meanwhile, as of May 2019, 5% of UK properties did not have access to superfast broadband and 9% of UK land mass had no 4G mobile coverage.

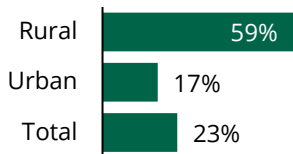
How will the new Government support new nationwide digital infrastructure? What does this mean for the UK’s ‘digital divide’?

Chart 1: Access to broadband and 4G

Premises with no access to superfast broadband



Premises without 4G from all operators



Superfast broadband usually means download speeds of at least 30 megabits per second.

Do we need an infrastructure upgrade?

Superfast broadband is fast enough for most household uses today. Users can browse the web, conduct video calls and watch standard-quality TV online. But growing high-data demands by multiple users can push the limits of a superfast broadband connection. Higher speeds and data capacity are even more important for businesses.

Focus has moved to rolling-out ‘future proof’ digital infrastructure such as full-fibre broadband and 5G wireless networks. These technologies offer much faster ‘gigabit-capable’ speeds and high reliability to many users at one time.

Nationwide gigabit-capable infrastructure is predicted to bring economic and other societal benefits through enhanced productivity and innovation. Transformative new technologies, such as autonomous cars and wireless virtual reality, will need these advanced digital networks. While the size and scale of benefits is difficult to forecast, all parties accept that major upgrades are needed.

What is gigabit-capable infrastructure?

Gigabit broadband means any technology that can deliver speeds of at least 1 gigabit per second (1000 megabits per second). 1 gigabit per second allows a high-definition film to be downloaded in under 1 minute.

Gigabit broadband usually means full-fibre technology but can also include the latest cable broadband and future 5G mobile networks.

Full-fibre broadband involves fibre optic cables connected directly to each premises. Fibre cables are more reliable than copper wires and allow much faster speeds. Full-fibre connections were available to 10% of UK properties in September 2019, a figure that is steadily growing.

5G is the next generation of wireless communications technology. It can deliver very fast speeds with very fast response times and can support many devices at one time. 5G will likely be used for wireless technologies beyond mobile networks. Potential applications include in healthcare, smart cities, manufacturing and agriculture. Mobile operators launched the first 5G networks in some UK cities in 2019.

Source for Chart 1: Ofcom, Connected Nations update: summer 2019

How much will UK-wide gigabit infrastructure cost?

Theresa May's Government estimated that nationwide full-fibre broadband would cost around £30 billion, and 5G would need a further £3–4 billion.

The Conservative Governments' approach is that private companies would provide most of this cost. The Labour manifesto, in contrast, promised a nationwide public-funded full-fibre network.

Industry stakeholders are calling for further tax relief to lower their investment costs. They have also called for urgent policy reform to tackle 'barriers' they say are causing delays to roll-out. Barriers include obtaining planning permission and access to land to install infrastructure. Some changes in these areas will require new laws to be considered by the new Parliament.

Will rural areas be left behind?

Rural stakeholders are concerned that they will be left behind by the push for new infrastructure. Rural areas are challenging for private investment due to higher build costs and low population density.

All parties have promised that public funding will prioritise the hardest to reach rural areas first. Rural stakeholder groups welcome this approach but urge faster action. Parliament will play a role in scrutinising the new Government's progress in providing for rural areas.

The digital divide: not just about speed

Full digital inclusion also requires digital skills and motivation to use technology. Estimates vary, but around 10% of UK adults were non-internet users in 2018. A Lloyds Bank survey in 2019 found that 19% of individuals lacked basic digital skills, such as using a web browser. The most common reason for people not going online is lack of interest.

In the UK, disparities in internet use exist based on age, location, socioeconomic status and whether a person has a disability. For example, more than half of people aged over 75 do not go online, and older people form the largest proportion of non-internet users.

What does it mean to be digitally excluded?

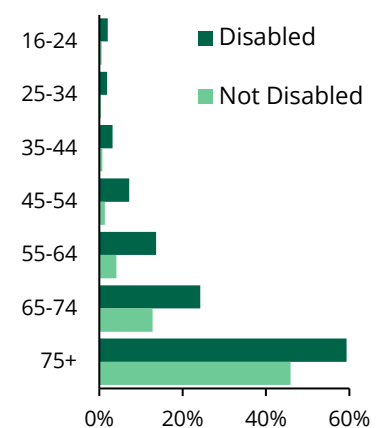
Internet access is now required to use many essential services, including online banking and some public services. Non-digital options are disappearing in some cases, for example through bank branch closures. Digitally-excluded individuals risk missing out on benefits, such as saving time and money through online shopping. Research suggests that a higher level of digital skills aligns with improved job prospects and earnings.

Charities are urging the Government to take an ambitious approach to harnessing the wide economic and social benefits of a 100% digitally included nation. There is limited evidence about effective policy approaches to address digital divides. Age charities argue that efforts targeting older people should be tailored to their personal needs and motivations for going online.

Further reading

- Full-Fibre Networks in the UK, *House of Commons Library*.
- 5G, *House of Commons Library*.
- Exploring the UK's digital divide, *Office of National Statistics, March 2019*.

Chart 2: Internet non-users: Age and disability, 2019



Source for Chart 2: ONS, Internet users 2019

Regulating utilities: What will change in 2020?

Ed Potton and Chris Rhodes

There is increasing public and political interest in how utility companies are managed and regulated. Questions have been raised about the way some utilities have been run in recent decades. This Insight looks at what changes might be considered in the coming years, focusing on the water industry as an example.

Utilities were privatised in the past, but concerns have emerged

During the 1980s and 1990s, many utility companies were privatised, as were other state-owned companies. For example, the private sector now owns and operates the water industry in England and Wales. Consumers pay private companies to use water and sewerage services. Like other utilities, such as energy distribution, these companies maintain and develop their services within a regulatory framework set in legislation.

Normally, private companies compete by offering consumers goods and services for different prices. But in the water industry there is one network of pipes, which is operated by one company in each region of the country, so householders cannot change supplier. In industries like this where customers cannot choose a different supplier if they are dissatisfied, the Government has created a system of regulation that works to ensure a level of service and fair prices.

But recently, concerns have been raised about this system in the water industry. The concerns include water company profits, levels of leakage, customer service and prices.

How are water companies regulated now?

Ofwat, the regulator, carries out a price review every five years that ends up applying to customers' bills and the services they receive. The system of regulation has been criticised, particularly for being too generous to the water companies. A new control period starts in 2020 and was finalised on 16 December 2019. Ofwat's final decision, which can still be appealed, has imposed price cuts and been described by the regulator as a "tough review". The May Government criticised the industry and encouraged Ofwat to improve financial governance.

Some advocate alternative ownership

Public ownership of the water industry has attracted public support in recent years, and has been championed by the Labour Party. Public ownership would mean the public sector taking on the costs of running water services. The Government would own all the assets and would be able to directly control consumer prices. There are various ways to increase public ownership, with the costs of each model disputed.

Central government could buy the water companies. The market value of companies suggests that this would cost £30 billion to £40 billion, without taking account of the debt that water companies have. But there are higher and lower estimates, depending on whether the Government pays a ‘takeover premium’ to shareholders and what methods of valuation are used. The water industry argues that private ownership has led to high levels of investment and well-run companies, and that any level of nationalisation would impact a range of private owners and investors in the UK and abroad.

Other ownership models have also been put forward. For example, MPs debated mutual ownership in January 2019. A mutual company is typically owned by the customers or run for their benefit (which is the case in Wales). In other countries, local areas or authorities own water companies. This is the case in Paris, and the same model is already used to supply energy in Nottingham.

Transferring any industry from the public to the private sector would involve complex negotiations and legislation. It would also be a significant departure from the consensus that has governed public involvement in utilities over the past 30 years.

What are utility companies’ priorities for the future?

Crucially, whoever owns or regulates utility companies will need to decide how to run them. If utilities were nationalised, to what extent would ministers get involved in decision making? Would private and public sector management achieve the same efficiencies? In either sector, what investment is required in the long run, how should it be paid for, and what should happen to prices? And more generally, what role should public and political opinion have in privately owned utilities?

The May Government asked the National Infrastructure Commission to conduct a study of the regulation of the UK’s energy, telecoms and water industries. It reported in October 2019, finding that, while the current model has mostly achieved what was intended, there is a culture of short-termism. Its conclusions may impact the new Parliament. In particular, it recommended that the Government should lay “a long-term strategic vision for each of the regulated sectors” in the first year of any Parliament, and that it should encourage a strategic approach to investment, consider the impact of net zero and make changes to the regulatory process.

Whatever model emerges, the new Government and Parliament will need to decide how a wide range of services should be run and regulated. These decisions will impact the services and prices constituents see delivered in the long run.

Further reading

- 2019 Price Review, *Ofwat*.
- Strategic Investment and Public Confidence, *National Infrastructure Commission*.
- Public ownership of industries and services, *House of Commons Library*.

How might Brexit affect human rights in the UK?

Joanna Dawson

The main piece of legislation to uphold human rights in the UK is the *Human Rights Act 1998* (HRA). The act gives effect to the European Convention on Human Rights (ECHR) in UK law.

Although there is no direct connection between the UK's membership of the ECHR and membership of the EU, Brexit could affect the protection of human rights in the UK. This is due to the decision to stop the EU Charter of Fundamental Rights having effect after the UK leaves the EU.

What is the European Convention on Human Rights?

The ECHR is an international treaty the UK signed in 1950. States that signed up committed to upholding certain fundamental rights, such as the right to life, the right to a fair trial, and the right to freedom of expression. The HRA enables people to bring cases in UK courts in order to uphold their ECHR rights.

Brexit will have no direct impact on the UK's obligations under the ECHR. However, the UK's commitment to the ECHR may still have a role to play in determining the future relationship with the EU.

Plans to replace or amend the Human Rights Act

It has been a long-standing Conservative Party policy to repeal and replace the HRA. This was obstructed by the Liberal Democrats during the Coalition Government of 2010-2015, and interrupted by the result of the 2016 EU referendum. The Conservatives' 2017 manifesto stated the party would not replace or repeal the HRA while the process of Brexit was underway, but would consider "our human rights legal framework" once the UK had left the EU. The 2019 manifesto proposed to "update the Human Rights Act and administrative law to ensure that there is a proper balance between the rights of individuals, our vital national security and effective government". It also committed to setting up within a year a Constitution, Democracy and Rights Commission to make proposals.

The Labour, Liberal Democrat, and SNP manifestos committed to retaining the HRA.

What is the European Charter of Fundamental Rights?

In contrast to the ECHR, the European Charter of Fundamental Rights ('the Charter') is part of EU law. Under the *European Union (Withdrawal) Act 2018* it will cease to apply when the UK leaves the EU. The May Government argued this would not impact human rights protections in the UK. This is because the Charter did not create new rights, but codified rights and principles that already existed in EU law, and these would continue to apply as 'retained EU law' in the UK.

The Charter brings together the fundamental rights of everyone living in the EU, including the rights protected by the ECHR, the constitutional traditions of the Member States, and the rights contained in other international conventions to which the EU or its Member States are parties.

The EU (Withdrawal) Act 2018 states that the Charter is not part of domestic law on or after exit day. When the bill was going through Parliament, the Government gave assurances there would be no reduction in rights as a result. It published a ‘right by right analysis’ which sought to identify other sources for the rights conferred by the Charter.

Commentators at the time, including the Joint Committee on Human Rights and the Equality and Human Rights Commission, questioned this assertion. It was noted that the Charter enables individuals to bring legal action to strike down domestic legislation that is incompatible with a fundamental right, which is not possible under the ECHR.

Further, although the Charter reaffirmed rights which existed at the time it came into force, its application has led to the development of new rights, for example the ‘right to be forgotten’ which derived from existing rights to private life and personal data.

The role of human rights in the UK’s future relationship with the EU

The EU has committed to respecting and promoting human rights and democracy through its external action. It is common for human rights to be incorporated into bilateral trade agreements with the EU by way of an ‘essential elements’ human rights clause that enables one party to take appropriate action in the case of serious breaches by the other party.

The revised Political Declaration setting out the framework for the future relationship between the EU and the UK, of October 2019, sets out “core values and rights” as a basis for cooperation. It states that the future relationship should incorporate the UK’s continued commitment to “respect the framework” of the ECHR.

Human rights are likely to play a particularly significant role in any future agreement on security cooperation. Cooperation within the EU on criminal justice and security is based on the principle of ‘mutual recognition’ of decisions taken by Member States, underpinned by trust in the integrity of those decisions and the treatment of individuals. This trust is largely founded on adherence to ECHR standards.

If future security cooperation is to come anywhere near current levels of cooperation, it is likely that the UK will need to commit to ongoing adherence to these standards. The Political Declaration proposes a “broad, comprehensive and balanced security partnership” underpinned by continued adherence to the ECHR.

Further reading

- Human rights protections in international agreements, *Joint Committee on Human Rights*.
- The human rights implications of Brexit, *Joint Committee on Human Rights*.

Building better in the next Parliament

Ed Potton

The new Parliament will likely consider or oversee critical changes in building regulations and safety in the coming year. Drivers include the Government response to the Grenfell Tower fire, along with a need to reduce emissions from housing to meet the UK's net zero emissions target.

Why an interest in building law?

Building regulation changes happen in England (and the devolved nations) on a regular basis, mainly through statutory instrument. Upcoming changes are likely to be higher profile, need primary legislation and may feature in a Queen's Speech. They will also capture greater interest than prior changes.

Following the Grenfell fire, the Government asked Dame Judith Hackitt to lead a review of building regulations and fire safety. An interim report was published in December 2017 and the final report followed on 17 May 2018. The main recommendation was a new regulatory system for high-rise residential buildings, covering both the building and occupation.

A series of actions, proposals and consultations were outlined in the Government's 2018 implementation plan, some requiring primary legislation. Proposals may also arise as the Grenfell Tower public inquiry continues; the 2019 phase 1 report recommended statutory requirements for high-rise building safety, and phase 2 of the inquiry will start in 2020.

So far, the main consultation has been around building safety in high-rise buildings (see below). Other consultations included a review of the building regulation guidance on fire safety and the use of sprinklers. The new Parliament will have to scrutinise the decisions on the final rules.

Parliamentary committees are also interested. The Housing, Communities and Local Government Committee has considered building safety issues. In July 2019 it criticised the Government's pace of change in this area, considering it 'far too slow'.

What involvement does Parliament actually have?

Building work is governed by Building Regulations, which in England and Wales apply under the *Building Act 1984* and the *Building Regulations 2010* (both as amended). Powers are now devolved to Wales, while Scotland has a different legal basis for their regulations. Building regulations are important because they set minimum standards for new buildings. These cover health, safety, welfare and convenience of people using or affected by a building. They also include conserving water and energy, and reducing waste.

Introducing the future homes standard

Fuel use in housing contributes around 15% of total UK greenhouse gas emissions. The previous Government was consulting on a new Future Homes Standard to reduce emissions levels allowed from new homes by changing building regulations. This is important to contribute to meeting the current 2050 net zero target. These changes would come into force in two stages in 2020 and 2025. Also, they cover only new homes, so other policies will be needed to deal with existing homes. Nor is it the first policy in this area; the 2015 Conservative Government scrapped a previous plan for new zero carbon homes.

The consultation suggests a two-stage approach: measures to achieve either a 20% or 31% reduction in carbon dioxide emissions in the 2020 regulations compared to the 2013 rules; and a 75-80% reduction is the aim for 2025. The same document promised further consultations on non-domestic buildings and for when work is undertaken on existing housing.

The Business, Energy and Industrial Strategy Committee has been critical of the Government's progress on energy efficiency in several areas. Recent recommendations included the swift introduction of the Future Homes Standard along with the closing of what they call 'loopholes' in the regulations.

A building safety law ready to go?

In the 2019 session, the Government promised legislation on building safety standards. This would be based around the consultation opened by the Government in June 2019 on building safety. It was reported that this would be wider than the Hackitt Review proposed, and concerns have been raised about additional costs for existing buildings, particularly in the social sector.

If this legislation reappears, along with a response to the consultation, it is likely to include a new safety framework for high-rise residential buildings; accountabilities and duties for buildings' design, construction and occupation; stronger enforcement and sanctions; and a new framework for construction products across the UK. The Conservative manifesto commits to continue this work. The Labour manifesto included 'system-wide' change, with mandatory building standards and a fire safety fund for high-rise residential local authority and housing association buildings.

Some of the changes might not mean primary legislation but will also have long-term impact through to 2050. The next Parliament will see MPs scrutinise these changes in a variety of the ways, both in the Chamber and in Committees, and also by seeing the impact on local developments, businesses and the homes of constituents.

Further reading

- Building Regulations and Safety: Review and Reforms, *House of Commons Library*.

On the right track? The future of rail services

Chart 1: Over the last 20 years passenger journeys have increased 131%

Number of franchised passenger journeys, billions

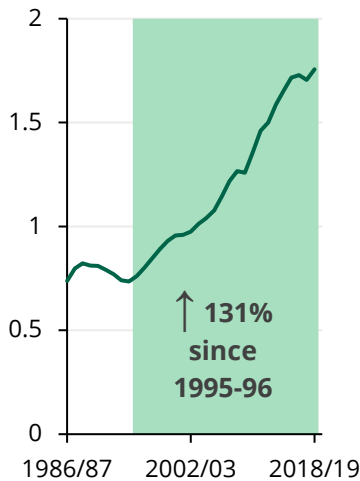
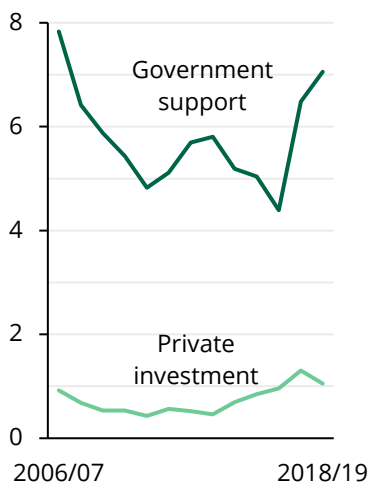


Chart 2: Public and private support and investment in the rail industry

Total Government support and private investment in the rail industry, 2018-19 prices, £ billion



Source for Chart 1: ORR, Passenger journeys
 Source for Chart 2: DfT, Rail finance, table RAI0302 and RAI0303

Louise Butcher and Noel Dempsey

Britain’s railways have a long history of reform and reorganisation. A review of the railways, chaired by Keith Williams, is ongoing. It is likely to recommend improving accessibility and regional accountability, with one public ‘guiding mind’ responsible for ensuring that all parts of the railway deliver for passengers. These are changes that a new government of any political stripe could take forward. Where the Conservatives and Labour differ is on the involvement of the private sector in running train services, and how far those services and the management of the infrastructure should be integrated.

Britain’s railways: a problem child?

It is hard to recall a time when the railways were not described as ‘broken’ in some way – even though passenger journeys have soared over the past 20 years and investment levels are high (see charts 1 and 2).

Over the years successive governments have said that the performance of the railways was not good enough. The last major government review of the railway in 2011 observed that “there is widespread recognition that the industry has problems in terms of efficiency and costs [...] passengers and taxpayers [...] are paying at least 30% more than their counterparts in other European countries”.

The rail industry has been reformed and restructured several times since 1997. Multiple reviews of the industry have made hundreds of recommendations for reform. *RAIL Magazine* estimates that there have been 30 ‘rail reviews’ since 2006. Most recently commuters across the North and South East experienced significant service failures following the chaotic May 2018 timetable changes.

It was this last service failure that caused the then Secretary of State for Transport, Chris Grayling, to commission a ‘root and branch’ review of Britain’s railways in September 2018. The review has an independent chair, Keith Williams.

The Williams Review and taking it forward

Keith Williams has been gathering evidence from the industry, passengers and freight customers. He is working with the Department for Transport on a White Paper that will contain short- and longer-term plans to overhaul how the railway works.

Williams has set out initial thoughts about where the problems with the industry lie and what principles he intends to apply to address them (see box 1).

We had expected the Review to be published before the end of 2019 but, given the General Election, this is likely now to be early 2020. Any structural reform involving a change in statutory responsibilities requires primary legislation. It will be for the new government to decide what to do with Williams’ recommendations.

The Conservative manifesto committed to ending franchising, creating a simpler, more effective railway system, and giving local control to metro mayors. The Labour manifesto pledged to bring all rail services into public ownership and establish a publicly-owned rail company to steer planning and investment.

Keith Williams has said that by and large the reforms he will propose could be implemented whether rail services were publicly or privately operated.

Who should run the railways?

There is some misunderstanding about the current structure of the railways, including who owns it and who runs it.

This is understandable. At privatisation the national railway company – British Rail – was broken up into dozens of different units. By 1997 most of these were owned or managed by the private sector. Following many rounds of reform, all infrastructure is now in public hands, managed for the most part by Network Rail (a publicly-owned company). The private sector owns the trains, while other private companies operate services under detailed contracts with the Department for Transport and others. The terms of these contracts determine service standards and set out how the operator will be reimbursed or penalised based on performance.

Over the years there has been disquiet about the bit of the rail industry that passengers primarily experience – the stations and the trains. The Conservatives argue that privatisation has been successful and that the involvement of the private sector has led to innovation and more and better services. However, they acknowledge that the system is not perfect. In their view, incentives could be better aligned and contracts should be restructured to encourage innovation and give regional oversight and accountability.

Labour believes that the initial fracturing of the industry at privatisation 25 years ago has led to wastage and inefficiency. They also object to private contractors, as they see it, taking money out of the system to pay dividends to shareholders. They want train services to be fully brought back into the public sector and operated on a not-for-profit basis.

Further reading

- The Williams Review: The future of rail?, *House of Commons Library*.
- Rail timetable changes: May 2018, *Transport Select Committee, December 2018*.
- Transport 2015, *House of Commons Library (section 5)*.

Box 1: What is the Williams Review looking at?

Williams has highlighted a number of areas, including better access and accessibility; tackling fragmentation and short-term thinking; and ensuring financial sustainability.

Williams has already been clear that:

- Franchising cannot continue in the way that it operates today because it is no longer delivering clear benefits for either taxpayers or farepayers
- Some kind of ‘guiding mind’ to direct the industry is needed, while the Government retains responsibility for setting overall strategy
- The regions must have their say.

Employment law in the modern economy: The Good Work Plan

Daniel Ferguson and Andy Powell

The issue of insecure work received much attention during the 2017-19 Parliament. In December 2018, the May Government published the Good Work Plan (GWP), a wide-ranging set of proposals to reform employment law. The aims are to ensure ‘decent work’, clarity for employers and workers, and fair enforcement. The Labour Party criticised the plan as insufficient, introducing a host of its own proposals in its 2019 manifesto.

The Resolution Foundation has estimated that between 824,000 and 950,000 people were employed as agency workers in 2018.

What is the Good Work Plan?

The Taylor Review of Modern Working Practices, published in July 2017, made proposals aimed at ensuring employment law was keeping pace with business practices in the modern economy. The May Government accepted 51 of the 53 recommendations. The Good Work Plan set out how the Government intended to implement them. It contains proposals to legislate on a range of issues, from employment status and zero-hours contracts to transparency and the enforcement of employment rights. The Government labelled the proposals “the largest upgrade of workers’ rights in a generation”.

Implementation of the Good Work Plan

The May Government passed secondary legislation to implement a number of the proposals in the GWP. This included legislation extending to workers the right to receive payslips, as well as the right to receive a statement of employment rights. It also passed legislation to abolish the ‘Swedish Derogation’, a rule that excludes agency workers from the right to equal pay with directly hired staff, if their agency pays them at a minimum level between contracts. Much of this legislation comes into effect on 6 April 2020.

In the 2019 Queen’s Speech, the Johnson Government announced legislation banning employers from making deductions from staff tips and committed itself to continue implementing the GWP.

Good Work Plan consultations

The May Government also launched five consultations on the GWP. Some of the main proposals consulted on included:

- Extending existing protections from discrimination and redundancy, which apply to women during pregnancy and maternity leave, to a period of six months after they return to work
- Giving workers a right to receive notice of work shifts and compensation in cases of late shift cancellations
- Creating a Single Enforcement Body for employment rights and extending state enforcement to cover holiday pay, sick pay and the regulation of umbrella companies
- Extending sick pay to workers earning under the lower earnings limit (currently £118 per week) and allowing it to be taken flexibly during a phased return to work
- A high-level assessment of the policy objectives underpinning family-related leave and different options for implementing them in practice

Estimates of the number of people who are employed in the gig economy in the UK vary considerably – from 1.1 million according to RSA and Ipsos MORI research to 4.7 million according to TUC research.

The May Government responded to the consultation on pregnancy and maternity discrimination, accepting the need for extending the period during which protections apply. Responses to the remaining four consultations have yet to be published.

What happened to employment status?

One of the key commitments in the GWP was a promise to legislate on employment status. The range of statutory employment rights that a person enjoys depends on their employment status. There are currently three types: employee, worker and self-employed. While basic definitions of ‘employee’ and ‘worker’ are contained in legislation, detailed tests are set out in case law. Many recent cases have been concerned with whether people working in the ‘gig economy’ are workers or self-employed.

The Taylor Review concluded that the current system was unclear. It recommended new tests be set out in primary legislation, supplemented by detailed rules contained in secondary legislation. It also recommended that ‘workers’ should be renamed ‘dependent contractors’, with greater focus being paid to the control exercised over them by employers. The Government consulted on employment status in February 2018 and committed itself in the GWP to bringing forward this legislation.

To date, no legislation or further consultation has been published. An appeal in *Uber v Aslam*, one of the key employment status cases, is due to be heard by the Supreme Court in July 2020.

2019 party manifestos

In a House of Commons debate in December 2018, Rebecca Long-Bailey, the then Shadow Business Secretary, said there were “small victories” in the GWP. However, she also quoted the TUC as saying the “reforms as a whole won’t shift the balance of power in the gig economy”. The 2019 Labour manifesto contained a range of commitments aimed at tackling insecure work. These included:

- Introducing a new employment status test with only two types: worker and self-employed
- Giving all workers “full rights” from their first day on the job
- Banning zero-hours contracts and requiring cancelled shifts to be paid
- Introducing sectoral collective bargaining
- Creating a Ministry for Employment Rights, a Workers’ Protection Agency to oversee state enforcement and new Labour Courts
- Doubling paternity leave to four weeks and extending maternity pay to 12 months

Commitments in the 2019 Liberal Democrat manifesto broadly reflected many of the key recommendations in the Taylor Review.

Further reading

- Zero-hours contracts: rights, reviews and policy responses, *House of Commons Library*.
- Employment Status, *House of Commons Library*.
- Atypical approaches: options to support workers with insecure incomes, *Resolution Foundation*.
- From rights to reality, *Resolution Foundation*.
- Rolling out the Manifesto for Labour Law, *Institute of Employment Rights (paywall)*.

Table 1: People working on zero-hours contracts
Data at April-March; Thousands

	Number of people employed	% of all people in employment
2014	624	2.0
2015	746	2.4
2016	904	2.9
2017	883	2.8
2018	781	2.4
2019	896	2.7

Research from the Research Foundation found that:

- More than one-in-five workers entitled to the minimum wage are paid below the appropriate rate.
- One-in-twenty workers say they have no paid holiday.
- Nearly one-in-ten workers say they do not get a payslip
- Workers most vulnerable to labour market violations are least likely to make an employment tribunal application.

Source for Table 1: ONS, Table EMP17

Farm futures: A changing landscape for UK agriculture?

Chart 1: Summary of UK farming

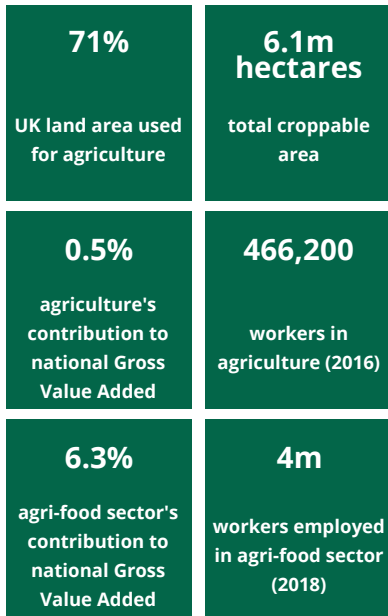
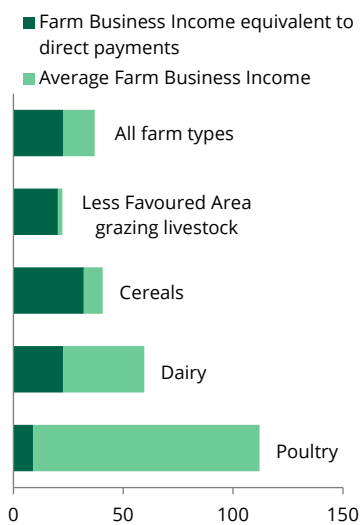


Chart 2: Different farm types rely on direct payments to differing extents. For example, they make up a large part of farm income for hill farmers, but not for poultry farmers.



Source for Chart 1: Defra, Agriculture in the UK, 2018

Source for Chart 2: Defra, Agriculture Bill: Analysis and Economic Rationales for Government intervention, Figure 12

Sarah Coe and Elise Uberoi

The new Parliament could see the biggest changes to farm policy for decades. Farming is a small part of the UK economy, but farm policies matter. Many consumers want to buy food grown in the UK, and good farming practices can benefit the country's landscape and natural environment. Leaving the EU means the UK could develop new policies to support farming, and future trade deals could change how farmers export food and compete with imports.

Time for a change to farm funding?

The EU's Common Agricultural Policy (CAP) has shaped UK farm policy for decades. CAP subsidies aim to guarantee minimum levels of EU food production and give farmers a fair standard of living. UK farmers receive some £3 billion in CAP payments annually, with about 80% paid as direct payments based on how much land they farm. The remainder pays mainly for rural and environmental farm management schemes. Data shows many UK farms would not have made a profit without CAP support (see chart 1).

