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UK IN A
CHANGING
EUROPE

BREXIT
AND BEYOND

FOREWORD

Brexit is done.

The formal negotiations are over — even though the Trade and Cooperation Agreement paves the way to many further negotiations between the UK and the EU. The interminable arguments and parliamentary wrangles over what Brexit might mean in theory are over, but our understanding of what Brexit does mean in practice is just beginning.

The UK in a Changing Europe was created to make research-based evidence accessible to those interested in UK-EU relations in the context of the referendum. Subsequently, as the process unfolded, we have drawn on the expertise of social scientists to explain the negotiations and their implications.

Now the UK is finally able to embark on its new course, we believe that the need for social science to play a role in informing public and political debates is as great if not greater than ever. The contributions that follow underline the scale and scope of the agenda that confronts the United Kingdom as it prepares to grasp the opportunities and confront the challenges resulting not just from the decision to leave the EU, but also some of the long-standing issues that predate the referendum but which Brexit has made even more imperative to address.

This collection is meant both as a guide to the issues that will loom large of the months and years to come and as a signal that we intend to deploy the best social science research in order to understand and address them.

As ever, I owe a huge debt of thanks to all those who agreed to contribute to this report. Without exception they dealt with comments and queries quickly and with good humour. This despite the fact the Christmas Eve agreement meant we had to ask many to update their articles when they should have been relaxing. I hope they are as proud of this collection as I am.

Within the team itself, Tim Bale, Jonathan Portes and Jill Rutter read and commented on various drafts with their customary efficiency. Matt Bevington, Phoebe Couzens and Mark Rogers coordinated the project from start to finish and made sure I didn't lose any of the contributions. Matt in particular worked tirelessly, replying to countless emails over what I'm sure he thought was going to be his Christmas holiday. I would also like to thank John-Paul Salter, for proofing the report in its final stages. Navjyot Lehl oversaw the design and production of the finished article.

I very much hope that you will find what follows not only informative but accessible and thought provoking. And of course that you will come away even more certain than you were beforehand, that social scientists have a crucial role to play in helping us all understand the challenges we face, and what we might do to most effectively confront them.

As ever, do get in touch if you have any comments or queries.

Anand Menon
Director, UK in a Changing Europe

19 January 2021

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LIST OF CONTRIBUTORS

Nick Allen is Professor of Politics at Royal Holloway, University of London.

Ben Ansell is Professor of Comparative Democratic Institutions at the University of Oxford.

Ivanka Antova is a Research Fellow at the School of Law at Queen's University Belfast. The support of the ESRC Health Governance After Brexit project ES/S00730X/1 is gratefully acknowledged.

David Bailey is Professor of Business Economics at the University of Birmingham and Senior Fellow at the UK in a Changing Europe.

Tim Bale is Professor of Politics at Queen Mary University of London.

Catherine Barnard is Professor of European Union and Employment Law at the University of Cambridge and Deputy Director of the UK in a Changing Europe.

Neema Begum is a Research Associate at the Centre on the Dynamics of Ethnicity at the University of Manchester.

Matt Bevington is a Public Policy and Foreign Affairs Analyst at the UK in a Changing Europe.

Mark Blyth is Professor of International Economics at Brown University.

Ingo Borchert is a Senior Lecturer and Fellow at the UK Trade Policy Observatory (UKTPO) at the University of Sussex.

Mike Brewer is Chief Economist and Deputy Chief Executive of the Resolution Foundation.

Charlotte Burns is Professor of Politics at the University of Sheffield.

Rosie Campbell is Professor of Politics and Director of the Global Institute for Women's Leadership at King's College London.

Andrew Carter is Chief Executive of the Centre for Cities.

Colin Copus is Emeritus Professor of Local Politics at De Montfort University and Visiting Professor at Ghent University.

John Curtice is Professor of Practice at the University of Strathclyde and Senior Fellow at the UK in a Changing Europe.

John Denham is Professorial Fellow and Director of the Centre for English Identity and Politics at Southampton University.

Mattia Di Ubaldo is a Fellow at the UK Trade Policy Observatory (UKTPO) at the University of Sussex.

Danny Dorling is Professor of Geography at the University of Oxford.

Bobby Duffy is Professor of Public Policy and Director of the Policy Institute at King's College London.

Carl Emmerson is Deputy Director of the Institute for Fiscal Studies (IFS). The support of the ESRC Institute for the Microeconomic Analysis of Public Policy at the IFS (grant reference ES/T014334/1) is gratefully acknowledged.

Ed Fieldhouse is Professor of Social and Political Science at the University of Manchester.

Mark Flear is a Reader at the School of Law at Queen's University Belfast. The support of the ESRC Health Governance After Brexit project ES/S00730X/1 is gratefully acknowledged.

Matthew Flinders is Founding Director of the Sir Bernard Crick Centre and Professor of Politics at the University of Sheffield, and Vice-President of the Political Studies Association of the United Kingdom.

Rob Ford is Professor of Political Science at the University of Manchester.

Tom Forth is Head of Data at the Open Data Institute, Leeds.

Brigid Fowler is a Senior Researcher at the Hansard Society.

Ruth Fox is Director of the Hansard Society.

Lawrence Freedman is Emeritus Professor of War Studies at King's College London.

Conor Gearty is Professor of Human Rights law at the London School of Economics, barrister at Matrix Chambers and Vice-President for Social Sciences at the British Academy.

Julie Gilson is a Reader in Asian Studies at the University of Birmingham.

Arianna Giovannini is Associate Professor in Local Politics and Public Policy and the Deputy Director of the Local Governance Research Centre (LGRC) at De Montfort University.

Matthew Goodwin is Professor of Politics and International Relations at the University of Kent.

Sarah Hall is Professor of Economic Geography at the University of Nottingham and Senior Fellow at the UK in a Changing Europe.

David Harvey is Emeritus Professor of Agricultural Economics at the Centre for Rural Economy at the University of Newcastle.

Katy Hayward is Professor of Political Sociology at Queen's University Belfast and Senior Fellow at the UK in a Changing Europe.

Ailsa Henderson is Professor of Political Science at the University of Edinburgh.

Martin Heneghan is a Research Fellow in the School of Geography at the University of Nottingham.

Tamara Hervey is Jean Monnet Professor of European Union Law at the University of Sheffield. The support of the ESRC Health Governance After Brexit project ES/S00730X/1 is gratefully acknowledged.

Sara Hobolt is Sutherland Chair in European Institutions at the London School of Economics.

Carmen Hubbard is a Senior Lecturer in Rural Economy at the Centre for Rural Economy at the University of Newcastle.

Will Jennings is Professor of Political Science and Public Policy at the University of Southampton.

Hussein Kassim is Professor of Politics at the University of East Anglia and Senior Fellow at the UK in a Changing Europe.

Mike Kenny is Chair of Public Policy and Director of the Bennett Institute for Public Policy at the University of Cambridge.

Janet Laible is Associate Professor of Political Science at Lehigh University.

Bruce Lyons is Professor of Economics and member of the Centre for Competition Policy at the University of East Anglia.

Jill Manthorpe is Professor of Social Work at King's College London and Director of the NIHR Health & Social Care Workforce Research Unit.

Simon Marginson is Professor of Higher Education at the University of Oxford and the Director of the OFSRE/ESRC Centre for Global Higher Education.

Nicole Martin is a Lecturer in Politics at the University of Manchester.

Felicity Matthews is a Senior Lecturer in Politics at the University of Sheffield.

Laura McAllister is Professor of Public Policy and the Governance of Wales at the Wales Governance Centre at Cardiff University.

Nicola McEwen is Professor of Territorial Politics and Co-Director of the Centre on Constitutional Change at the University of Edinburgh, and Senior Research Fellow at the UK in a Changing Europe.

Lauren McLaren is Professor of Politics at the University of Leicester.

Anand Menon is Professor of European Politics and Foreign Affairs at King's College London and Director of the UK in a Changing Europe.

Rana Mitter is Professor of the History and Politics of Modern China at the University of Oxford.

Matthew Moran is Professor of International Security at King's College London.

Andrew Moxey is head of Pareto Consulting and member of the Centre for Rural Economy at the University of Newcastle.

Philomena Murray is Jean Monnet Chair and personam and Honorary Professorial Fellow at the University of Melbourne.

Jonathan Portes is Professor of Economics and Public Policy at King's College London, and Senior Fellow at the UK in a Changing Europe.

Ivan Rajic is a Research Fellow in the Department of Management at the University of Birmingham.

Colin Rallings is Emeritus Professor of Politics at the University of Plymouth.

Rebecca Riley is Professor of Practice in Economics at King's College London, and a Fellow at the National Institute of Economic and Social Research (NIESR).

Meg Russell is Professor of British and Comparative Politics and Director of the Constitution Unit at University College London, and Senior Fellow at the UK in a Changing Europe.

Jill Rutter is Senior Research Fellow at the UK in a Changing Europe.

Catherine Saltis is a local government researcher at De Montfort University.

Thomas Sampson is Associate Professor of Economics at the London School of Economics.

Robert Saunders is a Reader in Modern British History at Queen Mary University of London.

Jack Sheldon is a Doctoral Researcher in the Department of Politics and International Studies at the University of Cambridge.

Andreas Stephan is Professor of Competition Law and member of the Centre for Competition Policy at the University of East Anglia.

Tim Stevens is a Senior Lecturer in Global Security at King's College London.

Bryce Stewart is a Senior Lecturer in Marine Ecosystem Management at the University of York.

Isabel Stockton is a Research Economist at the Institute for Fiscal Studies (IFS). The support of the ESRC Institute for the Microeconomic Analysis of Public Policy at the IFS (grant reference ES/T014334/1) is gratefully acknowledged.

Paula Surridge is a Senior Lecturer at the University of Bristol and Deputy Director of the UK in a Changing Europe.

Etain Tannam is Associate Professor of International Peace Studies at Trinity College Dublin.

Michael Thrasher is Emeritus Professor of Politics at the University of Plymouth.

James Tilley is Professor of Politics at the University of Oxford.

Paul Tobin is a Senior Lecturer in Politics at the University of Manchester and is currently leading a three-year project on local climate governance in the UK. The support of the ESRC grant ES/S014500/1 is gratefully acknowledged.

Joe Tomlinson is a Senior Lecturer in Public Law at the University of York.

Phil Tomlinson is Professor of Industrial Strategy at the University of Bath.

Tony Travers is Professor in Practice at the London School of Economics.

Simon Usherwood is Professor of Politics at the University of Surrey.

Jim Watson is Professor of Energy Policy at the Institute of Sustainable Resources at University College London.

Stephen Weatherill is Professor of European Law at the University of Oxford.

Daniel Wincott is Professor of Law and Society at Cardiff University and Research Director at UK in a Changing Europe. He directs the ESRC's 'Governance after Brexit' research programme.

L. Alan Winters is Professor of Economics and Director of the UK Trade Policy Observatory (UKTPO) at the University of Sussex.

Matthew Wood is a Senior Lecturer in the Department of Politics and International Relations at the University of Sheffield. The support of the ESRC Health Governance After Brexit project ES/S00730X/1 is gratefully acknowledged.

Alison Young is Professor of Public Law at the University of Cambridge.

INTRODUCTION

Anand Menon

The UK in a Changing Europe was launched in 2015 tasked with making the findings of high-quality social science research available to as wide an audience as possible. The context was a sense that social science should be more prominent in key national conversations, the specific issue a desire to see social scientists feed evidence into the debates in the run up to and during the EU referendum of 2016. Faced with the prospect of leaving the European Union — something never previously undertaken by a member state — the need for them to do so was arguably greater than ever

And so, for the best part of four years, we attempted, *inter alia*, to explain what was going on to the public, to provide insights useful to civil servants and politicians, to tease out the implications of Brexit for the devolved governments in collaboration with politicians and officials from Northern Ireland, Scotland and Wales, to inform businesses about the likely implications of exit from the EU, and to provide reliable information to journalists attempting to explain what was going on. And as Parliament debated the Withdrawal Agreement, our team provided detailed commentary on the issues being debated and the implications of various outcomes.

Now over five years since UKICE came into being, the UK has left the European Union and exited the Customs Union and Single Market.

Yet, rather than marking the end of our work, this milestone marks another beginning. The impact of Brexit can be likened to that of a large stone thrown into a still pond. Even when the stone itself is lost from sight, and even when another stone, such as Covid-19, is tossed in, the ripples it causes continue to disturb the surface.

The Brexit ripples were hardly an unintended consequence of the referendum. Certainly, there are those among the Brexiters for whom the fact of leaving the European Union itself represents the achievement of a lifetime ambition. For others among its proponents, however, Brexit was a means to an end rather than an end in itself. Britain's new-found freedom could act as a catalyst not only for policy shifts and political realignment, but also fundamental reforms of the state and the constitution. For some, in other words, the ripples were the whole point of the exercise.

And ripples there are aplenty. The referendum of 2016 and the drawn-out negotiations that followed have impacted profoundly on public opinion, in some cases reinforcing trends already apparent (such as voter volatility and party dealignment) in others helping to reshape the bases of party support, as was so vividly illustrated by the 2019 election. The pandemic, too, is exerting a significant impact both on trust in politics *per se* and attitudes towards the parties themselves.

Equally, both Brexit and the pandemic have impacted directly and indirectly on political parties and on politics more broadly. Whether that be via changes to the way that Parliament works, the relationship between legislature and executive, the way backbenchers act, or the nature of the parties themselves, we have arguably witnessed profound shifts over the last few years which promise to have significant implications going forward.

The decision to leave the European Union also provided, at least for some Brexit supporters, an ideal opportunity to profoundly reshape the British state. Whether that be via the promised

reconsideration of the role of judges and human rights legislation, or the declaration by Dominic Cummings that a ‘hard rain’ was coming for the civil service, the intent was clear.

At the same time, other potential and unintended consequences of Brexit might be less welcome. Its implications for the Union have already been significant, so tied up were the devolution settlements with the UK’s status as an EU member state. And those implications look set to continue to play out, not least via crucial elections in Scotland, this year. Those elections will also impact England, where a huge clutch of local council seats are up for grabs, while the profile gained by some metro Mayors such as Andy Burnham and Andy Street has served to open up and add urgency to debates on devolution within England itself.

All this will be playing out just as the economic implications of both Brexit and the pandemic will be making themselves felt and just as the government, all being well, will be turning its attention from managing the public health crisis to delivering on its ambitious promises on ‘levelling up’. This will only increase the importance of getting the policy responses right. Both in areas where the UK has ‘taken back control’ and in other aspects of public policy, including when it comes to the UK’s place in world politics, there are hard choices to be made.

In what follows, a group of leading social scientists explore these themes, explaining what has happened in the past, the situation the UK finds itself in now, and the issues that might confront us going forward. The collection is intended as a guide to the big questions confronting the country in the years to come. Intentionally or not, Brexit, and the Brexit process have, and will continue to have, enormous implications for politics, economics and society in the UK, and their effects will be compounded by those of the pandemic. Understanding these, on the basis of evidence-based analysis, will be crucial to ensure that public and political debates and policy responses meet the challenges and make the most of the opportunities of the post-Brexit era.

The background is a solid dark blue. It features several geometric shapes in a slightly lighter shade of blue. In the top right corner, there is a vertical rectangle. In the bottom left corner, there is a horizontal rectangle. In the bottom right corner, there is a large triangle pointing towards the bottom right. The word "POLICY" is centered in the middle of the page in a white, bold, sans-serif font.

POLICY

AGRICULTURE

Carmen Hubbard, Andrew Moxey & David Harvey

WHERE HAVE WE COME FROM?

The agricultural sector will be one of those most affected by the end of the transition period. Despite its minimal contribution to national wealth (less than 1% of total GDP and 1.5% of employment), the sector supports downstream and upstream industries, which contribute over £100 billion to the economy and employ around four million people. Moreover, the sector supports much of the social and cultural fabric of the countryside, shaping the landscape and its ecosystems.

Under the EU's Common Agricultural Policy (CAP), British farmers benefitted from various types of support. Current CAP annual payments to UK farmers amount to £2.5 billion. A further £800 million per year is paid for environmental conservation and rural development schemes. Yet the CAP has often been criticised for its bureaucracy, for favouring large landowners and for having a detrimental effect on millions of farmers around the world due to its high import tariffs, and, especially in its early days, for encouraging excessive intensification and environmental degradation. Consequently, Brexit has been hailed as a 'once in a life-time opportunity for British farmers'.

WHERE ARE WE NOW?

UK farms currently rely on public funding for a significant proportion of their net income. The removal of current support, particularly direct payments, will expose many farms to extreme pressures and cause changes to management practices and/or a reallocation of resources (land, labour, capital) between enterprises and sub-sectors, and even exit from farming altogether.

Agriculture is a devolved policy, therefore interpretations of how best to capitalise on and benefit from Brexit differ across different British farmers and their elected political representatives. London and (to a certain extent) Cardiff favour a rapid transition away from direct (area) payments to 'public money for public goods' (e.g. clean air and water quality, soil health, biodiversity and measures to mitigate climate change). The same enthusiasm cannot be found for these ideas in Belfast or Edinburgh, reflecting fundamental differences over how agriculture, food production and rural communities are perceived across the four nations.

These differences were apparent in the separate policy consultations undertaken in each nation but have hardened more recently following a succession of UK Government pronouncements. These included the Agriculture Bill (now Act) and the Internal Market Bill, both of which are perceived as undermining devolution by imposing (either explicitly or implicitly) the will of London beyond England.

Pressure from farming and other lobbies forced a degree of backtracking from the Government's purist vision — and the final version of the Agriculture Act both recognised, to some extent, the importance of food production (and highlighted in the new Food Strategy) and concerns about the potential impact of trade deals on animal welfare standards. For example, the creation of

the Trade and Agriculture Commission, as a statutory body advising on production standards, and the hurried introduction of the ‘Sustainable Farming Incentive’ (which looks similar to past income support measures) as a stepping-stone to the introduction of the Environmental Land Management Scheme (ELMS). Cardiff, too, is rethinking the balance between public good and land management.