Some consider that the CAP offers poor value for money and has held back farm productivity and environmental improvements. Some also consider that the CAP system distributes payments unfairly, as 50% of UK funds go to 10% of farms, with the largest farms typically receiving the most.

Leaving the EU will mean the UK leaving the CAP. A new UK agricultural policy could offer new ways to support farmers. Detailed EU environmental, animal welfare and food rules (transposed into UK law after Brexit) also cover many aspects of farming. Future governments will have to decide how far the UK diverges from these rules, with possible impacts on how food is produced.

Remaining in the EU would also require change to UK farm policies, to a more limited extent. The EU is reforming CAP policies from 2021, aiming to give Member States more flexibility over delivery and to tackle environmental problems such as climate change more effectively.

What might change?

Farm support

Farmers generally want certainty about future funding, and want new schemes to be simpler and more efficient than the CAP.

The Johnson Government's *Agriculture Bill* proposed phasing out direct payments and instead paying farmers for providing 'public goods' (for example improving biodiversity or managing flood risk). Farmers and environmentalists welcomed this 'Environmental Land Management' approach, but farmers wanted food production to be eligible for support in its own right. This will be a key question for the new Parliament. The Bill did not complete its parliamentary stages before the General Election, but new legislation will be needed to allow farm payments if Brexit takes place.

The Welsh Government and officials in the Northern Ireland Executive have consulted on principles for future farm support using powers proposed in the *Agriculture Bill*. The Scottish Government declined the option of Scotland-specific provisions in the *Agriculture Bill*. It has announced an Agriculture (Retained EU Law and Data) (Scotland) Bill and proposes to keep farm support approaches largely the same until 2024.

Trade policies

Currently, the UK produces only about 61% of food consumed here. Farmers want to supply more of the UK’s food, and many consumers value UK products. Around 40% of people in a 2019 survey actively sought to buy local ingredients. At more than £22 billion a year, or 6% of total exports, agri-food products are a significant part of UK trade. The top agri-food exports in 2016 were whisky, salmon, cheese, wine and lamb. The EU is a major trading partner for the UK.

After Brexit, UK tariffs and trade policies on animal welfare and environmental standards could influence where food comes from, its cost and how it is produced. Trade deals will affect how much competition farmers face from imports. Conversely, future trade deals could provide new export opportunities. Maintaining protected food names, from Arbroath Smokies to Stilton cheese, will be key to reducing competition from imitation products.

Standards and regulation

Changing environmental, food, and animal welfare standards would be controversial. For example, there has been public concern that future trade deals could lower standards, allowing imports not normally permitted under EU rules, such as chlorine-washed chicken. The May/Johnson Governments said that trade deals would not lower food standards. The Conservative manifesto said that farming must enhance the environment as well as safeguard animal welfare. The Labour Party wanted the *Agriculture Bill* to include guarantees on standards in trade deals.

What next?

Decisions on supporting farming will need to be taken during the new Parliament. Decisions on food, environmental and animal welfare standards will also need to be made if new trading relationships are set up. Together, farm support and trade decisions could have far-reaching impacts on UK farmers and food consumers.

Further reading

- Brexit: Trade issues for food and agriculture, *House of Commons Library*.

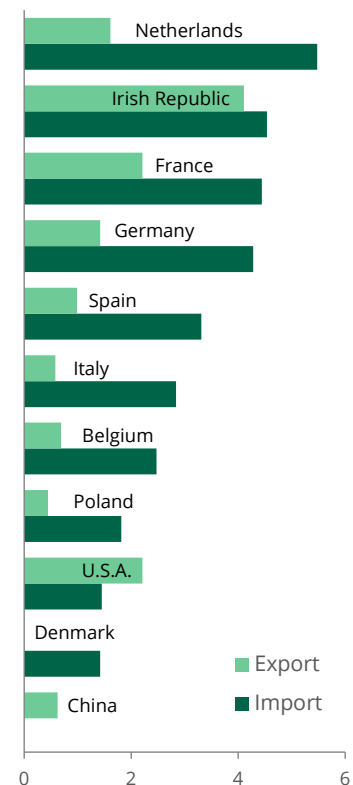
What have the parties said?

The Labour manifesto pledged to maintain agricultural and rural structural funds, repurposed to support environmental land management and sustainable food production.

The Conservative manifesto guaranteed the annual farm budget in each year of the next Parliament.

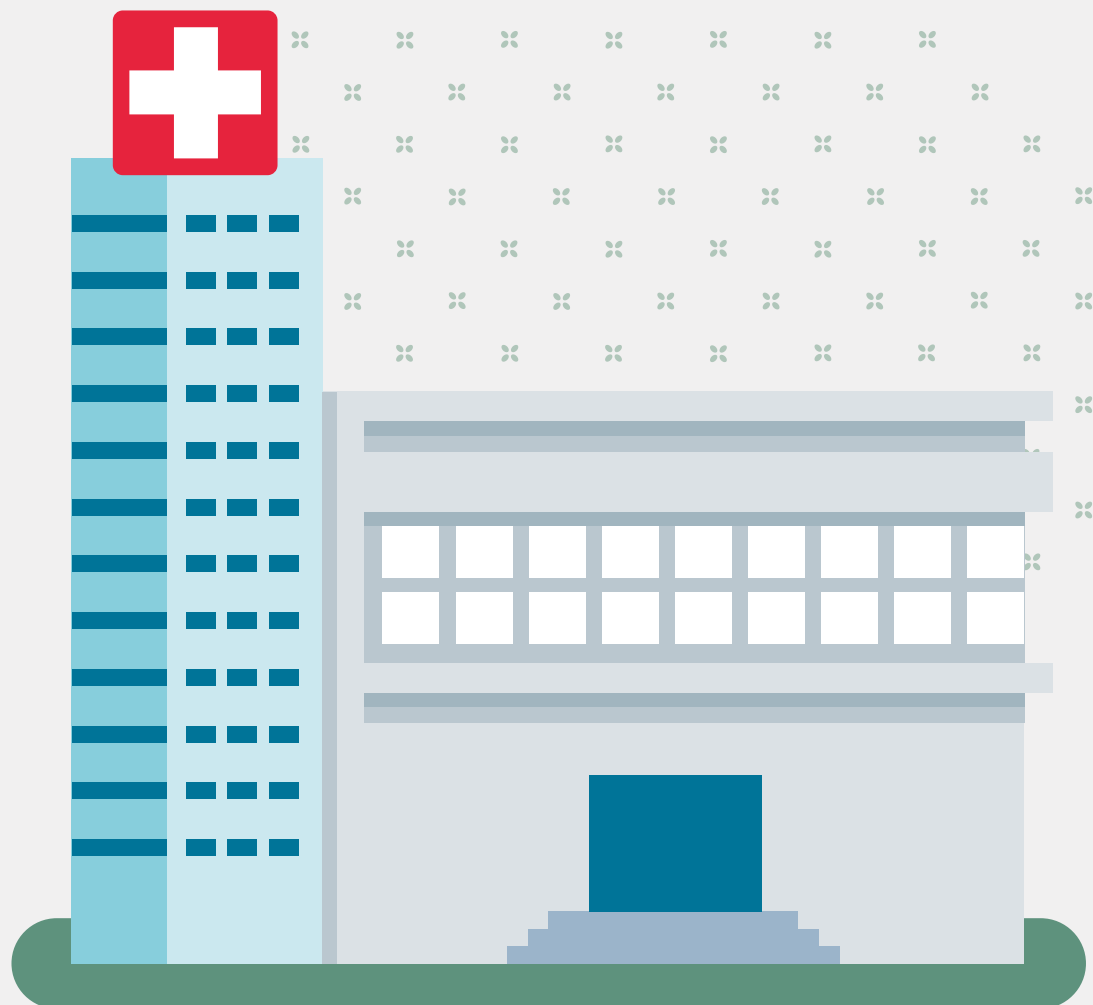
The Liberal Democrats said public goods and “effective land management” would be supported by reducing payments to larger farmers.

Chart 3: The UK’s top 10 import and export markets for food, feed and drink (2018, £ billion)



Source for Chart 3: Defra, Agriculture Bill: Analysis and Economic Rationales for Government

- Brexit: What happens next?
- Living and working in the UK
- Health, social care and welfare**
- Education
- The Environment
- Trade and the economy
- Crime and cyber security
- Foreign Affairs
- Parliament and the Constitution



Brexit: What happens next?

Living and working in the UK

Health, social care and welfare

Education

The Environment

Trade and the economy

Crime and cyber security

Foreign Affairs

Parliament and the Constitution

NHS reform: Integrated Care Systems

Thomas Powell and Carl Baker

The NHS Long Term Plan recognised that the NHS in England needs to provide more co-ordinated and personalised care. To promote health and wellbeing, and break down barriers between health and social care, the NHS will also need to work closely with local government.

Integrated Care Systems (ICSs) are the latest in a series of initiatives to develop integrated care in England. There are also proposals for new health legislation to support collaboration between health services and limit competition. The running of the NHS is devolved and there are different approaches across the UK to integrating services and joint working between health and social care.

The NHS Long Term Plan

Coinciding with the 70th anniversary of the creation of the NHS in 2018, Theresa May asked the NHS in England to produce a ten-year plan to improve access, care and outcomes for patients. The resulting NHS Long Term Plan, published in January 2019, included actions on workforce, technology, innovation and efficiency. It also proposed legislative changes to the ‘system architecture’ of the NHS. Bringing together different NHS organisations, and local councils, into ICSs is seen as central to the delivery of the NHS Long Term Plan. This has been seen as a change to the commissioner/provider split introduced in the early 1990s, and a move away from some of the market-based reforms of the Health and Social Care Act 2012.

One of the key aims of integration is to reduce hospital admissions but new models of care have not always led to the expected reduction in demand, and there are challenges in developing a robust evidence base. There is clear evidence for the wider determinants of health – from air quality to housing and education. Joint action across communities will be essential to any plans to prevent ill health and reduce health inequalities.

Integrated Care Systems: A new model for the NHS

ICSs have already developed in 14 areas of England (see Chart 2), and new ICSs will replace the remaining 28 Sustainability and Transformation Partnerships (STPs) by 2021. They aim to deliver improvements to care and public health for a defined area (of around 1-3 million people) through ‘population health management’. They also aim to deliver the ‘triple integration’ of primary and specialist care, physical and mental health services, and health with social care.

Two ICSs – Greater Manchester and Surrey Heartlands – have agreed further devolution deals with Government. Alongside the development of ICSs, there is increasing joint working between clinical commissioning groups (CCGs), which commission most local NHS services. Mergers of CCGs have seen the number reduce from 211 in 2013 to 195 now. This process could lead to a single CCG in each ICS area. The Long Term Plan also proposed a new Integrated Care Provider (ICP) contract and the formation of Primary Care Networks (PCNs) (see box).

Targeted legislation

Following extensive consultation, NHS England and NHS Improvement have recommended the introduction of a Health Service Bill. This would remove barriers to joint working between NHS organisations and their partners, including:

- Introducing a new NHS ‘triple aim’ for better population health, better quality of patient care, and financially sustainable services. This ‘triple aim’ would apply to all NHS organisations, to help them focus on wider, shared, responsibilities.
- Changing the existing NHS competition framework to allow more discretion about when to carry out a formal procurement process for health services.
- Merging NHS England and NHS Improvement to create a single leadership body, combining their respective responsibilities for performance, finance and care transformation.
- Allowing the formation of joint committees so that ICSs can make legally binding decisions.

Do we need to legislate to integrate?

Legislation can remove obstacles to integration, but it cannot force people and organisations to collaborate effectively – this depends on establishing local relationships, goodwill and trust. Greater sharing of responsibilities may mean that regulatory and accountability relationships need to change. Some of this is already happening, with the Care Quality Commission now reviewing local systems, as well as individual providers. Legislation can help avoid legal uncertainty, for example, clarifying what might happen if the decision of an ICS conflicted with the statutory duties of its member organisations.

The experience of local government and the NHS working together has been variable so far. Should legislation specify the level of involvement of local authorities, or other non-NHS bodies, in ICS arrangements? What will be the future of existing forums for promoting joint working, such as Health and Wellbeing Boards?

The recent election campaign highlighted the parties’ divergent views about the role of competition and the private sector in healthcare. Even targeted changes to the structure of the NHS will be contested in Parliament.

Integrated Care Provider (ICP) contracts

would see a number of local providers coming together to take responsibility for the health services of a defined population. They have yet to be introduced, but NHS England and NHS Improvement have accepted the recommendation of the Health and Social Care Select Committee, that only statutory NHS bodies should hold any future ICP contracts, to allay concerns that they could lead to privatisation.

Primary Care Networks (PCNs)

are groups of GP practices that have been established across England. They work together with community, mental health, social care, pharmacy, hospital and voluntary services in their local areas, covering populations of around 30-50,000.

Integrated care in the party manifestos

Liberal Democrat manifesto:

“Our ultimate objective will be to bring together NHS, Social Care and public health seamlessly – pooling budgets in every area and supporting integrated care systems”.

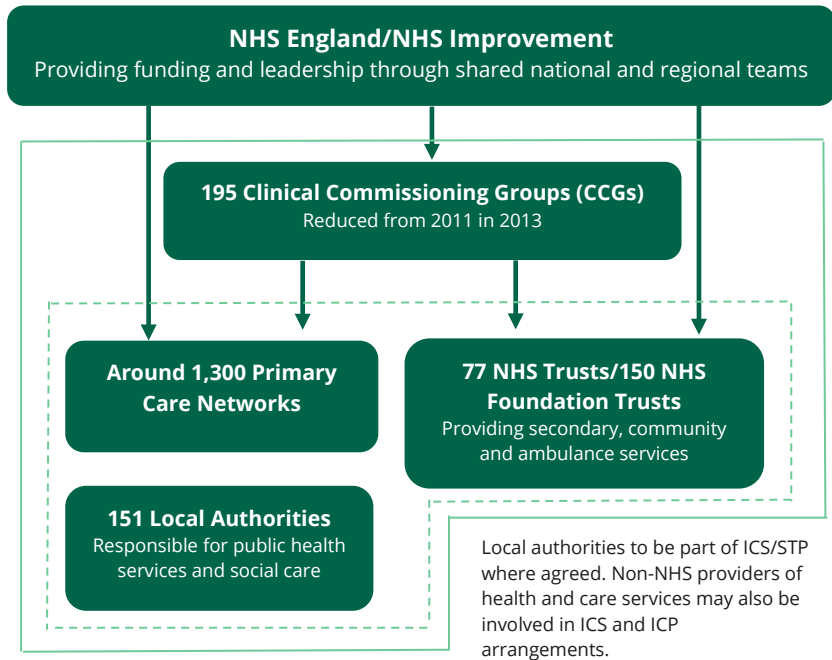
Labour manifesto:

“We will stop Tory plans to further entrench the private sector delivery of health care under the cover of integration plans set out in the NHS Long Term Plan. Instead we will join up, integrate and co-ordinate care through public bodies”.

Conservative manifesto:

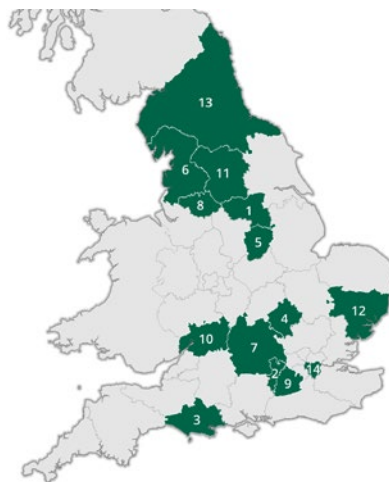
“Within the first three months of our new term, we will enshrine in law our fully-funded, long-term NHS plan”.

Chart 1: How Integrated Care Systems (ICSs) (and any future Integrated Care Provider (ICP) contracts) span the NHS and local government



Arrows indicate funding and accountability relationships. To simplify this diagram we have not included a range of other statutory and non-statutory bodies. A more detailed structure of health and care organisations in England can be found in the NAO’s Departmental Overview for Health and Social Care 2018-19.

Chart 2: Map of Integrated Care Systems (ICSs) in England



1. South Yorkshire and Bassetlaw
2. Frimley Health and Care
3. Dorset
4. Bedfordshire, Luton and Milton Keynes
5. Nottinghamshire
6. Lancashire and South Cumbria
7. Buckinghamshire, Oxfordshire and Berkshire West (Buckinghamshire and Berkshire West were already ICSs prior to June 2019).
8. Greater Manchester (devolution deal)
9. Surrey Heartlands (devolution deal)
10. Gloucestershire
11. West Yorkshire and Harrogate
12. Suffolk and North East Essex
13. The North East and North Cumbria
14. South East London

Source: NHS England

Further reading

- Evaluating integrated care Why are evaluations not producing the results we expect?, *Nuffield Trust*.
- The NHS's recommendations to Government and Parliament for an NHS Bill, *NHS England/NHS Improvement*.
- Integrated care: our position, *King's Fund*, September 2019.
- NHS Long-term Plan: legislative proposals, *Health and Social Care Committee*.
- Integrated care: organisations, partnerships and systems, *Health and Social Care Committee*. The Government response was published in August 2018.

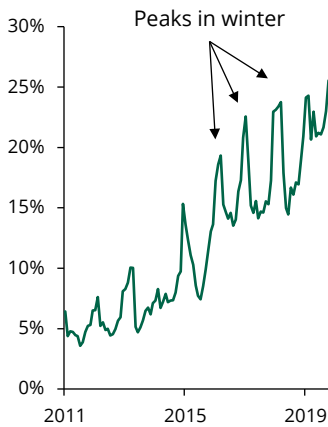
NHS pressures in England: Waiting times, demand, and capacity

Carl Baker

NHS waiting times reached record highs in 2019. Demand for health services is growing, particularly from older patients, but this isn't necessarily the only cause of increasing waits. Funding for the NHS will increase in future, but commentators warn that this isn't enough to deal with performance and capacity issues and transform services.

This article focuses on trends in England, although similar pressures have been experienced across the UK.

Chart 1: Four-hour waits in major A&E



Waiting times are increasing

Waiting times for health services in England have risen in recent years. This trend continued in 2019, with many waiting times recording record highs:

A&E: In 2010/11, one in every 25 people attending major A&E facilities in England spent over four hours in the department. By 2014/15 this had risen to one in 10 patients, and in 2018/19 it rose to almost one in five. Performance has continued to decline so far in 2019/20, with over one in five major A&E visits lasting over four hours.

Waiting lists: 2.5 million people were waiting for hospital treatment in 2010. This rose to 4.6 million in September 2019, the highest number to date. The waiting time target, which states that 92% of those on the waiting list should have been waiting for under 18 weeks, hasn't been met since early 2016. Currently, more than 15% of patients have been on the list for over 18 weeks.

Cancer waiting times: NHS England reports nine different cancer waiting time measures, and all have dropped to their worst levels in 2019. One key standard is that patients should wait less than two months for their first cancer treatment after an urgent GP referral, but the 85% target hasn't been met regularly since 2013. So far in 2019/20, only 78% of patients have been treated within two months.

NHS England is planning to replace some performance standards, including the four-hour A&E target, with new measures. Some new standards have also been proposed, e.g. for cancer diagnosis. A review is currently underway and a progress report has been published. Questions have been raised about the level of consultation involved, the pace of the review, and the potential relaxation of standards. The idea of abolishing the four-hour target for A&E has received a mixed reception.

Rising demand and system pressures

Many NHS services have experienced an increase in demand, driven by a growing and ageing population. However, it's not clear that this can account for all changes in waiting times and performance. Between 2010 and 2018, the population of England rose by 6%, while the population aged 65+ rose by 19%.

Between 2010/11 and 2018/19:

- The number of hospital admissions rose 15%, from an average of 40,800 per day to 46,900. Older people accounted for most of the growth, with the proportion of patients aged 60+ rising from 45% to 49%

Source for Chart 1: NHS England, A&E Attendances and Emergency Admissions

- The number of people going to major A&E departments has risen 13% from an average of 38,200 per day to 43,000. Meanwhile, the average number of four-hour waits in A&E each day rose from 1,500 to 7,900 – larger than the increase in demand
- The number of emergency admissions to hospital via A&E rose by 35% from 9,500 to 12,850 per day
- The number of people receiving a first treatment for cancer has risen by 27%, from an average of 657 to 859 per day. The number of urgent GP referrals for suspected cancer has more than doubled.
- Rising demand for NHS acute services shouldn't be seen in isolation. Pressure on social care and general practice can also lead to more demand for hospital services. It's estimated that 1.4 million people have unmet need for social care, and waiting times for GP appointments have risen in recent years.

NHS capacity: beds, staffing and maintenance

Alongside pressures on demand and performance, there is a mixed picture on the capacity of the NHS.

Funding is rising. Local NHS funding is increasing by 9% between 2018/19 and 2023/24 (after accounting for inflation and population growth). The King's Fund welcomed this settlement but cautions that "The new five-year funding deal for the NHS is not enough for performance to recover against [waiting time targets] while also developing new and better services".

Staffing levels are rising in most categories, but the number of GPs continues to fall. For some staff groups, e.g. nurses and GPs, numbers haven't kept pace with rises in the population. See chapter on 'The health and social care workforce gap', for more.

The hospital maintenance backlog has risen. The estimated cost to eradicate NHS hospitals' outstanding maintenance backlog was £6.5 billion in 2018/19. Of this, £1.1 billion was categorised as "high-risk": repairs required to avoid catastrophic failure or disruption to services. The high-risk backlog cost has trebled since 2013/14.

There are fewer hospital beds available. The number of overnight beds has decreased from 141,477 in 2010/11 to 127,225 now. Average occupancy has risen over this period.

Further reading

- NHS Key Statistics: England October 2019, *House of Commons Library*.
- NHS waiting times: Missed targets, missed pledges?, *Nuffield Trust*, 6 Dec 2019.
- Five reasons why this NHS winter may be different, *King's Fund*, 2 Dec 2019.
- Clinically-led review of NHS Access Standards, *NHS England*.

Chart 2: Hospital episodes by age group

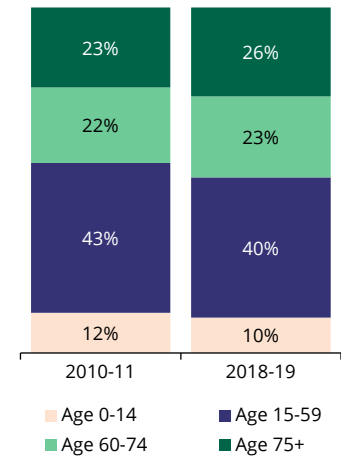
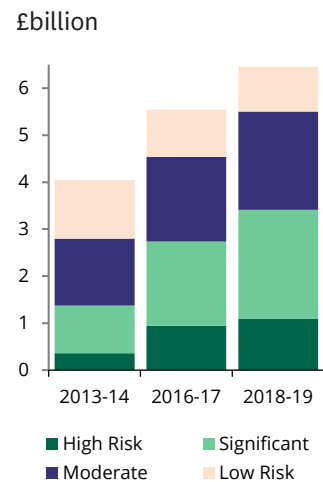


Chart 3: NHS maintenance backlog



Source for Chart 2: NHS Digital, Hospital Admitted Patient Care Activity 2018-19

Source for Chart 3: NHS Digital, Estates Return Information Collection 2018/19

Paying for social care: 20 years of inaction

Tim Jarrett and Rachael Harker

Reforming social care funding in England has been an issue for successive governments in recent times.

In contrast to health care, social care is not generally provided free and only the poorest in society are eligible for support towards the cost – something that many people do not realise. Changes to create a sustainable funding system have often been proposed, but reforms have not followed.

Why hasn't a solution been found? What has the impact of the inaction been? And will reform happen? This Insight refers to the situation in England only.

Chart 1: Spending on adult social care

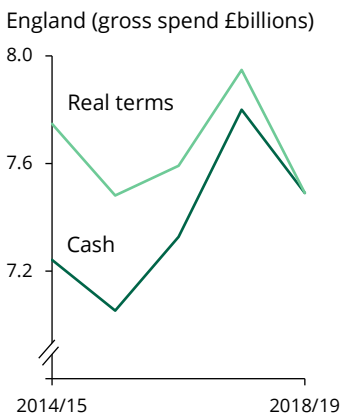
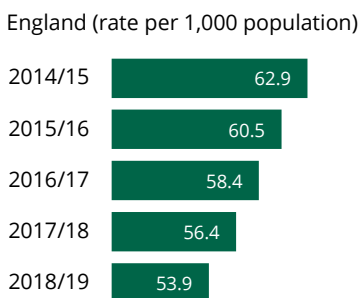


Chart 2: State funded older social care users



Source for Chart 1: NHS Digital, Social care finance data HM Treasury, GDP deflators at market prices, and money GDP September 2019 (Quarterly National Accounts)

Source for Chart 2: NHS Digital, Adult social care activity data Office for National Statistics, Mid year population estimates

The current system

If care home residents have total assets less than £23,250 (which can include the value of their home), they can be eligible for local authority funding support. Even then they are expected to contribute their income, including their pension, towards the cost.

For people in other settings (such as domiciliary care), local authorities determine their own means-tests, which have to be as generous as the care home means-test. Only if someone's needs are primarily health-related are both their health and their social care needs paid in full without means-testing.

Adult social care is not just for the old: local authorities' adult social services spend as much on those aged under 65 as on those over 65. But it is particularly difficult to anticipate social care needs for individuals as they grow older: some may only need limited home help, while others incur extremely high care costs in a care home.

Social care policy reform: Promised but postponed

The then Labour Government established the Royal Commission on Long Term Care. Its 1999 report criticised the means-test approach – which prevails today – saying that to “rely on income or savings ... is not efficient or fair due to the nature of the risk and the size of the sums required”. The Commission contended that “long-term care is a risk that is best covered by some kind of risk pooling”.

While some of the Commission's proposals were accepted, such as free nursing care, its key proposals for a significantly more generous means-test and free personal care were both rejected by the then Government.

One of the first acts of the Coalition Government was similarly to establish the “Commission on the Funding of Care and Support,” chaired by Sir Andrew Dilnot. Its July 2011 report proposed a more generous means-test, and also a cap on lifetime social care charges “so that everyone else is protected from extreme costs”.

The Care Act 2014 legislated for the introduction of a cap, which gained cross-party support, but its introduction (along with the more generous means-test) was deferred in July 2015 (and subsequently indefinitely postponed) by the incoming Conservative Government led by David Cameron.

Will there be a social care Green Paper?

Notwithstanding the publication of two Government-commissioned independent reviews in the past two decades, the May Government said in its March 2017 Budget Statement that it would publish a Green Paper for consultation on options for how people paid for social care. Despite being originally slated for publication in the summer of that year, five Government-set deadlines for its publication came and went.

When Boris Johnson became Prime Minister, in his first speech in July 2019 he said: “we will fix the crisis in social care once and for all”.

However, the Conservative Party’s manifesto did not mention a social care Green Paper and its proposals provided little detail on how social care funding would be reformed.

The impact on social care: Frozen in time

The means-test limit has been frozen at its current rate since 2010. Similarly, the amounts someone should have left over after contributing towards their social care cost have remained unchanged since 2015.

The uncertainty about the nature of possible reforms may be affecting care homes and domiciliary care providers, who are predominantly for-profit private sector providers. The lack of clarity might mean that investment decisions are being postponed.

What next? Will reform happen?

Despite appointing independent commissions to produce answers to how people pay for their social care, neither Labour nor Conservative governments implemented their recommendations.

In postponing the Dilnot Commission’s proposed cap on lifetime social care charges, the Cameron Government said that, given it was a “time of consolidation,” it was “not the right moment to be implementing expensive new commitments such as this”. The Labour Government’s rejection of the free personal care proposal had similarly cited its “very substantial cost”.

It seems therefore that budgetary concerns are trumping political will for change, perhaps due to a lack of public desire for change caused by a lack of understanding of the system. Sir Andrew Dilnot said at a November 2019 conference: “the amounts of money involved are not massive [relatively] ... We’ve had 20 years of depressing levels of inactivity ... We should just get on with it”.

Further reading

- Social care: Government reviews and policy proposals for paying for care since 1997 (England), *House of Commons Library*.
- Adult social care: the Government’s ongoing policy review and anticipated Green Paper (England), *House of Commons Library*.
- Social care: paying for care home places and domiciliary care (England), *House of Commons Library*.
- Social care: Announcements delaying the introduction of funding reforms (including the cap) (England), *House of Commons Library*.
- Social care: how the postponed changes to paying for care, including the cap, would have worked (England), *House of Commons Library*.

The main political parties’ proposals for social care in England

Brexit Party:

- keep investing with more medical staff and less waste

Conservative Party

- seek cross-party consensus for long-term reform
- no-one to sell their home to pay for care

Green Party

- free domiciliary social care for over-65s – consider extending to all adults

Labour Party

- establish National Care Service
- free personal care for older people – “ambition” to extend to working-age adults
- lifetime cap of £100,000 for old age care costs

Liberal Democrats

- hypothecated income tax increase of 1p for social care and NHS
- develop dedicated Health and Care Tax
- establish cross-party convention to agree long-term sustainable funding

UKIP

- increase social care funding by £2bn per annum

Mental Health: Achieving ‘parity of esteem’

Manjit Gheera and Carl Baker

It has long been acknowledged that a diagnosis of mental illness can have an adverse effect on life expectancy. Due to unmet health needs, people with serious mental illness die on average 20 years before the rest of the general population.

In the last decade there has been increased emphasis in England on regarding mental health with the same urgency as physical conditions and the term ‘parity of esteem’ has gained prominence.

Parity with physical health

The Coalition Government’s 2011 cross-government mental health outcomes strategy, No health without mental health, set out the expectation there should be parity of esteem between mental and physical health services. Section 1 of the subsequent Health and Social Care Act 2012 enshrined in law equivalent duties on the Secretary of State in relation to the improvement of physical and mental health services.

Since 2013, the NHS Constitution in England has contained a commitment “to improve, prevent, diagnose and treat both physical and mental health problems with equal regard”. Successive NHS mandates have set objectives for parity. For example, the NHS Mandate 2018-19 states there should be measurable progress, particularly for those in vulnerable situations. The 2014 NHS Five Year Forward View included a commitment to achieving parity by 2020.

Progress towards parity

Measuring progress on parity is difficult for a variety of reasons:

There is no universally accepted method for measuring parity, although there are three common concepts recognised as indicators of parity; see Box.

- In England, most mental health funding is not ring-fenced. Local Clinical Commissioning Groups (CCGs) must determine their own budgets for mental health from the overall funding allocation received from the government. CCGs are expected to meet the ‘mental health investment standard’. That is, their mental health budgets must grow each year by at least the same percentage as their overall funding allocation.
- Comprehensive waiting times for mental health services are not collected, and not all services are subject to maximum waiting times standards. Some services have waiting time targets, for example Improving Access to Psychological Therapies and Early Intervention in Psychosis, but these programmes do not cover all services. New standards have been proposed and are being tested by the NHS in England, but at present there is no comprehensive picture of how long people wait to access mental health services, and how this varies across the country.

What are the barriers to mental health parity?

Increasing investment and improving access to mental health treatments alone will not achieve parity. Significant medical, legal and educational obstacles remain.

The Centre for Mental Health

estimated that in 2016/17 the costs to employers of mental health problems at work was £34.9 billion.

Common concepts indicating parity:

‘Excess mortality’ – the negative impact mental health has on life expectancy.

‘Burden of disease’ – measuring the impact of a disease. Mental health is one of the leading causes of ill health and disability in the world.

‘Treatment gap’ – the difference between the number of people thought to have a particular condition, and those receiving treatment for it.

Stigma and discrimination

Increased awareness and understanding of mental illness has reduced some of the stigma attached to many conditions. However, a public fear of those with mental illness and a fear of discrimination experienced by mental health sufferers can prevent many from seeking help.

The 2018 Independent Review of the Mental Health Act 1983, chaired by Professor Sir Simon Wessely of King's College London, found a fear of being subjected to discriminatory practices from mental health services was strongest in those from ethnic minority backgrounds. The powers of coercion under the Act are more likely to be used against those of black African or Caribbean heritage.

Diagnosis and treatment

Mental illness is less likely to be diagnosed than physical health conditions for a number of reasons, including the intermittent nature of many mental health conditions and gaps in medical training. In addition, the relationship between physical and mental health is complex: research shows that those with poor mental health are also more likely to suffer from poor physical health but have the lowest chances of receiving treatment.

The vision in the NHS Five Year Forward View, published in 2014, acknowledges the inter-relationship between physical and mental health and directs that, "Patients with mental illness need their physical health addressed at the same time".

Legal framework

Despite the equivalent duty towards mental and physical health in the Health and Social Care Act 2012, mental health law presents obstacles to parity. Provisions in the Mental Health Act 1983 allow people to be treated against their stated wishes, even if they are deemed to have sufficient capacity to refuse.

This has led commentators, such as King's College's Professor George Szmukler, to argue that involuntary treatment does not respect the autonomy of mental health patients and is discriminatory when contrasted with the treatment of physical conditions. Some stakeholders have called for a 'fusion' of mental health and mental capacity law, so that detention is determined on the basis of a person's capacity to make their own decisions.

The Independent Review of the Mental Health Act 1983, accepted that there was "a strong argument in principle that maintaining separate mental health and mental capacity laws can lead to discrimination towards those with mental health problems". It did not advocate a fusion of the two systems but proposed reform of the 1983 Act to include clear fundamental principles to protect patients' rights.

Further reading

- Parity of Esteem for Mental Health, *POST*.
- Mental Health Policy in England, *House of Commons Library*.
- Are NHS mental health therapies working for everyone?, *House of Commons Library*.
- Towards Mental Health Equality, *Centre for Mental Health*.

The health and social care workforce gap

Melissa Macdonald and Rachael Harker

There is a global shortage of healthcare workers. The World Health Organisation estimates there will be a healthcare workforce gap of around 14.5 million by 2030. The workforce crisis has been described as the worst problem currently facing the NHS, and the Care Quality Commission’s State of Care report for 2018/19 said it is having a direct impact on care.

As health and social care are devolved, this Insight sets out the numbers behind the workforce shortages in England and examines proposed plans to address them.

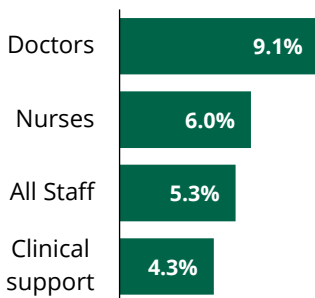
How big is the shortage of healthcare workers?

Around 1.2 million full-time equivalent (FTE) staff work in the NHS, and 1.1 million work in adult social care. Around 78% of social care jobs are in the independent sector. Providers across NHS England are reporting a shortage of over 100,000 FTE staff. Adult social care is facing even starker recruitment and retention challenges, with an estimated 122,000 FTE vacancies. This equates to a vacancy rate of around 8% for both the NHS and adult social care, compared with a vacancy rate of under 3% for jobs across the UK economy.

Analysis by the King’s Fund suggests the NHS workforce gap could reach almost 250,000 by 2030. Nursing is facing one of the greatest problems with one in eight posts vacant. The Interim NHS People Plan identified nursing shortages as “the single biggest and most urgent we need to address”. This is partly due to the integral role of nurses in delivering the NHS Long Term Plan, but also due to the absolute number of vacancies. There are significant shortages in learning disability, primary and community nursing, whilst the mental health nursing workforce dropped by 11% between 2009 and 2019.

In adult social care, around one in 10 social worker and one in 11 care worker roles are reportedly unfilled. The vacancy rate is highest in London. The demand for social care workers is expected to rise in line with the UK’s ageing population. Skills for Care have estimated a need for 650,000 to 950,000 new adult social care jobs by 2035.

Chart 1: EU Nationals in NHS jobs



The role of overseas nationals

12% of the healthcare workforce were non-British nationals in 2018, with similar numbers of EU and non-EU nationals. This trend varies by region: 23% of health workers in London were non-British, compared with 6% in Yorkshire and the Humber. The proportion also differs across staffing groups, with the NHS particularly reliant on overseas doctors. In 2018-19, for the first time, more non-UK graduates registered as new doctors than graduates trained in Britain. In response, the General Medical Council (GMC) stated:

“Overseas trained doctors are vital to the NHS and the role of the international recruitment is helping the service to tackle vacancies across trusts. We know that a longer-term approach to meeting our workforce needs for the future must encourage higher numbers of locally trained staff over the next 5 to 10 years”.

Source for Chart 1: Skills for Care, Workforce estimates as at March 2019

In June 2019, around 65,000 EU nationals were employed in NHS Hospital and Community Health Services (HCHS). Doctors and nurses were more likely to be EU nationals than some other staff groups (see Chart 1). In the adult social care sector, there were around 121,200 EU nationals, of which 78,000 were care workers. However, as a proportion, nurses were most likely to be EU nationals.

Addressing the shortage of workers

There is variation in the ability of services to recruit and retain staff. The Care Quality Commission's State of Care 2018/19 report states:

“Areas in and next to London face specific issues linked to higher costs of living and pay disparities caused by the London weighting.

In primary care, there are areas of the country that have struggled to attract and retain GP staff, driven by their relative rurality or attractiveness as a place to work and live.

...In adult social care, staff are affected by the lack of value given to social care by society and disproportionate levels of pay”.

The Interim NHS People Plan, published in June 2019, set out the following broad commitments to tackle the workforce gap:

1. Make the NHS the best place to work
2. Improve our leadership culture
3. Prioritise urgent action on nursing shortages
4. Develop a workforce to deliver 21st-century care
5. Develop a new operating model for workforce
6. Take immediate action in 2019/20 while we develop a full five-year plan

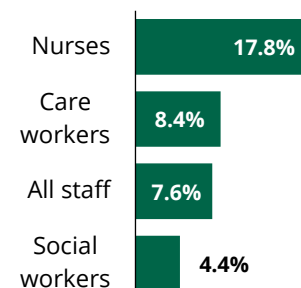
The interim plan highlights an immediate need to improve retention, particularly in nursing. There is also a retention problem in social care, with a turnover rate of 40% for care workers in 2018/19. The GMC has warned that more doctors are choosing to cut their working hours in response to workload pressure. The number of FTE GPs has been rising more slowly than the total number of GPs, indicating that more are working part-time.

Labour, Conservative and Liberal Democrat manifestos addressed the NHS workforce crisis, with less detail provided on social care (see box for a summary).

Further reading

- Falling short: the NHS workforce challenge, *The Health Foundation*.
- The state of the adult social care sector and workforce in England, *Skills for Care*.
- Legal duties of the Secretary of State for Health and Social Care for NHS workforce planning and supply in England, *House of Commons Library*.
- Closing the gap: key areas for action on the health and care workforce, *The King's Fund*.

Chart 2: EU Nationals in social care jobs



What did the manifestos say?

Labour

1,500 more GP training places; extra 28,500 nurses and other health workers. Bring back training bursary; increase training budget by £1 billion. Safe staffing limits. Create National Care Service; plan for social care delivery by local authorities.

Conservative

50,000 more nurses, at least £5,000 maintenance grant. 6,000 more GPs; 50 million more appointments. NHS visa with no cap on numbers. Additional £1 billion a year for social care.

Liberal Democrats

£7 billion a year extra for health and social care. Devise national workforce strategy; bursaries for specialities with shortages and placements in understaffed areas; incentive payments.

Source for Chart 2: NHS Digital, NHS Workforce Statistics – June 2019, 26 Sep 2019

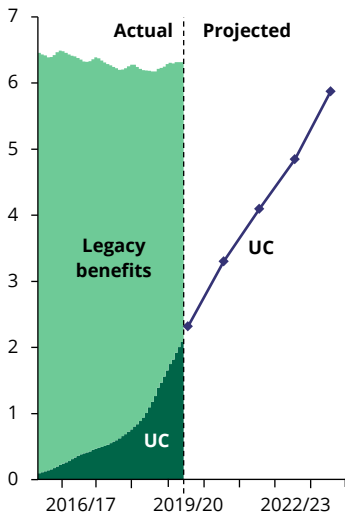
Universal Credit: Does the monthly design work for claimants?

Steven Kennedy, Andrew Mackley and Roderick McInnes

Universal Credit (UC) is replacing means-tested benefits and tax credits for people of working age. Around 7 million households will receive payments totalling around £60 billion a year when it's fully introduced. To date, concerns have tended to focus on problems experienced by people moving onto UC, including the five-week wait for payments. But as the number of people on UC grows, other issues are coming to the fore, including monthly assessment and single monthly payments.

Chart 1: Universal Credit rollout, Great Britain

Millions of households receiving either UC or legacy benefits



The story so far

After an uncertain start to the programme, the full version of UC was finally rolled out to every part of the UK in December 2018. The number of claimants is growing steadily and by the end of 2019 around 2.4 million households will be on UC. The final 'managed migration' stage is to start in late 2020 and finish by December 2023. People still getting existing 'legacy benefits' will be contacted to claim UC.

Monthly assessment

How much UC a household receives depends on its circumstances and income in each monthly 'assessment period'. The first assessment period starts on the date UC is awarded, and subsequent assessment periods usually begin on the same day of the month.

Around a third of people claiming UC are in work. The DWP can calculate entitlement to UC automatically for employees paid through PAYE, based on their earnings.

The Coalition Government argued that responsiveness to changes in earnings would avoid some of the problems with tax credits – in particular, overpayments – and make the financial rewards from work clearer to claimants. This approach could help people with fluctuating earnings, such as those on zero-hours contracts, by increasing support when earnings fall, and vice versa. But as Citizens Advice and others point out, UC can actually exacerbate, rather than smooth, fluctuations in earnings, depending on when payday falls in relation to the assessment period.

Monthly assessment can also cause problems for those whose earnings don't fluctuate if their paydays aren't in step with the UC cycle. In 2018, the High Court heard an appeal from four working UC claimants who sometimes received two months' wages in a single assessment period, affecting their UC award and leaving them worse off. The DWP says that claimants need to budget for months when this will happen, or ask their employer to change their payday. The Court ruled that UC awards should be based on wages for an assessment period, but not necessarily on earnings actually received in that period. The DWP is appealing the decision.

The Child Poverty Action Group (CPAG) has called for a "fundamental rethink of the strict system of monthly assessment of earnings", while Citizens Advice believes that the DWP should "explore the options for allowing people greater flexibility around assessment periods". Some options might be straightforward, such as allowing claimants to change their assessment period dates to avoid clashes with paydays. Other changes – such as altering the length of assessment periods, or averaging earnings for those not paid monthly – would represent a more radical departure from the current UC model.

Source for Chart 1: UC actual: DWP Stat-xplore | Legacy actual: HoC Library calculations based on DWP Stat-xplore, ONS Nomis and HMRC personal tax credit statistics UC assumption: OBR Economic and Fiscal Outlook March 2019 chart 4.3

Monthly payments

In line with monthly assessments, the Coalition Government introduced UC as a single monthly payment, paid in arrears, that would cover all a household's needs. The thinking was that UC "prepares claimants for the world of work," where 75% of employees are paid monthly.

But this may not be the case for many low-income families. While only 15% of all employees are paid weekly or fortnightly, the DWP expects that the proportion will be closer to 30% among working UC claimants.

Research into how benefit claimants manage their finances suggests that, rather than reflecting poor money management skills, short-term budgeting may be a rational strategy for making ends meet on a very low income.

Single household payments also carry risks. As the Work and Pensions Committee has heard, paying UC as a single payment into one account makes it easier for perpetrators of domestic abuse to further harm and control their victims.

Differing approaches across the UK

UC payment arrangements are not the same across the whole of the UK. Claimants in Scotland can choose to receive their UC payments twice a month and for their landlord to receive the housing element directly. The Scottish Government also plans to split payments of UC to couples, "to increase equality within the welfare system". In Northern Ireland, twice-monthly payments and direct payments to landlords are the default, and evidence suggests very few claimants have opted out.

In England and Wales, 'Alternative Payment Arrangements' (APAs) are possible, but only where claimants can't manage single monthly UC payments and are at risk of 'financial harm'. The emphasis is instead on help with monthly budgeting.

In January 2019 the DWP announced new measures to improve access to APAs. These include making it easier for private landlords to request direct payment of rents, and trialling new ways to promote more frequent payments. The DWP also said it was looking at what more might be done to ensure that, for couples with children, household payments go directly to the main carer.

But the DWP is facing calls to go further. CPAG has recommended that APAs should be available on request, arguing that the current criteria are too difficult to meet. Citizens Advice has argued that, in the long term, the Government should make UC payment cycles more flexible so that claimants can choose the schedule that best suits their needs.

Further reading

- The Universal Credit assessment period and earned income, House of Commons Library.
- Managing Money on Universal Credit, Citizens Advice, February 2019.
- Rough Justice: Problems with monthly assessment of pay and circumstances, and what can be done about them, Child Poverty Action Group, August 2018.

"The Universal Credit assessment period and payment structure is a fundamental part of the design... Minimising the difference between paid employment and being on benefit effectively removes a key barrier to moving back into work by helping claimants to budget on a monthly basis".

Freedom of Information response DWP ref: FoI 1288, DWP, 5 June 2017.

"People in low-paid work are not paid monthly. Yet the system is built around monthly earnings. Likewise, no one in the real world has their wages paid to a partner. Yet the system pays a whole month's universal credit into a single bank account belonging to one member of the household".

Frank Field, FT article, 19 October 2018.

"...the ostensibly simple system of monthly assessment periods for all claimants – regardless of their working arrangements and pay cycles – can, in reality, lead to unpredictable and seemingly arbitrary variations in payments which make budgeting extremely difficult".

Rough Justice, CPAG, August 2018.

Pension freedom in retirement?

Djuna Thurley and Roderick McInnes

The 2019 party manifestos confirmed cross-party support for key areas of pension policy. The parties continued to commit to pensioner benefits and uprating the State Pension by the ‘triple lock’. There was also support for the policy of auto-enrolment in workplace pensions and the principle of a ‘pensions dashboard’. This would allow people to see all their pensions savings in one place.

There are still challenges to ensuring that people have adequate income through retirement. Despite auto-enrolment, an estimated 12 million individuals are undersaving. Half of them are only undersaving mildly, but 1.5 million are undersaving substantially.

More people are using defined contribution pension plans

As Chart 1 shows, the pensions landscape is changing. Auto-enrolment has led to a rise in the number of employees saving in defined contribution (DC) pension plans. The numbers are up from 1 million in 2012 to 10 million in 2018. There are now more people enrolled in DC schemes than in defined benefit (DB) schemes:

In a DC pension scheme the income available at retirement will depend on many factors. These include contributions made, any charges applied, the way the fund is invested, and decisions made at retirement. In April 2015, the Coalition Government introduced a ‘pension freedoms’ policy. This gave people aged 55 and over more choice about when and how to draw their DC pension savings. Previously, three quarters of people had had to buy an annuity, which provides a guaranteed income. Now, however, they can make flexible lump sum withdrawals.

The challenges with the pension freedoms policy

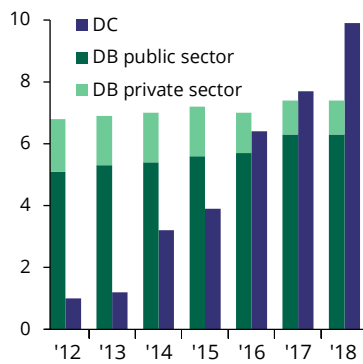
The Coalition Government had hoped that the reforms would stimulate innovation and competition. However, there were concerns that the reforms made individuals responsible for decisions they were often ill-equipped to make. These decisions would have a significant impact on their income in retirement and whether their savings would last into later old age.

One concern was an increased risk that people might draw too much of their savings prematurely and face hardship in later retirement. So far, there is little evidence of this. While over half of pension pots accessed since 2015 have been fully withdrawn, this was most common with the smallest pension pots. These pots usually complement other sources of pension income. However, this may change as people become more reliant on larger DC pots.

Instead, evidence from the first four years has focused concern on the nature of the decisions made (or not made) at retirement by the increasing numbers entering pension drawdown arrangements.

Chart 1: Active memberships of defined contribution (DC) and defined benefit (DB) workplace pension schemes

Millions of memberships, UK, 2012 to 2018



Two main types of workplace pension scheme:

Defined benefit (DB) – which promise benefits based on salary and length of service.

Defined contribution (DC) – where you built up a pot of money from contributions, investment returns and tax relief.

Source for Chart 1: ONS Occupational Pension Schemes Survey

As shown in Chart 2, pots accessed via drawdown accounted for £28 billion (70%) of the £40 billion-worth of pension pots first accessed in 2018/19.

Increasing numbers of those accessing drawdown are doing so without advice. At this point, they face a range of complex decisions such as which provider to use, where to invest their remaining pot, and how quickly to draw down. These decisions are made within significant uncertainties, not least how long they can expect to live. The Financial Conduct Authority found that many struggle with these decisions and end up in investments that may not be right for them, or putting their pensions pot into cash. Its plans to help with this include requiring schemes to provide ‘investment pathways’, covering a small number of typical uses for a pension pot. Whether its plans go far enough remains to be seen. The issues will need to be kept under active review in the next Parliament.

Other key issues in pension policy

Some of the other issues debated but not resolved in the last Parliament include:

- How to take forward plans for pensions dashboards and collective benefits, included in the Pension Schemes Bill presented to Parliament shortly before the election
- Plans to allow employers who cannot afford to fully insure their pension promises to pass on their liabilities without compromising benefits
- When and how auto-enrolment contribution rates should increase
- Plans to improve the returns from auto-enrolment for low earners, including those who miss out on tax relief
- How to better protect people from scams
- How to ensure people get the best value from their savings, whether through better advice and guidance or the design of pension products
- How to ensure people considering transferring out of a fixed pension promise into a flexible arrangement get the right advice
- Whether the timetable for future increases in the State Pension age should change.

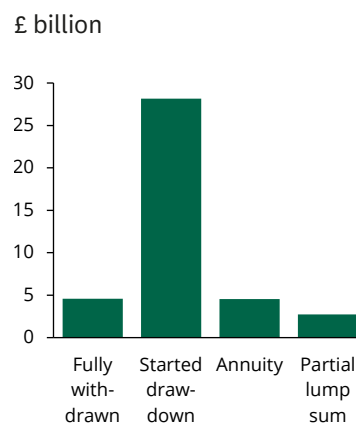
One option, to which politicians return from time to time, could be a successor Pensions Commission to review the landscape, now much changed since the last one reported in 2005.

Further reading

- Pension flexibilities: the freedom and choice reforms, *House of Commons Library*.
- Automatic enrolment: current issues, *House of Commons Library*.

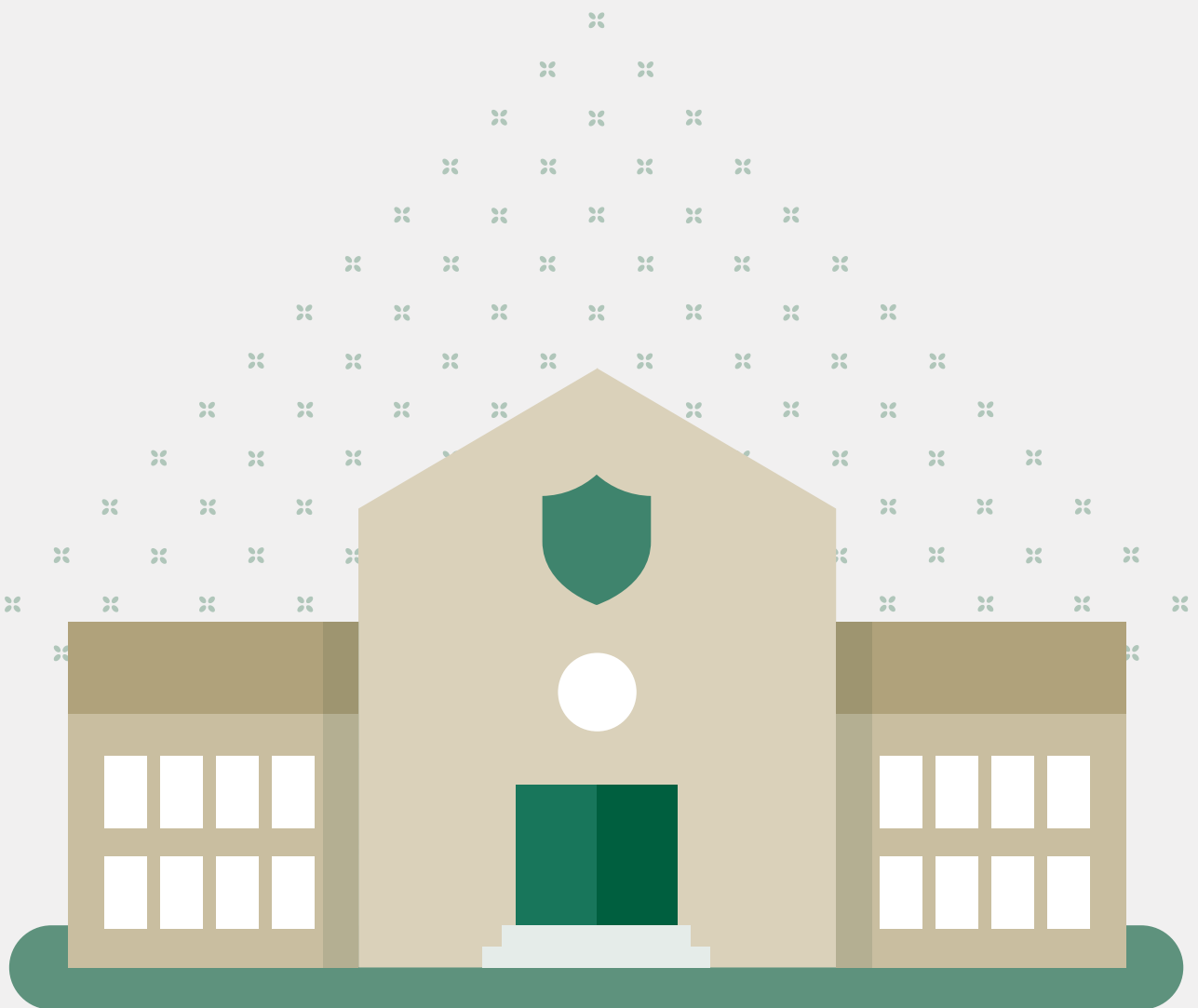
In ‘pension drawdown’ you keep most of your pot invested and draw an income from it. This has the advantage of flexibility, but the income is not guaranteed for life.

Chart 2: Value of pots first accessed in 2018/19, by method of access



Source for Chart 2: Financial Conduct Authority (FCA) Retirement income market data

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School funding in England: Sufficient and Fair?

Nerys Roberts and Shadi Danechi

Schools in England have been under considerable funding pressure in recent years. The press has reported schools considering staff redundancies, or closing early, in order to cope. Late in the last Parliament, the Johnson Government promised a real terms rise in funding. But will this be sufficient? Will the funding get to the schools that needed it the most?

But isn't there more money than ever in the system?

Conservative governments under May and Johnson have faced criticism for repeatedly stating that there was more money going into the school system than ever before. While it's true that the overall schools budget has increased, pupil numbers have gone up and schools face increased costs, including higher national insurance and employers' pension contributions.

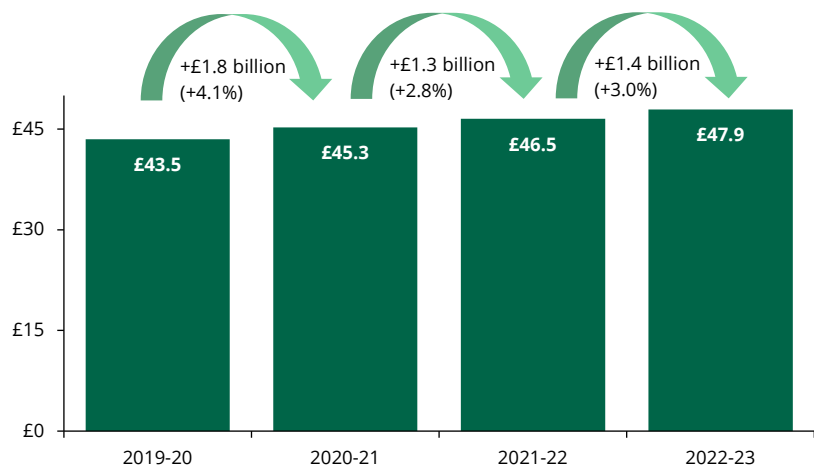
The available funding has therefore had to stretch further. The Institute for Fiscal Studies (IFS) has estimated that school spending per pupil reduced by 8% in real terms between 2009/10 and 2018/19.

What did the last Johnson Government promise?

During summer 2019, the Johnson Government announced significant real terms school funding increases, beginning from 2020/21.

The announced funding would mean a real terms increase of £4.4 billion between 2019/20 and 2022/23. The chart shows these increases, year on year.

Chart 1: School funding will increase by £4.4 billion between 2019-20 and 2022-23



Source for Chart 1: HM Treasury, Spending Round: September 2019. HM Treasury, GDP deflators at market prices, and money GDP September 2019 (Quarterly National Accounts)

These figures exclude teachers' employer pensions contribution funding, and post-16 funding.

How did commentators react?

The IFS said that the Johnson Government's funding commitments would, by 2022/23, almost reverse the previous 8% fall in per pupil spending. However, this still represented a 13-year period with no real terms growth in per pupil funding.

While the announced funding was cautiously welcomed by many, critics pointed out that:

- There was no extra money until 2020/21
- Secondary pupil numbers are projected to increase up to 2023, so the overall pot would have to go further
- The increases would occur over several years, so they wouldn't immediately reverse real terms cuts experienced to date
- The funding might favour certain types of schools, or areas, and this might not be based on relative need
- The amount allocated to special educational need provision might not be enough. In 2020/21, there would be £780 million more for this area than in 2019/20. Specific allocations for future years were less certain.

How did the last Johnson Government plan to allocate its additional funding?

The extra funding from 2020/21 would be used for several things, including:

- Introducing a new minimum per pupil funding level for primary schools: £3,750 in 2020/21 and £4,000 by 2021/22. Secondary schools would be allocated at least £5,000 per pupil from 2020/21. The changes to minimum per pupil funding levels would only account for a small proportion of the extra funding
- Faster implementation of the National Funding Formula (NFF). The Department for Education would pay in full any remaining gains due under the NFF, provide minimum cash uplifts for schools, and increase the cash value of core formula factors
- Higher starting salaries for newly-qualified teachers of £30,000 by 2022/23, an increase of more than £5,000 on maintained schools' minimum starting pay in 2019/20.

Is the new national funding formula fairer?

As well as debate over the size of the funding pot, there are also issues over how the funding is divided up between schools. Some schools and areas have, for complex reasons, historically received higher rates of funding than others.

The 2017–19 Parliament saw the introduction of a new national funding formula to calculate core school funding for mainstream schools. Some funding sits outside the NFF, including the Pupil Premium, complex special educational needs funding, and sixth-form funding.

Although there's widespread support for the concept of this formula, the question remains: is it targeting funding appropriately? The formula also isn't currently fully implemented; until at least 2021/22, it's operating in a 'soft' format. At school level, the NFF allocations are notional only. These notional allocations are summed and adjusted to provide block allocations at local authority level. Local authorities then decide how to share out funding between schools in their area, within DfE guidance. Schools' NFF allocations for 2020/21 are therefore not what they actually receive. A hard NFF, routing money directly to individual schools, would require primary legislation.