The challenges of meeting Net Zero greenhouse gas (GHG) targets and addressing the biodiversity emergency will bear heavily on agriculture but hopes appear to be pinned on ‘win-win’ options – technological silver-bullets or statistical tricks – rather than an acceptance that radical change is required. Environmental interest groups are already loudly [complaining](#) of a lack of real ambition in England’s 25-year environment plan and its equivalents in Scotland, Northern Ireland and Wales.

Meanwhile, Brexit is already [disrupting](#) habitual trading patterns for farmers on either side of the North Channel.

WHERE ARE WE HEADING?

Policy will need to be as adaptive and responsive as the Government is asking farmers to be. Structural adjustment can be managed, at both policy and farm levels. But it needs and deserves public assistance to be as smooth as possible.

Although the Government’s position is to maintain overall funding levels, at least for the duration of this Parliament, this may change beyond that as public spending pressures grow. At the ground level, farmers’ incomes will change, dramatically in the case of beef and sheep farmers, who are heavily reliant on direct payments. For example, the NFU [estimates](#) that, by 2024, livestock farmers will lose between 60 and 80% of their income following the reduction in CAP direct support.

Farmers will have to adapt to the new Environmental Land Management Scheme, which is less than fully specified at present. This will generate significant and uneven structural adjustment, which will also inevitably lead to unforeseen and unwanted side effects, which policy makers will need to respond to.

The freshly unveiled roadmap map for sustainable farming ([The Path for Sustainable Farming](#)) aims to encourage English farmers to produce food more sustainably while protecting the environment, enhancing animal welfare and mitigating climate change. However, how these goals will be achieved remains to be seen, as details about how and whom will be rewarded are still unclear.

Additionally, the policy differences across nations, particularly the rapid elimination (in England) or maintenance (in Scotland) of direct payments, will also raise frictions about fairness and market competition in the internal UK market. The consequences for farmers, food supplies, land use, the countryside, and wider rural communities and for us all as food consumers, are largely unknown.

For consumers, so far, food security has not been a problem in the UK and will not become an issue as long as imports are readily available. But importing food, particularly from countries where food and animal standards maybe lower than in the UK, has been, and will remain, a cause for concern. According to the Agriculture Act 2020, the Government has to report on our food security to Parliament every three years (with the first report expected at the end of 2021).

Brexit may well be a ‘once in a life-time opportunity for British farmers’. But, by the same token, it is also a threat to established management practices and farm business. There is no doubt that some, perhaps many, of these practices were best fitted to a poorly conceived and ill-directed CAP, even after successive reforms. But the radical changes envisaged in the emerging UK and regional policies risk making similar mistakes unless we are careful.

CLIMATE CHANGE

Paul Tobin

WHERE WE HAVE COME FROM?

The UK became the first state in the world to create a Climate Change Act back in 2008, with a pioneering commitment that created an independent Climate Change Committee and placed five-yearly [‘carbon budgets’](#) in legislative stone. Occurring just before the global financial crisis, while climate change was at the top of the UK’s political agenda, the Act achieved cross-party support. In the following years, climate change received less Government attention. Investment was [slashed](#) during the austerity agenda of the early-2010s, exemplified by the 2015 [decision](#) to scrap the Zero Carbon Homes policy. To date, the UK has been able to meet its international climate commitments, particularly due to the [replacement](#) of coal in the electricity sector. However, during much of the 2010s, momentum was lost, with no real progress in reducing emissions from buildings or transport.

WHERE WE ARE NOW?

During the mid-to-late 2010s, the UK saw political capacity distracted by Brexit negotiations, not least through the [merger](#) of the Department of Energy and Climate Change with Energy and Industrial Strategy, to make space for the Department for Exiting the European Union. Under Theresa May, the bulk of climate action was symbolic. The UK Parliament followed Scotland and Wales in declaring a [‘climate emergency’](#), followed by similar declarations from local authorities throughout the UK. Theresa May’s 2019 [commitment](#) to become net zero by 2050 represented a tangible commitment, and was legislated before many other major economies. Yet, the UK is currently [underperforming](#) in its pursuit of that goal. In theory, Johnson’s long-awaited 10-point net zero plan should steepen the UK’s emissions reduction trajectory. But is it ambitious enough?

WHERE ARE WE HEADING?

The much-anticipated [10-Point Plan](#), published in November 2020, sought to paint a positive post-Covid-19 picture of climate-friendly economic growth. The wide-ranging proposals featured a variety of priority areas, such as further expansion of offshore wind, investment in new nuclear technologies, and ambitions for the City to become the global centre for green finance. These headline goals were matched by £12bn in Government funds, although only around £3bn [appears](#) to be additional spending.

At first sight, the plan seemed promising. It was broadly [welcomed](#) by environmental campaigners who also highlighted that it was insufficient on its own. For example, Carbon Brief's Simon Evans found that the new measures would only close [55%](#) of the gap to meeting the UK's existing carbon budgets, let alone suffice for the net zero target. The European Green Deal agreed by the EU is more comprehensive, with an upgraded emissions target of a 55% reduction on 1990 levels by 2030 agreed in [December](#). Days earlier though, Johnson had already elevated the UK's 2030 climate commitment from a reduction of around 53-57% to one of [68%](#), compared to a 1990 baseline. The UK's 68% reduction pledge is a signal of leadership in the run-up to hosting November's COP26. However, widespread policy action is needed now to achieve the new goal, not least so that the UK can maintain its commitments to climate action as agreed in the post-Brexit agreement. The EU-UK Trade and Cooperation Agreement makes a commitment to '[high levels of protection](#)' in the fight against climate change, which was a slight surprise following reports that the UK had been [reluctant](#) for climate change to be an 'essential element' of the agreement during negotiations. In this post-Brexit context, then, the UK will need to demonstrate new climate ambition in many areas.

First, the UK needs to support its 10-Point Plan with more funds and more specificity. The £220m committed to [nuclear fusion](#) back in October 2019 and £9m to a [hydrogen research facility](#) in November 2020 show that the UK can invest where it sees potential, but more straightforward solutions to climate change are available. The UK aims to produce 40GW of offshore wind by 2030. From a climate perspective, the entire electricity sector needs to be decarbonised as soon as possible, necessitating a move away from gas as well as coal, which in turn requires a detailed roadmap. The construction of the world's largest [offshore wind project](#) on Dogger Bank is promising but needs to be one action amongst many.

Second, more powers and resources need to be [allocated](#) to the local level after years of austerity, and greater attention paid to maintaining citizen engagement. We saw climate change hit the top of the political agenda in 2008 only to fall away again, and time is running out for such peaks and troughs of interest. One approach that looks to have worked well elsewhere (such as [Ireland](#)) is citizens' assemblies. The UK Parliament has begun to [experiment](#) with this approach, which merits further initiatives as a way of bringing citizens into the decision-making process.

Finally, in November 2021, the UK will co-host with Italy the 26th United Nations '[Conference of the Parties](#)' (COP) on climate change. The event will be the first such conference to be hosted on UK soil, presenting a golden opportunity to establish the UK's post-Brexit climate credentials. Having been delayed due to the pandemic, the UK has enjoyed more time to prepare for a conference that represents the first five-yearly 'ratchet' of ambition since the diplomatically successful but climatically inadequate Paris conference in 2015. There, President Laurent Fabius was an effective orchestrator of collaboration, creating pressure to excel for the UK's choice of President. In January 2020, the UK [replaced](#) its first choice of COP26 President, Claire O'Neill, with Conservative minister Alok Sharma, who favours the expansion of Heathrow airport, despite its climate implications, emphasising the benefits to his Reading West [constituency](#). Moreover, the UK's decision to [cut](#) international development funding is contrary to the facilitation of climate action in economically developing states, which is a key goal following Paris 2015.

All eyes will be on the UK in November this year. If the country wishes to be seen as a leader, it will need to start acting like one, in practice as well as rhetoric.

COMPETITION POLICY

Bruce Lyons & Andreas Stephan

WHERE HAVE WE COME FROM?

Competition law is designed to prevent monopoly type outcomes that harm consumers via higher prices and fewer incentives for firms to innovate or improve service. It works by: (i) prohibiting cartels (where firms enter into a secret conspiracy to raise prices) and other agreements that reduce competition; (ii) by making it illegal for dominant firms (those with a very high share of the market) to abuse their power by preventing other businesses from challenging their monopoly influence or by otherwise harming consumers; (iii) preventing mergers that would otherwise significantly reduce competition in the market, or imposing conditions (such as requiring the merging firms to sell some of their operations), and (iv) investigating markets where competition is not working well.

The European Commission deals with all anti-competitive agreements, conduct by dominant firms, and mergers affecting more than one member state. The UK's Competition and Markets Authority (CMA) and sector regulators applied both EU and domestic rules (which essentially mirrored each other) in cases that principally affected only UK markets. For many years, the CMA had much stronger powers than its European counterparts including, for example, the power to break up firms as part of its market investigations.

WHERE ARE WE NOW?

On 1 January the CMA became responsible for all competition cases that affect UK markets, both domestic and international. One implication is that businesses selling in both the UK and the EU must now contend with two regulatory regimes. The CMA anticipates a 50% increase in the number of merger cases it will have to review and potentially an even greater increase in the number of anticompetitive agreement and abuse of dominance cases. The CMA's track record in terms of the number and speed of non-merger decisions is poor compared with the European Commission and equivalents in other member states. The UK Government has increased its budget from £70m to £90m and allowed it to expand its staff from 640 at the end of March 2018 to 853 a year later, making it a little larger than its Brussels counterpart.

The UK-EU agreement contains an obligation to maintain a competition law regime in relation to anti-competitive agreements, abuse of dominance and anti-competitive mergers. Apart from certain exceptions and caveats relating to specific industries, the agreement contains no detail on how these laws should be designed, or any detailed minimum requirements. Nor is the relevant chapter subject to dispute settlement, which suggests there is little to prevent the UK from diverging from EU rules in this area.

WHERE ARE WE HEADING?

While EU law is likely to remain influential in the UK for some years to come, the interpretation and substance of UK competition laws may diverge from the EU. EU law relies on the case law and guidance of the Court of Justice of the European Union, which will continue to change over time. The UK will no longer be obliged to follow those changes. Additionally, the CMA is no longer a member of the European Competition Network (ECN), which facilitates exchanges of confidential information between EU regulators. The CMA will need to replicate this cooperation through bilateral arrangements and by strengthening agreements it already has in place with competition authorities around the world.

The UK is now free to make changes to its own competition laws. However, fundamental changes are unlikely because of wide international convergence in this area, and because significant divergence would create additional costs for firms wishing to trade in the UK and the EU. A divergence in merger rules could discourage or delay acquisitions that bring investment to the UK.

The scope for change in the short-term therefore lies primarily with how the CMA prioritises its work. Independent of direct ministerial control, it enjoys significant freedom to shape its priorities and focus on industries and practices that are of particular concern to UK citizens. A return to greater Government control — for example by widening the ability of the Secretary of State to intervene on public interest grounds — has been mooted, but appears unlikely for the time being, except in relation to foreign takeovers that threaten national security. So the CMA's priorities are likely to include the ensuring that the Covid-19 pandemic is not used as an opportunity to stifle competition and innovation; digital markets and the growing power of tech giants such as Amazon, Facebook and Google; and consideration of the extent to which competition policy should accommodate non-competition factors such as the environment, or industrial policy.

Digital markets are the subject of considerable debate, which has emphasised the need for international cooperation. The CMA has conducted an internationally influential market study into digital advertising and launched a digital markets taskforce. A Digital Markets Unit will be set up within the CMA to enforce a new code of conduct for dominant platforms (e.g. Google and Facebook).

Consideration of digital markets is further advanced than how to incorporate climate change. This might be feasible in a competition policy framework, but any further dilution of a competition focus (e.g. activist industrial policy) would be challenging because the CMA does not have the authority to balance political priorities. The current narrow scope for public policy interventions involves decision making by the Secretary of State, who takes into account advice from the CMA. A separate new advisory role for the CMA will be to provide technical advice on potential distortions to competition created by devolved regulation within the UK internal market.

Brexit means a significant repatriation of control over how markets are regulated, and an enhanced international role for the CMA. While this is unlikely to result in any significant changes in the core elements of competition policy, the CMA will have a new freedom to interpret the rules and focus enforcement priorities on the areas of greatest importance to the UK.

CONSUMER PROTECTION

Steve Weatherill

WHERE HAVE WE COME FROM?

The EU has a chunky body of legislation addressing the protection of the consumer. It largely comprises harmonising rules designed to provide a common regulatory foundation for the EU's internal market. It stretches from timeshares to package holidays, product liability to credit, roaming charges to food safety, and includes two important measures of general application, the Directive forbidding use of unfair terms in consumer contracts, and the Directive prohibiting use of unfair commercial practices in business-to-consumer transactions. All these measures were implemented by the UK during its time as a member of the EU through a combination of primary and secondary legislation. The current pattern of consumer protection law in the UK is therefore a mix of EU and domestically sourced rules which would be forbiddingly difficult to disentangle, but which provides the starting-point for thinking about reform.

EU action is not confined to legislation. The assumptions underpinning its internal market are consumer-friendly: the beneficiary of the more efficient competitive economy created at the EU level and replacing markets previously fragmented along national lines should be the consumer. So the EU rules which prohibit obstacles to free movement of goods and services between member states are rules from which the consumer is intended to benefit; the EU rules which prohibit anti-competitive practices serve the consumer interest. These rules are generally enforced by the Commission and/or traders relying on EU law in proceedings before national courts, so the consumer is engaged only indirectly. But since 1993, the date proclaimed for the completion of the internal market, the active consumer has enjoyed the right to buy goods anywhere in the EU and bring them home for personal consumption without the need to pay anything to reflect inter-state differences in tax or excise duties. The proliferation of large supermarkets in Northern France, close to the Channel Tunnel, is simply one high-profile consequence of the EU's release of consumer freedom.

WHERE ARE WE NOW?

On 1 January 2021, when the transition period expired, some of this changed immediately, while other matters are now changeable, depending on political preferences.

The immediate changes flow from the fact that no longer do the rules of the EU's internal market govern trade between the UK and the EU27. Shopping in France will still be possible, but not under the conditions enjoyed by the British consumer until the end of 2020. The probable restoration of 'duty free' shopping — whereby a limited amount of goods bought from designated outlets may be imported into the UK without payment of applicable duties - will doubtless be hailed as a boon, but its advantages are minimal when compared with their rights during the period of UK membership of the EU.

More generally, the advantages of frictionless trade within the EU internal market vanished at the beginning of 2021. EU free movement law and competition law bind the EU's 27 member states, but no longer do they bind the UK. Exactly how much friction there will be at the border between the UK and the EU27 depends on a range of legal, political and economic choices, but the bottom line is that there will be more friction than before, and the combination of non-tariff barriers and physical checks will be costly. And just as the benefits of the internal market are ultimately felt by the consumer, so too the costs of leaving the internal market will be felt by the consumer, most conspicuously via higher prices and reduced choice. The UK has also quit the EU's customs union, so reckon too with loss of the advantages secured by the EU's many agreements with third countries. Some have been replaced in whole or in part by agreements struck between the UK and third countries, but not all, and the gaps will affect the UK market generally and the consumer within it in particular. The consumer in the UK is also likely to be affected by the ending of free movement and residence rights of EU nationals in the UK, which will have an impact on established patterns of work and provision of services in sectors such as hospitality, care and agriculture.

WHERE ARE WE HEADING?

Much changed immediately on 1 January 2021, but much did not. The existing pattern whereby UK consumer protection law is composed of a rich plurality of EU-sourced initiatives as well as purely domestic measures endures. What changed on 1 January 2021 was that the pattern became changeable. The rules that exist as a necessary consequence of the UK's membership of the EU became rules which the government of the day is free to alter, extend or discard. EU membership mandated a protected core of consumer protection law in the UK, but from 2021 there is only law open to change pursuant to domestic political fashion. The Trade and Co-operation Agreement struck in late December 2020 engages little with the protection of the consumer. Some specific obligations are accepted by both the EU and the UK as a means to encourage trust in digital trade and in the regulation of air transport, but, in accordance with the overall structure of the Agreement, none of the EU's legislative acquis applies directly to the UK. Moreover the non-regression norms applicable to aspects of labour law and environmental protection do not extend to consumer law. So room for the UK to diverge from EU norms is ensured. That release of regulatory freedom could in principle mean stronger consumer protection just as much as it could mean weaker consumer protection, but in practice, given the current government's political colour, claims that the UK's departure from the EU will not mean a surge of deregulation have consumer lawyers counting their spoons. It is at least possible that the rhetoric of reducing red tape and setting business free from regulatory shackles will in 2021 quickly be deployed to call into question long established techniques of consumer protection in the UK, whether they are EU-sourced or domestic.

CYBER SECURITY

Tim Stevens

WHERE HAVE WE COME FROM?

Recent years have underlined that [cybersecurity](#) — broadly, the protection of computer networks from harm — is a central concern of national policy. From Chinese [cyberespionage](#) and the furore over [Huawei and 5G](#), to Russian [cyber sabotage](#) and [electoral interference](#), and to resurgent [cybercrime](#) during the Covid-19 pandemic, we understand more than ever the critical importance of digital infrastructures to contemporary life. Criminal and strategic cyber actors capitalise on the lack of national borders in global information environments like the Internet.

Alliances and partnerships are therefore critical to maintaining UK cybersecurity, including those with our European neighbours. As a member of the EU, the UK has been integral to developing EU cybersecurity policy over many years, a role from which it has benefited and which it now relinquishes. Brexit will not irrevocably damage either UK or EU cybersecurity, but it will reduce the operational effectiveness of each, introduce uncertainty into a number of areas important to security and policing, and exclude the UK from EU cybersecurity decision-making.

WHERE ARE WE NOW?

Some recent EU cybersecurity measures will remain on the UK's statute books. For instance, the [EU Security of Networks and Information Systems \(NIS\) Directive](#) was transposed into [British law](#) in May 2018 and regulates the cybersecurity readiness of the owners and operators of UK [critical national infrastructure](#). This is a work in progress but [early signs](#) are that firms are responding positively, thereby reducing the overall cyber risk to the UK. Similarly, the [EU General Data Protection Regulation](#) (GDPR), which has done so much to raise the awareness and protection of citizen and consumer data, will [continue](#) to be an important part of the UK data protection landscape.

That said, the UK's cybersecurity posture is mostly independent of EU competences, which is why the Government had '[no ask](#)' during the cybersecurity component of negotiations. The mood music in Whitehall and Westminster has long been ambivalent on the benefit of continued UK-EU cybersecurity cooperation. It will continue to benefit from other strategic partnerships, like the Anglophone intelligence alliance, [the Five Eyes \(FVEY\)](#). The [overlap](#) between cybersecurity and signals intelligence (SIGINT) is substantial and FVEY SIGINT agencies, like UK'S GCHQ, are key conduits for the exchange of [cyber threat intelligence \(CTI\)](#) essential to UK national cybersecurity. For example, the UK's [National Cyber Security Centre \(NCSC\)](#) is part of GCHQ, where much of Britain's cybersecurity experience and sovereign capabilities [reside](#). CTI will also flow between FVEY and European partners like France and the Netherlands through the 'Nine Eyes' arrangement and with the wider SIGINT Seniors Europe (SSEUR) group. Similarly, most EU states are also members of NATO, which has its own cybersecurity [agenda](#) and responsibilities.

WHERE ARE WE HEADING?

Nonetheless, Brexit poses challenges to British and European cybersecurity which were not resolved in the Trade and Cooperation Agreement. For instance, the UK's level of access to EU policing and security databases, essential to fighting cybercrime, will be seriously [diminished](#). Together with the UK's withdrawal from the European Arrest Warrant, post-Brexit cooperation on crime will be '[clunkier, clumsier and more expensive](#)', in the words of the Metropolitan Police Commissioner. UK negotiators' overtures to avoid these eventualities were characterised by Germany as '[impossible demands](#)' the EU could not meet.

This at a time when existing mechanisms are already struggling to cope with cybercrime volume and diversity, a situation exacerbated by the pandemic. British citizens are [more likely](#) to fall victim to cybercrime than any other form of criminal activity and the new arrangement will not improve that situation. So, while the UK will remain a signatory to the [Budapest Convention on Cybercrime](#), Brexit means it will no longer be a formal participant in the transnational cooperation mechanisms it recommends. Both parties, however, have agreed to a new [Security of Information Agreement \(SOIA\)](#) that will facilitate the exchange of classified information as appropriate.

Brexit introduces uncertainty into high-level cybersecurity decision making, as it does in other security fields. The UK has lost its seat on Europol's [management board](#) — which it once [led](#) — and thereby its ability to shape pan-European policing priorities and to lead Europol cybercrime operations. It will also forfeit its position in the [EU Agency for Cybersecurity](#) (ENISA), which plays an important role in improving member states' cybersecurity. Some operational cooperation will persist, not least as the Agreement allows for re-engagement with ENISA, EU-CERT (EU Computer Emergency Response Team) and the [NIS Cooperation Group](#). However, this will be on a mutually consensual basis and the UK will be a 'third country' under these arrangements and excluded from most, if not all, of the EU's strategic cybersecurity decision-making.

The UK is also now a 'rule-taker' on data protection if it wishes to maintain the '[adequacy](#)' under GDPR that UK companies need to share personal data with EU firms and organisations. An interim provision for data exchange has been negotiated but if the UK diverges from it, the arrangement will cease with immediate effect. The UK Government continues to consult on how firms wishing to sell into the EU Digital Single Market should meet the [certification requirements](#) of the EU Cyber Security Act, legislation the UK helped develop.

A recent Harvard [study](#) ranked the UK third — after the US and China — in its index of 30 'comprehensive national cyber powers'. It is doubtless better placed than most countries in terms of national intent, capabilities and partnerships to meet the diverse challenges of cybersecurity. Enthusiastic noises about the UK being '[safer](#)' moving forward are, however, [misplaced](#). There are significant operational and strategic challenges for UK cybersecurity cooperation and information-sharing in the years ahead. The EU is also losing a highly capable member of relevant EU institutions, although it has been [distancing](#) itself from the UK for a while.

The Agreement indicates a lukewarm willingness to cooperate but does little to knit the two parties together functionally. The UK will look to NATO, FVEY and new bi- and multi-lateral relationships for cybersecurity gains, more than to the EU, albeit the participants may often be EU states. The hope in the cybersecurity community is that citizens, firms and national security will not be compromised as a result.

ENERGY

Jim Watson

WHERE WE HAVE COME FROM?

The majority of the energy used in the UK is still supplied by fossil fuels — oil, gas and coal. That has started to change in the last two decades due to increasing evidence about climate change. In the 1990s and early 2000s, UK policy was dominated by a focus on market liberalisation as a way to deliver affordable and reliable energy to citizens. The UK was influential in shaping several waves of energy liberalisation implemented by the EU.

More recently, there has been a fundamental shift in policy priorities. The Climate Change Act 2008 committed the UK to medium — and long-term targets for reducing greenhouse gas emissions. Between 1990 and 2019, UK greenhouse gas emissions fell by 45%. This reduction was mainly due to a shift from coal to gas in the electricity sector, energy efficiency and changes in industrial structure.

These changes have been reinforced by a rapid increase in the deployment of renewable energy technologies. Renewables such as wind and solar now generate around a third of the electricity we use. Whilst the investment in renewables was driven by national policies, the EU was an important influence. The 2009 Renewable Energy Directive gave the UK a very ambitious target of reaching 15% of energy consumption from renewables by 2020. Whilst this target is unlikely to be met, the UK will be much closer to achieving it than [many believed possible when it was agreed](#).

Elsewhere, progress has been much slower. Fossil fuels still dominate in other economic sectors. Emissions from road, rail and air transport have hardly changed in the past decade. Whilst emissions from homes have fallen due to energy efficiency, the UK has done far less to decarbonise heating than some other EU countries such as Sweden.

WHERE WE ARE NOW?

In 2019, the UK became one of the first countries to legislate a target of achieving net-zero greenhouse gas emissions by the middle of this century. This was followed in late 2020 by a [Ten Point Plan for a Green Industrial Revolution](#) and a long awaited [energy White Paper](#). They include more ambitious commitments to reduce emissions across the economy. However, the mechanisms to deliver many of these commitments remain unclear and significant policy gaps remain.

There are two main reasons for this flurry of activity, other than the need to meet domestic targets. First, the Ten Point Plan is part of a broader strategy to stimulate economic recovery from the impacts of Covid-19. Second, the UK Government is keen to demonstrate international leadership and encourage other countries to do more to reduce emissions. In 2021, the UK will be chair of the G7 and, more importantly, co-chair of the international climate change talks in Glasgow.

WHERE ARE WE HEADING?

For the time being, leaving the EU is unlikely to mean any downgrading of ambition on climate change. The UK-EU Agreement includes commitments not to reduce the level of environmental or climate protection. The UK has been one of the more positive voices at the EU table, arguing for more action to reduce emissions. As the more ambitious plan to phase out of petrol and diesel vehicles by 2030 illustrates, there is also some positive competition between the UK and other countries.

However, there are questions about whether the UK's ambitions will be harder to deliver due to Brexit. For example, the decision to bring forward the phase out of petrol and diesel vehicles is partly driven by the increasing maturity of electric vehicles. It is also due to a desire to create more jobs in battery and vehicle manufacture — and to shore up the UK car industry, which could be severely impacted by Brexit.

Brexit could also have an impact on the UK's ability to deliver a larger electricity system that is both low carbon and reliable. To do this, a range of strategies are required — including more international interconnectors with other countries. Current investment plans will double interconnector capacity over the next few years. International trade in electricity and gas will therefore continue to be important — and could increase. However, the UK-EU Agreement does not include details of future trading arrangements, which will be negotiated by April 2022. Northern Ireland will continue to be part of the single electricity market with the Republic of Ireland. In the meantime, there is a risk of an increase in prices for households and businesses.

Leaving the EU will affect the UK's approach to carbon pricing, which will continue to be an important part of the policy mix. The UK pioneered carbon trading in the late 2000s and was instrumental in establishing the EU-wide emissions trading scheme which is still operating today. The Agreement confirms that the UK will implement an independent scheme after Brexit. Whilst the government says this will be more stringent than the European scheme, there are few details. Furthermore, both the UK and EU will need to decide whether to tax imports from countries with less demanding policies to create a level playing field with domestic producers.

Brexit could also impact funding for the innovation and investment that will be required for the energy transition. As with many other sectors, European programmes have been an important source of funding and international research collaboration. Given the pressures on public finances in the UK, important questions remain about whether the UK will be able to invest at the level required — and to enjoy the benefits of international collaboration.

ENVIRONMENT

Charlotte Burns

WHERE HAVE WE COME FROM?

The environment was not a major topic during the Brexit referendum campaign but rapidly gained increased attention in the aftermath of the vote to leave the EU. Environmental campaigners were concerned that outside the EU the UK would be able to weaken environmental standards and would not implement and enforce policy effectively. There were also worries that UK environmental policy would become a political football with standards changing depending upon election outcomes, creating uncertainty for investors and undermining the decarbonisation of the UK economy.

Theresa May's government moved to assuage these concerns by committing to a 'Green Brexit' that would be delivered via, first, a 25-year environment plan for England setting out long term targets. Second, three pieces of legislation to provide legislative underpinning to those commitments and to replace EU frameworks — agriculture, fisheries and the environment. And finally, a legislative commitment to net zero greenhouse gas emissions by 2050.

The 2019 General Election saw exceptionally high levels of concern for environmental issues, and extensive manifesto commitments from all parties. Upon becoming Prime Minister, Boris Johnson promised that his Government would be world-leading in its environmental ambition but for months that commitment took a back seat to the pandemic.

WHERE ARE WE NOW?

The Environment Bill should be adopted by early 2021. It requires the Government to bring forward five-year environmental improvement plans and targets for air quality, water, biodiversity, and resource management. The Environment Minister is also required to prepare a policy statement on environmental principles to inform policy, which is reinforced by the inclusion of environmental principles in the new Free Trade Agreement with the EU

The Environment Bill creates an Office for Environmental Protection (OEP) to oversee implementation and enforcement of policy. The OEP is supposed to be up and running by July 2021, with an interim body in place from January 2021. [Dame Glenys Stacey](#) has been announced as the inaugural chair. One hundred and twenty-two pieces of environmental legislation have been adopted to smooth the end of transition by closing potential legislative loopholes caused by the UK leaving the EU.

In addition, the trade agreement between the EU and UK brings more regulatory certainty by including a principle of non-regression (stipulating that neither side should weaken existing protections either by rolling them back or failing to enforce them) and provides for cooperation over enforcement.

Brexit has also provided the opportunity to rethink agriculture and fisheries as we leave the EU's Common Agriculture and Fisheries Policies (CAP and CFP). The newly adopted Agriculture Act establishes a public money for public goods approach whereby farmers will be paid for providing environmental services (clear water, protecting biodiversity, reducing greenhouse gas emissions). The Fisheries Act commits the government to sustainable fisheries. Consequently, some key protections have been put in place to minimise disruption to environmental protection.

WHERE ARE WE HEADING?

Despite these positive steps towards establishing a domestic system of environmental governance, there are still a number of challenges facing the government.

The Agriculture and Fisheries Acts have both been criticised for lacking environmental ambition. [The National Audit Office](#) review of progress towards achieving the ambition of the 25 year environment plan suggests that for many of the goals there is insufficient expertise and money to deliver on goals and a lack of detail as to how key targets will actually be delivered. There are also on-going [concerns](#) that the OEP will not be sufficiently independent from government.

Moreover, the environment is a devolved policy area — the 25 year environment plan and the Environment Bill are focussed largely on England. This may mean the emergence of diverging approaches and standards across the UK once the EU framework disappears.

The Government has tried to address this issue via Common Frameworks negotiated between the UK nations and the Internal Market Bill, which establishes key principles to ensure that goods and services produced in one of the UK nations can be bought and sold in another. The inclusion of the principle of environmental non-regression in the Free Trade Agreement with the EU will also address the concerns of the devolved nations that Brexit could herald an environmental race to the bottom within the UK.

In a further move to protect the environment, the Prime Minister announced a 10 point plan for a [Green Industrial Revolution](#). A key part of the plan is the creation of 250,000 ‘green’ jobs, many of which are to be located in the North.

However, whilst Mr Johnson’s plan has been broadly welcomed by environmental NGOs, [familiar criticisms](#) have emerged over a lack of detail, and insufficient resources to deliver upon ambitions which have been criticised as too meagre.

Additionally, the vast majority of the Prime Minister’s 10-point plan speaks to the issue of climate rather than wider environmental issues. This emphasis on climate in the plan suggests that the government is less interested in the more mundane, but still important challenges, such as resource management, biodiversity protection and nature recovery.

The investment to underpin the green recovery also falls well short of what is required and compares poorly with our neighbours. The Government has committed £12 billion of investment to create and support green jobs [whereas](#) the French government has committed €30 billion to its green recovery package and Germany €50 billion. Moreover, in the 2020 Spending Review Chancellor Rishi Sunak [committed £27 billion to a roads programme](#), which is not only considerably more than dedicated to green recovery but also potentially undermines the achievement of environmental goals.

The Government has done a lot of work to address the concerns expressed by the environmental sector and to put in place a green Brexit. The on-going public concern about the environment is keeping this topic on the policy agenda. However, if the rhetoric around green Brexit and environmental leadership is to be more than greenwash the Government needs to develop clear delivery plans, joined up targets and provide proper investment.

FINANCIAL SERVICES

Sarah Hall & Martin Heneghan

WHERE HAVE WE COME FROM?

Financial services were conspicuous by their absence through much of the Brexit trade negotiations. This is in marked contrast to their strategic importance in the UK economy. They [contribute](#) 6.9% of total economic output and 3.1% of jobs. They also generate a healthy revenue stream for the Exchequer [contributing](#) 10.5% of total tax receipts in the year to March 2019.

The Single Market was important for UK financial services because it goes much further than is typical of free trade agreements in supporting cross border services trade. Financial services firms based in the UK used this to develop significant EU export markets using passporting arrangements. Passporting allows financial firms registered in the UK to access the Single Market without the need to obtain additional regulatory clearance and licenses in EU member states.

WHERE ARE WE NOW?

Since 1 January 2021, UK financial services firms have essentially been operating under a no trade deal Brexit. They have been reliant on a very limited set of equivalence decisions, rather than passporting, to access the Single Market. These unilateral determinations allow market access for third countries if regulatory standards are deemed equivalent by the EU. They were legally separate from the trade negotiations.

To date, the EU has only granted time limited equivalence decisions for derivatives clearing and settling Irish securities. Without further equivalence decisions, UK financial services will continue to have a more limited single market access than their counterparts in New York and Singapore, for example.

Even those limited equivalence decisions do not offer the permanent access rights of passporting — the EU is able to revoke equivalence with 30 days' notice. As a result, during the trade negotiations a number of financial services firms relocated parts of their UK operations to EU financial centres including Paris, Frankfurt, Amsterdam and Dublin. The rate of future relocations will be shaped significantly by the EU's approach to equivalence decisions in the future — whether they grant equivalence to more services and how stable those decisions prove to be.

WHERE ARE WE HEADING?

Whilst much has been made of securing domestic regulatory control for the UK beyond Brexit, less is known about how the UK proposes to use it. Early indications in the case of financial services can be found in the way the UK is approaching equivalence, for which it is now responsible rather than the EU.

The UK has [adopted](#) an outcomes-based approach, something it proposed during the 2020 trade negotiations but was rejected by the EU. This means that financial services activity can be deemed

equivalent even if specific regulations diverge as long as they achieve a similar outcome. This represents a more flexible interpretation of equivalence than that adopted by the EU, with the aim of promoting London as a global financial centre.

The UK is also seeking to promote a more predictable approach to international market access. In contrast to the EU's 30-day notice period, the UK sees the withdrawal of equivalence as a 'last resort', only to be implemented with more notice in response to issues of financial stability, and usually with an adaptation period.

Rather than focusing on openness, the EU appears to be prioritising the development of its own financial markets, notably capital markets and derivatives trading. However, whilst some member states such as France see clear opportunities from Brexit to develop their financial services sector, for other states, financial services are not a post-Brexit priority.

Beyond equivalence, both parties have committed to ongoing cooperation on matters of financial regulation post Brexit. The framework for this is due to be agreed by March 2021 although this is not unique to the UK. Similar commitments are in place between the EU and the US and Japan, for example. This broad, non-binding commitment to regulatory cooperation is markedly different to the guaranteed single market access UK financial services firms held until 31 December 2020.

It is not clear what the medium- and longer-term implications of this new regulatory landscape will be. If the EU successfully develops financial services capabilities in areas where it has historically relied on London, such as in investment services, the City could face a decline in its relative dominance as a European financial centre. However, the EU has already sought to replicate some of the financial markets that are real strengths of London, notably its capital markets, with only limited success. If this trend continued, it would be more likely that London would develop as an offshore financial services centre for Europe.

There are important policy choices for the UK in this respect. If the UK chooses to diverge in order to facilitate a more internationally open City, the EU is clear that this will limit single market access for UK financial services with fewer positive equivalence decisions being made.

Domestically, a more internationally orientated City raises questions about how it will relate to other economic policy goals being prioritised post Brexit. In some policy areas links, have already been identified. For example Rishi Sunak has [identified](#) global leadership in sustainable finance (related to the Government's commitments on climate change) and financial technology (building on the UK's existing leadership in this areas, particularly in terms of regulation) as areas of priority in the future development of UK financial services.

Sunak has also rightly made clear that the future trajectory of the City is not just a London issue. There are significant clusters of financial services in cities and towns such as Leeds, Manchester, Swindon and Northampton, for example. In Edinburgh, around 10% of jobs are in financial and related professional services. There is scope to extend this regional focus beyond a concern with the regional employment it offers. More effectively using finance to support economic growth through access to capital and investment, for example, will be essential in addressing the UK's persistent regional inequalities. Indeed, further concentration of financial services growth in London and the South-East will pose significant challenges to the government's stated aim to level up the UK economy. It seems likely that this will prove the most stubborn economic policy making challenge facing the UK beyond Brexit.