Party positions during general election campaign

The Conservative Party's commitments, set at Spending Round 2019, increase total core school revenue funding by £7.1 billion (cash) by 2022/23, compared to 2019/20. The Green Party manifesto pledged that funding for UK schools would be increased by at least £4 billion per year, in order to relieve financial pressures. The Labour Party manifesto committed to increase core school funding by £10.5 billion (cash) by 2022/23, compared to 2019/20. The Liberal Democrats said that they would increase core school funding by £10.6 billion a year (cash) over the course of the new Parliament – £7.6 billion of this by 2022/23.

Further reading:

- School funding in England: FAQs, *House of Commons Library*.
- General election 2019: An analysis of manifesto plans for education, *Education Policy Institute*.
- 2019 annual report on education spending in England, *Institute for Fiscal Studies*, September 2019.

Who should pay for tertiary education?

Paul Bolton and Susan Hubble

Post-18 education in England is split into further education (FE) and higher education (HE) – there is no overarching tertiary system. There is some overlap, but in general the two sectors are separate and very different.

HE receives much more public funding than FE, which experienced funding cuts during the early 2010s. High HE tuition fees, funding inequalities between sectors, and falling FE student numbers led to heated debate about how tertiary education is funded and who should benefit, culminating in the Augar Review.

What is tertiary education?

FE covers education from basic skills to degree level and is delivered by 200 FE colleges and numerous training providers. In 2017/18, 1.1 million adults took publicly funded FE courses and almost 2.2 million participated in some form of funded FE and skills training, including informal community learning and apprenticeships.

HE covers education at undergraduate and postgraduate level in universities and colleges. In 2017/18, 1.5 million students from England studied at UK HE institutions. Trends in student numbers are shown in the Chart 1.

How is tertiary education funded in England?

In 2012, tuition fees for undergraduates were raised to £9,000 per year and public funding for teaching grants was cut. Most teaching funding now comes via Government-supported fee loans. The Government provides top-up funding for high-cost subjects. High fees and the removal of the student numbers cap has encouraged universities to expand.

In 2019/20 the HE sector received £1.4 billion in direct public funding for teaching. Total direct support, including funding for research and capital, was £3.7 billion. Fee income is estimated at £9.7 billion. Around half the value of loans is expected be written off and end up as public costs.

Chart 1: FE down 36%, HE stable

Students from England, millions

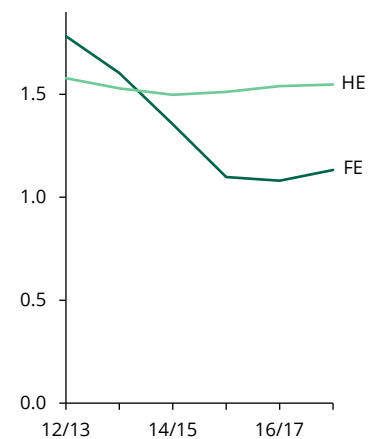
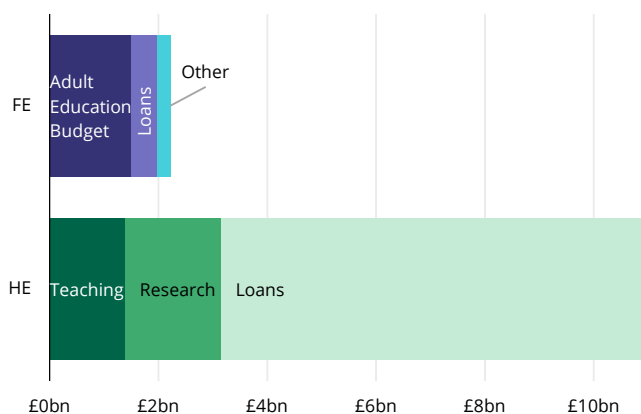


Chart 2: Tertiary education funding in England 2019-20



Source for Chart 2: Office for Students, Strategic guidance to the OFS – priorities for financial year 2019-20 (February 2019). UK Research and Innovation, Guidance from BEIS to Research England for financial year 2018-19. Department for Education, Student loan forecasts, England: 2018 to 2019. Department for Business, Innovation and Skills, Skills Funding Agency (SFA) priorities and funding for the 2016 to 2017 financial years

Source for Chart 1: Department for Education, Further Education and Skills release, England: March 2019

“Post-18 education in England is a story of both care and neglect”.

Augar Review 2019

FE is funded by the Education and Skills Funding Agency through annual contracts to provide adult education. These are based on the amount of learning delivered in the previous year. Loan funding is available for some learners. In 2019/20 the general Adult Education Budget is £1.5 billion. A further £0.5 billion is available as loans to support FE students who do not qualify for direct funding. The total budget for FE and skills, including apprenticeships, is £3.8 billion.

The difference in funding between sectors is shown in the bar chart. Note that HE loan figures include only their estimated public costs.

How are students funded in England?

HE students can get Government-supported loans for fees (up to £9,250) and maintenance (up to £11,672 in London, £8,944 outside London and £7,529 living at home). In 2019/20, £16.7 billion is expected to be loaned to HE students overall. Repayment starts when the borrower reaches a certain income. Loans are written off after 30 years. Most students will not repay their loans in full, and many will make few or no repayments. The public cost of loans made in 2019/20 is forecast to be around £7.8 billion.

FE students are funded differently and funding is lower. Students studying specified courses may receive free tuition. Other students taking certain courses may be eligible for Advanced Learner Loans – these loans are for fees and are repaid on an income-contingent basis like HE loans. There is no maintenance support.

Augar Review

In February 2018, the Augar Review of post-18 education and funding was launched which aimed “to create a joined up post-18 education system which would work for students and taxpayers”.

The Review report in May 2019 contained 53 recommendations including:

- reducing HE fees to £7,500 per year
- replacing lost fee income with increased teaching grants directed towards disadvantaged students and high-value, high-cost subjects
- extending the student loan repayment period, capping the overall amount of repayments and reducing the income threshold for repayments
- reintroducing maintenance grants
- introducing maintenance support for level 4 and 5 qualifications
- funding a first free full level 2 and 3 qualification for all learners
- introducing a lifelong learning loan allowance

See The Post-18 Education Review (the Augar Review) recommendations for more details.

Party policies

The Conservatives said they would create a £3 billion National Skills Fund, reintroduce maintenance grants for nursing students and look into interest rates on loan repayments.

Labour pledged to scrap tuition fees, reintroduce maintenance grants and Education Maintenance Allowances, establish a National Education Service, guarantee six years' free education for adults and allow paid time off for training.

The Liberal Democrats said they would reintroduce maintenance grants, refund colleges for VAT, introduce a Young People's Premium and a £10,000 'skills wallet', and establish a review of HE finance.

So who should pay?

Tertiary education funding is split between the taxpayer, students/graduates and employers, but more of the cost now falls on graduates. The Institute for Fiscal Studies has estimated that the poorest students could accrue the largest debts of up to £57,000.

Arguably those who benefit from tertiary education should contribute most. However, many stakeholders benefit – taxpayers through higher tax revenues/lower benefit payments, employers from a skilled workforce, and the economy through increased productivity and innovation.

The changes to funding outlined in Augar aim to increase the number of people who could directly benefit from tertiary education. Now could be the time to shift the balance of funding contributions to reduce graduate 'debt', alleviate skills shortages and stimulate lifelong learning.

Further reading

- The Post-18 Education Review (the Augar Review) recommendations, *House of Commons Library*.
- The forthcoming review of post-18 education and funding, *House of Commons Library*.
- Higher education funding in England, *House of Commons Library*.
- Higher education student numbers, *House of Commons Library*.
- Higher education finance statistics, *House of Commons Library*.

Special educational needs and disability support: Rescuing the reforms

Robert Long and Shadi Danechi

It is more than five years since the Coalition Government’s reforms of support for children and young people in England with special educational needs or disabilities (SEND) came into effect. There is growing evidence of major strain on the system, both in funding shortfalls and ineffective implementation.

Unified support: The Children and Families Act 2014

The 2014 reforms aimed to link support for children and young people with SEND aged 0-25 across education, health care, and social care. This was clearest in the Education, Health, and Care Plans (EHCP) that replaced the previous system of ‘statements’ of SEN. The system is locally managed. Local authorities are required to publish a ‘local offer’ that sets out the services available for children and young people with SEND.

The reforms were phased in, with existing pupils gradually moved over to the new system.

Separately, changes were also made to funding for schools with pupils with ‘high needs’, through a national funding formula. Local authorities mainly use the high needs grant to support pupils with SEND. Since 2018/19, there have been tighter restrictions on the extent to which councils may use wider school funding to supplement this spending.

Pressure on ‘high needs’ funding

High needs funding has risen significantly in recent years, from £5.66bn in 2014/15 to £6.85bn in 2020/21 (2019/20 prices), an increase of 21% in real terms.

According to the Department for Education, the number of children and young people with an EHCP (or a statement) rose 16% between 2007 and 2019. In contrast, the total pupil population only increased by 8%. Over the same period, there has been a 40% rise in the number of pupils attending special schools. There has been a particular increase in pupils with EHCPs attending independent schools, where funding places tends to be more expensive.

Despite extra funding, the National Audit Office (NAO) found, in a January 2019 report, that cost pressures meant the high needs funding block allocation per pupil fell by an estimated 2.6% in real terms between 2013/14 and 2017/18, from £19,600 to £19,100. This does not include money local authorities might use from wider schools funding to support pupils with high needs.

The NAO has identified widespread overspending of high needs budgets by local authorities, mainly because more SEND pupils are attending special schools rather than mainstream schools. It found that Dedicated Schools Grant reserves – which support local authority school budgets more widely – are declining as a result, down by 86.5% between 2014/15 and 2018/19.

The NAO report subsequently stated that the “system for supporting pupils with SEND is not, on current trends, financially sustainable,” and that the Department for Education had not fully assessed the likely financial consequences of the 2014 reforms.

Chart 1: Increasing numbers of pupils attend state-funded special schools

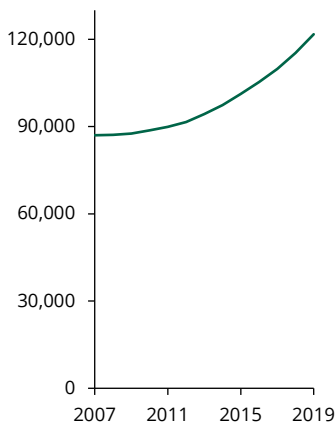
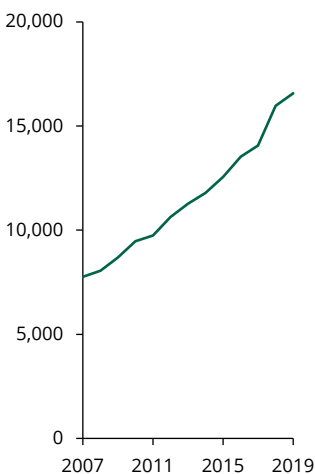


Chart 2: Increasing numbers of pupils with EHC plans attend independent schools



Source for Chart 1: Department for Education, Special educational needs in England: January 2019, table 1

Source for Chart 2: Department for Education, Special educational needs in England: January 2019, table 2

Not just a funding issue: Education Committee reports

In 2019, two Education Committee reports identified widespread problems in support for children and young people with SEND. The Committee's report on school funding described SEND funding as "completely inadequate". It recommended increased funding and an assessment of the cost implications of local authorities' duties to maintain EHCPs up to age 25.

The Committee's report on the SEND reforms identified not only funding issues, but systemic problems and accountability failures. This was despite endorsing the intentions and structure of the 2014 reforms.

The report found issues including:

- A lack of joint working between responsible bodies
- A need for culture change towards joint working, without which even significant funding increases might make little impact
- An adversarial, hard-to-navigate system, with parents needing to fight for support they are entitled to, and too many parents having to take their case to tribunals – providing an unfair advantage to more knowledgeable parents
- An absence of responsibility for driving change and accountability for failures.

The Committee believed that local authorities would be able to fulfil their statutory duties to support children and young people with SEND if these challenges were met. They made recommendations for stronger accountability, including that Ofsted should make a clear judgement on the quality of SEND provision in school inspections.

Local area inspections

Ofsted and the Care Quality Commission (CQC) have been inspecting local authority SEND support in England. Up to July 2019, according to the NAO report, they had found significant areas of weakness in half of the 94 local authorities inspected. The Education Committee recommended that this become an annual inspection process.

Challenges for the new Parliament

In September 2019, the Government announced a major review of support for children and young people with SEND in England, to mark five years of the reformed system's operation. Ahead of this, there is already strong evidence of a system that is malfunctioning and under major financial strain.

Rising costs and wider school funding restrictions have put huge pressure on the high needs funding system. Local authorities' ability to sustain the system with funding from elsewhere is dwindling. Extra funding alone, however, would not be enough. Support for children and young people with SEND can be disjointed, inconsistent, and hard to obtain. Improving this situation presents a significant challenge for the new Parliament.

Further reading:

- Special Educational Needs: support in England, *House of Commons Library*.
- Special educational needs and disabilities, *Education Committee, October 2019*.
- A ten-year plan for school and college funding, *Education Committee, July 2019*.

Chart 3: The number of pupils with EHC plans in mainstream schools is in line with 2007 levels

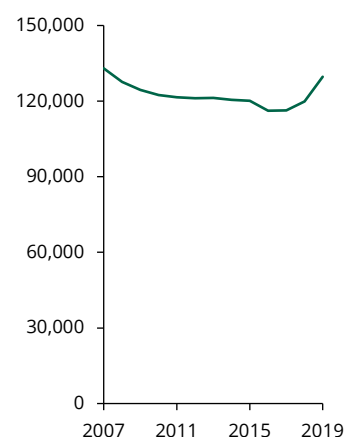
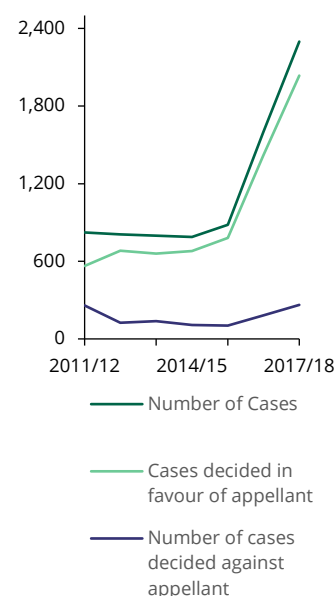


Chart 4: The number of SEND Tribunal cases has increased



The high needs funding system supports provision for children and young people with SEND from their early years to age 25. High needs funding is also intended to support alternative provision for pre-16 pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream or special schools.

High needs funding arrangements: 2020 to 2021, GOV.UK.

Source for Chart 3: Department for Education, Special educational needs in England: January 2019, table 3

Source for Chart 4: Ministry of Justice, Tribunals and gender recognition certificate statistics quarterly: July to September 2018; SEND Tribunal Tables (SEND_1)

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Acting on climate change: The plan for net zero emissions in the UK

2020: UK in the global spotlight

The UK will be in the global spotlight in 2020 as Glasgow hosts the UN climate change conference (COP26) at the end of the year. Leadership and credibility at an international level will depend upon swift domestic net zero action. The new Parliament will have a key role in scrutinising and debating how this is achieved.

Sara Priestley and Paul Bolton

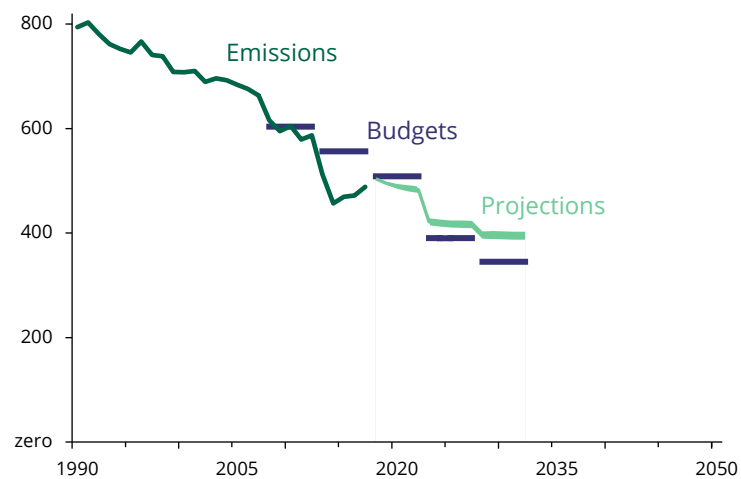
Public demand for climate change action remains high, and the new Parliament will see continued cross-party attention on it. In 2019, following Parliament’s declaration of a ‘climate emergency’ and recommendations from the independent Committee on Climate Change (CCC), the Government legislated for net zero greenhouse gas emissions.

Here we look at what is likely to lead the debate in the new Parliament, including policies for reducing emissions in key sectors like transport, energy, housing and agriculture.

What is net zero?

Net zero is a statutory target set by the *Climate Change Act 2008* for at least a 100% reduction of UK greenhouse gas emissions by 2050 (compared to 1990 levels). It replaced the UK’s previous target to reduce emissions by 80% by 2050. It is known as a net zero target because some emissions can remain if they are offset (i.e. by removal from the atmosphere and/or by trading in carbon units). If met, this target would effectively mean the UK would end its contribution to global emissions by 2050.

Chart 1: UK net emissions, budgets and projections



Source for Chart 1: BEIS, Updated energy and emissions projections: 2018

UK net emissions are falling... but there is a long way to go Million tonnes of CO₂ equivalent

Chart 1 shows the UK’s existing five-yearly carbon budgets which set shorter-term targets in line with the longer-term target. The CCC is expected to publish advice in September 2020 on the sixth carbon budget (for 2033-37), which will consider the net zero target. HM Treasury announced a Net Zero Review in November 2019. The review will look at how to reach net zero while both maximising economic growth and ensuring a fair transition, including reducing costs for low-income households.

How will the UK achieve net zero?

The CCC’s May 2019 report, which recommended net zero, recognised that the foundations were already in place but called for a set of “clear, stable and well-designed policies” to be introduced “without delay”. The new Parliament is likely to consider a range of these policies in detail. It is impossible to predict the exact combination that will achieve net zero, but below are some high-profile issues for major sectors.

Transport

The Conservative Government’s ‘Road to Zero’ Strategy set out long-term measures to decarbonise road transport, but there are calls to be more ambitious. The new Parliament may explore policies on moving to 100% electric vehicles with supporting charging infrastructure in shorter timeframes, and encouraging more walking, cycling and public transport. It may also explore lower carbon options for aeroplanes and ships.

Energy supply

Large falls in energy supply emissions have driven around half of the reduction in UK emissions since 1990. Coal power station closures have contributed to this, as has government-supported development of renewables. Further effort is needed, with the previous Government promising an Energy White Paper for 2020.

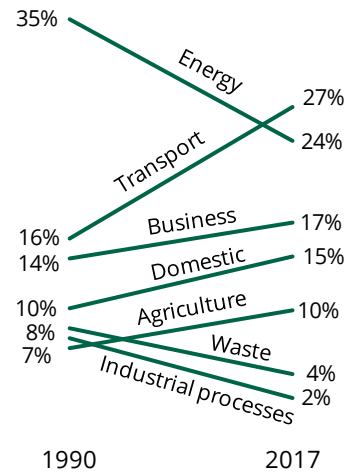
Domestic

The CCC’s Report on UK Housing concluded that decarbonising and adapting the UK’s housing stock was “critical” for meeting net zero. The Committee has highlighted that policies and standards to drive high-quality, low-carbon new and retrofitted homes are necessary to meet net zero. Suggested measures include tightening building standards, introducing minimum standards for social housing, improving low-carbon heating and energy efficiency, and consumer incentives like green mortgages.

Agriculture and land use

Methane is a key contributor to agricultural emissions with livestock producing about half of all UK farm emissions. Farmers can voluntarily improve practices under a Greenhouse Gas Action Plan. Financial incentives could support farmers to act further. The *Agriculture Bill 2017-19* included measures to pay farmers for taking steps like reducing emissions or sequestering carbon. Suggested natural solutions include increasing forest cover in the UK and restoring peatland. Changing consumer attitudes on diets could allow changes in how UK farmland is used.

Chart 2: Changes in major emission sources % of total



Source for Chart 2: BEIS, Final greenhouse gas emissions national statistics: 1990-2017

Waste management

Decomposition of biodegradable waste in landfill contributes to a large proportion of total waste emissions (almost 70% in 2017). The Conservative Government's Resources and Waste Strategy for England set out an ambition to divert food waste from landfill, increase recycling and move to a circular economy where materials are valued and reused. Many of these policies will require further legislation.

Industrial processes

Eight industrial sectors (including cement, food and drink, and iron and steel) account for around two-thirds of industrial carbon emissions. Net zero will challenge industries to reduce emissions without reducing their competitiveness. Potential mechanisms include energy and resource efficiency, electrification, hydrogen, and carbon capture and storage. The previous Government aimed to create a net zero carbon industrial cluster by 2040, supported by the Industrial Strategy Challenge Fund. It also announced the Industrial Energy Transformation Fund to be launched in Spring 2020.

Removing emissions

Both planting trees and technology such as carbon capture usage and storage (CCUS) are seen as crucial for meeting net zero. Currently there are no CCUS projects in the UK. The previous Government published its CCUS Deployment Pathway in 2018, designed to enable the development of CCUS, commissioning from the mid-2020s.

Further reading

- Net Zero – The UK's contribution to stopping global warming, *Committee on Climate Change*.
- Net Zero briefings, *Energy & Climate Intelligence Unit*.
- Climate change: an overview, *House of Commons Library*.

On target? Five environmental challenges for 2020 and beyond

Louise Smith, Elena Ares, Jonathan Finlay and Paul Bolton

Environmental concerns, including flooding, air quality, biodiversity loss and resource use, have a continued high profile. Recent debate has also focussed on governance of environmental standards after Brexit. Here we highlight five areas likely to lead the parliamentary scrutiny agenda.

Environmental governance

Many of the UK's environmental requirements stem from EU legislation. They are monitored and enforced by EU institutions that can ultimately fine Member States in breach of EU laws.

While existing targets will continue in UK law following Brexit, the monitoring and enforcement roles of EU institutions are likely to be lost. In the absence of a replacement, this would lead to what commentators have called an “environmental governance gap”.

The *Environment Bill 2019–20* contained proposals to fill this gap. An independent non-departmental body, the Office for Environmental Protection, would have a monitoring role, receive complaints, and have a range of enforcement powers. The bill passed second reading unopposed but fell at dissolution.

The new Parliament will need to scrutinise any governance proposals. Aligned with this is a debate on what any new environmental standards should look like and whether they should diverge from those set by the EU.

Biodiversity loss

A 2019 Intergovernmental Global Assessment of Biodiversity and Ecosystem Services estimated a million species are at risk of extinction, many within decades. It concluded that “we are eroding the very foundations of our economies, livelihoods, food security, health and quality of life”. Writing about climate change and biodiversity loss, the body's Chair Sir Robert Watson, stated: “we either solve both or we solve neither”.




In October 2020, the Convention on Biological Diversity will set a new international framework to address biodiversity loss. In advance, HM Treasury commissioned a Review of the Economics of Biodiversity. It will assess the risks of global biodiversity loss, and “identify actions to enhance biodiversity and deliver economic prosperity,” in a similar way to the ground-breaking 2006 Stern Review on climate change.

The 25 Year Environment Plan, published under the May Government, committed to a ‘natural capital approach’, and improving biodiversity by using land more sustainably and creating new wildlife habitats. This was followed by several funding and policy announcements. However, the UK Biodiversity Indicators 2019 showed short and long-term decline in bird and insect populations; and long-term public sector spending on biodiversity has decreased.

Table: Mixed progress on biodiversity

Indicators for animals, birds and insects in England

	Long term change	Short term change
Relative abundance of priority species	↓	↓
Breeding farmland birds	↓	↓
Butterflies on farmland	↓	↔
Bat populations on farmland	↑	↑
Breeding birds in woodland	↓	↓
Butterflies in woodland	↓	↔
Breeding wetland birds	↔	↔
Wintering waterbirds	↑	↓
Distribution of pollinating insects	↓	↓

 Deteriorating
 Little or no overall change
 Improving

Source for Table: Biodiversity 2020: Indicators, Defra

The difficulties are reflected in the UK’s report on its 2020 Aichi Biodiversity targets. Progress on many is too slow, with protecting and restoring ecosystems particularly challenging.

“Some targets have proved particularly challenging despite the positive progress that has been made (e.g. #8 on pollution, #10 on vulnerable ecosystems, #12 on conservation status of species, and #15 on restoring degraded ecosystems)”

Joint Nature Conservation Committee, United Kingdom’s 6th National Report to the Convention on Biological Diversity 2019, March 2019.

Resources and waste

The 2018 Resources and Waste Strategy for England set ambitions for a more circular economy: to “become a world leader in using resources efficiently and reducing the amount of waste we create as a society”.

Several consultations followed, with a particular focus on reducing avoidable plastic waste. This included reform of the packaging producer responsibility scheme, a plastics tax, a deposit return scheme for drinks containers, and a ban on specified single use plastics. These all require further legislation to implement.

Attention is also focused on recycling rates. The UK recycled 45.7% of household waste in 2017 and needs to meet a target of at least 50% by 2020. Commentators such as Greenpeace have questioned the UK’s ability to meet this target.

Air quality

Air quality is an ongoing and growing concern in Parliament and beyond. There is increasing understanding about how vulnerable groups are at a disproportionately high risk of health problems from poor air quality.

The Clean Air Strategy 2019, published under the May Government, accepted that if the UK is to meet emission targets on specific air pollutants then further action and/or legislation is required. These pollutants included:

Ammonia; the majority of emissions stem from agricultural practices.

Fine Particulate Matter (PM_{2.5}); the largest primary contributor is from burning wood and coal in domestic open fires and solid fuel stoves.

Attention is also likely to remain focussed on the UK’s exceedances of nitrogen dioxide emissions – for which EU infraction proceedings against the UK (and other EU countries) have already begun.

Flooding

In 2019, flooding once again captured national attention. The independent Committee on Climate Change has identified “large increases in flood risk” as one of the “greatest direct climate change-related threats” facing the UK.

Central government provides funding and an overarching strategy for managing flood risk in England. However, local problems require local solutions, and communities will need different approaches to managing flood risk alongside competing demands on land for housing and agriculture. The 25 Year Environment Plan emphasised sustainable drainage systems, property resilience and natural flood management measures such as planting trees.

A new Parliament will need to consider both strategy and funding in the long term. The Environment Agency estimated in 2019 that an optimum long-term investment would be an annual average of at least £1 billion. By the end of the last Parliament, the Government was committed to £2.6 billion in capital spending between 2015 and 2021.

The Johnson Government planned a policy statement on flooding and coastal erosion by the end of 2019, and the Environment Agency consulted on updating the risk management strategy by spring 2020.

Further reading

- Stern Review on the Economics of Climate Change, *HM Treasury*.
- Commons Library analysis of the Environment Bill 2019-2020, *House of Commons Library*.

Chart 1: Changes in major emission sources % of total Emissions of ammonia

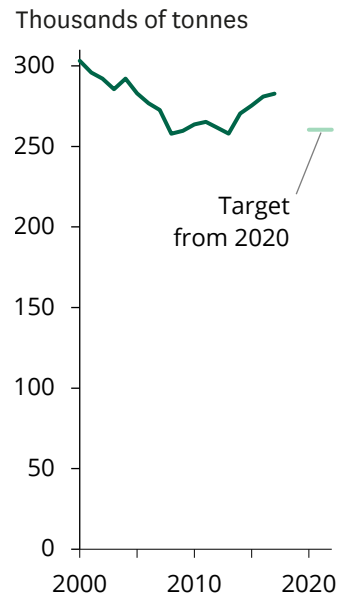
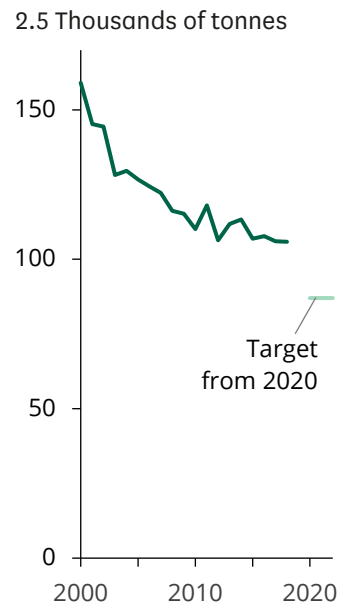


Chart 2: Emissions of PM



Source for Chart 1 and Chart 2: Ricardo Energy & Environment, Trends in UK sulphur dioxide, nitrogen oxides, non-methane volatile organic compounds, ammonia and particulate matter (PM₁₀, PM_{2.5}) emissions

- Brexit: What happens next?
- Living and working in the UK
- Health, social care and welfare
- Education
- The Environment
- Trade and the economy**
- Crime and cyber security
- Foreign Affairs
- Parliament and the Constitution



Brexit: What happens next?

Living and working in the UK

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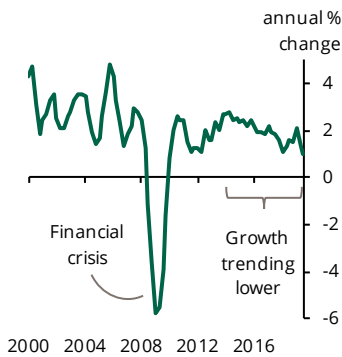
Parliament and the Constitution

Slowing economic growth, Brexit and the productivity challenge

Daniel Harari

Recent years have seen steady, unspectacular economic growth. Employment rates have risen to record levels, but average wages adjusted for inflation are no higher than in 2007. This reflects a key development over the last decade: the stagnation in productivity – how much is produced for every hour worked. This remains a serious concern for future growth and wage prospects. In addition, Brexit has had and will have an impact.