FISHERIES

Bryce D. Stewart

WHERE HAVE WE COME FROM?

Fisheries became a ‘poster child’ of Brexit, a measure of sovereignty and ‘taking back control’ of our seas. Many in the industry have claimed they got a bad deal when the UK joined the EU and the Common Fisheries Policy (CFP) came into force. Under a system called ‘[Relative Stability](#)’, quotas for shared fish stocks were divided between countries according to patterns of fishing in the 1970s, meaning [approximately half](#) of the fish caught in UK waters were taken by EU vessels. The UK argued for a zonal attachment system for allocating quota shares, based on where adult fish live, which would increase the allocation to British fishermen for certain species. However, the EU didn’t want to budge from the status quo and the UK had to balance its goals against the fact [over half](#) of the fish caught by British boats are exported to the EU, and that rapid and frictionless trade is essential for the survival of many British fishing businesses.

WHERE ARE WE NOW?

The UK now has a [trade deal](#) with the EU, but disagreements over fisheries threatened to derail it. Ultimately, the UK settled for a 25% increase in the value of fish it can take in its Exclusive Economic Zone (EEZ), phased in over a five and half-year period. In return the UK will continue to be able to export seafood to the EU tariff free. British seafood processors and fishermen catching for the export market must be relieved that they will not face tariffs that might have been as high as [23%](#), but they were always more worried about new [non-tariff barriers](#) at the border, such as [extra paperwork](#) and costs, that have come with Brexit.

Industry groups have universally condemned the deal, with the National Federation of Fishermen’s Organisations calling it ‘[Miniscule, marginal, paltry, pathetic](#)’ while the Scottish Fishermen’s Federation said the Brexit deal falls ‘[far short of commitments and promises](#)’. Particularly important for small-scale (under 10 m) British vessels, which make up [over 75%](#) of the fleet but have very little quota, was the hope that the deal would secure an exclusive zone for UK boats within 12 miles of shore. However, much to the [anger](#) of English fishermen, foreign vessels with a track record will continue to have access to the 6 to 12 mile area under a grandfather clause.

WHERE ARE WE HEADING?

After the adjustment period, the UK has the opportunity to enter annual negotiations on quotas and access. However, the trade agreement carries an assumption that the increase in the UK catch share value will not go beyond 25% after 2026. If there is a dispute then either side can reduce reciprocal fishing access and place tariffs on fish imports and on other goods, or ultimately [suspend](#) other parts of the trade and economic partnership. Given the painful experience of the Brexit negotiations, it seems unlikely the UK will risk either tariffs or indeed any threat to the wider agreement.

The Scottish Government has published [an analysis](#) stating that Brexit will leave its fishing industry worse off. However, this only covers demersal fisheries that make up one third of the Scottish industry. The viewpoint of the analysis is that the process of national and international quota swaps (e.g. through the ‘[Hague Preferences](#)’) will be less flexible than previously, but there appears to be no reason why a [similar system](#) couldn’t be reinstated. In fact, the most valuable quota increase secured by Brexit overall is for the western mackerel stock, which is predominately fished for by Scottish boats.

This highlights the question of how the UK quota uplift will be allocated among the devolved nations and to individual vessels. Although this is yet to be officially revealed, [initial analysis](#) suggests that much will be directed to large offshore vessels targeting species such as mackerel (above), and herring, hake and Dover sole in the North Sea. Once again it seems likely that inshore vessels and the coastal communities that they are tightly linked to them will miss out.

What about sustainability? Will the new arrangements undo the recent [good progress](#) achieved by the CFP, or help the UK achieve its [stated aim](#) of ‘a sustainable and profitable seafood sector and... a cleaner, healthier and more productive marine environment’? Having a deal will reduce the risk of unilateral quota setting, which has [threatened](#) the sustainability of other fisheries in the past. The new trade agreement between the UK and EU commits both parties to ensure that fishing activities for shared stocks are environmentally sustainable in the long term, and to restore populations of harvested species above levels that can produce maximum sustainable yield (MSY).

The UK has also passed [a Fisheries Act](#) to prepare for its status as an independent coastal state. This includes encouraging objectives to take an ecosystem based approach to management, and to consider the effects of climate change on both the industry, and how fishing may reduce the resilience of ecosystems in the face of climate change. Furthermore, more control of its territorial waters should enable the UK to both agree and implement more effective [regulations](#) in its offshore marine protected areas. The UK — with the devolved governments — should be able to move faster on this than the EU which has been bogged down in the need to gain consensus from all affected member states.

Although fisheries arrangements between the UK and EU are settled for now, rumblings will no doubt continue into the future. There is a dire need for a more flexible international quota sharing [system](#) that responds to the effects of climate change on fish stock distribution. It is also vital that the UK Government allocates its quota preferentially to vessels that contribute the most to the local economy, and that fish with the lowest environmental impact, as it [committed to](#) in its landmark Fisheries Act.

HEALTH

Ivanka Antova, Mark Flear, Tamara Hervey & Matthew Wood

WHERE HAVE WE COME FROM?

The NHS has been under pressure to reform since its inception. Pressure comes from an aging population; changing disease patterns; new technologies; changing patient expectations (increased desire for choice and decreasing trust in professional advice) and a desire for cost containment. In 2021, there are immediate pressures from Covid-19, and a longer term need to improve health security. All these challenges are exacerbated by the UK's changing relationship with the EU.

As an EU member state, the UK enjoyed competence over many aspects of domestic health policy. NHS organisation and financing was a national competence. The UK could have a separate NHS for England, Scotland, Wales, and Northern Ireland. NHS England could adopt policy measures which opened healthcare service supply to provision by private providers. NHS services commissioning was subject to EU rules on public procurement. NHS staff were subject to EU employment legislation.

Products used within the NHS were subject to EU standards designed to protect consumers, and, in the case of pharmaceuticals or vaccines, to EU rules on clinical trials, licensing, and marketing controls. EU public health law applied in the UK, setting a 'regulatory floor' to secure food safety, air and water quality, and safe waste disposal; as well as some protection from tobacco and obesogenic foods. There was scope for the UK to impose higher taxes and adopt more health-protecting policies.

WHERE ARE WE NOW?

Our [research](#) indicates that any form of Brexit was going to be [bad](#) for the NHS. Most importantly, this is through the impact on the economy, and consequent reduction in available public funds. More specific concerns are workforce; access to medicines and equipment; research collaboration; access to shared health data; and general public health standards.

WHERE ARE WE HEADING?'

The EU-UK Trade and Cooperation Agreement (TCA) means we are in a situation where Great Britain will enjoy the benefits, but suffer the detriments, of being a smaller, but independent, market on the edge of a large trading bloc. This will change how Great Britain is able to respond to health policy reform pressures. In England, in addition to those already mentioned, these include on-going structural NHS reform, under the NHS [Long Term Plan](#), bringing in new 'Integrated Care Systems'.

The NHS in Northern Ireland is different: the [Northern Ireland Protocol](#), and the [Common Travel Area](#) (CTA), keep NI closely integrated with the EU. They mean continuity on the island of Ireland, where the health sector workforce is deeply [integrated](#): most of the non-UK health workforce in NI is Irish. [Staffing and sharing of services](#) across the border on the island will continue. Informal mechanisms, like the professional midwives associations' [Memorandum of Understanding](#) on training and recognition of qualifications, will replace formal EU law.

Regulatory standards for products in NI are [expected](#) to track EU standards, which may help secure ongoing access for pharmaceuticals, devices and medical equipment made for the larger EU market. Ongoing high levels of protection for food standards and other public health matters will be secured on the island. But as both NI and the Republic of Ireland are reliant on supplies of medicines, vaccines, devices, and equipment routed through Great Britain, there is [uncertainty](#) over East/West trade, and ongoing [concern](#) about supply chains. How regulatory checks will be carried out will affect supply, and of course costs. There may also be [impediments](#) to the flow of NI produced products to GB, notwithstanding government commitments.

For Great Britain, NHS staffing, already [threatened](#) by Covid-19, is jeopardized by [new immigration rules](#), immigration policy and atmosphere. EU nationals already working in the NHS at end of 2020 will need to secure [settled status](#). Some specialisms have particularly relied on EU migration in the past. Many posts remain [unfilled](#). The new health care visa [route](#) will help, but does not cover all roles in health and social care. [Retention](#) of existing staff will also be a challenge.

Supply of medicines, vaccines, devices, equipment and consumables is a [serious concern](#). Shortages have become [more common](#) since 2016. There is scant transparency over the detail of government planning for supply under new [post-transition trading rules](#). The Medicines and Healthcare products Regulatory Agency will continue to recognise European Medicines Agency decisions on the safety and efficacy of new medicines until at least 2023. The UK government will implement [new routes](#) for medicines approvals, in theory providing novel treatments more quickly for British patients with currently untreatable diseases. In practice, it is not clear that regulatory flexibility will offset the disincentive from loss of market scale. No mutual recognition of conformity assessment will mean more border checks to secure standards compliance, with inevitable [delays and associated costs](#), borne by the NHS.

The UK is a [world leader](#) in biomedical research. Continued UK-based collaborative biomedical research with European partners will depend on whether the UK maintains access to EU funding streams. EU-funded consortia will no longer allow UK-based researchers to lead [projects](#). The UK has chosen to be [outside](#) the EU's European Early Warning and Response System and joint public procurement processes. Collaboration will depend in practice on whether the EU recognises the [UK's data protection regime](#), where the EU-UK TCA offers a temporary agreement, pending a longer-term decision within 6 months.

The TCA also allows most [cross-border healthcare entitlements](#) to continue, on a different legal footing, and with no private enforcement rights except in domestic law. The retention of an EHIC-equivalent is significant for travellers, especially elderly people who cannot access private health insurance, and those UK nationals who retire to places like Spain, often on health grounds.

EU regulatory standards for tobacco and unhealthy food will [remain](#) in the short term, but can now be changed with little parliamentary oversight. The ability of Scotland or Wales to go further than England is [undermined](#) by the [UK Internal Market Bill](#).

But the two bigger challenges for the NHS are in the short-run recovering from the impact of Covid-19 which — even with the shift to remote consultations for GPs — has seen an [increase](#) in the backlog of hospital appointments; and increasing pressure on mental health, with [particularly acute](#) impacts on children and young people. In the longer-run, unless the government decides otherwise, funding will be squeezed as the economic impacts of Brexit and the TCA feed through.

HIGHER EDUCATION

Simon Marginson

WHERE WE HAVE COME FROM?

UK universities and colleges have long collaborated closely with those in other European states through both education and research. Many shared agendas have been established. Prior to Brexit, UK universities were more deeply committed to cooperating in Europe than was the country as a whole, as shown by the extent of research collaboration, the presence of European academics in UK higher education institutions and the popularity of attendance at UK universities for EU students participating in its Erasmus student exchange programme.

The European jewel in UK higher education's crown has been Horizon Europe, the €80 billion collaborative research programme in which UK research organisations secured the highest volume of grants and led the most projects of any country. Because of the UK's success rate, it normally received back much more than it put into EU research funding.

In recent years, Europe has funded more than 11% of research in the UK. Equally important has been the stimulus of European networks and collaboration. Horizon Europe and its predecessor programmes have been a major source of talent, one reason why prior to Brexit almost half the new academic posts in Russell Group universities were filled by non-UK EU citizens.

Although European research engagement has varied by discipline and institution, it has been crucial in some disciplines - archaeology, which was 38% funded from European grants, law 26 per cent and chemistry 23%. In addition, there are about 140,000 EU students, supported by UK tuition loans, making up six per cent of students. Erasmus has brought continental European students to the UK and supported British students abroad, although inward movement has significantly outnumbered outward movement in most years. Regional UK universities have drawn on European structural funds in modernising their buildings and facilities, and in further support for research.

WHERE ARE WE NOW?

Four years after the Brexit vote, with difficulty UK higher education institutions have adjusted to the expectation that formal ties will be modified or severed. International offices have stepped up recruitment of non-EU overseas students. Research intensive universities have focused on partnerships with individual European universities, research agencies and centres to sustain project activity and facilitate doctoral student and academic staff exchange. Relations forged during EU membership, especially in western Europe, provide a strong basis for continuing in the new era.

Covid-19 has posed a more immediate set of problems. UK universities have managed better than expected. Although the domestic 18-year old population is near the bottom of the demographic curve, acceptances in the 2020-21 academic year were at record levels and the UK is the only major provider of international education where numbers have increased. Although EU student acceptances for 2020-21 were down by five per cent, non-EU overseas student were up seven per cent, mostly in the Russell Group. No university is in financial difficulties at present. Although these outcomes have been difficult to achieve, the pandemic has steeled institutions for the challenges of Brexit.

WHERE WE ARE HEADING?

Academic engagement will continue after Brexit, although with changes in the forms and intensity of activity and a likely reduction in EU citizens entering UK institutions for work and study. The post-Brexit starting position in higher education and research rests in the first instance on the Trade and Co-operation Agreement (TCA). This is a platform for constructively building further collaboration with the EU and with individual member countries.

The agreement notes that UK involvement in the Horizon research programme will continue on a third-party basis, subject to the UK making an adequate financial contribution. Third-party funding means that the UK contributes to the Horizon pot up front and depends on the quality of its research bids to secure the return of that money. Details of the agreement were yet to be published at the time of writing.

Continued participation in Horizon is significant. Although as a non-member state the UK is unlikely to benefit financially in net terms to the extent that it did previously, the ongoing engagement with European networks and talent is crucial.

Prior to Brexit, the UK Government stated if European research funding disappeared altogether, then it would make up any shortfall. It is not clear if this undertaking would apply to any change in resources because of the move to third-party status in Horizon, nor whether it applies to European research funding from other routes, such as structural funds.

Although the UK science community breathed a sigh of relief at the news of the deal on Horizon, there was no such comfort regarding the Erasmus + programme. The UK decided not to accept the proposed terms for seven years in Erasmus as a non-member and will instead develop its own scheme for sending UK students for study periods abroad, not only in Europe but across the world. This has pros and cons: on one hand, the global range is exciting; on the other, there will no longer be European Erasmus students in UK universities.

There will be a reduction of direct engagement with Europe in another area — the number of EU citizen students who enrol in first degrees and Masters programmes in 2021-22. With new EU students moving from home country to full overseas student fees, and without the cushion of tuition loans, a large drop in numbers is inevitable. The intake will partly recover in future and universities are growing their non-EU overseas student numbers to compensate for the drop in Europeans.

The main unknown is the extent to which the UK will continue to attract high quality academic and research talent from Europe after Brexit. Two recent policy changes have helped: the new Global Talent Visa, and the reintroduction of an internationally competitive post-study work visa, which provides overseas graduates time to build a career in UK. However, it may be necessary to introduce an immigration scheme that includes targeted incentives for Europe-origin talent.

IMMIGRATION

Jonathan Portes

WHERE HAVE WE COME FROM

Immigration was a major factor — perhaps the major factor — in the Brexit vote. Over the past two decades, migration from the EU has boosted growth, helped address skill and labour shortages, and benefited the public finances. It also led to rapid population growth in some areas. Against a background of austerity and cuts to public services — and a hostile media and opportunistic politicians looking for convenient scapegoats — it generated significant social and political tensions, which provided much of the impetus behind Brexit.

And the implications of Brexit for migration will have major consequences for the UK economy. Over the last two decades, the UK has become somewhat less integrated with the EU in trade terms, with trade with EU members now accounting for just under half of total UK trade. But migration is different. Over the same 20-year period, the number of UK residents born in an EU member state more than doubled to over 3.6 million (i.e. just over five per cent), and about one in five EU citizens who have migrated within the EU live in the UK.

These statistics reflect a number of factors: the UK's decision to open its labour market to new member states in 2004; its relatively flexible and dynamic labour market (particularly after the eurozone crisis); and, of course, the appeal of London, the status of English as the world language, and the UK's world-class universities. While movement the other way has not expanded as fast, about a million Britons — slightly under two per cent of the population — now live in EU member states.

WHERE ARE WE NOW?

The Brexit referendum marked a turning point; in the year immediately prior to the vote, net migration of EU citizens to the UK reached 200,000. Before the Covid-19 crisis, it had [fallen](#) to perhaps a quarter of that figure, reflecting both economic trends (in particular more buoyant labour markets in some eastern and southern EU member states) and legal and psychological factors relating to uncertainty about the future rights of EU citizens residing in the UK, and the general political and social climate, with the UK no longer considered a hospitable destination for EU migrants. The pandemic has hugely accelerated this trend. Official statistics suggest that more than half a million EU-born people of working age have left the UK since March 2020.

However, it still seems likely that the vast majority of those who have moved here in the last 20 years will remain. The Withdrawal Agreement mandates that EU citizens currently residing in the UK will — regardless of whether there is a deal on the future UK-EU relationship, or not — broadly retain their existing rights. So far, nearly four million EU citizens have registered for the EU Settlement Scheme, suggesting that most want the option of remaining in the UK.

WHERE ARE WE GOING?

From 1 January 2021, new migrants from both EU and non-EU countries (with the exception of Irish citizens, who will retain their existing rights), will need to qualify under the UK's new 'points-based' immigration system. Most of those migrating to the UK to work will need to secure a job requiring skills, and pay salaries above certain thresholds. Those migrating for family reasons must qualify under the UK's existing rules — which are extremely restrictive compared to most EU member states.

The UK's new system will, therefore, represent a significant tightening of controls on EU migration. Migrants coming to work in lower-skilled and paid occupations will in principle no longer be able to gain entry, while those who do qualify will need to pay hefty fees and have their prospective employers apply on their behalf. Even then, they will have, as is the case for non-EU migrants at present, significantly fewer rights (e.g. in accessing the welfare system).

UK citizens seeking to move to the EU will lose their automatic right to reside as EU nationals, and they will be treated as third-country nationals, like other non-EU citizens. Migration of third-country nationals is largely a competence of individual member states, with some minimum standards set at the EU level. That means that it will, in general, be easier for UK citizens to move to Sweden for work purposes than it will be for them to move to Italy, although still considerably harder than it is now for UK citizens moving to either country. It also means that having migrated in the first place, their rights to move between EU countries, or to work across borders, will be severely curtailed.

The UK economy is already in the process of adapting to this new reality, leading to pressures in areas like social care, construction and farming. Nevertheless, Brexit will not mean the end of migration between the UK and EU. Indeed, since the Brexit vote, UK public opinion has become more pro-migration, opening political space for a more liberal policy than appeared likely two years ago. The ousting of Theresa May, the most restrictionist Prime Minister in recent UK history, reinforces this, as does the desire of the devolved administrations, particularly Scotland, to maintain migration flows.

Moreover the pandemic has highlighted the fact that economic value, as measured by market wages, is not necessarily a good reflection of wider social value, as reflected by public opinion. Care workers, bus drivers and supermarket staff all fulfil essential functions, and it is far from obvious that the UK public will support an immigration system that excludes such workers — especially if it means lower quality public services, higher taxes, or both. And while in the short-term unemployment is rising sharply, a post-covid recovery could easily see labour and skill shortages emerging in some sectors that have historically been reliant on migrant workers.

So, while Covid-19 has led to a sharp fall in migration, economics and politics both point towards the UK remaining relatively open to work-related migration over the medium term. This will not mean the continuation nor restoration of free movement which, more than any other single policy, is a totemic symbol of 'taking back control'. But it does mean that the new system will be more open than originally envisaged.

INDUSTRIAL STRATEGY

David Bailey and Phil Tomlinson

WHERE HAVE WE COME FROM?

There is a renewed desire within Government to address the UK's wide spatial imbalances. The new political rhetoric centres on a desire to 'level up' and boost the prosperity of 'left behind' places. In large part this is meant to be achieved through the government's industrial strategy, in which the state plays an active role in the economy, especially with regards to promoting science and technology and shaping markets to improve outcomes.

Industrial policy fell into disfavour in the UK from the 1970s until the global financial crisis when Lord Mandelson resurrected the idea of industrial strategy. He established the Automotive Council and commissioned the Hauser Review to address the UK's poor performance in commercialising science. The latter led to the establishment — under the Coalition government — of the Catapult programme, a network of technology and innovation centres based on the successful German Fraunhofer model. There are now nine Catapult centres ranging from high-value manufacturing to medicines discovery, engaging in over £1 billion of research funding, with over 12,000 industry and 2,260 academic collaborations. Theresa May's 'Industrial Strategy White Paper' (2017) aimed to build on this with ambitious plans to raise the UK's level of research and development expenditure from 1.8% to 3% of GDP by 2025. Combined Authorities (CAs) and Local Economic Partnerships (LEPs) were also tasked with developing 'local industrial strategies' to promote regional growth.

WHERE ARE WE NOW?

Government plans on industrial strategy have been largely derailed by Covid-19, and the prospect now is of rising unemployment following the unprecedented economic downturn. For UK manufacturing, the recent EU-UK Trade and Cooperation Agreement (TCA) offers some relief. Tariffs and quotas will not be applied on goods exports and imports with the UK's biggest market. However, the deal raises significant 'non-tariff barriers' and additional costs for UK business. These include customs delays that will disrupt just-in-time delivery systems, the cost of completing customs declarations and complying with rules of origin requirements and different EU regulations. These will make trade with the EU harder and diminish new investment opportunities. Business investment is already at a low ebb — it flatlined between 2016-2019, before crashing during the pandemic of 2020. Given these unprecedented economic conditions, the big test for Government is whether it can meet the challenge to "build back better".

WHERE ARE WE HEADING?

Many of the challenges — sustainable energy, healthy ageing and education — lie in the so-called 'foundational economy' — sectors that provide the essential goods and services that enable everyday life to function. In so-called 'left behind' regions, foundational sectors are often the bedrock of local economies. There is potential for local industrial strategies, if properly funded, to follow the lead of the Welsh Government which has aligned its innovation policy with national wellbeing goals

on economic, environmental, social and cultural issues to promote these local foundational sectors.

This could generate significant new employment. In June 2020, a Local Government Association report flagged up the prospect of 1.2 million new jobs in such sectors by 2050 if sufficient investment is made. More than half of these jobs are anticipated to arise in the North and other deprived regions of the UK.

There is a particular opportunity around the transition to net zero: the north of England has strong expertise around low-carbon technologies and processes, especially in nuclear and offshore wind. Progress depends on significant investment in low carbon infrastructure — in electric vehicle infrastructure, high-speed broadband and hydrogen technology. Many of these projects can be devolved to local authorities, LEPs and CAs and coordinated via an overarching strategy setting out the direction of travel. ‘Shovel ready’ low-carbon projects could boost local economic recoveries.

In addition, significant skills gaps need to be addressed across the low carbon sector. Local authorities, LEPs and CAs are better placed to play a role with skills providers to diversify into low carbon sectors than centralised skills quangos. Public procurement and demonstrations of low carbon technologies could also boost consumer confidence and enhance ‘take up’.

There is also an opportunity to build on the response to the pandemic which saw domestic manufacturing step up to produce healthcare products such as PPE and ventilators. Targeted procurement strategies could support ‘re-shoring’ some production with benefits for carbon emissions and supply chain resilience.

Similarly, healthcare innovation offers new opportunities, especially in the development of digital health apps, health monitoring and utilising artificial intelligence to help address the challenge of an ageing population. Again, this will require significant investment, especially given big issues in ‘digital divides’ in terms of digital accessibility and broadband speeds.

More widely, local industrial strategies could focus on building regionally focused research and development, rebuilding supply chains (e.g. through reshoring), cutting carbon emission and meeting new skill needs, especially in the context of ‘Industry 4.0’ creating and destroying many jobs. These will need to build on existing regional capabilities and specialisms while linking to new emerging technologies. This means working with local businesses to identify the best opportunities and projects to support, and with employers to co-develop curricula and training tailored to local demands. It also involves carefully crafting a holistic set of policies (to boost skills, innovation, technology adoption, and providing finance) that are targeted at specific industrial sectors to build competitiveness in new areas. This may allow struggling sectors such as aerospace to orientate to the opportunities that lie ahead in developing low carbon technologies.

Last but not least, universities need to step up and play a bigger role as regional ‘anchors’. Many universities played a significant local role in the Covid-19 response, often producing and donating large amounts of PPE, undertaking tests and providing free accommodation for healthcare staff. Yet, for too long, UK universities have focused too much on their global reputations, with much less regard to their impact in their host regions. Universities need to become better neighbours in collaborating with other local anchors to deliver inclusive local growth.

MANUFACTURING

David Bailey & Ivan Rajic

WHERE HAVE WE COME FROM?

It has been a turbulent few years for UK manufacturing. Investment stalled in the wake of the 2016 referendum as major multinationals held off investing in the UK given uncertainty over the future trade relationship with the EU.

Taking automotive as an example, the last two years have been a rollercoaster, with firms like Jaguar Land Rover shedding thousands of jobs on the back a ‘triple whammy’ of declining sales in China, a massive shift away from diesels across Europe and Brexit uncertainty slowing the UK market and investment. Similarly, Honda confirmed it would shut its Swindon plant and Ford its Bridgend plant. Meanwhile Nissan reversed its decisions to build models at Sunderland and Tesla invested in Germany rather than the UK, citing Brexit uncertainty. That was even before Covid-19.

When Covid-19 hit, manufacturers in sectors like automotive and aerospace pretty much shut down given a collapse in demand, supply chain disruption, and to keep workers safe. The aerospace maker Rolls Royce announced major job cuts as aerospace orders and servicing dried up.

As assemblers shut down, orders for component manufacturers dwindled and there was a cascade effect on the supply chain. The Government’s furlough scheme helped keep many workers in place, but gaps in financial support meant that many medium sized manufacturing firms struggled to access funding.

WHERE ARE WE NOW?

While larger manufacturers were able to build stocks and make plans to cushion themselves against possible post-Brexit disruption, many small and medium sized enterprises have not been able to do so and are now cash strapped.

Yet UK manufacturing growth [picked up](#) towards the end of 2020, partly boosted by economies reopening following lockdowns earlier in the year, along with a Brexit stockpiling effort. This was concentrated in manufacturing firms supplying other firms and in investment goods. At the same time, consumer goods production remained weak owing to low levels of confidence and rising unemployment. And it’s not clear whether the sector’s upturn can be continued into 2021, once the temporary boost from Brexit stockpiling wares off.

The end of 2020 saw lorries snarled up in traffic jams at ports, in part because of efforts to stockpile goods and parts ahead of the end of year. The port of Calais and Eurotunnel struggled to cope with the flow of traffic and car-maker Honda had to suspend car production at its Swindon plant as its finely grained ‘just-in-time’ supply chain became stuck in the jam.

WHERE ARE WE HEADED?

Manufacturing has welcomed the trade deal as it has avoided tariffs and quotas, subject to complying with [Rules of Origin](#). It is hoped that the deal now gives a green light to major investments in the UK that had been stalled amidst Brexit uncertainty.

But — and this is a big but — this is still a thin deal with major implications and costs for UK manufacturing. There are many ways in which UK [manufacturing is deeply intertwined](#) with the EU through complex supply chains. Customs checks, for example, are likely to introduce delays at the UK-EU border, adding to costs and disrupting tightly interwoven supply chains. Aerospace, pharmaceuticals and automotive will be especially affected, with aero and auto still recovering from the impact of Covid-19.

And despite Boris Johnson [claiming](#) that the deal ensures “no non-tariff barriers”, this is clearly not the case. Such barriers will be quite substantial. For instance, estimates of the additional costs for UK businesses of filling out import and export declarations range from [£7.5 billion](#) to [£15 billion](#) per year. And that’s before we get to complying with rules of origin rules.

And even with the trade deal, manufacturers will want clarity on a range of areas going forward. Think of data protection after Brexit, data sharing within the chemicals sector, and whether various UK regulatory agencies will be set up on time to take over work from their EU counterparts.

The chemicals sector has expressed relief that the trade deal has avoided tariffs in the sector, but is [concerned](#) over the uncertainty around what regulatory framework will be adopted after Brexit, when the UK leaves the EU’s chemical regulatory framework (‘REACH’).

While the UK Government highlights possible regulatory divergence as a benefit of Brexit, industry sees it very much as a cost given that it has invested heavily in the complying with the current framework. A specific chemicals Annex to the deal was short and failed to secure access for British firms and authorities to the REACH database, in turn suggesting duplication of work and a big bill (in the hundreds of millions of euros at least) in setting up the new UK regime.

Overall, UK manufacturing will [welcome the deal](#) in as far as it goes — after all a thin deal really is better than no deal for the sector. Nevertheless, the UK will still need to consider various industrial policy measures to both mitigate the negative impacts of Brexit and to support UK manufacturing.

This could include more collaborative working between government and industry; better integrating policies on skills, innovation and finance; bringing together support for specific technologies, sectors and places — in so doing transferring more power to the UK’s regions and devolved institutions; and in particular helping firms take advantage of new technologies that are part of what is termed ‘[Industry 4.0](#)’. The latter highlights the need for much better training and retraining to reskill workers as manufacturing and the wider economy changes.

This would require something of a ‘policy reset’ moment by the UK Government, with a need to invest more into an industrial policy.

The bottom line is that the deal will still make trade with the EU more difficult, impacting negatively on UK manufacturing. A more supportive policy for manufacturing is likely to be needed going forward to help compensate manufacturing for some of the extra costs it will face.

RESEARCH, DEVELOPMENT & INNOVATION

Matt Flinders

WHERE HAVE WE COME FROM?

Research, development and innovation (RDI) is concerned with funding, supporting and nurturing the creation and utilisation of knowledge in ways that provide economic, technological and social benefits. It therefore represents a complex landscape involving universities, research institutes, charities and private sector research organisations. A successful RDI system provides the basic foundations for jobs, productivity and public services.

The UK can point to achievements as a global RDI leader, in terms of research publishing productivity, number of world-ranked research universities, position on [global innovation rankings](#), and so on. Post-Brexit the UK may well be '[free to do things differently, and if necessary better, than our friends in the EU](#)' as the Prime Minister has suggested but it will also bring fresh challenges.

WHERE WE ARE NOW?

Successive governments have attempted to address longstanding weaknesses in the UK's RDI architecture. The [Allas Report](#) provided a detailed summary of the UK's historical strengths and weaknesses and flowed into the government's '[Fixing the Foundations](#)' paper of July 2015. Investment followed with the 2016 Autumn statement announcing a £4.7 billion RDI boost (which flowed into the May 2017 [Industrial Strategy Challenge Fund](#)). In November 2017, government committed to boosting spending on research and development to 2.4% of GDP by 2027 (and to increase public funding for R&D to £22 billion per year by 2024-2025).

Structural reform was also undertaken with the Higher Education and Research Act 2017 establishing UKRI and the [Industrial Strategy](#) of November that year seeking to make Britain 'Fit for the Future' by harnessing RDI around a number of 'Grand Challenges'. The '[Research and Development Roadmap](#)', published in July 2020 then sought to outline how the UK would seek to evolve and adapt in a post-Brexit landscape. The likely nature of that landscape took a positive if somewhat last minute turn on the 24 December 2020 when it was announced that as part of the [agreement reached between the UK and the EU](#), the UK would secure 'associate status' to [Horizon Europe](#). This will give UK-based researchers and businesses access to funding under the €85bn seven-year initiative.

WHERE WE ARE HEADING?

Although the potential post-Brexit '[cliff edge](#)' appears to have been averted in relation to Horizon Europe, if the UK is to fulfil the Prime Minister's New Year wish to '[turbocharge our ambition to be a science superpower](#)' there are at least five challenges it needs to address.

First, to develop a clearer RDI strategy that injects creative innovation into thinking about what research and development looks like or, more precisely, how research findings are translated and

disseminated to potential research-users in order to drive economic growth and social impact. The key to creativity in this space is thinking about the creation of new platforms that span and unite researchers with research-users, and also about bringing potential research-users into the scientific process itself through forms of co-design and co-production. So far, the Government has not provided a clear sense of direction and while the November Spending Review committed nearly £15 billion to RDI in 2021-22 there are question marks over whether the long-term ambition will be delivered. The future of new funding agency to deliver high-risk, high reward — broadly modelled on the United States' Advanced Research Projects Agency — provides a case in point: £50m of its suggested £800m budget was included in the Chancellor's November statement but without any real clarity about what this agency is going to do, how, why or when.

Second, the [specific details](#) surrounding the UK's 'associated' status with Horizon Europe still need to be agreed. UK researchers will not be able to participate in the programme until this happens. Looking beyond the detail, although the UK remains a participant in the world's largest research programme it does so from a diminished position without a seat at the top table when decisions about focus and distribution are being made. There are, of course, opportunities to forge new international research relations beyond the EU. Questions remain, however, over the time it will take not only to establish new deals but also for these links to mature and flourish, and also whether the UK will remain an attractive destination for global talent in a post-Brexit context.

Third, there is a need to address concerns around research culture. The Wellcome Trust's '[What researchers think about the Culture they work in](#)' report of January 2020 laid bare the existence of a toxic research culture in the UK that sapped the energy and confidence of staff instead of supporting innovation and ambition. They pointed to valuing quantity over quality of publications, emphasising self-interested over collaborative behaviour and an insecure working environment.

Fourth, promoting risk taking. In October 2020 the Minister for Science noted that the 'The REF [research excellence framework] ruleset, implemented [in a very risk-averse way](#), has become the default tool for many university leaders to effect institutional change'. The REF is being reviewed again — and that review offers a chance to address not just the process itself but the way it has been used by research-focused universities as a performance management tool which tends to prevent the mobility of people, ideas and talent across traditional disciplinary, organisational and professional boundaries. This emphasis on mobility is arguably the defining feature of a successful RDI endeavour.

Finally, [investing in research leadership](#). The UK is notoriously ill-prepared, arguably even amateurish, when it comes to talent management and investing in people in RDI. While other parts of the public sector have invested in building collaborative leadership skills that span traditional structures and seek to equip staff with a dynamic skill-set, similar initiatives within the RDI sector are relatively rare. Within higher education in particular, an over-emphasis on research grant income and peer reviewed publications creates powerful disincentives against investing time and energy in leading complex research teams, working on high-risk projects that might fail, or spending time learning about research cultures in non-academic contexts. The UKRI Future Leaders Fellowship represents an important step towards thinking more professionally and strategically about the skills of research leadership and how they might be nurtured, but far more will have to be done if the UK is to realise its ambition to enhance its global RDI standing.

SOCIAL CARE

Jill Manthorpe

WHERE HAVE WE COME FROM?

2020 will stand out as an ‘annus horribilis’ in social care. Not only did Covid-19 sweep through care homes killing many older people, it killed other disabled people receiving care at home, and many working in social care.

Such a perfect storm would destabilise any sector, but social care in England was already precarious. Huge workforce vacancies, high staff turnover, limited technology, lack of NHS support, inability to operate profitably or to break even, and fragmentation, have long haunted this largely privately-provided sector.

Promises to reform adult social care were wearing thin (after all there have been 17 social care funding reform white and green papers, and official reviews since the millennium), with a chorus of concern from pressure groups, commentators and [politicians](#) that ‘something’ needed to be done.

A few ‘sticking plaster’ efforts (e.g. the Better Care Fund) have added some extra money here and there, but less than needed to compensate for austerity, growing demand, population growth and survival, minimum wage rises, and NHS concentrations on acute care.

Older people and carers are now [reporting](#) ‘excess’ disability from limited social activity and contact (meaning that needs are further increasing). Even before Covid-19 the sector was frequently described as being in crisis or at the point of market failure.

WHERE ARE WE NOW?

We have been living in the land of promises to ‘fix’ social care (the latest in the 2020 Treasury [Spending Review](#)). Talk of a policy ‘window’ from Covid-19, meaning that things might be done opportunistically, could seem cynical but may provide the final stimulus.