Chart 1: GDP growth has been slowing



2000 2004 2008 2012 2016

Economic growth has been slowing

In recent years, growth has been steady but slowing. The UK economy expanded at an average rate of 2.5% per year in 2014 and 2015, before growth eased in subsequent years. It is expected to be just over 1% in 2019.

The slowdown is mainly due to consumer spending growth cooling and a reversal in investment – from strong growth to contraction. Both are linked to some degree to the Brexit referendum result: consumers faced rising prices due to the fall in the pound, while uncertainty over the future UK-EU relationship has hit business investment. More certainty over the shape of Brexit and a possible UK-EU trade deal could bolster confidence and boost investment.

In addition, the global economy has been showing signs of stress. A Eurozone resurgence in 2017 proved short lived and global trade tensions have hit international trade.

Chart 2: Employment rate rising in recent years



1970 1980 1990 2000 2010

More people are in employment...

The number of people in employment in the UK has risen almost continuously since 2012. Just over three quarters of working-age people are in work, and this is the highest rate since comparable records began in 1971. Correspondingly, the unemployment rate is low at around 4%.

There are some signs that these trends may be coming to an end. For example, the number of job vacancies has started to fall. Nevertheless, the general employment picture remains supportive of economic growth.

...but average real wages are lower than a decade ago

While the number of people in work has risen substantially, wages have not. Indeed, average real (inflation-adjusted) weekly earnings are no higher than they were prior to the 2008/09 recession. Such a long period of stagnation is unprecedented in modern economic times.

In 2019, wage growth has picked up and inflation come down. As a result, real average wages are growing at a healthier rate again.

In summary, the recovery from the financial crisis a decade ago has been jobs-rich but wage-poor. Why has this been the case?

Longer-term concerns centre around weak productivity

The amount produced for every hour worked is barely higher now than it was in 2007. This stagnation in productivity is arguably the most important economic development since the financial crisis.

Source for Chart 1: ONS, series IHYR (year on year GDP growth, by quarter), last update: 11 Nov 2019

Source for Chart 2: ONS, series LF24, employment rate (%), ages 16-64, seasonally adjusted, last updated 12 Nov 2019

Growth in productivity is the essential ingredient in rising living standards over the long term: if we can produce more in the same amount of time, this frees up resources in the economy to do other things.

Productivity rose by 20% between 1999 and 2007 but only by 4% during 2010-2018 (after the 2008/09 recession). The causes of this ‘puzzle’ are not completely understood, but are likely to include the most productive firms not improving as fast as they used to and weak investment in both the public and the private sectors.

As growth in wages and growth in productivity are closely linked, this has led to the poor performance of average wages observed above. Another consequence is that economic growth has been dependent on more people moving into employment (instead of the existing workforce producing more).

This can’t be sustained forever and raises serious concerns about the economic outlook. Most economic forecasters expect that productivity growth will improve in coming years, although only to around half of historical norms.

Brexit’s impact on the outlook

As well as impacting current economic conditions, Brexit will have a longer-term economic impact. This will be determined mostly by the UK’s post-Brexit trading relationships with the EU and the rest of the world.

The vast majority of economic studies from the May Government and others show that the higher the barriers to trading with the EU, the larger the negative impact on the UK economy. Potential trade-boosting deals with non-EU countries are not expected to make up for weaker trade flows with the EU. (These studies show that the economy will still grow, but not by as much.)

There are many uncertainties related to the ultimate economic impact of Brexit. The priorities and policies of this and future UK Governments will play a crucial role in determining it.

What might policy response to next downturn look like?

The UK economy has not experienced a recession for over a decade. Along with death and taxes, we know for sure that there will be an economic downturn at some point. We just don’t know when.

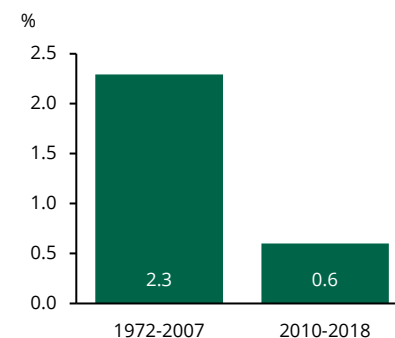
When one does occur, we will be in the unusual situation in which interest rates will already be at very low levels. This constrains the Bank of England’s ability to cut rates sharply, a common reaction to past recessions.

The policy response to a downturn could therefore look different and potentially include a greater role for fiscal policy – government decisions on taxation and spending – to boost growth.

Further Reading

- The UK economy, *House of Commons Library*.
- The productivity puzzle – “The key economic issue of our age”, *Office for National Statistics*.
- Brexit deal: economic analysis, *House of Commons Library*.

Chart 3: Average annual productivity growth much slower



Source for Chart 3: ONS, series LZVD, last updated 8 Oct 2019

The UK's independent trade policy: Global Britain?

Dominic Webb

Brexit gives the UK the chance to pursue an independent trade policy for the first time in over 40 years. Many Brexiteers argue this is one of the major opportunities offered by Brexit. It could enable the UK to focus more on fast-growing markets outside the EU.

What is trade policy?

While much attention is given to trade agreements, there is much more to trade policy than this. It also includes tariffs (taxes on imports) and quotas, regulation of product standards, trade defence (action against imports sold at unfairly low prices), help for developing countries and the UK's position at the World Trade Organisation (WTO).

Trade agreements now cover a wide range of issues in addition to tariffs on goods. These include services, digital, intellectual property rights, investment and rules relating to labour, competition, consumer and environmental standards. While these more comprehensive deals can bring greater benefits, it also means trade deals can be controversial, as they have implications for public policy.

EU trade agreements

While it is still a Member State, the UK is party to the EU's free trade agreements. These are likely to continue during the transition period if there is a Withdrawal Agreement. The UK has succeeded in 'rolling over' a number of these agreements, so many of their provisions will continue after Brexit. Some important EU trade deals have not been rolled over, however, including those with Japan and Turkey.

Opportunities

Until Brexit, the UK's trade policy is largely determined by Brussels. This gives the UK the advantage of being part of a large trade bloc. However, it also means that the UK's objectives have to be balanced against those of other EU countries. Outside the EU, the UK will be able to focus exclusively on its own priorities, such as trade in services.

The UK will be able to set its own tariffs and pursue its own free trade agreements. The Withdrawal Agreement negotiated by the Johnson Government would enable the UK to negotiate, sign and ratify international agreements during the transition period. These cannot come into force during the transition period unless the EU agrees.

Trade agreements can bring benefits by removing barriers to trade and improving access to other countries' markets, benefiting UK exporters. But they can also benefit consumers at home by lowering the price of imports. The Conservative manifesto prioritised agreements with the US, Australia, New Zealand and Japan. The US is the UK's largest export market after the EU (see Chart 1).

Labour’s manifesto said it would negotiate a new Brexit deal including a customs union with the EU. This would limit the scope of an independent trade policy, especially for goods. This deal would then be put to a second referendum. The Liberal Democrats’ policy of revoking Article 50 would have kept the UK in the EU. As a result, the UK would have been part of the EU’s trade policy.

Challenges

Agreeing a trade agreement with the US is likely to be challenging. The EU and the US failed to reach agreement during their recent trade negotiations on TTIP (the Transatlantic Trade and Investment Partnership). The US Government has also set out an extensive list of negotiating objectives for a deal with the UK.

These objectives include specific goals on access to UK food and pharmaceutical markets which are likely to be sticking points in the negotiations. While the UK has historical and cultural links with Australia and New Zealand, these countries account for only 2% of UK exports between them.

Capacity

The UK will be negotiating its first new trade agreements for over 40 years. It will be up against trading partners with much more experience of negotiating these deals, such as the EU and the US. This raises the issue of whether the UK has sufficient capacity and expertise in trade negotiations, especially if several negotiations are happening at the same time.

A May 2019 report by the National Audit Office on preparations for trade negotiations said that overseeing a number of trade negotiations simultaneously would be “a complex task, requiring different skills, resourcing levels and engagement with multiple bodies at different stages”.

Trade agreements can be controversial

Decisions on trade policy can often raise difficult trade-offs, as they create winners and losers. Lower tariffs benefit consumers (including businesses which import components or raw materials) but lead to greater competition for domestic industries. Trade policy can also be controversial, as trade agreements now extend well beyond tariffs to include product standards and regulations. Food standards (chlorinated chicken, for example) and the cost of medicines are cases in point.

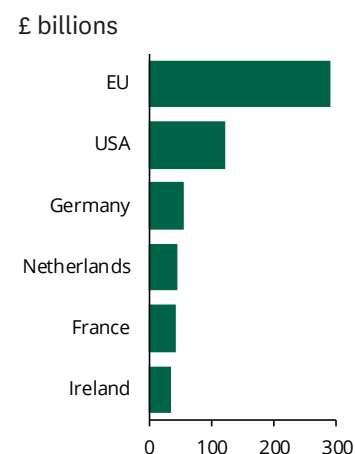
Global trade tensions

Finally, it is worth pointing out that the UK will be embarking on its independent trade policy at a time when the global trading environment is quite challenging. The WTO recently downgraded its forecasts for global trade growth in 2019 and 2020 to 1.2% and 2.7% respectively as a result of growing trade tensions and a slowdown in the global economy. By comparison, world trade grew by 4.6% in 2017 and 3.0% in 2018. This is a reminder that UK trade performance depends on a range of factors, many of which are outside the control of the Government.

Further reading

- Will the UK benefit from an independent trade policy?, *Institute for Government*.
- UK trade policy transparency and scrutiny, *House of Commons International Trade Committee*.

Chart 1: UK’s largest export markets, goods and services, 2018



Source for Chart 1: ONS, Pink Book

Government spending, borrowing and debt

Matt Keep and Phil Brien

The new Government inherits a mixed set of public finances. Government debt is high but borrowing is low.

It's likely that there will be a loosening of the purse strings during this Parliament. The Government will likely increase spending to deliver on its campaign pledges, and this spending will come on top of previously agreed increases in departmental budgets.

The Government can currently borrow more, to increase spending, at very low cost, but a prudent Chancellor will be wary of future challenges: healthcare and adult social care costs are increasing, and the outcome of the UK's exit from the EU is uncertain.

Chart 1: The IFS expect borrowing to remain below the average of the past 60 years but be higher than in 2018/19

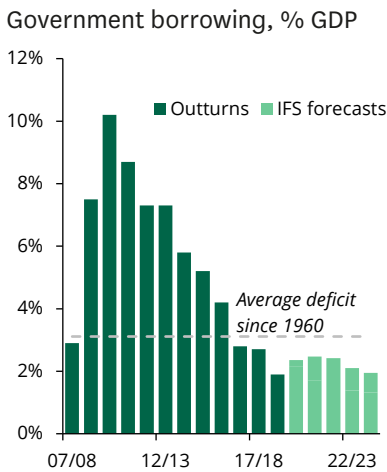
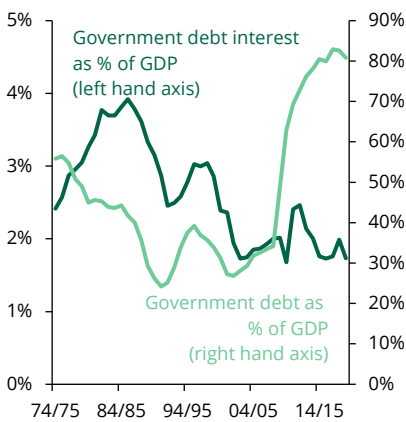


Chart 2: Despite significant increases in debt, the Government's debt interest costs have remained relatively low



The Government's financial inheritance

Reductions in borrowing may be coming to an end

Annual Government borrowing is low, relative to the past 60 years, and has fallen from the peaks that followed the 2007/08 financial crisis. In 2009/10, the Government borrowed around £1 of every £4.50 it spent, but by 2018/19 this had declined to £1 in every £20.50. Much of the fall in borrowing is the result of the Government limiting its spending, with day-to-day spending on public services particularly squeezed. This is what people often mean by 'austerity'.

Borrowing is not expected to fall in the next few years. Government spending will increase in 2020/21, following September's Spending Round. Forecasters also expect weak economic growth to slow the growth in tax receipts.

Debt is high, but falling

The large amounts borrowed by the Government following the financial crisis significantly increased its debt. Before the financial crisis, Government debt was worth around £21,000 per UK household, but by 2018 it was closer to £64,000. Debt has been falling – relative to the size of the economy – since 2018. However, it remains at a level last seen in the mid-1960s, when it was still recovering from reaching more than 200% of GDP during World War II.

The Government's debt interest costs have remained low, relative to its debt. The Government has been able to borrow at historically low interest rates and has benefited from the Bank of England owning more than one fifth of its debt.

During the election campaign, party leaders said they would take advantage of historically low interest rates to borrow in order to invest in public services and infrastructure.

Public spending

Government spending was set to increase in 2020/21 even before the election campaign. Pledges to increase spending were a major part of the manifestos, so we should expect further increases.

Source for Chart 1: ONS, series J51J; OBR, Public finances databank

Source for Chart 2: ONS, series NMFx, MU74, BKTL.x and HF6X; OBR, Public finances databank

A recent history of public spending

Since 2010, total public spending has been little changed after adjusting for inflation. The Resolution Foundation describes this as an “unprecedentedly long pause” in spending. Population increases have meant that total spending per person is now projected to be about 9% lower in 2019/20 than in 2010/11.

Changes in spending were not spread evenly across Departments. While some areas, notably health and education, saw increases in their total budget, others, such as justice and local government, saw significant decreases (see chart 3). The Institute for Government reports that several public services are under strain from these cuts, and that even the recently announced future spending increases may only be enough to keep up with demand, rather than making improvements.

The end of austerity?

Government departmental budgets for 2020/21 were set in September’s Spending Round. Relative to 2019/20, an extra £13.4 billion is being provided overall, with no Department seeing cuts to day-to-day spending.

The Spending Round implemented several spending commitments, some of which had been announced previously. More funding was provided for the NHS, schools and the recruitment of police officers. Departments also received funding to help in establishing a new relationship with the EU.

For some, these spending increases brought the austerity of the last decade to an end. However, the Institute for Fiscal Studies (IFS) says that, while this is indeed a change in the trend of public spending (that is, spending is now increasing), the total level of spending on many services next year will still be well below where it was in 2010. It is therefore unclear whether these recent increases represent an end to austerity or merely a pause.

What was promised in the manifestos?

The Liberal Democrat and Labour manifestos promised large increases in day-to-day public spending. The IFS estimates that the Liberal Democrats would have spent an extra £37 billion in 2023/24, while Labour would have gone further still, with around £100 billion of additional spending. The Conservative manifesto proposed a much smaller increase of £3 billion.

The Liberal Democrats and Labour proposed tax increases to pay for some of their spending. In 2023/24, the Liberal Democrats would have increased tax receipts by a little over £35 billion, while Labour looked to raise an extra £80 billion or so. Again, the Conservative proposals were more modest, with tax policies that would raise an additional £3 billion.

All three parties also wanted to spend more on infrastructure. Chancellor Sajid Javid said that the Conservatives would raise investment spending for long-term projects from around 2% of GDP to a level that “will not exceed 3% of GDP,” which would mean about £20 billion more per year.

Labour proposed a five-year, £150 billion “social transformation fund” to be spent on things such as schools and hospitals, along with a 10-year, £250 billion “green transformation fund” for transport and energy infrastructure.

Chart 3: Spending increases and cuts have not been equally distributed between departments

Total spending per person, real terms, indexed (2010/11 = 100)

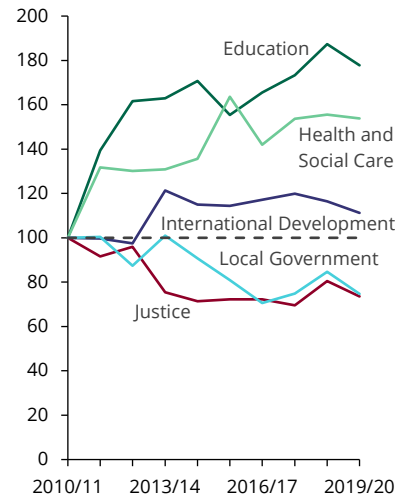
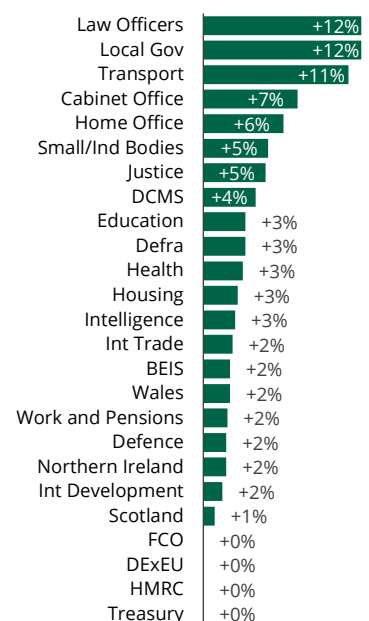


Chart 4: No departmental budgets decreased at the Spending Round relative to the 2019/20 baseline

% change in RDEL excluding depreciation, 2019/20 to 2020/21, real terms



Source for Chart 3: HM Treasury, Public Expenditure Statistical Analyses, multiple editions
 Source for Chart 4: HM Treasury, Spending Round 2019

Chart 5: The UK spent 2.3% of all government spending on infrastructure in 2017, less than many European countries.

Government infrastructure investment as a % of government spending

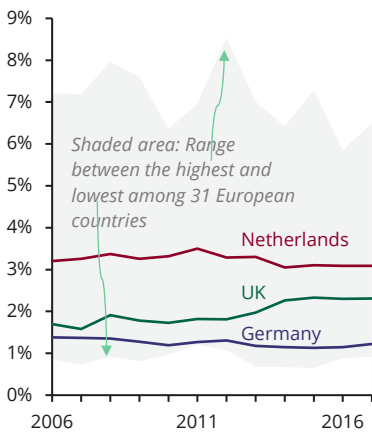
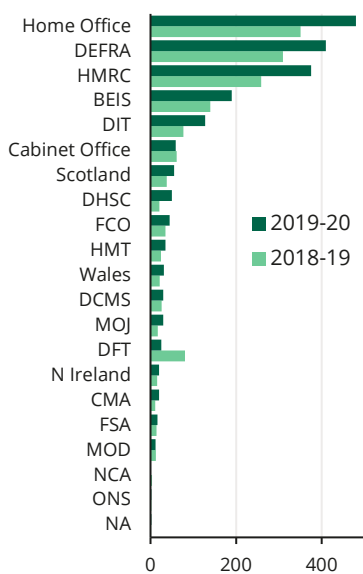


Chart 6: Additional Brexit funding in 2018-19 and 2019-20, by department

£ millions



Source for Chart 5: ONS, Experimental comparisons of infrastructure across Europe, 2019; Data table, Tab: Gov infra invest – Gov spending

Source for Chart 6: Supplementary Estimates and Estimates departmental memos

Impact of Brexit

The form that Brexit takes could have a large effect on public spending. Departments have already received £8.3 billion since 2016 to prepare for Brexit, and any economic disruption may result in higher spending. Chancellor Sajid Javid has said that a no-deal exit would be met with a “significant policy response”.

Even under an orderly Brexit, there will be spending decisions to make, not least about how to replace programmes funded by the EU. The May Government guaranteed funding to the end of the existing programmes, even if the UK leaves the EU without a deal, and also proposed a Shared Prosperity Fund to replace the EU Structural Funds, but few details have emerged about this since its announcement in 2017.

Challenges for the public finances

Pressures on spending and taxes

Both public spending and taxes face known challenges, with health and social care services facing the most significant cost pressures.

An ageing population will put pressure on health and social care spending. These services also face non-demographic spending pressures. For example, technological advances in healthcare generally lead to an increase in spending, as treatments for more health conditions become available, which increases demand. Society also demands more from health and social care services as incomes rise. In the near term, the money pledged during the election campaign should help. According to the Office for Budget Responsibility’s (OBR) 2018 Fiscal Sustainability Report, in the longer term, without a change in Government policy, health and social care spending could nearly double, relative to the size of the economy.

Brexit

In the near term, Brexit’s impact on the public finances will depend on how orderly a departure the UK makes from the EU. Official forecasts assume that the UK will leave in an orderly way and transition to a new long-term relationship with the EU. A less orderly departure is likely to weaken the wider economy, reduce tax receipts and increase borrowing.

In the long term, the terms of any future UK-EU trade agreement will, in the main, determine Brexit’s impact on the UK economy. The vast majority of analysis shows that the higher the barriers (cost) of trading with the EU (via tariffs and non-tariff barriers), the larger the negative impact on the UK economy and, in turn, the public finances.

Recession

At some unknown point in the future, the UK economy will enter a period of recession. The OBR’s 2019 Fiscal Risks Report estimates that there is a one-in-two chance of a recession in any five-year period.

When the recession comes, its effect on the public finances will depend on how deep and long it is and how quickly the economy recovers. It isn’t possible to eliminate the risk of a recession, but the Chancellor can prepare.

Climate change

More interest is being taken by policy makers, including at the Bank of England, in the impact of climate change on the economy. The OBR says that climate change could bring both sudden shocks and slower-building pressures on the public finances.

Much depends on the extent to which temperatures rise. Climate change's impact on the economy and public finances is likely to be smaller if global mitigation efforts are successful.

Decisions for Parliament

The most pressing piece of financial business for the new Parliament will be the passing of a Budget and its accompanying Finance Bill. This must happen before the end of the financial year in March 2020. Parliament will also need to debate and agree Departments' revised spending plans for 2019/20.

The Government will need to seek the House of Commons' approval if it wants to introduce new rules for managing the public finances. The Labour and Conservative manifestos proposed rules that would curb borrowing for day-to-day public spending but would allow more borrowing for infrastructure spending.

Other spending decisions also loom. For example, the provisional local government Finance Settlement is usually published in December, and local authorities are coming to the end of the current four-year settlement.

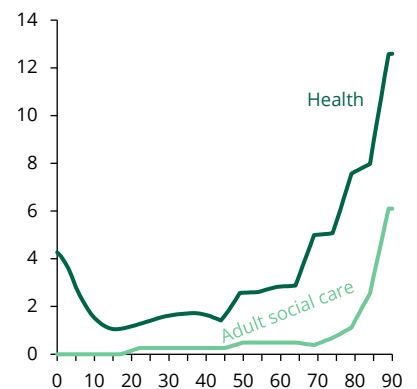
A full Spending Review is due by the end of 2020, when departmental budgets will be set for the next few years. This will likely also accompany other funding reviews and major decisions on the direction of spending across government.

Further reading

- The budget deficit: a short guide, *House of Commons Library*.
- Public spending: a brief introduction, *House of Commons Library*.

Chart 7: Average per person spending on health and adult social care is highest amongst older people

Average spending per person, by age, in 2023/24 (£ thousand)



Trade in services: Parting with the EU?

Ilze Josepa and Steve Browning

Leaving the EU will change how UK service businesses like law firms, banks, insurers, architects and tour operators trade with the EU. Whatever choice the UK makes, departing from Single Market rules will inevitably mean more barriers to trade. As the Confederation of British Industry has stressed, “an agreement of unprecedented depth” would be required to ensure trade between the UK and the EU remains as frictionless as possible.

Chart 1: Trade in services as a percentage of total trade, 2018

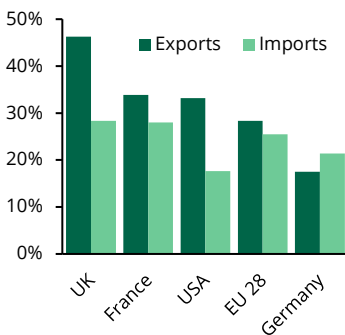


Chart 2: UK trade in financial services and other business services, 2018



Why is trade in services important?

In 2018, services made up around 80% of the UK economy. Service industries accounted for 46% of UK exports and 28% of imports. The UK is the world’s second largest exporter of services, selling more than £297 billion worth in 2018, an increase of more than two thirds since 2008. And this data does not include the significant amount of services sold through foreign branches of UK companies.

The US is the UK’s largest single national trading partner, accounting for 21% of the UK’s total trade in services in 2018. However, taken as a bloc, the EU is much larger, accounting for 43%.

Financial services, together with business services (including accounting, engineering and legal), account for about half of UK services exports. But services are sold across country borders in many other sectors, like travel, transport, telecoms, IT, film, culture and education.

Trade in services is complex

Trade in services is more complex than goods because consumers, suppliers and services themselves can cross borders. For example, tourists, foreign students and medical patients travel abroad to buy services. When a German architecture firm has a branch in London, it has established a ‘commercial presence’ in the UK. A UK accountant travelling to advise their client in Japan moves temporarily to provide a service. A service itself crosses a border when, for example, a call centre in Slovenia provides support to UK consumers.

Trade in each sector is governed by a huge number of rules. Services are not affected by tariff barriers and physical border checks. Instead, they face non-tariff barriers such as national regulations on company licensing, professional qualifications and immigration. These rules determine who can enter a foreign market and how they are treated.

To boost trade in services, countries remove restrictions or align regulations. Often, governments have to accept that their freedom to set rules may be restricted as a result. This can complicate the negotiation of trade agreements.

How free is UK and EU trade now?

The Organisation for Economic Co-operation and Development has shown that trade in services inside the EU Single Market is considerably freer than trade with partners outside.

Within the EU, businesses have the freedom to provide services and establish themselves in any Member State. This is possible due to a combination of common EU rules for various types of services, including financial services,

Source for Chart 1: ONS, UNCTAD
 Source for Chart 2: ONS, Pink Book

and the principle of mutual recognition. As a result, a business that follows UK rules and standards is considered compliant across the EU and vice versa.

Other cross-cutting EU rules also facilitate trade in services. For example, the rules on freedom of movement make it easier for people to work across the EU. The directives on the recognition of qualifications mean that professionals like nurses, vets and engineers can practise in other EU states. Common data protection rules cover all Member States and support many services that rely on the free flow of personal data.

However, it's widely recognised that the Single Market for services needs improving: there are still many unnecessary or opaque rules and restrictions.

Financial services: From passporting to equivalence?

Financial services accounted for 6.9% of the UK's economic output in 2018. Much of this depended directly or indirectly on the freedom to operate within the Single Market.

In the financial services sector, 'passporting' describes the automatic freedom to operate across the Single Market. A financial institution that is established in one European Economic Area state may carry out a range of activities set out in EU legislation in any other EEA state. The UK and the EU agree that if the UK leaves the Single Market, these passporting arrangements will end.

The main focus for future UK-EU financial services trade has been establishing 'equivalence regimes'. An equivalence regime establishes mutual recognition for a specific area or type of service. To achieve this, trading partners will need to review each other's regulatory arrangements and agree that the 'regulatory outcomes' are comparable.

But there are drawbacks:

- Equivalence regimes can be unilaterally withdrawn by either party for any reason. The EU withdrew recognition from a range of partners in 2019.
- Under current arrangements, it is not possible to establish a general equivalence regime with the EU that covers financial services as a whole. EU law limits equivalence agreements to a limited number of specified areas.
- Equivalence assumes strong regulatory alignment. If the parties' regulations diverge, the equivalence regimes are likely to collapse.

For now, the UK has established temporary permissions regimes that would allow EEA financial institutions currently operating in the UK to continue to do so for a limited time after Brexit. But these are unilateral, and the adoption of reciprocal arrangements by other EEA states has been piecemeal.

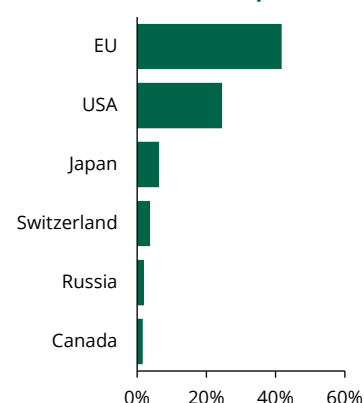
Further reading

- Trade in services and Brexit, *House of Commons Library*.
- Brexit and financial services, *House of Commons Library*.
- Financial services: contribution to the UK economy, *House of Commons Library*.

What is mutual recognition?

Mutual recognition of rules involves countries recognising each other's standards or regulatory regimes as equivalent. Their rules may be different, but they achieve comparable outcomes. These rules are generally managed by shared processes or institutions. In the case of the Single Market, the term is also used to refer to automatic mutual recognition.

Chart 3: Largest markets for UK financial services exports, 2018



Source for Chart 3: ONS, Pink Book

- Brexit: What happens next?
- Living and working in the UK
- Health, social care and welfare
- Education
- The Environment
- Trade and the economy
- Crime and cyber security**
- Foreign Affairs
- Parliament and the Constitution



Brexit: What happens next?

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Will this be the Parliament to enact a domestic abuse bill?

Doug Pyper

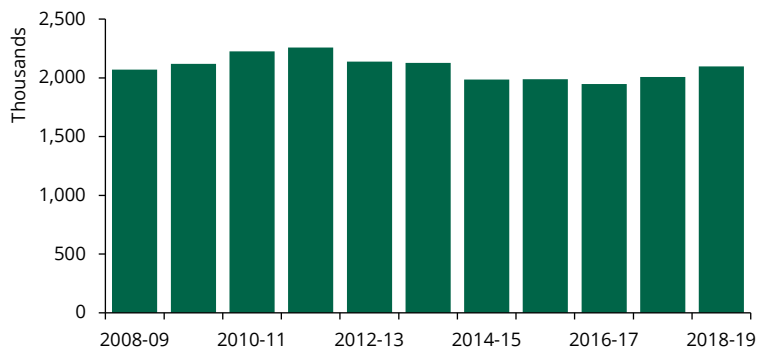
Will this be the Parliament to enact a domestic abuse bill?