In social care, Brexit-related debate centres around immigration. EU workers have helped sustain the sector over recent years, particularly in London and the South. In preparation for Brexit, the UK adopted a points-based immigration system on 1 January 2021 but made no exemptions for frontline social care jobs. This despite the sector (in the form of the Cavendish Coalition and others) arguing that occupations which provide a ‘high public value’ should include low paid care workers. Whether unemployment in other sectors following the pandemic will compensate for fewer EU workers is unknown. The sector has been reporting greater interest in its jobs — although this is not always translating into footfall. Further optimism comes from increasing applications for nursing programmes which may signal greater interest in doing work that is worthwhile, but the better terms and conditions offered by the NHS will be far more attractive than social care, where wages are often lower than those paid by supermarkets.

WHERE ARE WE HEADING?

The roll-out of coronavirus vaccines is helping the care sector to sustain its provision and morale with an expert [prediction](#) that care home occupancy will be back to pre-Covid-19 levels at the end of 2021. Confidence in care may increase, so helping this part of the sector to balance its books by filling places and holding on to staff. The sector, previously often seen as uncaring, may also have acquired an improved image. Politicians may have the time, commitment, and courage to deliver on the promised reforms of social care, seeing Covid-19 as opening that policy window.

In the myriad reports about social care, there is general consensus that the key decisions are about money: the pot (size of), the purse (who will pay), the timing ('pay as you go' or use care, or mortgaging the future, aka getting the kids to pay), the rules (competition and/or subsidy) and how (splitting responsibility between individuals and taxation).

All this means not just one decision but several. Just two illustrate their complexity. First, the care sector gets buffeted by other parts of the public sector, especially from pressures inside the NHS that affect what gets defined as 'care'. Living up to the promises in the Care Act 2014 that local councils should play a part in 'shaping the local care market' would be easier if NHS funding could be used. Post-Covid-19 movement of NHS funds may not be so feasible as little might be left in NHS coffers.

Second, agreeing a 'cap' (a limit on the cumulative amount people have to pay for care before the state picks up the cost) to assuage property owners' or inheritors' fears of 'catastrophic costs' (whereby savings are depleted) may be popular in many circles. But it is not progressive and won't add extra money. Setting a 'cap' is likely, but there will be a real risk of over-promising and so disappointment. There seems little appetite for individual private insurance schemes unless they are secure and credible. A more radical approach may now be more acceptable; whether this is a form of national insurance, taxation, reallocation of some social security awards, extending co-payment, further managing the market or renegotiating 'free' entitlements, in combination or in part. Winners certainly, but losers too. And does any of that sound simple?

Such proposals often have care homes in mind. But why not shift from care homes to address care at home? It is here that most people with needs for care live and want to stay. And care at home is also provided by family members — often at great personal and financial cost — so their voices need to be heard. Policy makers and the public also tend to forget that much publicly funded social care is for younger disabled adults; and ideas of insurance and co-payments are less viable here. Many of them are employers of their own care workers, complicating further the care labour market, and have a lot to say about their lives and how good support matters. As indeed it does or will to us all.

DISCLAIMER

The views expressed in this publication are those of the author and not necessarily those of the National Institute for Health Research (NIHR), the NHS, or the Department of Health and Social Care.

STATE AID CONTROL

Bruce Lyons & Andreas Stephan

WHERE HAVE WE COME FROM?

State aid arises when a public authority confers any advantage to businesses (e.g. a subsidy, tax break or loan) on a selective basis, that is not on commercial terms and may affect cross-border trade or investment. Foreign firms are disadvantaged if state aid attracts international investment that would otherwise have gone elsewhere, or allows the subsidised firm to invest more, or to remain in business when it would otherwise close down. EU policy aims to limit the subsidy (non-commercial terms) element to where it is justifiable and does not distort competition. Key principles are that a subsidy must address a specific public policy objective (market failure or economic equity), must be proportionate, and the benefits must outweigh any negative effects on firms in other member states.

By limiting a firm's incentive to lobby politicians for subsidies, state aid control encourages management to focus on business efficiency, innovation and serving customers. It also prevents damaging subsidy wars between governments trying to attract investment. The UK has been a beneficiary of EU rules, because successive governments have made little use of subsidies, and enforcement has focused on other member states, to the benefit of UK businesses.

WHERE ARE WE NOW?

From 1 January 2021, the UK was no longer formally subject to the EU's State Aid regime. However, the EU-UK Trade and Cooperation Agreement (TCA) includes detailed provisions on subsidy control, which mirror the key principles of the EU State Aid rules. It goes well beyond the WTO rules on subsidies proposed initially by the UK government, and anything contained in the free trade agreements the EU has entered into with Canada or Japan.

However, the UK has avoided any oversight by the Court of Justice of the European Union and the UK will not be required to replicate the EU's system of ex ante notification and clearance of state aid. Instead, the UK is required to establish an independent authority 'with an appropriate role in its subsidy control regime' and to publish the outline details of subsidies on an official website, alongside a justification in terms of the key principles. Potentially disadvantaged firms can challenge the legality of the subsidy in a UK court or tribunal. The UK and EU will be able to intervene in each other's proceedings as a third party. A Specialised Committee on the Level Playing Field will be available to help resolve disputes informally. However, if either side still feels aggrieved, they may unilaterally and rapidly take remedial measures (e.g. impose tariffs) in advance of a binding arbitration tribunal that is to be set up to ensure the overall TCA is enforced.

Article 10 of the Northern Ireland Protocol means that EU State Aid rules fully apply to the UK in relation to measures that have an actual or potential effect on trade in goods (not services) between Northern Ireland and the EU. This is important in avoiding a hard border and allowing the continued movement of goods (and electricity) on the island of Ireland.

WHERE ARE WE HEADING?

Legislation is urgently needed to set out the detail of the UK subsidy control regime, appoint the independent authority and specify its ‘appropriate role’. The authority is likely to be the Competition and Markets Authority, which has a trusted reputation in Brussels and already has a new role in relation to monitoring the UK internal market. Key issues to be resolved include whether the ‘appropriate role’ will include the politically-sensitive power effectively to overrule a minister granting aid (which is the power given to the European Commission for aid granted by member states), and the scope of claims that can be brought by interested parties (such as rival firms to the recipient of aid that operate in the UK) and of remedies including when affected parties will be able to recover damages. The Competition Appeals Tribunal would be a natural choice for reviewing the authority’s decisions and hearing claims from interested parties.

The UK’s original negotiating position was to revert to WTO rules on subsidies, as in most free trade agreements. The final agreement differs in two important respects: first, services are included in TCA subsidy control while they are excluded in WTO rules. This may be to the UK’s disadvantage, as services are barely covered by the TCA despite their importance to its economy, but it may also facilitate bilateral agreements on services in the future. Second, the TCA provides the opportunity for complaints by interested parties, and for unlawful state aid to be paid back, neither of which is possible under WTO rules which only allows state level retaliation (e.g. targeted tariffs).

The agreement also goes some way to addressing the uncertainty created by the Northern Ireland Protocol. Absent a UK subsidies regime that is broadly equivalent to that of the EU, it is likely that Article 10 would have allowed de facto EU state aid regulation of all UK subsidies (because aid granted in Great Britain is likely to have some effect on trade with Northern Ireland). The agreement leaves unresolved how to prevent devolved subsidies distorting competition within the UK’s internal market.

The UK administration has said that it does not want to bail out unsustainable companies, but it does want the [flexibility](#) ‘to intervene to protect jobs and to support new and emerging industries’. The Agreement contains plenty of scope for justifiable and proportionate interventions on public policy grounds — but little more than was possible when the UK was a member state. Successive UK administrations chose not to use that flexibility while in the EU, but the political appetite for industrial subsidies may be changing.

WELFARE

Dan Wincott

WHERE HAVE WE COME FROM?

Britain long entertained a myth of global welfare state leadership. The reality was less glorious: Britain's welfare state remained radically incomplete, functionally fragmented and territorially uneven. Even so, the myth itself became a focus for what nationalism researchers call '[imagined community](#)'. After Empire slipped away, during the 1960s the welfare state became a bedrock of national self-imagination. Never fully realised and rarely more than parsimonious, the welfare state nonetheless encompassed broad aspirations across social security, various services and different levels of government. By now the wide-ranging egalitarian welfare state image has faded. For policymakers today 'welfare' means transfer payments. Being '[on welfare](#)' now signifies dependency, not citizenship.

If British national solidarity is no longer focused on the cradle to grave welfare state, the National Health Service remains symbolically potent. It provides the UK's most powerful marker of imagined community — think of the 2012 London Olympics' opening ceremony. The reality is, of course, that the health care is devolved and, even in England, closely related services including social care are in the hands of local authorities, charities and the private sector.

The last decade has seen welfare benefits — still largely provided UK-wide — at the sharp end of austerity. They faced significant cuts, while undergoing the radical reform of Universal Credit. Austerity also hit local government hard. The UK nations' treatment of expensive flagship public services — education and health — diverged as the four central governments took distinctive approaches.

A new welfare nationalism also emerged. Migrants' access to social benefits and strained public services was criticized as much too easy, even as encouraging 'welfare tourism'. The UK benefit system is distinctive with no significant contributory principle. It also used tax credits to top up low pay. Ironically, the system's increasingly residual and comparatively parsimonious character may have added to 'welfare-tourism' anxieties. Though economically reliant on migrants — including health and social care workers — David Cameron's 2016 renegotiation of UK membership terms concentrated limiting access to benefits, both to reduce costs and weaken a perceived pull factor.

WHERE ARE WE NOW?

British welfare nationalism animated Vote Leave's 2016 campaign. Placing 'our NHS' at the campaign's heart, it argued for redirection of the UK's EU contributions to relieving austerity for health. Reflecting this priority, before leaving Downing Street Theresa May announced a [long-term funding plan](#) for the English NHS. Recruiting more nurses was a rare concrete pledge in the Conservative 2019 manifesto.

Medical care was, naturally enough, pivotal during the pandemic. Governments' general Covid-19 communication strategies also came to be hung around the NHS, reflecting and further reinforcing its symbolic power, 'Protect the NHS' was the shared core Covid-19 policy slogan for UK and devolved Governments. As restrictions were eased, though, early coordination gave way to divergence.

In England, ministers repeatedly chose private contractors over public provision, including for Covid-19

contact-tracing. Devolved governments made different choices. Unlike Scotland or Northern Ireland, the Welsh Government chose to share England's 'NHS Covid-19' app. But even in Wales contact-tracing was built around local authorities and the NHS, not private contractors.

Ministers again promised a plan to reform social care. Covid-19 has laid bare weaknesses in the care sector weakness, while Brexit may dry up access to its EU workforce. No new plan has been forthcoming as yet.

In a pandemic emergency, control of state finance is key: in the UK that still means the Treasury. Its pandemic labour market support schemes are unprecedentedly generous. Equally, the Treasury been criticized by northern English mayors and devolved First Ministers for favouring London and the South-East. The pandemic has also exposed welfare system weaknesses: low Universal Credit rates (even with the £20 top up) and meagre [Statutory Sick Pay](#) may have undermined the effectiveness of test, trace and isolation policies.

WHERE ARE WE HEADING?

Covid-19 put social policy at the heart of political debate. It has ramped up pressure for change — especially in social care. But the pandemic hardly offers answers. Rather, it underscores longstanding issues about social policy coverage, functional fragmentation and institutional incoherence across the UK and in each of its nations.

There is little sign of an appetite to work through long, sustained, detailed and difficult processes of institutional reform or social policy development they need. Each facet of social policy faces deep interconnected challenges. From increasing transfer benefit generosity to health and social care, most new options also have significant costs.

The NHS adapted quickly to Covid-19. New field hospitals were thrown up in weeks. GPs moved many services online. Yet longer-term questions remain largely undebated. How should services be organised, both for resilience against unexpected future pandemics and other threats or to cope with the known challenges of an aging population?

Particularly in England, health and social services are poorly integrated. Each operates separately across a bewildering variety of territorial boundaries. Social care mixes local authority, voluntary and commercial provision. Demand for care — and pressure on the sector — continues to grow. Will ministers finally grasp the nettle of reform?

Not just for the Celtic nations, devolution also poses challenges in England and across the UK. Social policies criss-cross reserved and devolved policy boundaries. Relations between central and the devolved governments have deteriorated, trust weakened by Brexit processes. Northern mayors in England criticized the PM's Covid-19 strategy, driven, they think, by the needs of London and the southeast.

Some see Covid-19 as a chance to (re)build sustainable institutions of solidarity. Every area that touches on social policy faces deep challenges. If individual policy solutions are tricky, fixing the whole system(s) is much harder. From the NHS, social care and local government to benefits and transfers, problems abound. Turning from policy to identity makes matters trickier — not only due to devolution. Although the NHS remains a potent symbol, it is hard to see how a new UK 'imagined community' could be crafted. The prospects for an integrated approach to social policy seem poor. Whether for the whole state or its constituent nations, we have yet to see serious proposals equal to these mammoth tasks.



PUBLIC OPINION

BREXIT

Sara B. Hobolt & James Tilley

WHERE HAVE WE COME FROM?

Few would disagree that the 2016 EU referendum left the country deeply divided. The four years of domestic political wrangling that followed — which resulted in two general elections and two new Conservative prime ministers — has done little to heal those divisions and bring people together. If anything, research has shown that the rift between ‘Leavers’ and ‘Remainers’ has solidified as new [political identities](#) have formed. These [Brexit identities](#) have been [shown](#) to be more strongly held than traditional party identities. As Remainers and Leavers divide the world into ‘us’ and ‘them’, viewing each other with suspicion and dislike, this has led to so-called [‘affective polarization’](#) along Brexit lines.

By the time of the 2019 General Election, over half the electorate still saw Brexit as one of the two [‘most important issues’](#) facing the nation, and there was little sign of the fervour of the Brexit debate abating. Indeed, part of the reason for the Conservatives’ victory was Boris Johnson’s promise to [‘get Brexit done’](#) and bring the country together’. What no one could have predicted then was that it was a global pandemic that would take Brexit off the front pages and, for a while at least, bring the nation together.

As the coronavirus spread across Europe last February, Brexit declined in salience. When the magnitude of the public health crisis became apparent, the population rallied behind the Government. [Government approval](#) rates reached 52% in March 2020, up from just 10% in June 2019. Yet this popularity was short-lived: by September, disapproval rates were about 50%, with approval below 30%. Much of this decline was driven by the Government’s perceived [poor handling](#) of the coronavirus pandemic. But the delay in getting a trade deal with the EU also left its mark. By November, more than half of those asked said that the Government’s handling of [the Brexit negotiations](#) was going badly.

WHERE ARE WE NOW?

The news of a Brexit deal on Christmas Eve led to a rise in the number of people who think the Government has handled Brexit well (from 24% to 37%), yet a majority still think Brexit has been handled [badly](#). When it comes to the trade deal itself, most people are still [largely undecided](#), with 17% thinking it is a good deal, 21% that it is a bad deal and the rest expressing no firm opinion. A majority, however, [supported MPs passing the deal](#), with just 15% thinking they should have voted against. This may be due to the public’s aversion to a ‘no deal’ outcome: just before the deal was agreed, 48% thought leaving the transition period without a deal would be [‘bad’](#) for Britain, against just 15% who thought it would be ‘good’ for the country.

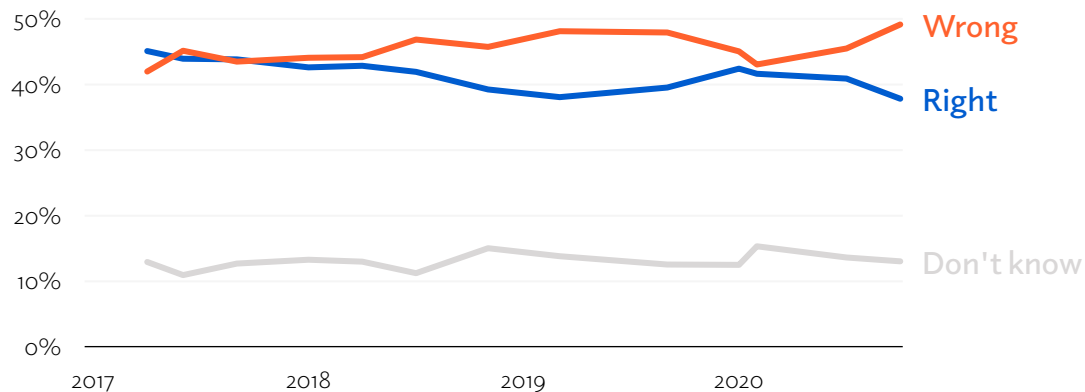
Despite the deal, the basic divisions over Brexit are still with us. The country continues to be fairly evenly split over the question of EU membership. The proportion of people who think it was wrong for Britain to vote to leave has grown again in recent months, however, reaching a record-high Remain lead of 11% towards the end of the year. Yet while this suggests that Remainers are unconvinced that

Brexit will be a success, it does not necessarily illustrate any lessening of conviction on the other side. The majority of changes in sentiment on this question are driven by those who did not, or were not able to, vote in 2016.

More people now think Brexit was a mistake

"In hindsight, do you think Britain was right or wrong to vote to leave the EU?"

UK IN A
CHANGING
EUROPE



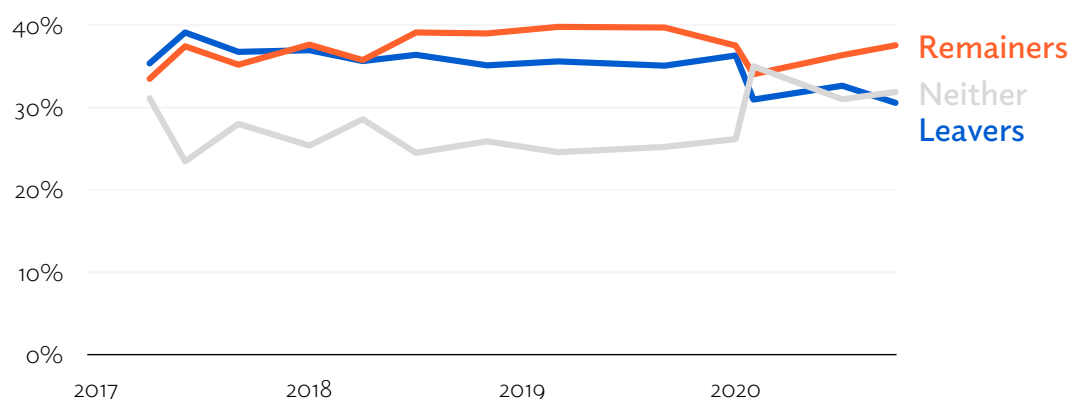
Source: YouGov tracker survey (Hobolt and Tilley).

Crucially, the identities that were formed in the run-up to, and aftermath of, the Brexit referendum have yet to dissipate. As figure below shows, over two-thirds of people still identify as either a Leaver or a Remainer. While the number of non-identifiers rose a little in 2020, large numbers of people are still happy to call themselves a Remainer or Leaver. Measures of identity strength also show very little decline, especially for those who voted in 2016.

'Leaver' and 'Remainer' identities remain strong

"Do you think of yourself as a Leaver or a Remainer, or neither?"

UK IN A
CHANGING
EUROPE



Source: YouGov tracker survey (Hobolt and Tilley).

Brexit identities have thus remained remarkably resilient. One reason for this is that the current Brexit divide has [deep roots](#), probably emanating from decades of educational expansion and rising ethnic heterogeneity. This has led to a values gap between relatively well defined social groups over Europe, immigration, national identity and multiculturalism. The referendum itself polarised opinion

[further](#) and these new political identities remain at the heart of actual, and potential, mobilisation strategies by the political parties.

WHERE ARE WE HEADING?

Survey data suggest that a majority of people still care about Brexit. Indeed, during the second half of 2020, its salience increased to levels last seen in 2019. By October, almost half the population mentioned Brexit as among the [top two issues](#) facing the nation (the top issue still being the pandemic). Now that the transition period has ended and the reality of the new UK-EU relationship becomes more evident, the issue of Brexit will once again hit the headlines. Nor, we would assume, will the consequences for industry, farming, fishing and travel go unnoticed.

Cabinet Minister Michael Gove has stated that the Brexit deal will end the ‘ugly’ politics over Brexit. Yet, if Brexit identities persist, we may continue to see people perceiving events, whether the acquisition and distribution of vaccines or erratic and low economic growth, through their Brexit-tinted spectacles. This is especially the case when it comes to who is held responsible for any negative outcomes. While this may have limited electoral consequences in the short-term, the realignment of party politics around these new identities may be the defining legacy of this government. Importantly, it may also shape the discussions on the future of the Union that will be so central to the Scottish Parliament elections in May 2021. While Brexit may be done, it is far from over.

POLARISATION AND VOTER VOLATILITY

Ed Fieldhouse

WHERE HAVE WE COME FROM?

In the years leading up to the 2016 referendum, British electoral politics went through a number of important long-term, gradual changes, not least a weakening of identification with political parties and a fall in the share of the electorate voting Conservative or Labour. These trends were punctuated by disruptive political events, or [shocks](#), leading to voter volatility — or vote switching — which rose steadily since the 1960s and peaked in 2015. By 2015, commentators were regularly talking about the fragmentation of the British party system. Together with rising distrust of politics, increasing concerns about immigration, and a growing divide between social groups — typified by young educated Metropolitan and older less educated voters in rural and declining areas — these long-term changes contributed to the conditions in which the EU referendum would have a dramatic impact on the electoral landscape.

WHERE ARE WE NOW?

Perhaps the most obvious electoral consequences of Brexit are the 2017 and 2019 election results, but there are other important developments which might have long-term implications.

First, it is widely perceived that Brexit has caused people on opposing sides of the debate to drift apart politically, often disagreeing vehemently with family and friends and becoming more extreme in their political views. Brexit, it is said, has been the source of polarisation in Britain mirroring the so-called ‘culture wars’ in the US. Yet, while data from the [British Election Study](#) (BES) suggest that people in the Leave and Remain camps have become more distinctive in their attitudes, there is little evidence that their attitudes have grown more extreme. Instead, what we have seen is the sorting of like-minded voters into two distinct camps.

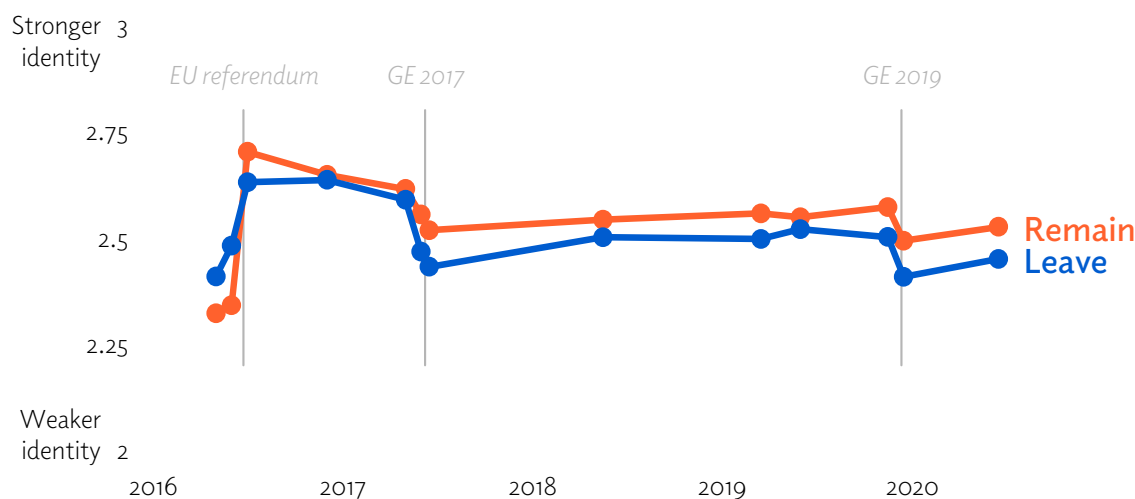
People with positive views about Europe and immigration have gradually become more likely to identify as Remainers and vote for Remain-leaning parties, while those with concerns about immigration and negative views about the EU have become much more likely to vote Conservative and identify as Leavers. What really drives the sense that the country has become more polarised, however, is not just this sorting, but the tendency of people to see the world through a Brexit lens.

Figure 1 shows how both Leave and Remain identities became stronger immediately after the referendum, and have continued to remain so, despite a dip after the 2019 election. Over the same period the proportion of people identifying as Remain and Leave followed a similar trajectory. Similarly, since the referendum, BES respondents have consistently said they have more in common with members of their own side (apart from just Brexit), giving their own side a score of around seven (on a zero to ten scale) compared to a score of less than four for the other side.

Brexit identities became stronger after the referendum

Average strength of Leave and Remain identities among those identifying as Leavers and Remainers

**UK IN A
CHANGING
EUROPE**



Source: British Election Study Internet Panel, waves 7-17, wave 19 and wave 20 (April 2016 to June 2020).

Second, the Brexit shock initially caused a lot of vote-switching between the main parties, as voters shifted towards the party that most closely represented their views on Brexit. While some of this switching happened before the referendum (for example Conservative desertions to UKIP), voter volatility remained high in 2017. However, by 2019, the sorting process was almost complete, with Conservative support being made up of over 80% Leavers and Labour over 80% Remainers. As a result, voter volatility fell in 2019 to its lowest level since 1992.

WHERE ARE WE HEADING?

The fall in volatility suggests voting behaviour in 2019 may have started to settle into a new stable pattern. The sorting of party-choice by Brexit vote has had a massive impact on who votes for the different parties. Education and age have become much more important predictors of vote choice than in the past, with younger and more educated voters moving towards Labour and other pro-European parties, while older and less educated voters have shifted more and more towards the Conservatives.

There have also been important changes to the social class and geography of voting, most notably the collapse of the so-called ‘Red Wall’ — Leave voting northern constituencies that traditionally returned Labour MPs. These shifts mean that the parties will have to appeal to different types of supporter and future elections will be fought along different fault-lines.

These changing patterns of support have led political scientists to talk of a ‘realignment’. Whether the changes are really here to stay or are merely a temporary interruption remains to be seen.

That will depend partly on whether ‘cultural’ issues like immigration and minority rights continue to divide voters after Brexit. As the referendum campaign fades into history and the economic and social impact of Brexit begins to be felt, these issues might remain crucial in dividing both voters and parties, particularly if the major political parties themselves continue to compete around the consequences of Brexit, or new credible political parties emerge in the mould of UKIP or the Brexit Party. Should this be the case, we might expect Brexit identities to evolve into more general — but equally important — social conservative-liberal identities.

Alternatively, traditional economic issues may return to the fore as the after-effects of Brexit and Covid-19 expose political differences between the haves and the have-nots. This could lead to electoral politics returning to patterns that we saw before the 2016 referendum. EU identities could evaporate and voters could again start to desert the major parties, leading to a return to high levels of electoral volatility that we saw in 2015.

Which of these futures comes to pass is almost impossible to predict. One clue lies in the fact that attitudes towards the Covid-19 response seem to be [determined](#) more by traditional left-right economic values than by those liberal-authoritarian values which underpin the Brexit divide. Ultimately, however, the only certainty about the future of British electoral politics is that it will be driven by unforeseen events and, ultimately, to how political actors respond to those events.

SOCIAL VALUES

Paula Surridge

WHERE HAVE WE COME FROM?

How people voted in the EU referendum was not predictable from their traditional party and social class allegiances. The ‘old’ politics of economics, of left and right, was at best [weakly correlated](#) with referendum voting; instead referendum voting correlated with a long-standing cross-cutting ‘values’ divide which has at one end ‘liberal’ and at the other ‘authoritarian’ social values. This divide had been

present for a [long time](#), and is most strongly associated with education rather than with social class. Prior to the referendum, its relationship with electoral behaviour had been of relatively marginal interest in British electoral studies, especially compared to questions of competence, leadership and issues.

The result of the referendum and the profound changes in British politics since, however, are increasingly viewed through the lens of social values. Some even argue that there has been a fundamental [realignment](#) of the electorate along this ‘new’ divide, with the fall of the ‘Red Wall’ seats the symbolic end to a process set in motion by Brexit. Yet the reality is more complex and the future of these divides unpredictable.

Using [data](#) from the British Election Study we are able to use this social values dimension alongside the traditional economic left-right dimension to create a value space in which we can [locate voters](#) and [political parties](#) and measure distances between them.

In 2015, the key divide between the two major parties lay along the economic dimension. While their voters did differ on the social values dimension the difference was smaller. The minor parties in England (UKIP and Liberal Democrats) both lay between the two major parties on this economic dimension but were each further towards the ends of the social values scale, with UKIP voters the most socially authoritarian and the Liberal Democrat voters the most socially liberal.

Voting in the EU referendum bisected the space between Labour and the Conservatives with Leave and Remain voters virtually identical in their economic values but in similar positions to UKIP and the Liberal Democrats respectively on social values. The result of this was to politicise a divide which had previously been most [closely related](#) to ‘[3rd party](#)’ voting in general elections and to bring this social values dimension into wider voting decisions through its relationship with Brexit.

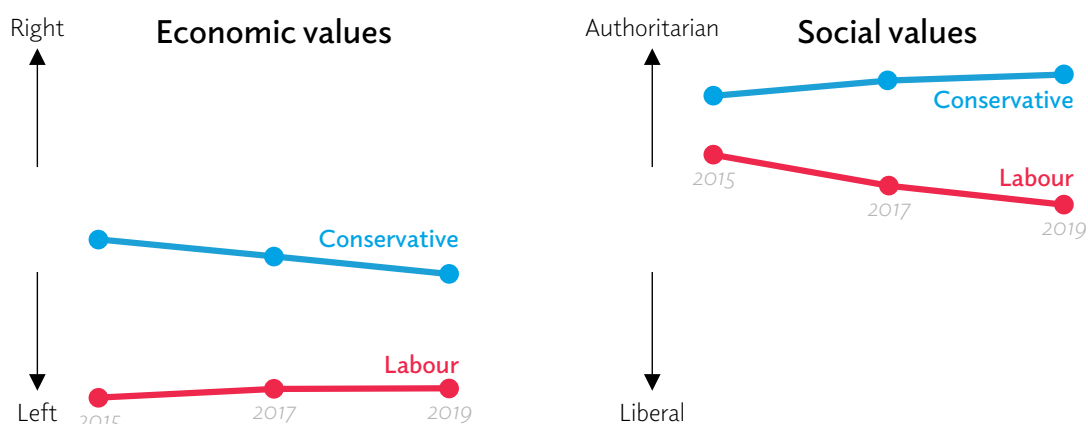
WHERE ARE WE NOW?

The 2017 election saw the collapse of the UKIP vote (and a further squeeze of Liberal Democrat support) which meant that, in terms of economic values, Labour and Conservative voters moved a little closer together as these voters were absorbed back into the two party system, though it is important to note that there was still a [larger gap](#) between the parties on this dimension than on social values.

Conservative and Labour voters have moved closer on economic issues but further apart on social issues

Conservative and Labour voters’ positions on the economic and social values scales at the 2015, 2017 and 2019 general elections.

UK IN A CHANGING EUROPE



Source: British Election Study Internet Panel, wave 6 (May 2015), wave 13 (June 2017), and wave 19 (December 2019).

The 2019 election saw more direct [switching](#) from Labour to the Conservatives and so continued this process, and though in many cases seats were won by the Conservatives that had been Labour for their entire existence, this was not a sudden rupture but rather the tipping point of a process that had been occurring for [some time](#). Nonetheless, as Figure 1 shows, 2019 was the first time that the difference between Labour and Conservative voters was greater on the social values dimension than on the economic dimension.

The result of this shift has been much discussed, most often framed as how the Conservatives can hold on to the seats won from Labour in the North of England and the Midlands. Were these votes merely loaned to the Conservatives to ‘Get Brexit done’ or the first indisputable evidence of a lasting realignment of the electorate, perhaps even the birth of a new political cleavage?

WHERE ARE WE HEADING?

With 2021 set to bring the impact of Brexit into sharp focus and the social, economic and political aftershocks of the Covid-19 global pandemic still to be felt, it is impossible to know how British public opinion will change.

Though [recent research](#) suggests that Brexit identities remain salient for the British public, there is little evidence to suggest that these connect meaningfully with [attitudes](#) to the Covid-19 crisis. There is therefore no reason to think that there will be further polarisation of Brexit identities arising from the aftershocks of the crisis. Polling has shown that many people are worried about its [economic consequences](#), and these economic worries seem set to increase in salience as the world moves out of the immediate health crisis and begins to rebuild. This may lead to greater emphasis on the traditional economic divides, revealing the fault lines in the voter coalition the Conservatives put together in 2019, and which have been evident in some of the battles over lockdowns.

But we have seen that there are also issues on which the social values divide is the more salient and with the consequences of Brexit itself becoming more tangible as the transition period comes to an end, it seems more likely that the next few years will be defined by the ways in which these value positions combine into distinct constellations rather than by one or other set of values dealing a knockout blow to the other — or at least to the party seen as representing them.

While this divide around social values remains critical to understanding British politics, it is not the case that we have replaced one set of binary divides with another. Indeed, it is the combination of these ‘old’ and ‘new’ divides which will shape the post-Brexit and post-pandemic era.

In a political landscape where both economic and social values matter, holding together coalitions of voters is difficult. The period from 2015 to 2019 placed pressure along the fault lines in the Labour coalition which were closely related to Brexit and the social values divide. The years 2021 to 2024 may increase the pressure on the economic fault lines within the Conservative’s voter coalition, making it unlikely that British politics will settle into a convenient and predictable pattern any time soon.

TRUST, BREXIT AND BEYOND

Will Jennings

WHERE WE HAVE COME FROM?

The causes of the referendum vote have been hotly debated. While attitudes on immigration and authoritarian values had stronger direct effects, distrust of Government was a significant [predictor](#) of voting to leave the EU. Of people who reported distrusting the Government greatly, some 65% voted Leave. The various leaders of the Leave movement exploited tailwinds of rising disenchantment with politicians and elites more broadly (a trend that dates back over [half a century](#) but which was turbocharged by the parliamentary expenses scandal and the global financial crisis) thereby weakening already shaky confidence in Britain's political class.

WHERE WE ARE NOW?

In the aftermath of the 2016 referendum, political trust rallied slightly as the May Government enjoyed an initial honeymoon with voters. That trust collapsed, however, in the aftermath of the disastrous showing of the Conservatives in the 2017 election, as Brexit hit an impasse with successive deals rejected by Parliament, leaving many voters frustrated. Survey data from the British Election Study reveals how political trust has been realigned since Boris Johnson came to power. Among Leavers, who were previously more likely to express distrust, trust in MPs has climbed steadily since the summer of 2019, a trend that has been sustained into the middle of the coronavirus pandemic. At the same time, trust among Remainers has declined.

This pattern is consistent with studies that show that supporters of the losing side in elections tend to express lower levels of satisfaction with democracy, and highlights how Brexit identity now seems to condition trust in the UK's politicians and democracy.

Significantly, though, trust is no higher among Leavers than it was in the two years leading up to the referendum, while for Remainers it has, as Figure 1 shows, fallen precipitously (by almost a point on a seven-point scale from 'no trust' to 'a great deal of trust'). How long this loss of faith will persist for a group — one with a higher level of education and professional occupations — that was once more trusting of the political class, remains uncertain.

WHERE WE ARE HEADING?

So far, 'getting Brexit done' has restored some trust in British politics, though not on the Remain side of the new political divide. But what might lie ahead for political trust? While there is much uncertainty, it is possible to identify a number of plausible scenarios that could play out in the months and years ahead.