When Parliament was dissolved in November the Domestic Abuse Bill fell. The bill had attracted cross-party support and was hailed by campaigners as an historic opportunity to transform support for survivors. There is a consensus that domestic abuse legislation is needed, and all the main parties committed in their manifestos to legislate. Here we examine what the legislation might look like and how far the previous Parliament got with the bill.

What do domestic abuse statistics tell us?

According to the Crime Survey for England and Wales, some 7.5% of women and 3.8% of men aged 16 to 74 were estimated to have experienced domestic abuse in 2018-19. This is equivalent to an estimated 1.6 million female and 800,000 male victims. 28% of women and 14% of men aged 16 to 74 had experienced some form of domestic abuse after reaching the age of 16. These figures are equivalent to an estimated 6 million female and 2.9 million male victims.

Chart 1: Estimated number of adults (16-59) that were victims of domestic abuse in the previous year, thousands.



Source for Chart 1: ONS, Domestic abuse prevalence and trends, England and Wales: year ending March 2019, table 5b

Since 2016, policies to address domestic abuse have formed part of an overarching strategy – the Home Office’s Ending Violence against Women and Girls strategy 2016-20. The strategy sets out a framework based on early intervention. This includes locally commissioned services assessed against a national standard, multi-disciplinary partnership working, and an improved criminal justice response. It aims to achieve “a significant reduction” in the number of victims of violence against women and girls by 2020. As part of this strategy, in the 2017 Queen’s Speech the May Government committed to introduce domestic abuse legislation.

Draft Domestic Abuse Bill: Content and reaction

The Government consulted on its legislative proposals in 2018 and produced a draft Domestic Abuse Bill in January 2019.

The draft bill proposed, amongst other things, a new definition of domestic abuse, the creation of a Domestic Abuse Commissioner, a new system of police-issued domestic abuse protection notices and court-issued orders, and various changes to court processes, including prohibiting the accused from cross-examining the complainant.

The proposed legislation attracted considerable select committee interest. Prior to the bill's publication, the House of Commons Home Affairs Committee published a report on domestic abuse, identifying issues it believed the Government should address in the bill. These included explicitly recognising the gender inequality underlying domestic abuse and reflecting this in the definition used in the bill.

The draft bill then underwent pre-legislative scrutiny by a joint committee of both Houses, which reported in June 2019. Following that, the chair of the Joint Committee on Human Rights wrote to the Government to express that committee's views.

By and large, the committees supported the bill. They nonetheless recommended significant changes, including using a gendered definition of domestic abuse and making the Domestic Abuse Commissioner independent of the Home Office.

The Domestic Abuse Bill 2017-19

The final product of this extensive consultation and pre-legislative scrutiny was the Domestic Abuse Bill 2017-19, introduced to Parliament in July 2019. While the text of the bill departed from the draft, largely in response to the committees' recommendations, it retained its headline features. It arrived in the House of Commons to a cross-party consensus that the legislation was needed. MPs and campaigners were hopeful that, through amendment and debate, the bill would justify its description as a "once-in-a-generation opportunity to transform the response to" domestic abuse.

How far did Parliament get with the bill?

Not very. Before it received its second reading, Parliament was 'prorogued' on 10 September and the bill fell. This is the normal consequence of prorogation: all unfinished bills, not subject to 'carry over motions', fall. Yet this was not a normal prorogation. The Supreme Court declared it unlawful and of no effect, which meant the bill had not fallen. While the bill went on to receive its second reading on 2 October, and was carried over prior to the subsequent 8 October prorogation, it made no further progress before Parliament was dissolved.

A long path to the statute book

If – as indicated in the Conservative manifesto – a domestic abuse bill is introduced in this Parliament, that bill will have survived consultation, extensive pre-legislative scrutiny, unlawful prorogation, lawful prorogation and dissolution. While the proceedings to date have exasperated campaigners, such as the charity group Women's Aid, it seems likely that a bill will eventually reach the statute book. While it is impossible to predict what shape it will take, there are already calls to amend it from the text introduced in July – including from the Victims' Commissioner and the All Party Parliamentary Group on Domestic Violence and Abuse.

Further reading

- Domestic Abuse Bill 2017-19, *House of Commons Library*.
- Annual Report 2018-2019, *All-Party Parliamentary Group on Domestic Violence and Abuse*.

Definition of 'domestic abuse' according to the bill:

Behaviour of a person ("A") towards another person ("B") is "domestic abuse"

if—

(a) A and B are each aged 16 or over and are personally connected to each other, and

(b) the behaviour is abusive.

(3) Behaviour is "abusive" if it consists of any of the following—

(a) physical or sexual abuse;

(b) violent or threatening behaviour;

(c) controlling or coercive behaviour;

(d) economic abuse ...

(e) psychological, emotional or other abuse;

and it does not matter whether the behaviour consists of a single incident or a course of conduct.

Serious violence and knife crime: Law enforcement and early intervention

Jennifer Brown and Grahame Allen

Knife crime has been on the rise in England and Wales over the past few years. Although some of the reported increase is due to improvements in police recording practices, there have been some real rises.

Between April 2018 and March 2019 around 47,500 offences involving a knife or sharp instrument were recorded in England and Wales. This is 82% higher than in 2013/14 according to Office for National Statistics data, which excludes data collected by Greater Manchester Police, due to the force undercounting knife crime.

Since the publication of their Serious Violence Strategy in April 2018, Conservative Governments have been trying to tackle knife crime by investing in law enforcement and ‘evidence-based early interventions’.

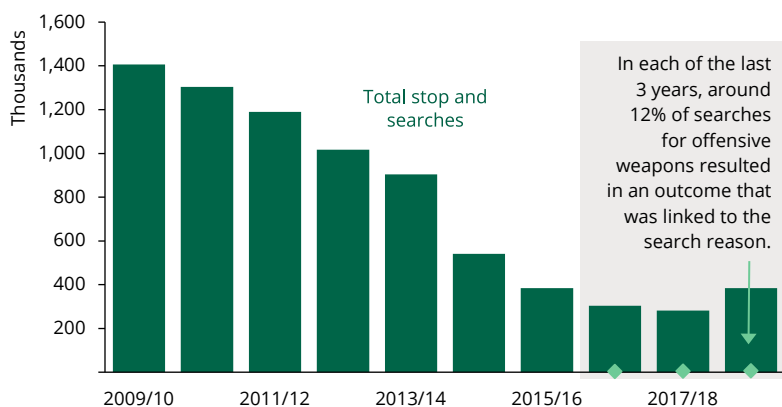
An increase in use of stop and search powers

Since July 2017, the Home Office and the National Police Chiefs Council have been running ‘weeks of action’ to prevent knife crime, called Operation Sceptre. Although Operation Sceptre has not been entirely about stop and search, it has been a key component. For example, a March 2019 operation saw officers conduct around 1,900 searches.

The Home Office has also been encouraging forces to use stop and search powers more frequently in their day-to-day operations. Between March and July 2019, it slowly repealed strict guidance restricting ‘no suspicion’ stop and search powers introduced when Theresa May was Home Secretary in 2014. These powers allow officers to stop and search anyone in a specific area affected by serious violence, for a time-limited period, without a reasonable suspicion that they may have a weapon.

With more freedom and encouragement to use stop and search powers, the number of searches increased for the first time since 2009/10 in 2018/19, though it is still much lower than at the beginning of the decade.

Chart 1: Stop and searches in England and Wales



Source for Chart 1: Home Office, Stop and Search collection: SS.01

Does stop and search lead to a reduction in knife crime?

Senior police officers have linked stop and search to recent reductions in knife crime. However, the effectiveness of the power is not clear. Home Office statistics show that most searches (around 60% in 2018/19) were conducted to find drugs rather than offensive weapons like knives. When officers did search for offensive weapons, they didn't always find what they were looking for. Only around one in 10 of these searches resulted in an outcome linked to the reason for the search. Long-term studies, including one of Metropolitan Police data, show that stop and search has only a marginal impact on crime reduction.

Who is more likely to be stopped and searched?

Black people were 10 times more likely than white people to be searched in 2018/19.

In August 2019, the Johnson Government released an Equality Impact Assessment of the recent changes to guidance on 'no suspicion' searches. It concluded that it is "possible that this disparity is at least in part a result of discrimination/stereotyping on the part of officers and forces carrying out searches". The assessment acknowledged that this could negatively impact the relationship between black people and the police. The Government expects senior police officers to pay "continued attention to the issue of community relations, public trust and racial disparities" to mitigate this potential impact.

The Government has prioritised early intervention to prevent crime

Alongside increased law enforcement, the Conservative Governments (from April 2018 onwards) have been increasing funding for projects that aim to divert young people away from crime. Inspiration has been taken from Scotland, which established a public health approach to violent crime in the mid-2000s. This approach has seen the Scottish Violence Reduction Unit (VRU) try to tackle the root causes of violence through co-ordinated multi-agency projects. In May 2019, the May Government set aside £35 million to fund 18 VRUs in English and Welsh police forces.

In October 2018 the May Government announced it was investing £200 million over ten-years in the Youth Endowment Fund. The Fund provides direct funding to individual early-intervention projects across England and Wales and evaluates these projects to inform future policy making.

There has been growing cross-party consensus supporting early intervention projects and treating knife crime as a public health problem. In July 2018, the Youth Violence Commission, a cross-party group of MPs, published its interim report advocating the approach. In July 2019, the Home Affairs Select Committee praised the Government for taking a public health approach.

However, there has been some scepticism of how the Government has been implementing this approach. The Home Affairs Select Committee argued in July 2019 that the Government needs to give more thought to "what sustained and coherent preventative measures should look like, and how to ensure that public funding is diverted towards the most effective approaches".

Chart 2: Selected offences involving a knife or sharp instrument recorded by the police in England and Wales Excludes Greater Manchester Police

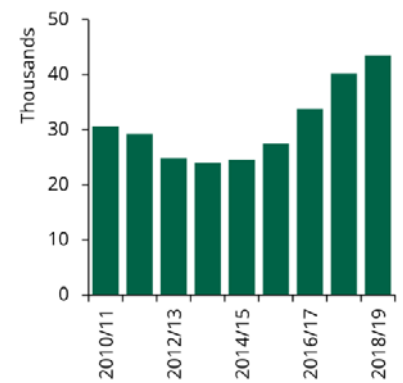
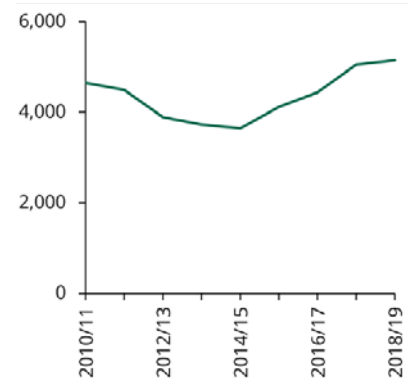


Chart 3: Hospital episodes for assault with a sharp instrument, in England, have also been rising



Source for Chart 2: ONS, Crime in England and Wales: year ending March 2018, Offences involving the use of weapons: data tables, table 14, 7 February 2018

Source for Chart 3: Home Office, Stop and search collection, SS.01

What might the new Parliament do?

The new Parliament will likely be looking at how the police can effectively prevent knife crime and how the public and third sectors can work together to address its root causes. It looks set to scrutinise the use of stop and search powers. The Labour Party manifesto pledged to “eliminate institutional biases against BAME communities”. The Labour Party has said that a disproportionate use of stop and search against black and Asian men is “poisoning relations between the police and the local communities they serve”. The Conservatives have pledged to back the “increased use of stop and search as long as it is fair and proportionate”.

Both major parties have been supportive of multi-agency early intervention polices. The Labour Party’s 2019 manifesto stated that “effective policing” requires forces to work “collaboratively with youth workers, mental health services, schools, drug rehabilitation programmes and other public agencies”. The May Government published legislative proposals to create a legal duty on local services to implement a public health approach in July 2019. The Conservative Party manifesto committed to introducing this legislation.

Further reading

- How is the Government implementing a ‘public health approach’ to serious violence?, *House of Commons Library*.
- Early Interventions to Reduce Violent Crime, *Parliamentary Office of Science and Technology*.
- Knife crime statistics, *House of Commons Library*.
- Police stop and search powers, *House of Commons Library*.

Social media: How much regulation is needed?

John Woodhouse

There is increasing concern about harmful content and activity on social media. This includes cyberbullying and abuse, the intimidation of public figures, disinformation, age-inappropriate content, and material promoting violence and self-harm.

In a December 2017 report, the Committee on Standards in Public Life said that social media was the “most significant factor accelerating and enabling intimidatory behaviour in recent years”. The Digital, Culture, Media and Sport Committee’s inquiry into disinformation and ‘fake news’ said that the role of social media could sometimes have “devastating” consequences.

A January 2019 report by the Commons Science and Technology Committee noted the negative impacts of cyberbullying, grooming and ‘sexting’ on young people’s health.

The National Society for the Prevention of Cruelty to Children (NSPCC) has been campaigning for an end to what it calls the “Wild West Web”.

What’s the current position?

Criminal law applies to online activity in the same way as to offline activity. As the May Government noted in its 2017 Internet Safety Strategy Green Paper, legislation passed before the digital age “has shown itself to be flexible and capable of catching and punishing offenders whether their crimes are committed by digital means or otherwise”. The Crown Prosecution Service has published guidance on offences on social media.

Various regulators play a role for certain types of online activity, for example Ofcom, the Competition and Markets Authority, the Advertising Standards Authority, the Information Commissioner’s Office, and the Financial Conduct Authority. As the Lords Communications and Digital Committee noted in its January 2019 report, the internet is not quite an unregulated ‘Wild West’.

However, there is no overall regulator nor specific content regulator. Under the e-Commerce Directive, social media companies are exempt from liability for illegal content they host if they “play a neutral, merely technical and passive role” towards it. Once they become aware of illegal material, companies must remove or disable access to it.

For content that is harmful or inappropriate, but not illegal, social media platforms self-regulate through “community standards” and “terms of use”.

A duty of care for social media companies?

The e-Commerce Directive does not prevent EU Member States from requiring online service providers to apply duties of care.

Lorna Woods, Professor of Internet Law at the University of Essex and William Perrin, Trustee, Carnegie UK Trust have proposed a regulatory regime, centred on a statutory duty of care, to reduce online harm. They published a series of blog posts in 2018, with a “refined” proposal set out in January 2019. According to Woods and Perrin, social media service providers should be responsible for the public space they have created, much as property owners or operators are in the physical world.

A February 2019 NSPCC report drew heavily on the work of Woods and Perrin and argued for a regulator to enforce a legal duty of care to protect children on social media.

The Commons Science and Technology, Lords Communications and Digital, and Commons Digital, Culture, Media and Sport Committees have all called for a duty of care to be imposed on social media companies.

The Online Harms White Paper: A new regulatory framework?

The May Government published an Online Harms White Paper in April 2019. This set out the then Government’s approach for tackling “content or activity that harms individual users, particularly children, or threatens our way of life in the UK”. According to the Government, existing regulatory and voluntary initiatives had “not gone far or fast enough, or been consistent enough between different companies” to keep users safe.

The White Paper proposed a single regulatory framework to tackle a range of harms. At the core would be a statutory duty of care for internet companies, including social media platforms. An independent regulator would oversee and enforce compliance with the duty.

A consultation on the proposals closed on 1 July 2019. The background briefing to the October 2019 Queen’s Speech said that the responses were still being analysed, but draft legislation on online harms would be forthcoming.

Reaction to the White Paper

The White Paper received a mixed response. In a June 2019 Carnegie UK Trust blog, Lorna Woods, William Perrin and Maeve Walsh said it was a “significant step in attempts to improve the online environment”. However, among other things, they raised concerns about the scope of harms covered by the paper, as well as its failure to name a regulator (for example Ofcom).

The NSPCC said that the White Paper was a “hugely significant commitment” that could make the UK a “world pioneer in protecting children online”. The Children’s Charities’ Coalition on Internet Safety and the Children’s Commissioner also welcomed the proposals.

Others have not been so positive. In an October 2018 blog, Graham Smith, an internet lawyer, challenged the idea that social media platforms should be viewed as having responsibilities for a public space. In another blog (April 2019), Smith argued that the White Paper’s “impermissibly vague” concept of harm could cause problems for legislation.

Smith, and others such as the Index on Censorship, have also claimed that a duty of care could damage freedom of expression.

Further reading

- Social media: how much regulation is needed?, *House of Commons Library*.
- Impact of social media and screen-use on young people's health, Fourteenth Report of Session 2017–19, *House of Commons Science and Technology Committee*.
- Social Media – Guidelines on prosecuting cases involving communications sent via social media, *cps.gov.uk*.
- Regulating in a digital world, 2nd Report of Session 2017-19, *House of Lords Select Committee on Communications*.

Cyber security in a digital age

Cyber security relates to the protection devices, data, and services for unauthorised access, harm or misuse.

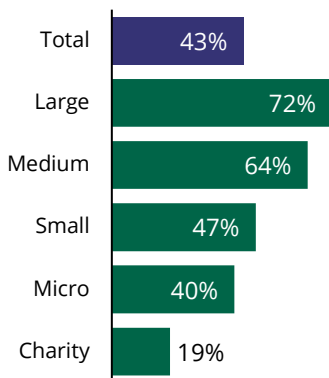
Georgina Hutton, Joanna Dawson and Carl Baker

Cyber threats from foreign states and criminal groups are growing more frequent and sophisticated. Cyber attacks continue to feature in the news, including prominent incidents in the last year affecting WhatsApp and British Airways.

Use of online services and ‘smart’ consumer devices connected to the internet is also increasing. This means that cyber security is not just an issue for the security services or big business, but also for small businesses and individuals.

This Insight will cover threats to UK cyber security. This includes two key cyber security issues for the new Parliament: telecoms infrastructure and consumer devices.

Chart 1: Businesses that had a cyber attack in the last year



Where do cyber threats come from?

The Conservative Government’s National Cyber Security Strategy 2016–2021 (NCSS) identified the key actors that pose a threat to UK cyber security. They are generally classified by their motive for engaging in malicious cyber activity.

These include:

- **Cyber criminals.** Much of the most serious cyber crime is enacted by financially-motivated Russian-language organised crime groups in eastern Europe. The threat also emanates from other countries and regions, including from within the UK. The NCSS identifies emerging threats from south Asia and west Africa as an increasing concern.
- **States and state-sponsored groups.** These actors regularly attempt to penetrate UK networks. This can be for political, diplomatic, technological, commercial and strategic advantage. According to the NCSS, few states have the technical capability to pose a serious threat to the UK’s overall security. But many more are seeking to develop cyber espionage capability through the use of ‘off the shelf’ hacking tools. A small number of hostile foreign states have developed and deployed offensive cyber capabilities, such as the ability to access an opponent’s networks with the intention of causing disruption, damage or destruction.
- **Terrorists.** Terrorist groups aspire to conduct damaging cyber activity against the UK and its interests. However, technical capability of terrorist groups is judged to be low by the NCSS. The volume and sophistication of cyber attacks may increase if new, more technologically literate generations engage in extremism.

Which groups are the most active?

According to the 2018 Threat Landscape Report by ENISA, the EU’s Agency for Cyber Security, cyber criminals remained the most active group engaging in malicious cyber activity.

Nation states engaging in malicious cyber activity occurred several times within the EU. This was due to geopolitical developments/tensions, most notably involving China, the USA, North Korea, Russia, Germany and the UK. Terrorism and malicious cyber activity continued to converge, motivated by the desire to launch cyber attacks, as well as fundraise and recruit.

Source for Chart 1: DDCMS, Cyber Security Breaches Survey 2018

Securing UK infrastructure

The UK's critical national infrastructure, including utilities, health, transport and communications, is at risk from state-sponsored cyber attacks. It is also increasingly at risk from criminal groups, which can now acquire sophisticated cyber tools.

With some key exceptions, the majority of critical infrastructure in the UK is privately owned. This raises questions regarding how far the Government should intervene in the operations of private companies to ensure that UK national security interests are prioritised.

The cyber security of UK telecoms networks has been in the spotlight in the last year. The May Government found that a stronger statutory framework for telecoms security is required. In particular, there is an outstanding decision on whether parts supplied by Chinese company Huawei and other 'high-risk' suppliers should be allowed in UK 5G networks. The Intelligence and Security Committee urged the incoming Prime Minister in July 2019 to take a decision on which companies will be involved in the 5G network, and suggested that debate on the issue had damaged the UK's international relationships.

How secure are our smart devices?

Use of 'smart' devices connected to the internet is increasing in UK households. This includes tech products like fitbits and smart speakers as well as everyday household items like fridges, lightbulbs and toys. Although bringing many economic and social benefits, many smart devices lack basic security features. Security weaknesses in these devices can undermine the privacy and safety of individuals. Vulnerabilities also pose wider risks, for example, if devices are harnessed en masse to carry out larger attacks.

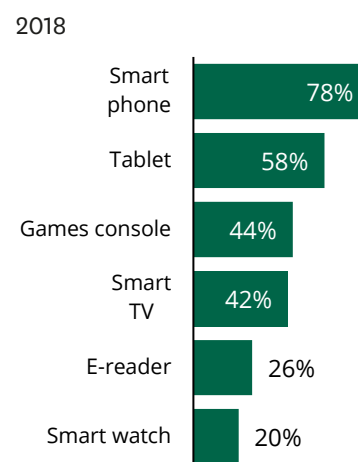
Currently there is no specific regulation setting cyber security standards for consumer products. As a result, there is little incentive for manufacturers to prioritise security in the design of products, which comes at a cost. This places the burden on consumers, often with limited technical knowledge, to make decisions about cyber security. For example, will the device be updated automatically to fix security flaws?

The May Government developed a voluntary code of practice and labelling scheme for consumer devices that set minimum security standards for manufacturers and retailers. The Government was considering making parts of the code and labelling scheme mandatory. This would require new powers in primary legislation to be brought before the next Parliament.

Further reading

- National Cyber Security Strategy 2016-2021, *HM Government*.
- Annual Review 2019, *National Cyber Security Centre*.
- Cyber Security and the UK's Critical National Infrastructure, Third Report of Session 2017-19, *Joint Committee on the National Security Strategy*, November 2018.
- Progress of the 2016-2021 National Cyber Security Programme, *National Audit Office*.
- Cyber security in the UK, Ninety-Ninth Report of Session 2017-19, *House of Commons Public Accounts Committee*, June 2019.

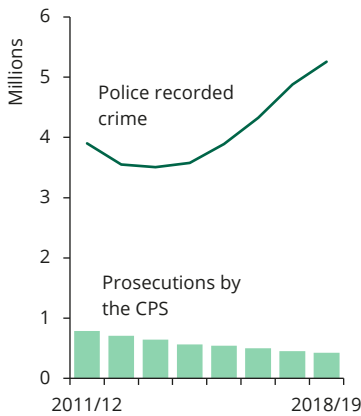
Chart 2: Households using smart devices



Source for Chart 2: Ofcom Communications Market Report 2018

Is the criminal justice system fit for purpose?

Chart 1: Police recorded crime is rising while the number of prosecutions is falling



Sally Lipscombe and Georgina Sturge

Although recent years have seen an increase in recorded crime, the number of prosecutions has fallen. The Home Affairs Committee has noted this trend could risk “both a serious decrease in public safety and in confidence in the police and the Crown Prosecution Service”.

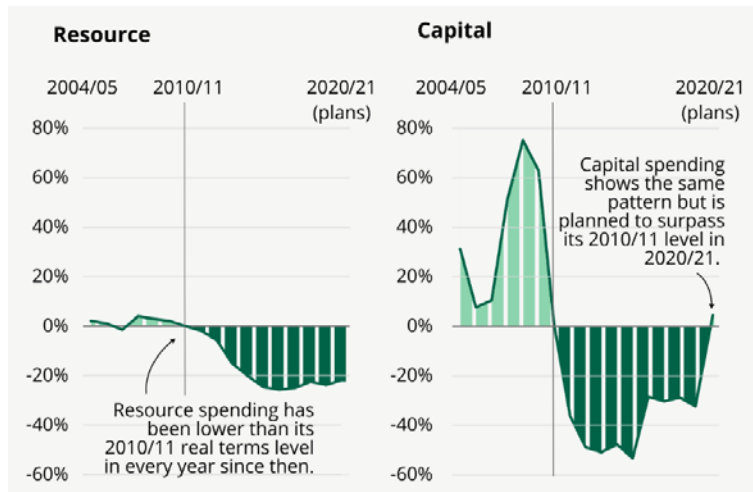
In the year ending March 2019, 5.3 million crimes were recorded by police in England and Wales, compared with 3.9 million in 2011/12. The figures are not directly comparable over time, as recording practices change, although there has evidently been a rise in recorded crime. Over the same period, the number of prosecutions brought by the Crown Prosecution Service (CPS) fell by 46%.

There are also concerns that legal aid changes are compromising defendants’ access to justice.

Ministry of Justice funding

In 2017, the Institute for Fiscal Studies calculated that in the decade from 2010/11, the Ministry of Justice’s (MoJ) budget would be cut by around 40%. Spending plans have been revised upwards since then, so that in 2019/20 the total MoJ budget was only around 25% lower than in 2010/11.

Chart 2: Ministry of Justice annual spending compared with its 2010/11 level



Source for Chart 2: HM Treasury, PESA 2010 to 2019, table 1; HM Treasury, GDP Deflators September 2019; HM Treasury, Spending Round 2019

The distribution of funding across the various stages of the criminal justice process is important. In November 2019 the Public Accounts Committee warned of potential “downstream impacts” for courts, prisons and probation services if extra police officers were recruited. It concluded it was “far from certain” that these services were sufficiently resourced to cope if caseloads increased.

The Director of Public Prosecutions (DPP), Max Hill QC, called for a “thematic approach” to criminal justice funding in evidence to the Justice Committee in December 2018. He said it was important “not to create a bulge in one part of the system, or still worse a blockage in another part of the system, but to resource all parts equally so that they can meet an increase in demand”.

Source for Chart 1: Crown Prosecution Service, Annual reports 2011/12 to 2018/19; Office for National Statistics, Crime in England & Wales, year ending March 2019 – Appendix tables, table A4

The Crown Prosecution Service

The DPP has described the CPS as a “classic demand-led organisation”. It does not generate its own caseload but decides whether suspects investigated by the police should be charged with an offence. It is generally accepted that the CPS is dealing with an increasingly complex caseload, including violent and sexual offences and a high volume of digital evidence.

However, CPS funding and staff numbers have fallen in recent years. In 2018/19, there were 5,684 full-time equivalent CPS staff in post compared with 8,094 in 2010/11.

In 2018 the Justice Committee warned that the collapse of a number of high-profile cases due to the failure of police and prosecutors to disclose key evidence to the defence was “symptomatic of a criminal justice system under significant strain”.

The DPP said additional CPS funding announced by the Government in August 2019 would provide increased capacity to enable the CPS to respond to “the surge in violent crime” and “the explosion of digital evidence”, and to cope with any increase in caseload as a result of increased police numbers. However, the FDA – the trade union that represents CPS lawyers – said that although this funding was welcome, it was “not enough to undo all the damage that has been done by years of cuts”.

Defendants’ access to legal advice

Between 2010/11 and 2018/19, criminal legal aid expenditure fell by over a third (35%).

There are concerns that current remuneration rates are threatening the sustainability of criminal defence work, which may mean suspects struggle to find local legal representation. The Law Society says the problem is particularly acute with duty solicitors, who provide free advice to suspects detained by the police.

The number of providers of police station advice covered by legal aid has fallen by 20% since 2011/12. The number of people receiving telephone advice from a duty solicitor while at a police station has fallen by more than 40%, despite the level of police recorded crime having risen.

In 2018 the Justice Committee noted “there is compelling evidence of the fragility of the Criminal Bar and criminal defence solicitors’ firms”. It said underfunding of the criminal justice system not only threatens its effectiveness but “undermines the rule of law and tarnishes the reputation of the justice system as a whole”.

Defendants who are not eligible for legal aid may choose to represent themselves, which raises questions about ‘equality of arms’ before the court.

Alternatively, such defendants may opt to pay for private representation. However, if they are acquitted then under current rules the state will only reimburse their private legal costs at legal aid rates. Any difference between these rates and the defendant’s actual legal costs – sometimes dubbed the ‘innocence tax’ – must be borne by the defendant. The Bar Council has described this as “desperately unfair”.

A Government review of criminal legal aid is underway and is due to report towards the end of summer 2020.

Further reading

- Disclosure of evidence in criminal cases, *House of Commons Justice Committee*.
- Criminal Legal Aid, Twelfth Report of Session 2017–19, *House of Commons Justice Committee*.

How our local police forces are funded

Grahame Allen

Funding for police services in England and Wales (policing is a devolved matter) is set for five years at periodic spending reviews and adjusted annually. It has long been recognised that the process by which funding is allocated to police forces requires reform. Funding to forces, through their Police and Crime Commissioners (PCCs), has not kept track with overall spending on police services.

Over the last spending review period (2015/16 to 2019/20), overall funding for police services increased by 18%, but the amount of funding that goes to police forces increased by only 10%. Previous governments have tried to make changes to the allocation process but reform has stalled since 2017.

Where does police funding come from?

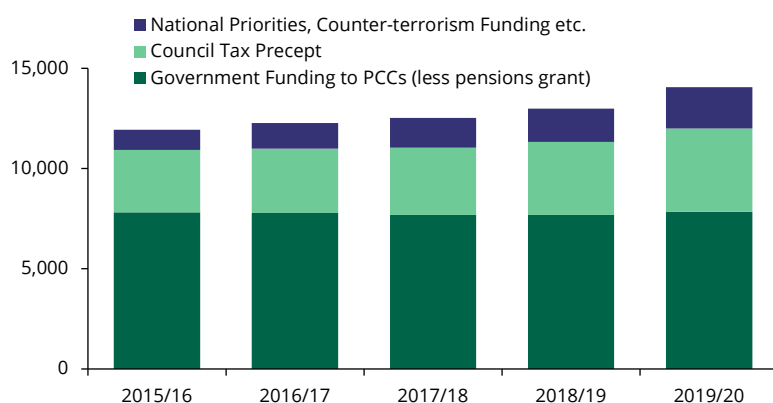
The main income source for the 43 geographic police forces in England and Wales is a central government grant made available through the annual Home Office Police Grant Report. A provisional Police Grant Report, setting out the central government funding allocation for each force for the next financial year, is usually published in December of the previous year. Following a public consultation, the final Report is presented to Parliament in January for approval.

PCCs can raise additional revenue locally through the council tax (police) precept. PCCs can increase the precept, but the increase cannot be at a rate that is ‘excessive’ unless authorised by a ‘yes’ vote in a local referendum. The level for triggering a referendum is determined by central government, and for 2019/20 it was set at £24 for an equivalent Band D property. In Wales, PCCs are not subject to the same referendum rules, as council tax is a devolved matter.

How much funding do local police forces receive?

The 2015 Spending Review set out funding for police services between 2015/16 and 2019/20. In the Review, the Coalition Government pledged that: “overall police spending [will be] protected in real terms over the Spending Review period”. Latest figures from the Home Office (see Chart 1) show that overall police funding increased over this period by just over £2.1 billion (18%) in cash terms, and by just over £1.1 billion (9%) in real terms (taking inflation into account), meeting this pledge.

Chart 1: Overall police funding for England and Wales (£ million)



Source for Chart 1: Home Office, Police Funding for England & Wales 2015-2020, table 2.2, July 2019. HM Treasury, GDP deflators at market prices, and money GDP September 2019 (Quarterly National Accounts)

Funding to PCCs (excluding the pensions grant) also increased over the period by 10% in cash terms and 1.5% in real terms. This increase has been funded by the local council tax precept. While central government funding to PCCs has remained relatively constant (0.3% increase), the council tax precept element of PCCs' funding has increased by just over £1 billion (34%). The proportion of total funding to PCCs provided through the precept has increased from 28% to 35%.

Funding for police services in 2020/21 has yet to be announced. Due to the December election, the final Police Grant Report 2020/21 may not be presented to Parliament before February 2020. Some extra funding for 2020/21 was announced through the Spending Round 2019, including £750 million "for policing to begin delivery of the government's commitment to recruit 20,000 additional officers by 2023".

The Labour 2019 manifesto pledged to recruit 22,000 additional officers.

Police Allocation Formula (PAF)

The Home Office's guide to the Police Allocation Formula states that: "The PAF is a way to measure the need for policing in areas relative to each other. It uses a range of indicators that are available on a consistent basis for all police authorities". This is then used to determine the annual allocation of the available funding for each police force.

In July 2015, the Government issued a consultation on reforming how police forces in England and Wales are funded by central government. This followed a year-long Home Office review of the current system, involving consultation with police forces.

The reform was put on pause by the Home Office later in 2015 after errors were found in the information shared with PCCs and police forces concerning the indicative impact of the Government's proposed funding model. The Home Affairs Committee's 2015 Report, "Reform of the Police Funding Formula", criticised the original process and made recommendations on future reform.

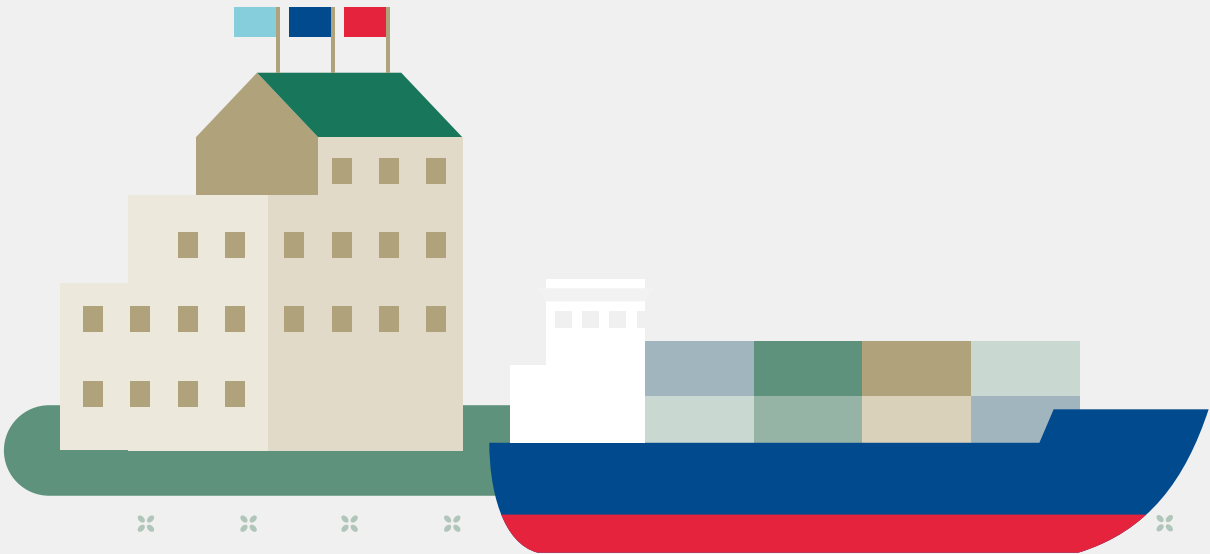
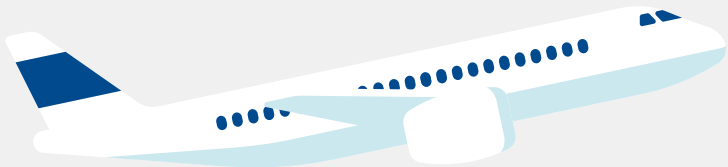
In September 2016, the Minister of State for Policing and the Fire Service wrote to all PCCs setting out the Government's plans to continue the process of reform by launching the Review of the Police Core Grant Distribution Formula. However, it was suggested in the media in mid-2017 that the reforms would not go ahead.

In a Written Statement in January 2018 announcing the publication of the provisional settlement for 2018/19, the Minister stated "It is intended that the funding formula will be revisited at the next Spending Review". This was due to take place in 2019 but has now been scheduled for 2020, and it is not yet clear whether the review will include reform of the Police Allocation Formula.

Further reading

- Police Funding, *House of Commons Library*.

- Brexit: What happens next?
- Living and working in the UK
- Health, social care and welfare
- Education
- The Environment
- Trade and the economy
- Crime and cyber security
- Foreign Affairs**
- Parliament and the Constitution



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UK foreign policy: Difficult choices

Ben Smith, Louisa Brooke-Holland and John Curtis

The UK faces some difficult foreign policy choices. Previously accepted international norms are being challenged. The global balance of power is shifting away from the West. It seems likely the UK will be sailing these choppy waters outside the European Union. And the ‘special relationship’ with the US is particularly challenged under President Trump.

In the 2017-2019 Parliament, several committees thought hard about the UK’s place in the world, concluding that change would be necessary:

- The Lords International Relations and Defence Committee found a state of “turmoil and upheaval” in which old alliances, assumptions and priorities “are all in question”
- Given the unpredictability of the US and China and the UK’s departure from the EU, the Joint Committee on the National Security Strategy believes the UK will have to chart a “more nuanced course”
- The Foreign Affairs Committee investigated the Government’s ‘Global Britain’ agenda, raising concerns about the UK’s diplomatic representation in European countries post-Brexit. One sign of the Foreign Office’s post-Brexit planning has been the boost in its diplomatic presence across the continent.

Relations with the US: shakier ground?

President Trump will probably stand for re-election in 2020, despite the impeachment process. It is early days, but polls suggest a Democratic victory is certainly possible. Although the election could make a big difference to Europe, even a Democratic president might continue the process of turning away from Europe and focusing on Asia.

If Brexit happens, the UK may increasingly have to decide whether to be closer to the US or to the EU; trying to bridge an ever-wider gap may be futile. The Lords International Relations Committee warned that the Government may in future need to place less reliance on reaching a common US/UK approach to the main issues.

The Iranian nuclear deal: sticking with the EU

So far, the UK has sided with the EU over the Iranian nuclear deal.

President Trump withdrew from the 2015 Iran nuclear deal in May 2018, promising instead ‘maximum pressure’ on Iran. It has been claimed that US sanctions have “crippled” the Iranian economy. Iran has stepped up its nuclear programme in response, somewhat reducing ‘breakout time’ (the time needed to produce enough uranium for a nuclear weapon).

The UK and the other signatories of the deal have tried to save it, but the EU’s financial mechanisms to bypass US sanctions may not be effective against US financial might.

Meanwhile, tensions between Iran and the Sunni Arab states soared in September 2019, with attacks on a huge Saudi oil plant, raising concerns about the world’s energy supplies. The Royal Navy’s Operation Kipion, consisting of minesweepers and frigates, aims to uphold freedom of navigation in the Strait of Hormuz.

Counter-terrorist military operations

Developments in the US could determine the future of UK deployments against persistent terrorist threats in the Middle East.

Afghanistan and NATO's Operation Resolute Support

There are nearly 1,000 UK troops deployed in Afghanistan, part of the NATO Resolute Support operation. They are stationed in Kabul, providing security and helping to train Afghan security forces. Peace talks between the US and the Taliban (excluding the Afghan Government) collapsed in September 2019. With significant ISIS and Al-Qaeda presence in Afghanistan and deep hostility between the Taliban and the Afghan Government, the future is not clear.

Global coalition against Daesh/ISIS...

The UK has about 1,350 military personnel contributing to the Global Coalition Against Daesh' (ISIS) and RAF aircraft continue to conduct surveillance and ground attack sorties. The UK mission is called Operation Shader.

...in Iraq

The Iraqi Government declared victory against ISIS in 2017 but the aftermath has been very difficult. Massive reconstruction is needed; sectarian and Arab/Kurd divisions remain sharp. In October 2019, hundreds of thousands of Iraqis demonstrated against corruption and for jobs. More than 300 died as security forces used live rounds.

... in Syria

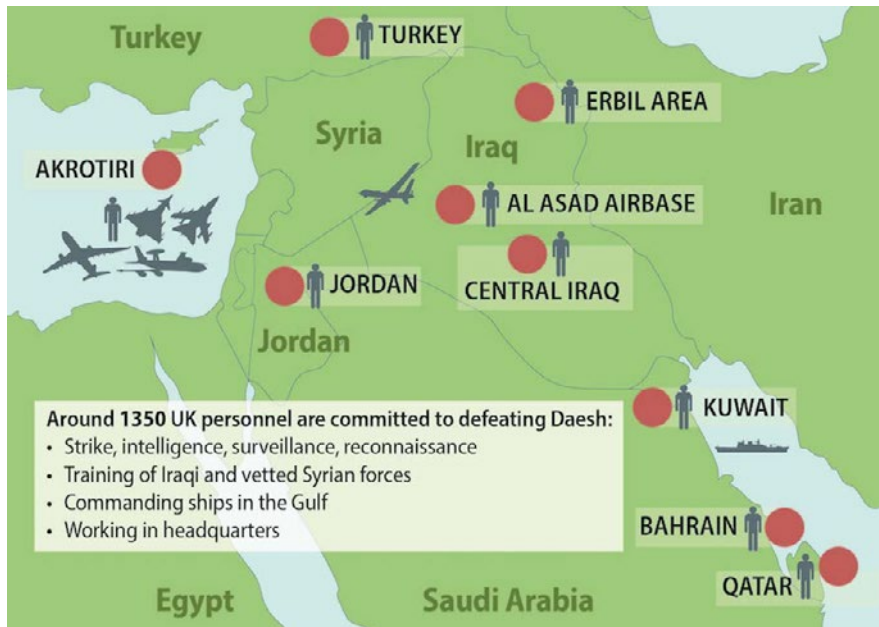
In October 2019, President Trump withdrew US troops from Kurdish-controlled areas of Syria, tweeting that ISIS had been defeated. The subsequent Turkish military offensive raised concerns about the humanitarian impact and about ISIS prisoners in Kurdish custody. Some argued this was a gift to Iran and Russia, sharply reducing Western influence in the Middle East. The move also called into question Turkey's place in the Western alliance.

...but still a threat

In October 2019 ISIS leader al-Baghdadi died in a US military operation. Nevertheless, the terrorist organisation is reported to be gaining strength in Iraq as well as Syria.

ISIS also has a presence in Libya, Afghanistan, South Asia and elsewhere. Although the group has been driven out of most of its former territory, it and al-Qaeda remain a threat.

Chart 1: Map of UK forces committed to Operation Shader



Source for Chart 1: Ministry of Defence, September 2019

Yemen: ‘The world’s biggest humanitarian catastrophe’

The UN says the conflict in Yemen has caused the world’s biggest humanitarian catastrophe, leading to death and malnutrition on a vast scale. At the time of writing, there were hopes of a peace deal, but attention has focused on Saudi Arabia’s contribution to suffering in the Arab world’s poorest country and on the UK’s role in arming the Saudi kingdom (the UK’s biggest defence export market) and providing military advice.

Journalist Jamal Khashoggi’s death in the Saudi Embassy in Istanbul also underlined Saudi Arabia’s poor human rights record. In June 2019, the UK Court of Appeal ruled that the UK Government should not license any sales to Saudi Arabia if the arms might be used in Yemen. The Government is working on reviewing licensing decisions in the light of the court order.

Russia: another test for the UK

Since it annexed Crimea from Ukraine in 2014, Russia has widely been seen as a threat to security in Europe. Russia has continued to integrate Crimea with Russian territory and to destabilise Ukraine. It is not yet clear how the election of Volodymyr Zelensky to the Ukrainian presidency will affect relations with Russia – he has pledged to end the war in the Donbass eastern region of Ukraine.

The UK has been one of the strongest nations in pushing for sanctions against Russia over Crimea. Brexit could change the balance in the EU over Russia sanctions and Russia could be a test case for the UK’s new autonomous post-Brexit sanctions regime. Will the UK continue to pursue an assertive sanctions policy against Russia?

The Intelligence and Security Committee's report on Russian involvement in UK politics remained unpublished at the time of writing.

NATO

In response to perceived Russian aggression, NATO has adopted the Enhanced Forward Presence, to which the UK contributes some 950 troops. NATO faces problems, including arguments over European countries' defence expenditure, opposition to Turkey's purchase of a Russian air defence system, and an uncertain commitment from Donald Trump's USA. The UK hosted a Heads of State and Government meeting in early December 2019, marking NATO's 70th anniversary.

Hong Kong

There is no end in sight to the protests that have shaken Hong Kong in 2019. The UK Government has repeatedly expressed serious concern about the escalation of violence in recent months but has resisted pressure to grant British Nationals (Overseas) passport holders the right to live in the UK.

The UK and China are joint signatories to the Joint Declaration on the Question of Hong Kong but there are widespread fears about China's long-term commitment to its 'One Country, Two Systems' principle.

The situation in Hong Kong could affect wider UK/China relations.

Kashmir

In 2019, shortly after winning re-election, Indian Prime Minister Narendra Modi revoked Article 370, which guaranteed special status for the Indian-administered part of Kashmir. India has divided the state of Jammu and Kashmir into two new territories that are directly ruled from the federal capital, Delhi. Tensions within the region remain high.

UK Government policy is to encourage India and Pakistan to resolve the situation bilaterally.

A new National Security Strategy?

An opportunity to reassess the Government's foreign policy objectives and national security priorities may come with the next National Security Strategy review (NSS). Aligned with defence reviews, the last two reviews were held after the 2010 and 2015 elections. The Joint Committee on the National Security Strategy recommended the next full review should take place alongside the next Spending Review. This suggests that work on the next NSS could begin early in the new Parliament.

International Development

0.7% Commitment and trends in UK aid

Since 2013 the UK has met the UN target of spending at least 0.7% of Gross National Income (GNI) on development aid. In 2015, the target was put into law; the major parties plan to maintain the legally-binding target.

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Government departments other than the Department for International Development (DfID) are spending more of the aid budget: now around 25%. The National Audit Office has questioned whether these departments can spend the money as effectively as DfID.

Brexit and aid spent through the EU

The UK's total international aid budget in 2018 was £14.6 billion, of which just under 10% was spent through the EU. It includes humanitarian aid and international development programmes.

Post-Brexit the UK will have to decide how to reallocate these resources. The recent Political Declaration on the future relationship between the EU and the UK suggests UK participation in EU aid programmes, something that 2019 election manifestos did not mention.

The UK will also have to decide how to use its trade policies to help less developed countries post-Brexit.

Further reading

- The Iran nuclear deal and rising tensions in the Gulf, *House of Commons Library*, 1 October 2019.
- UK aid: frequently asked questions, *House of Commons Library*, 3 October 2019.
- 'UK General Election 2019: Britain's new foreign policy divide', *Thomas Raines, Chatham House*, 9 December 2019.

Defence in the 2020s

Louisa Brooke-Holland and Noel Dempsey

The next Strategic Defence and Security Review (SDSR) is due in 2020. The Defence Secretary will have to get to grips with an “unaffordable” equipment plan, whilst ensuring the services remain an attractive career option for new and serving personnel alike.

The decade ahead sees some significant milestones, including the first deployment of the UK’s new aircraft carrier in 2021. Proposals to provide legal protections to serving personnel and veterans are likely to attract considerable attention. And the UK’s future defence relationship with the EU should become clearer.

What is a defence review?

A defence review enables the Government to set out its ambitions for the armed forces for the years ahead. It examines the defence and security landscape, and identifies current and emerging threats. It then decides how to best organise and equip the armed forces.

The Coalition Government established a five-yearly cycle with the 2010 and 2015 SDSRs, but the 2020 date is not set in stone. Uncertainty over Brexit and the timing of the next spending review may delay the next SDSR.

An “unaffordable” equipment plan

Successive governments have committed to meeting NATO’s pledge to spend 2% of GDP on defence. The Ministry of Defence (MOD) spent £38 billion on defence in 2018/19. A significant proportion of that money goes on equipment: over the next 10 years the MOD will allocate more than 40% of its total budget to equipment and support programmes.

A major issue is the affordability of the equipment plan. Each year the MOD publishes its equipment and support budget for the next decade. The National Audit Office said the 2018 plan is “unaffordable,” with forecast costs exceeding budgets by £7 billion. These figures are likely to change when the 2019 plan is published.

How the MOD buys equipment is a perennial issue that divides the parties. Labour and the SNP strongly criticised the Conservative Government’s shipbuilding strategy and this row is likely to reappear early in the new Parliament. Just before Dissolution the MOD halted the international competition for new support ships.

An attractive career option?

Recruitment continues to be an issue, particularly for the Army, whose much criticised 10-year recruitment contract with Capita ends in 2022. The Army is 10% under strength, with around 73,400 personnel compared with the target set for 2020 by the 2015 SDSR.

Retaining personnel is also a concern. The effect of service on family life is the top reason for leaving the service. The MOD has introduced flexible working, a Families Strategy and spousal employment support to address some of these concerns.

Table 1: UK Armed Forces Trained Strength

	Army	RN/RM	RAF	Total
2015 SDSR Target	82,000	30,450	31,750	144,200
Trained strength	73,472	29,013	29,858	132,343
Surplus/Deficit	-8,528	-1,437	-1,892	-11,857
% of target	-10%	-5%	-6%	-8%

Source for Table 1: MOD, Quarterly service personnel statistics: 1 October 2019, table 3a

All the main parties pledged to improve the conditions for personnel. The Conservatives promised extra childcare and a new veterans' railcard. Labour pledged to improve support for forces children, and to provide better housing and better wages. The Liberal Democrats wanted to waive leave to remain fees for armed forces personnel born outside of the UK.

Where personnel live will be a major issue for the next Government. The piloting of a scheme to promote private renting and reduce the reliance on Service Family Accommodation, the Future Accommodation Model, is causing uncertainty. The MOD's plan to reduce the defence estate by 30% by 2040 will see a number of sites and bases close over the next decade.

Support for veterans was a significant area of focus under the last Government. The first Veterans' Strategy was published in 2018, and in 2019 Boris Johnson created a new Office for Veteran Affairs in the Cabinet Office shortly after becoming Prime Minister.

An Armed Forces Bill and other legislation

In July 2019 the May Government consulted on proposals to provide greater protection from the threat of prosecution for alleged historical offences that occurred outside the UK. Prompted in part by the number of legal actions arising from Iraq and Afghanistan, the proposals also sought to address the rise in civil litigation by placing greater restrictions on the time limit for bringing civil claims for personal injury and/or death in relation to historical events outside the UK.

However, the May Government's proposals did not address offences alleged to have occurred in Northern Ireland, a subject of considerable debate in recent years. The Conservative party is suggesting amending the Human Rights Act so it does not apply to incidents which took place before the law came into force.

The Labour manifesto pledged to introduce a War Powers Act within the first year of government.

An Armed Forces Bill is needed by May 2021 when the Armed Forces Act 2016 will expire.

Defence and Brexit

The UK will continue to have sovereignty over its defence policy and the armed forces after Brexit. How defence co-operation with the EU develops will be informed by the manner in which the UK leaves. Library briefing paper 'Brexit and UK Defence: An Explainer' discusses what this means in more depth.

Further reading

- A brief guide to previous British defence reviews, *House of Commons Library*.
- The end of defence austerity? The 2019 Spending Round and the UK Defence Budget, *Professor Malcolm Chalmers, www.rusi.org*.
- Brexit reading list: defence and security, *House of Commons Library*.

Replacing the UK's nuclear deterrent

Composition of the UK's nuclear deterrent

The UK is the only nuclear weapon state that operates a single deterrent capability: the submarine-launched Trident system, which is based at HM Naval Base Clyde. It has three main elements:

- Four Vanguard-class submarines, maintaining continuous at sea deterrence (CASD).
- Trident II D5 missile, deployed aboard the submarine, which is held in a communal pool with the US.
- Nuclear warhead, deployed on the Trident II D5. The UK currently has a stockpile of 215, of which no more than 120 are operationally available.

Article VI of the NPT

“Each of the Parties to the Treaty undertakes to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control”.

Claire Mills

The programme to replace the UK's nuclear deterrent has been underway since 2006.

At potentially £41 billion, it is one of the Government's largest capital projects, while defence budgets remain constrained. Questions also continue to be asked about the rationale for the deterrent and whether its replacement contravenes the UK's international legal obligations.

The next major decision is whether to replace the current nuclear warhead, which is expected to retire in the late 2030s. To meet that deadline a decision needs to be taken in this Parliament.

The Dreadnought programme

Although commonly referred to as Trident's replacement, the 'Dreadnought' programme is about the design, development and manufacture of four new Dreadnought-class ballistic missile submarines. These will replace the Vanguard-class submarines and maintain the UK's continuous at sea deterrence posture. The first submarine will enter service in the early 2030s.

A 'Common Missile Compartment' for the submarines, which will house the Trident strategic weapons system, is being developed in conjunction with the United States. Replacement of the Trident II D5 missile itself is not part of the Dreadnought programme.

Replacement of the nuclear warhead

A decision on replacing the third element of the nuclear deterrent, the warhead, was deferred in the 2010 Strategic Defence and Security Review until 2019/20.

The Ministry of Defence (MOD) has been undertaking work on possible replacement options, including with the United States. In May 2019, the MOD confirmed that work was continuing on refining options and technical solutions to inform the Government's decision.

When might a decision be made?

Arguments over the nuclear deterrent are likely to re-emerge post-election as a Government decision on replacing the UK's nuclear warhead will need to be taken during this Parliament if the project is to be completed by the late 2030s. The MOD has estimated that, after an initial decision, it would take 17 years from an initial decision to bring a new warhead into service.

Whether a decision will be made as early as 2020 remains to be seen. March 2020 will mark 50 years since the Nuclear Non-Proliferation Treaty (NPT) came into force. The 2020 NPT Review Conference is widely expected to criticise the nuclear weapon states for their pursuit of nuclear modernisation at the expense of their Article VI disarmament obligations, and for their failure to sign up to the Treaty on the Prohibition of Nuclear Weapons.

Successive British Governments have argued that the NPT contains no prohibition on updating existing weapons systems and gives no explicit timeframe for nuclear disarmament. They have also highlighted the UK’s disarmament achievements since the end of the Cold War, which will reach a 65% reduction in the UK’s stockpile by the mid-2020s.

A decision on replacing the nuclear warhead within the context of forthcoming NPT milestones could be controversial and is more likely to be addressed later on in this Parliament.

How much will it cost?

The cost of the Dreadnought submarine programme is estimated at £31 billion, including defence inflation over the life of the project. A £10 billion contingency has also been set aside.

At potentially £41 billion, the programme will be the most expensive in the MOD’s equipment plan.

Once the new nuclear deterrent comes into service, the annual in-service costs are expected to remain at approximately 6% of the defence budget (£2.3 billion per year).

These in-service costs are often contrasted with the benefits bill or NHS spending.

To date, the project remains within its cost estimate.

In line with convention, the programme will be paid for by the MOD. The National Audit Office has raised concerns about its impact on the affordability of the MOD’s equipment plan.

The Campaign for Nuclear Disarmament has suggested that the true cost of replacing the nuclear deterrent will be in excess of £200 billion, once other costs, such as infrastructure, maintenance and decommissioning are considered. Advocates for the programme argue that the price is small when compared with the strategic risks involved in renouncing the nuclear deterrent.

How do different parties view the replacement?

Parliament has its opponents to the nuclear deterrent, including the SNP, the Green Party and senior figures within the Labour Party, including Jeremy Corbyn.

Although support for the nuclear deterrent is official Labour Party policy and stated in its election manifesto, Jeremy Corbyn has previously said that he would never authorise its use. The SNP continue to campaign for the removal of nuclear weapons from Scotland.

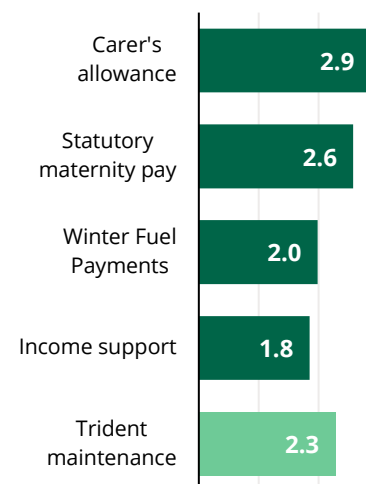
In comparison, the Conservative Party has consistently shown support for the nuclear deterrent, while the Liberal Democrats have committed to maintain a “minimal” credible deterrent.

Further reading

- Replacing the UK’s ‘Trident’ nuclear deterrent, *House of Commons Library*.
- Replacing the UK’s nuclear deterrent: progress of the dreadnought class, *House of Commons Library*.
- The cost of the UK’s strategic nuclear deterrent, *House of Commons Library*.

Chart 1: How does Trident compare with other Government spending?

Selected areas of spending, 2018-19, £ billion



Source for Chart 1: DWP, Benefit expenditure and caseload tables 2018, Table 1b; MOD, Defence departmental resources: 2019

Brexit and the Northern Ireland border

John Curtis

In the 2016 referendum, 52% of UK voters opted to leave the European Union. In Northern Ireland, however, 56% voted to remain. A major focus of Brexit negotiations under the May and Johnson Governments has been how to keep an open border between Ireland and Northern Ireland.

UK Government vision: May

After the referendum Theresa May’s Government set three main goals for Brexit and the Irish border:

1. The UK to leave the EU’s Single Market and Customs Union. This would allow the UK to make its own rules on goods and services and make its own free trade agreements.
2. No infrastructure at the Irish border or new checks on goods moving between Ireland and Northern Ireland.
3. No trade barriers (like checks on goods) between Northern Ireland and the rest of the UK (often called ‘putting the border in the Irish Sea’).

Trade-offs

Most trade experts said it would not be possible to do all three things and that only two of these goals could be met at the same time. As Figure 1 illustrates, trade-offs would be required and the Government would have to choose one of three difficult options:

- **Option A:** Giving Northern Ireland a ‘special status’ – it would stay in the EU’s Single Market for goods and the EU’s customs union. This would mean checks on goods between Northern Ireland and Great Britain.
- **Option B:** Infrastructure and checks on goods at the Irish border, often called a ‘hard border’.
- **Option C:** Keeping the whole of the UK in the Single Market (at least for goods) and the Customs Union (or an alternative customs union).

Chart 1: Northern Ireland border trade-offs



In reality, things are a little messier, with some mixing of the options possible. But the point remains that options are limited.

‘Alternative arrangements’ were looked at, such as technology to replace checks at the border. Most trade experts were doubtful that such arrangements could ever fully replace checks and Single Market rules. In any case, such methods might take several years to develop. So, for now at least, difficult choices were inevitable.

A hard border not an option

EU and UK political leaders largely agreed that Option B, putting up infrastructure and conducting checks at the border, was the worst outcome because of concerns that a hard border could lead to political unrest, and possibly even violence in Northern Ireland.

Senior leaders of the Police Service of Northern Ireland, the Irish Government, and the UK Government’s ‘no deal’ planning assumptions have all raised these concerns.

Some commentators doubt the link between changes to the border and the potential for political violence. Some Northern Ireland Unionist politicians argue that technology such as border cameras and drones would not represent a ‘hard border’.

Nevertheless, the ‘hard border’ is unpopular with the public in Northern Ireland. The EU, UK and Irish governments agree that they do not wish to put up infrastructure and/or checks at or around the border.

The ‘backstop’

After failing to persuade EU negotiators that her plans would solve the Irish border issue, Theresa May negotiated a new solution that became known as the ‘backstop’; this was essentially option C. The backstop, however, was not supposed to be the final solution but a temporary fix until the UK could find the elusive ‘fourth way’ (represented by the ‘?’ in Figure 1).

The backstop would have meant Northern Ireland following most Single Market rules for goods, as well as some on VAT, agriculture and the environment and the EU’s customs code. The entire UK would also have been part of a customs union with the EU, covering all goods (except for fish).

This would have limited the UK’s ability to make its own trade agreements. The UK would also have been subject to ‘level playing field’ restrictions, maintaining common standards with the EU in areas such as working conditions and the environment, as well as having to follow EU state aid and competition rules.

The backstop would have meant the Irish border remained open and would have enabled trade to continue without tariffs and customs checks between the UK and EU.

Under the backstop Great Britain could have started making its own rules on goods. But Mrs May said that Great Britain would remain “aligned” with EU rules as long as the backstop was in place, ensuring there would be no checks on goods moving from Great Britain to Northern Ireland.

In the end Parliament voted down Mrs May’s Withdrawal Agreement, opposing in particular the ‘backstop’.

Boris Johnson's plan

When Boris Johnson became Prime Minister he pledged to remove the backstop. He said it was undemocratic and he wanted the Northern Ireland Assembly to agree to any new Withdrawal Agreement. He wanted the whole of the UK to leave the EU's Customs Union at the end of the transition period, and Northern Ireland to remain part of the UK's customs territory but to follow EU rules on goods.

This was essentially option A – a special status for Northern Ireland. It meant the customs border would be between Ireland and Northern Ireland.

The EU did not accept all these conditions, but Mr Johnson was able to change the Withdrawal Agreement significantly in respect of Northern Ireland.

The details

Under the terms of the new Withdrawal Agreement, Northern Ireland remains part of the UK customs territory, so Northern Ireland will be included in UK free trade agreements. Northern Ireland will also technically be part of the UK's VAT area.

In practice, however, Northern Ireland will apply many EU customs rules and there will effectively be a customs and regulatory border between Great Britain and Northern Ireland in the Irish Sea.

The Northern Ireland Assembly will have an opportunity to vote periodically on whether this arrangement should continue. The first opportunity will be four years after the end of the transition period.

The other major difference is that Mr Johnson's Agreement for Northern Ireland, unlike the backstop, is no longer temporary. It is, unless the Northern Ireland Assembly votes otherwise, the permanent end state for Northern Ireland.

The level playing field rules that were part of the backstop are not part of the new Agreement. However, the trade relationship between Great Britain and the EU is still to be agreed; the EU is likely to request that the UK sign up to similar guarantees.

Reaction

Mr Johnson's renegotiated Withdrawal Agreement quickly gained the support of Conservative MPs, many of whom had been unhappy with the backstop. Northern Ireland's Democratic Unionist Party believes that the proposals are not beneficial to the economic well-being of Northern Ireland and that they undermine the integrity of the Union. Sinn Féin, the SDLP and the Alliance Party, who all opposed Brexit, have rejected the deal, and in particular the consent mechanism.

What is still to be decided?

There remain questions about how exactly goods will move between Northern Ireland and Great Britain.

- Will paperwork such as customs declarations be required?
- To what extent will goods have to be checked?

- How different will the regime be for goods going from Great Britain to Northern Ireland compared with those going in the other direction?

The Withdrawal Agreement provided a high-level blueprint without setting out the exact details of how trade across the Irish border and between Great Britain and Northern Ireland will work. The detail will be worked out in discussions between the EU and the UK once the UK has left and the transition period starts.

What checks will be required?

It is clear that goods travelling from Great Britain to Northern Ireland will require paperwork and checks. The Government's impact assessment states that two forms – import declarations and entry summary declarations – will be required for these goods, and that they will undergo regulatory checks as well.

The situation for goods moving from Northern Ireland to Great Britain is less clear. Stephen Barclay, Secretary of State for Exiting the EU, told Parliament in October 2019 that the new Withdrawal Agreement allows the United Kingdom to ensure “unfettered market access for goods moving from Northern Ireland to Great Britain”. He also said that there will be “minimal targeted interventions” to goods moving from Northern Ireland to Great Britain.

Boris Johnson and Northern Ireland Secretary Julian Smith have since said there would be no extra costs, checks or administration on goods moving from Northern Ireland to Great Britain.

The new Withdrawal Agreement will apply the EU customs code to Northern Ireland. Professor Alan Winters, director of the UK Trade Policy Observatory at Sussex University, believes that the code requires documentation for goods being exported from Northern Ireland to Great Britain, unless the EU grants an exception or waiver. But he says procedures would be “fairly light”.

What next?

The longer the transition period, the longer the two sides will have to work out exactly how the Irish border will function (see *Brexit: What happens next?* for more on transition).

Any government that wants to change the parts of the Withdrawal Agreement that deal with the Irish border will have to tackle the same trade-offs as its predecessors.

Political divisions in Northern Ireland and the wider UK mean a significant minority will probably be unhappy with any outcome that such trade-offs create.

Further reading

- Boris Johnson under scrutiny over Irish Sea border claims, *Financial Times*.
- The October 2019 EU UK Withdrawal Agreement, *House of Commons Library*.
- Withdrawal Agreement Bill: The Protocol on Ireland/Northern Ireland, *House of Commons Library*.

How will Brexit affect the Union?

David Torrance and Matt Keep

The devolution settlements in Scotland, Wales and Northern Ireland are now 21 years old. The implications of Brexit for the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly were a feature of the last Parliament, with many of the challenges and tensions as yet unresolved. These overlap with ongoing debates about reforming inter-governmental relations, devolving more power to Wales and restoring power-sharing institutions in Northern Ireland, and with the independence debate in Scotland.

Institutional arrangements

In July 2019 the UK Government asked Lord Dunlop to consider how it “meets the challenge of strengthening and sustaining the Union” as the United Kingdom leaves the European Union. Dunlop has yet to report, but the Conservative Party’s manifesto said it would “carefully consider” any recommendations.

When the UK leaves the EU, powers exercised at EU level will be ‘repatriated’ to the UK. Some will become the sole preserve of the UK Government and Parliament; others will transfer to Scotland, Wales and Northern Ireland. Talks are ongoing between the UK Government and devolved administrations regarding common frameworks, areas in which they will agree to co-ordinate certain policy areas.

An outline framework was published in July 2019 and the most recent quarterly report on the common frameworks process (required under the European Union (Withdrawal) Act 2018) was presented to Parliament on 24 October 2019. A delivery plan enables all frameworks to be agreed and the majority implemented by the end of 2020. The Conservative Party’s manifesto said that it would replace EU Structural Funds with a UK Shared Prosperity Fund, to “bind together the whole of the United Kingdom, tackling inequality and deprivation in each of our four nations”.

Several political parties have argued for broader reform of inter-governmental relations in the UK. The Liberal Democrat manifesto committed to extending Scottish and Welsh Government involvement in developing UK-wide policy frameworks and establishing a dispute resolution process. The Plaid Cymru manifesto included a role for the three devolved legislatures in “the decision to go to war”, as well as in ratifying future trade deals.

The Conservative Party manifesto pledged to “look at the broader aspects of our constitution” after Brexit by establishing a Constitution, Democracy & Rights Commission. This would look at “the relationship between the Government, Parliament and the courts; the functioning of the Royal Prerogative; the role of the House of Lords; and access to justice for ordinary people”. The Democratic Unionist Party manifesto suggested a “National Convention” to “map out a new vision for the Union”.

The Liberal Democrats “want home rule” for each of the UK nations. Labour policy is to create “a UK-wide Constitutional Convention, led by a citizens’ assembly,” although it has a “preferred option” of “an elected Senate of the Nations and Regions”. Plaid Cymru also wants to reform the House of Lords “so that it becomes a directly elected upper chamber” that represents the English regions and UK nations.

What is the consent mechanism for the Northern Ireland Assembly?

Article 18 of the revised Protocol sets out a process by which Members of the Legislative Assembly (MLAs) can provide “consent” to continue applying EU customs regulations for goods entering Northern Ireland. The first vote will take place in late 2024. If a simple majority of MLAs consent, the regulations will continue for another four years. If there is cross-community support, that period will be eight years. If there is not consent, the regulations will cease to apply two years later.

Northern Ireland

A revised Protocol on Ireland/Northern Ireland formed part of the Withdrawal Agreement published on 17 October 2019. This included a consent mechanism for the Northern Ireland Assembly, which will apply after the end of the transition period.

Sinn Féin has argued that a no-deal Brexit would justify a referendum on Irish unity. The Northern Ireland Act 1998 authorises the Secretary of State for Northern Ireland to hold a referendum if it “appears likely” a majority of voters would support reunification. In September 2019, the Prime Minister said he could not see “any reason for a border poll”. A Lord Ashcroft survey in September 2019 found that – excluding don’t knows – 51% of voters in Northern Ireland would back Irish unity, although other polls show much lower support.

The Northern Ireland Executive collapsed in January 2017 and the Northern Ireland Assembly has not been fully functioning since March 2017. Talks are ongoing between the main political parties to restore the devolved institutions. The statutory deadline for Executive formation and thus new elections has been extended several times, most recently on 21 October 2019.

Speaking at a meeting of the British-Irish Council in November 2019, Northern Ireland Secretary Julian Smith said that 13 January 2020 was a “real deadline” and that if there was no restoration of power sharing by then, he would have a “duty” to call fresh elections. In the absence of an election, primary legislation to extend the deadline will be required.

In September 2019, Mr Smith also suggested that Direct Rule for Northern Ireland could be introduced at “the earliest opportunity” if an Executive could not be formed. The Institute for Government argues a no-deal Brexit would “force Westminster to make decisions that Northern Ireland civil servants cannot”.

Given the absence of devolved institutions, the UK Parliament voted in October 2019 to legalise same-sex marriage and abortion in Northern Ireland. Regulations for the former have to be introduced by 13 January 2020, and for the latter by 31 March 2020.

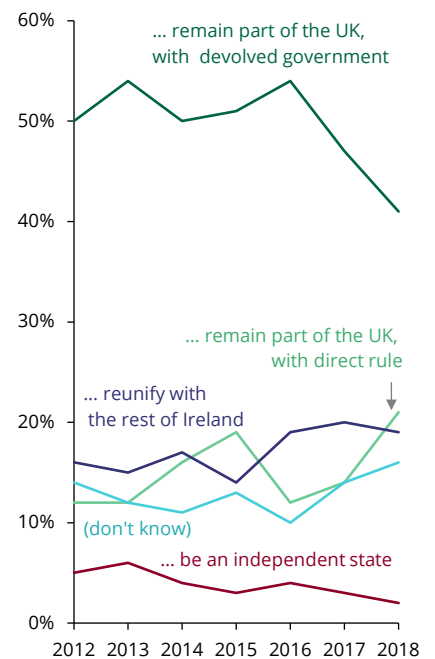
The Conservative Party manifesto pledged to “devolve responsibility for corporation tax” and “consider” transferring responsibility for short-haul air passenger duty.

Scotland

The Scottish Government believes that Scotland, like Northern Ireland, should have a “differentiated” form of Brexit given that it also voted Remain in June 2016 (the UK Government says Northern Ireland is a unique case). Following that referendum, the Scottish National Party leader and First Minister, Nicola Sturgeon, argued for a second referendum on independence.

Chart 1: Most people in Northern Ireland consistently favour remaining part of the UK

When asked about the long term policy for Northern Ireland, people think it should...



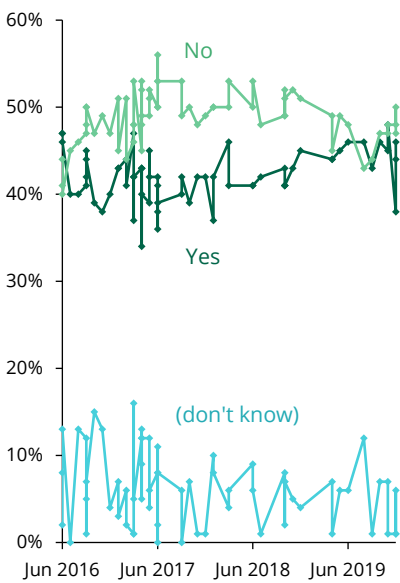
What is a Section 30 Order?

Section 30 Orders can change the list of subject matters reserved to the UK Parliament listed in the Scotland Act 1998. They have been used several times since the Scottish Parliament was created in 1999, but the most high-profile example is the one in 2013 that temporarily devolved the power to hold a referendum on Scottish independence to MSPs in Edinburgh. Section 30 Orders can be proposed by either the Scottish or UK Governments but need agreement from the Commons, Lords and Holyrood in order to become law.

Source for Chart 1: Northern Ireland Life and Times survey, various years

Chart 2: Opinion polls have shown preference for Scottish independence rising

Answers to the survey question, ‘How would you vote in a Scottish independence referendum if held now?’



Source for Chart 2: What Scotland Thinks, How would you vote in a Scottish independence referendum if held now? (asked after the EU referendum)

Holyrood is currently considering the Referendums (Scotland) Bill. This sets the framework for future referendums, although the Scottish Government has made clear it will legislate for an independence ballot only if a Section 30 Order is agreed with the UK Government (as it was between 2012 and 2014). The SNP manifesto said it will “demand” that the UK Government “transfers the necessary powers” to hold a referendum by the end of 2020.

As Prime Minister, Boris Johnson ruled out another referendum, although other Conservative and Labour politicians have indicated that an SNP majority at the 2021 Holyrood elections could constitute a “mandate” for the granting of a s30 Order. In 2014, 55% of voters in Scotland supported its remaining part of the UK, but opinion polling suggests support for independence has increased since then. Polling analyst Sir John Curtice says it “can no longer be presumed” that Scotland would vote to remain part of the UK a second time.

The Liberal Democrats “oppose a second independence referendum and oppose independence”, while the Labour Party believes that independence would be “economically devastating”. Its manifesto said it would “not agree to a Section 30 order request” in the “early years” of a Labour government.

The Citizens’ Assembly of Scotland, which is independent of the Scottish Government, had its first meeting on 26 October 2019 and will continue to meet until April 2020. Its remit includes considering how to “overcome the challenges Scotland and the world face in the 21st century, including those arising from Brexit”. The Assembly’s summary report will be prepared in May 2020 and published thereafter.

Wales

In October 2019, the Welsh Government published Reforming our Union: Shared Governance in the UK, which considered how the UK might face “the potential challenges resulting from Brexit”. It argued that as a “voluntary association,” the UK “must be open to any of its parts democratically to choose to withdraw from the Union”.

The document added that a government in either Scotland or Wales that had “secured an explicit electoral mandate” to hold a referendum was “entitled to expect” the UK Parliament to make “appropriate arrangements”. The Welsh Government hopes that in such a referendum “the relevant electorate would vote for its territory to remain in membership of the UK”.

In November 2019, Plaid Cymru established a commission to “look at the detail of how an independent Wales could work”. Recent polling suggests support for Welsh independence has increased. A YouGov survey commissioned by Plaid found that 24% would vote Yes in an independence referendum, rising to 33% if it meant Wales could remain part of the EU. Plaid believes “Wales should become an independent member of the European Union” by 2030.

There is an ongoing debate about more powers for the National Assembly for Wales (which will be renamed the Welsh Parliament/Senedd Cymru in May 2020). In October 2019, the Commission on Justice in Wales recommended the devolution of policing and justice. The Liberal Democrat manifesto supported this and the creation of “a distinct legal jurisdiction for Wales”. The Liberal Democrats would also devolve air passenger duty and “substantially” reduce the number of matters reserved to Westminster under the Wales Act 2017.

Plaid Cymru’s manifesto also supported devolving justice and air passenger duty, as well as migration policy, welfare powers, broadcasting and corporation tax, and the retention of “VAT revenues assigned to Wales”.

England

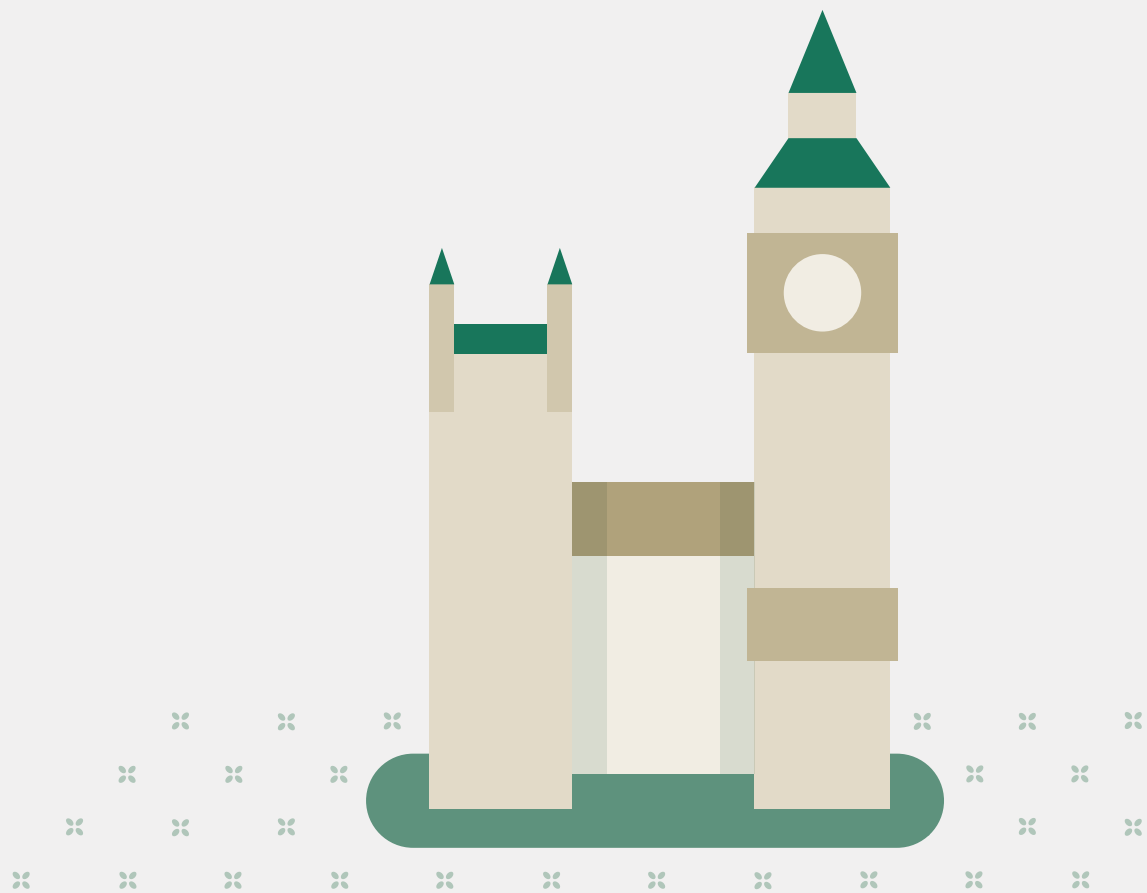
Devolution in Scotland, Wales and Northern Ireland has implications for the UK Parliament and governing arrangements in England.

The Liberal Democrat manifesto said it would enact “permissive legislation” to empower groups of local authorities to establish devolved governance in England, “for example to a Cornish Assembly or a Yorkshire Parliament”. The Labour Party also supports the One Yorkshire campaign, and its manifesto said it would re-establish regional Government Offices in England and make directly-elected mayors “more accountable to local councillors and elected representatives”.

Further reading

- No Deal Brexit and the Union, *Institute for Government*.
- Reforming our union: shared governance in the UK, *Welsh Government*.
- Intergovernmental relations in the United Kingdom, *House of Commons Library*.

- Brexit: What happens next?
- Living and working in the UK
- Health, social care and welfare
- Education
- The Environment
- Trade and the economy
- Crime and cyber security
- Foreign Affairs
- Parliament and the Constitution**



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The Fixed-term Parliaments Act

Richard Kelly and Elise Uberoi

Both the Conservative and Labour Parties have promised to repeal the *Fixed-term Parliaments Act 2011* (FTPA), which determines when general elections usually take place.

The Prime Minister also has a legal duty to arrange a review of the FTPA in 2020.

The review may recommend the repeal of the Act. However, it may not be possible to do so without first putting in place alternative arrangements for dissolving Parliament.

What does the Act do?

The FTPA sets a five-yearly interval between general elections. Scheduled elections take place on the first Thursday in May.

Early general elections can take place if:

- At least two-thirds of all MPs vote for an early general election; or
- After a vote of no confidence, the existing government or an alternative government does not secure the confidence of the House of Commons within 14 days.

Previously, Parliament was dissolved by royal prerogative. Instead, the Act put the dissolution of Parliament on a statutory footing. Under the Act, Parliament is dissolved 25 working days before election day. Previously the Prime Minister could request a dissolution, and the consequences of losing a confidence vote were determined entirely by convention.

Why was the Act passed?

The 2010 Coalition agreement included a commitment to “establish five-year fixed-term Parliaments”. A fixed-term Parliament offered the Coalition Government a certain amount of stability as it created an expectation that Parliament would run for a full term.

It was also argued that the legislation removed “the right of a Prime Minister to seek the Dissolution of Parliament for pure political gain”.

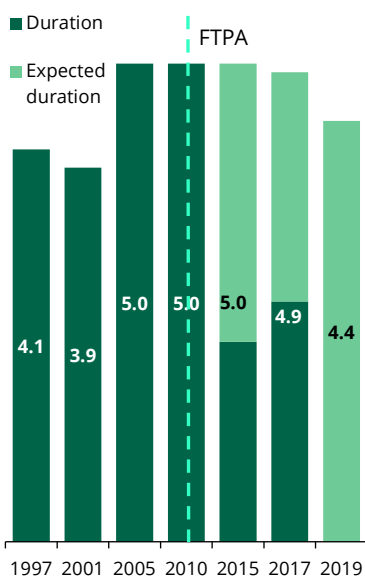
What effect has the Act had?

The 2010 Parliament in which the Act was passed continued to its full term. But the two subsequent Parliaments were brought to an end earlier than expected (see Chart 1, Duration and expected duration of recent Parliaments). The 2015 Parliament ended in April 2017, after the House of Commons agreed to a motion for an early general election by 522 votes to 13.

The 2017 Parliament ended in November 2019, after the *Early Parliamentary General Election Act 2019* was passed. The next election is scheduled to take place on 2 May 2024, as if the election in December 2019 had been set by the FTPA.

Before this happened, the Government failed to secure the two-thirds majority needed for an early general election on three occasions (4 September, 9 September and 28 October 2019).

Chart 1: Duration and expected duration of Parliaments before and after the Fixed Terms Parliaments Act 2011 (years)



Review of the FTPA

Between June and November 2020, the Prime Minister has to arrange for a committee to carry out a review of the Act. He has to publish the committee's findings. The committee may recommend that the Act is repealed or amended. A majority of members of the committee have to be MPs.

The House of Lords Constitution Committee announced its own inquiry into the FTPA in July 2019. The committee received written and oral evidence but did not finish its inquiry before dissolution.

Can the prerogative of dissolution be restored?

It is generally accepted that when an Act abolishes a royal prerogative, it cannot be restored by simple repeal of the Act. If the prerogative has only been put into abeyance, on the other hand, it can be restored. Experts who gave evidence to the Lords Constitution Committee disagreed about whether the royal prerogative of dissolution could be restored if the FTPA was abolished.

Unless this question can be resolved, it may be safer to replace the FTPA with new statutory provisions on dissolution, rather than attempt to restore the prerogative power of dissolution.

Has the Act affected existing confidence conventions?

Before the Act, if a government lost the confidence of the House of Commons, the Prime Minister could resign or request a dissolution, leading to a general election.

The FTPA sets out a specific procedure for demonstrating no confidence. Following a motion of no confidence, a 14-day period begins. In this time, a new government may be appointed or the existing government may regain confidence. If neither happens, a general election is triggered. Parliament is then automatically dissolved 25 days before the general election.

The May Government argued that non-statutory no confidence motions are no longer binding. Parliament would need to consider whether to replace the no confidence procedure in the FTPA with a new statutory procedure. One option would be to replace the FTPA's two triggers for an early general election with:

- A procedure to force a change of government without triggering an election; and
- A single procedure for triggering an early election.

Has the power of the Prime Minister been reduced?

The House of Commons now determines whether early general elections take place. The power to request dissolution is no longer the Prime Minister's. However, the Prime Minister can still initiate and press for an early election under the FTPA and, if one is triggered, set the date.

Concern has also been expressed that a Prime Minister could refuse to resign during the 14-day period after a vote of no confidence. This would lead to a general election, rather than a change of government without an election.

Further reading

- Fixed-term Parliaments Act 2011, *House of Commons Library*.
- No confidence motions and early general elections, *House of Commons Library*.
- The Role of Parliament in the UK Constitution Interim Report The Status and Effect of Confidence Motions and the Fixed-term Parliaments Act 2011, *Public Administration and Constitutional Affairs Committee*.

Conservative and Labour Parties on the FTPA

- “We will get rid of the Fixed Term Parliaments Act – it has led to paralysis at a time the country needed decisive action” – Conservative Party Manifesto, 2019.
- “A Labour government will repeal the Fixed-term Parliaments Act 2011, which has stifled democracy and propped up weak governments” – Labour Party Manifesto, 2019.

Restoration and Renewal: Rebuilding the Palace of Westminster

Richard Kelly

The *Parliamentary Buildings (Restoration and Renewal) Act 2019* received Royal Assent in October 2019.

The Act creates the Parliamentary Works Sponsor Body, which will have responsibility for the restoration of the Palace of Westminster.

The Sponsor Body will propose an Outline Business Case (OBC) for Restoration and Renewal, to be voted on and agreed by both Houses of Parliament. These votes are expected during 2021.

Background to Restoration and Renewal (R&R)

The R&R Programme was established in 2013 by both Houses of Parliament. The programme was ultimately overseen by the Commissions of the two Houses.

A Palace of Westminster Restoration and Renewal Programme Independent Options Appraisal was made public in June 2015.

The September 2016 report of the Joint Committee on the Palace of Westminster concluded that:

“there is a clear and pressing need to tackle the work required to the Palace of Westminster and to do so in a comprehensive and strategic manner to prevent catastrophic failure in the next decade. We have also concluded that, in principle, a full decant of the Palace of Westminster presents the best option under which to deliver this work”.

In January 2018, the House of Commons debated the Joint Committee’s report. It agreed the work was pressing, a full decant was the best delivery option, the work should be undertaken by a statutory Sponsor Body and Delivery Authority, and that immediate steps should be taken to establish them in shadow form. A further requirement was that both Houses return to their respective Chambers as soon as possible after the decant.

The House of Lords agreed a motion in the same terms in February 2018.

Draft legislation was published in October 2018, followed by pre-legislative scrutiny by a joint committee, and the Government response. Legislation followed, and received Royal Assent in October 2019.

Preparations for R&R

At present a shadow Sponsor Body is operating, comprising a shadow Sponsor Board and an Executive Team. It will become substantive in April 2020.

The Sponsor Body has to create the Delivery Authority as a company limited by guarantee. The Delivery Authority will carry out the Parliamentary building works to the scope, budget and timescale set by the Sponsor Board.

Until the Delivery Authority is established, planning and design for the delivery of the programme will be undertaken within Parliament.

What about preparations for the decant?

The House of Commons Commission is currently ultimately responsible for the Northern Estate Programme (NEP), which is not part of the Palace restoration works.

The NEP will provide accommodation, including a debating chamber, for the House of Commons whilst the Palace is empty.

In May 2019, the House of Commons Commission agreed the scope, funding and schedule envelope relating to the outline business case for the NEP. It is described as the “essential first step” to facilitate the R&R Programme. The Commission noted that the total estimated cost of the NEP “is currently £1.3-1.6bn”.

The House of Commons submitted a suite of seven planning applications and listed building consents for the NEP to Westminster City Council in autumn 2019.

Scope of the work

The Parliamentary Buildings (Restoration and Renewal) Act 2019 defined “the Parliamentary building works”, which include “Palace restoration works” – the R&R Programme (see box). The scope of the definition is wider than the Palace restoration works. This is to allow the Commissions of the two Houses of Parliament, with the agreement of the Sponsor Body and Delivery Authority, to designate other works relating to the Parliamentary Estate to be undertaken by the programme.

The shadow Sponsor Body has decided that the NEP should be brought under the scope of the Sponsor Body and delivered jointly by the Delivery Authority after it becomes substantive in April 2020.

The House of Commons Commission endorsed the approach to integrating R&R and the NEP at a meeting in October 2019.

The OBC will set out the planned Palace restoration works.

Costs of R&R

The Sponsor Body has to develop detailed costings for the project, for parliamentary approval. No costings of the project have been published since the Independent Options Appraisal in 2014. This estimated the costs of two variations of full decant:

... with enhanced amenities and functions over
and above meeting legislation and building policy £3.52bn

... with significantly enhanced amenities and functions
over and above meeting legislation and building policy £3.87bn

The Independent Options Appraisal provided estimates of the inflationary impact on capital expenditure of a delay to the construction start date. Based on the scenario of full decant, with some defined improvements to the Palace, the range of predicted inflationary impacts was £78m to £167m per annum. (This assumed the start date of Q2 2020 delayed to Q2 2025.)

The Sponsor Body will prepare annual Estimates, which have to be approved by the House of Commons. The Parliamentary Works Estimates Commission, established by the Act, is responsible for laying Estimates before the House of Commons. Before doing so, it has to review them and if the anticipated final cost exceeds the amount of funds allocated for the works, it can reject the Estimate and require the Sponsor Body to prepare a new one.

Further reading

- Parliamentary Buildings (Restoration and Renewal) Bill 2017-19, *House of Commons Library*.

Acknowledgments

Project Manager

Chris Blanchett

Lead editor

Eleanor Davis

Editors

Cassie Barton

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Daniel Ferguson

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Jenny Sturt

Edward Wood

Proof readers

Elaine Beattie

Joe Briggs

George Chapman

Will Friend

Patricia Hill

Guy Hursthouse

Matthew Johnson

Edwin Jones

Josephine Kember

Kathy Moss

Will Opposs

Design

Lloyd Northover

Design management

House of Commons Design Team