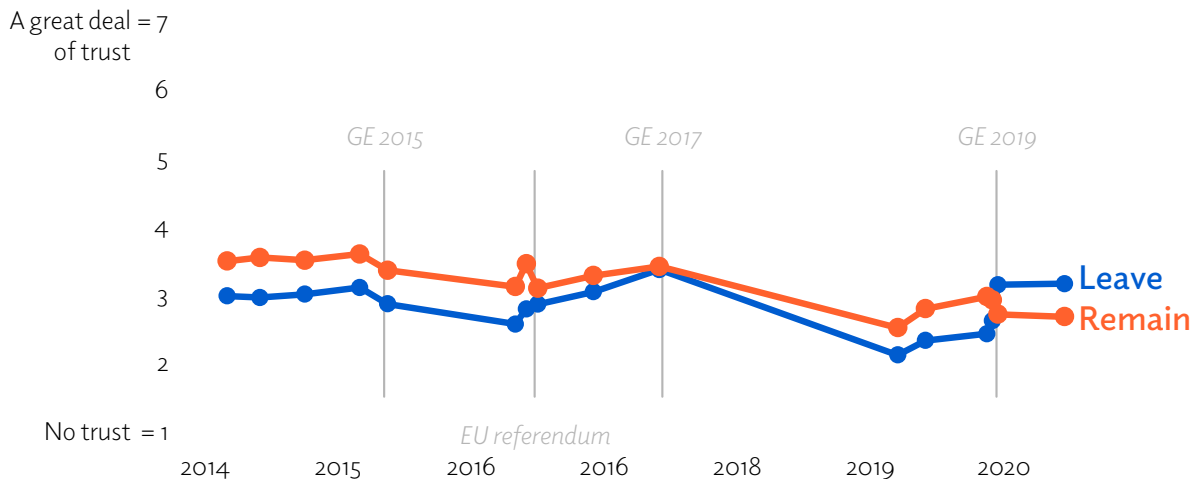
The first is a Brexit bonus for political trust following the Government's successful agreement of a last-minute deal with the EU. With Brexit done, control taken back, and the defining pledge of the Johnson Government delivered, the public might reward the government with greater trust — at least in the short-term. For Leavers this would continue the trend of rising trust since the nadir at

the end of the May premiership. For Remainers, this might be due to a fatalistic acceptance that the end of the road has been reached — with trust returning to levels closer to their pre-referendum level for this group.

Trust in MPs has fallen among remain voters

Trust in MPs in general among leave and remain voters.

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Source: British Election Study Internet Panel, waves 1 to 4, waves 6 to 10, wave 12, and waves 15 to 20 (February 2014 to June 2020).

The second scenario is of political trust becalmed — with trends shaped by the polarized contours of our new Brexit identities. In focus groups we ran for UK in a Changing Europe during the summer of 2020 in towns and cities in England, the PM and his Government were already trusted on the issue of Brexit, but the political benefits from a deal could be slight: Brexit is [largely seen](#) as already done by both Leavers and Remainers. On these terms, Brexit is a card that has already been played and unlikely to have a large impact on levels of political trust — leaving it higher among Leavers than Remainers. It is possible that even if Brexit results in short-term disruption and economic pain the effects on political trust might be modest: in our focus groups, Leave supporters seemed phlegmatic about any costs of Brexit, with most considering themselves in it for the long haul. Under this scenario, it should not automatically be assumed that political trust would collapse because the deal does not offer the instant gratification of sunlit uplands.

The final scenario is of a gradual depletion of political trust, accelerated by performance-based shocks. Any disruption to transport and businesses in early 2021 as the UK adjusts to its new terms of engagement with the EU could yet deliver a competence reckoning for the government, reducing trust among Leavers and Remainers alike. This is why how the deal works out in practice will be crucial in ensuring a smooth transition free from snafus. While the trade deal marks the end of the latest chapter in UK-EU relations, the question of Europe cannot be completely exorcised from British politics — even if many voters are keen to move on. There may be some Eurosceptics in the Conservative Party for whom the withdrawal of the UK from EU governance does not go far enough, while there will likely be others pushing for closer ties on the economy, security and other policy areas. UK-EU relations are therefore likely to periodically flare up on the political agenda — and as such may be a source of public distrust, directed at UK Government and/or the EU. In this scenario, voters' realisation that leaving the EU does not mean an end to having to deal with the EU could lead to an erosion of trust, especially among Leave supporters expecting a 'clean break'.

Beyond these possibilities, a final scenario is that Brexit ceases to be a focus for political trust. Our focus groups suggest a desire among many Leavers and Remainers to move on, look to the future and attend to ‘real’ priorities. It may be that political trust will only be restored through addressing the concerns of citizens on other policy issues — such as overseeing post-Covid-19 economic recovery, delivering on promises of ‘levelling-up’, and addressing social and economic inequalities that the coronavirus pandemic has laid bare. Brexit’s legacy for political trust remains up in the air, but it ultimately will be determined by how Britain’s political class deliver on the outcomes expected by voters on both sides of the Brexit divide.

COVID-19

Bobby Duffy

WHERE HAVE WE COME FROM?

In April 2020, the UK was about as united as I have seen it. Nine in ten people supported the government’s first lockdown plan, with seven in ten strongly supporting it. It’s just about impossible to get nine in ten Brits to agree with anything, let alone a Government policy that utterly upended their lives.

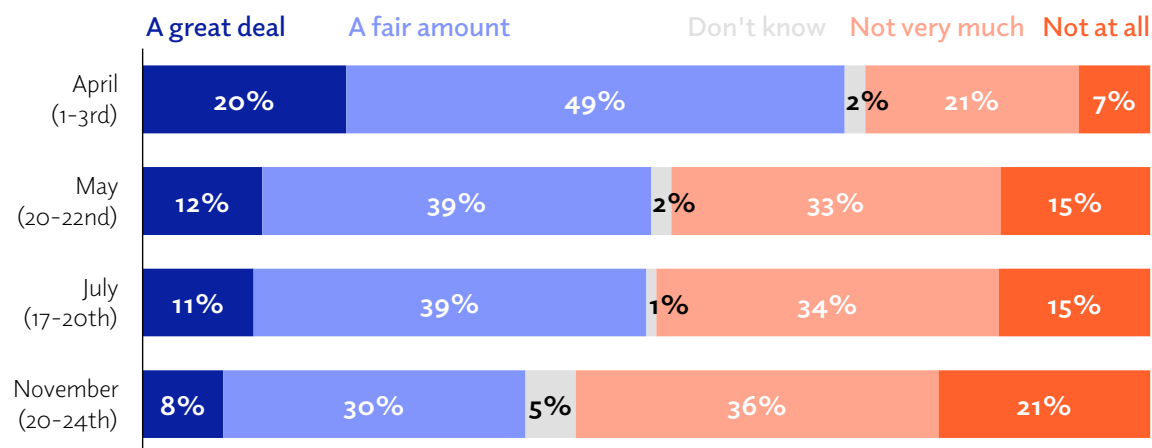
It was quite literally the case that we felt we were ‘all in this together’. The only area of national life that gets close to such universal support is our deep-seated love for the NHS, which provides some explanation for our fervent backing.

And this rallying round was reflected in our levels of trust in the Government. Despite a shaky start, with, in particular, many believing they acted too slowly, at that point seven in ten trusted the Government to control the spread of the virus (see figure 1).

Trust in the Government’s Covid-19 response has declined

“To what extent, if at all, do you trust the UK Government to control the spread of the coronavirus?”

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Source: The Policy Institute, King's College London and Ipsos MORI, 'The UK government's handling of the coronavirus crisis: public perceptions', 6 December 2020.

While support for the Spring lockdown was pretty close to universal, the impact on people varied hugely. Around half were ‘accepting’, taking the restrictions in their stride; but nearly as many were already ‘suffering’ with the stress and many practical impacts; and a small hardcore were ‘resisting’.

WHERE ARE WE NOW?

By summer last year, old identities and allegiances had asserted themselves, and the population segmented in a different way (see Figure 2), into the ‘trusting’, ‘dissenting’ and ‘frustrated’, with the trusting much more likely to be Conservative and Brexit supporters. Trust in the Government’s ability to control the spread of the virus stepped down, from seven in ten in April, half by the summer and then a more politically-defined tribe of 38% in our latest study from November.

The public response’s to coronavirus fall into three groups

Cluster analysis of UK public attitudes towards the relaxation of lockdown measures and the risks posed by Covid-19, May 2020.

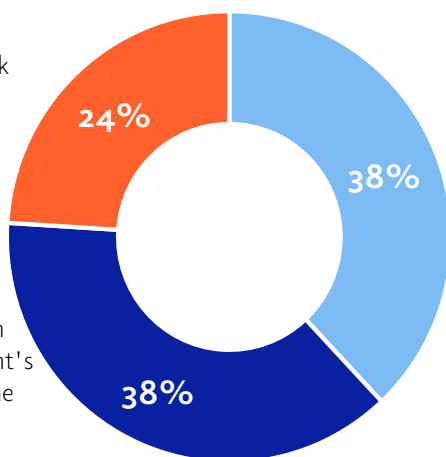
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The Frustrated

The least worried, and most likely to think we need to lift the restrictions faster. They see the risks of Covid-19 as much lower than the other groups, and are more ambivalent about the Government’s approach.

The Dissenting

The group most worried about the health risks, and most critical of the Government’s response. They are most likely to think the restrictions are being eased too quickly.



The Trusting

While very worried about the health implications of the virus, they are most likely to be putting their trust in Government. They are the only group where a majority support the relaxation measures announced by the Government.

Source: The Policy Institute, King’s College London and Ipsos MORI, ‘The Trusting, the Dissenting and the Frustrated: how the UK is dividing as lockdown is eased’, 7 June 2020.

With the arrival of an effective vaccine, thoughts have turned to our route back to normality. Again, this has highlighted how we’re really not all in it together. Our latest study, looking at how attitudes to inequality have shifted during the pandemic, shows how many of us now are about these longer-term impacts: 63% think that Covid-19 will worsen inequalities, and those without savings, in low-income work and in deprived areas who are seen to have suffered the most.

WHERE ARE WE HEADING?

This points to one particularly important message. Surprisingly, from all the different inequalities that Covid-19 has exposed and accentuated, it’s the different impact on deprived and well-off areas that people are most likely to pick out (see Figure 3). Geography has become key, perhaps emphasised by the local and regional tiers that have been such a focus in recent months: there is certainly a widespread perception that some regions have been treated better than others, and this resentment is stronger in the North of England.

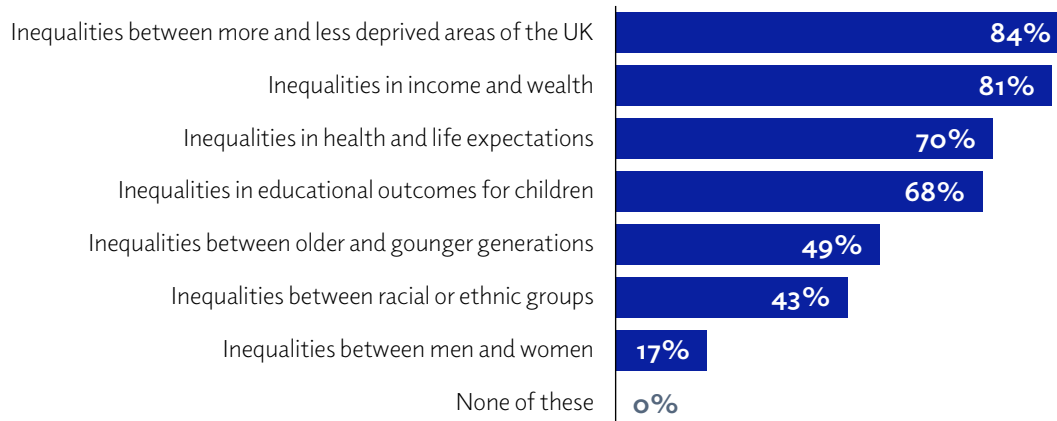
This cranks up the importance of the ‘levelling up’ agenda, as Covid-19 has made it clearer just how varied economic capacity and resilience is between different regions. An already huge task of shifting

regional economic outcomes is going to become even more challenging to achieve, while being at the top of the public's agenda. This is about an impact on overall faith in the system, not narrow questions of redistribution — and it seems highly likely that faith is going to be severely tested in the coming months and years as the UK deals with the Covid-19 fallout and Brexit simultaneously.

The public expects geographic and income inequalities to increase due to Covid-19

"Which types of inequality, if any, do you think will increase as a result of the coronavirus crisis? Please tick all that apply."

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Source: The Policy Institute, King's College London, UK in a Changing Europe.

These economic impacts are only one aspect of Covid-19's potential to further divide the country. The restrictions on our lives have prompted some to try to open up yet more fronts in the UK's nascent 'culture war', rallying those who see the lockdowns as an assault on civil liberties. Nigel Farage's 'Reform Party' started by opposing lockdowns, but has quickly moved on to cycle lanes and environmental policies more generally, perhaps anticipating that Covid-19 restrictions are now a relatively short-term dividing line.

But it also shows how culture wars work. In the models of polarisation it's called 'conflict extension', where more and more apparently disparate issues are rolled together to create stronger identity-led reactions, where your views on more and more subjects can be predicted just from knowing your political identity.

Thankfully, as yet, we're in nothing like the same position as the US on these divides. While our trust in Government to deal with Covid-19 and its impact is more related to our party political and Brexit identities than it was, we've not seen anything like the political divides on interventions like face-masks that split the US, for example.

The depressing interpretation of this is that we're just at an earlier stage of our culture war than the US. But it could also be to do with a messier alignment of these issues to our underlying values in the UK, which are key to establishing these identity divides. Our new analysis with James Dennison using Schwartz's ten 'basic human values' shows that the value basis for support for the lockdown does not neatly fit on to the [value divide](#) in the UK in recent years that has, to some extent, defined the politics of Brexit.

Instead, those favouring lockdown are both the—typically pro-Brexit—individuals who strongly value 'security' and 'conformity', as well as the universalism-minded, who are the biggest supporters

of immigration and EU membership. Those most concerned about civil liberties are those who were actually most divided on immigration and Brexit — those scoring high on values of ‘power’ and ‘achievement’.

We don’t then have the values alignment across Covid-19 and political issues that we see in the US, which can quickly set into warring tribes that can’t connect. In the end, Covid-19 will show that our biggest risk in the UK is not a drifting apart of two monolithic, opposing blocs, but an increasingly fragmented public that any political party will struggle to stitch and keep together.

PUBLIC ATTITUDES IN SCOTLAND

Alisa Henderson

WHERE HAVE WE COME FROM?

The Scottish Remain vote in the 2016 referendum was always likely to create shock waves as exit approached. Scottish voters have been more likely to believe it was wrong to leave the EU, more hostile to a harder or no deal Brexit, and less positive about the Government’s handling of Brexit. Nearly 60% believe Brexit has made independence more likely.

Disquiet about the UK Government and its policy is unsurprising since the majority of Scots did not vote for it, the SNP having improved in the 2019 UK General Election on its fortunes in 2017. But perceptions of the current Government’s handling of the coronavirus crisis have made things worse. Scottish voters evaluate it, and its leader, less favourably than the Scottish Government and its first minister: with 70% declaring the UK Government incompetent in its handling and [67%](#) declaring the Scottish government competent. This is not to say that Scots believe the Scottish Government is doing brilliantly. However, support for Nicola Sturgeon remains high and outright antipathy low: indeed, only two per cent of Scots gave her 0/10 for her performance.

The PM himself — who was awarded a zero by 40% of Scots — is one source of poor Government polling. We knew as far back as the summer of 2019 that a Boris Johnson premiership would not be popular with Scots. Half of Scottish Conservative voters claimed they would not vote for the party in 2019 if he became leader, while [one in five](#) No voters claimed a Johnson premiership would prompt them to vote Yes in any independence referendum. [Various polls](#) showed that the prospective Prime Minister was thought to put party before country and would be unlikely to unite the country. Opinion has not improved with familiarity.

WHERE ARE WE NOW?

These three factors — Brexit, assessments of the handling of coronavirus, and Boris Johnson — help explain why support for independence is currently high. Since the 2019 General Election, there have been 21 opinion polls, of which only two have shown opposition to independence in the lead. This is unprecedented in Scotland in terms of both the sustained lead, and its size. Notwithstanding a handful of polls showing Yes ahead after the 2014 and 2016 referendums what we are seeing now is unlike this in scope and scale.

This is not to say that the fundamental arguments have changed significantly: economic risk remains the most forceful argument for the status quo, resonating with No and Yes voters, while a sense of Scottish difference and a lack of trust for Westminster is seen as a [powerful argument](#) for independence. The anticipated economic chaos from Brexit and lockdown cuts both ways: individual exposure to economic risk might be heightened, but the portrayal of a clear dividing line between, on the one hand, the existing union as an economic safe-haven and, on the other, an independent Scotland plagued by economic uncertainty is more blurry than in 2014.

WHERE ARE WE HEADING?

Looking ahead to the Scottish election of May 2021, the SNP has a clear lead, having polled at over 50% since December 2019. Currently at 55% it could drop 10 percentage points and still be on course to form a majority Government. That level of movement is not impossible - the SNP's support dropped by six points before the 2016 election — but it seems unlikely as any fall in the SNP's popularity requires another a corresponding rise for another party. There appear rather few contenders for this. With the exception of three polls in late 2019, the Liberal Democrats have not polled in double digits for Holyrood vote intention since the 2016 election. Labour remains in a difficult position. [While its supporters are now more in line with its constitutional position \(with only 25% saying they'd vote Yes\)](#), this is in part because they have lost independence-supporting or 'indy-curious' voters since 2014.

It is the Conservatives who are in the most interesting position. In past elections, the perception that the SNP was the best party to 'stand up for Scotland' won it votes. As leader of the Scottish Conservatives, Douglas Ross has clearly attempted to portray the Tories as a unionist party able to defend Scotland's interests. His efforts have not been helped, however, by various interventions by Boris Johnson suggesting that devolution has been a mistake, even 'a disaster'.

Given what is occurring in the opinion polls at the moment, we can anticipate various themes in the 2021 election campaign.

First, a debate over whether to hold a referendum. While there might be limited enthusiasm in the Scottish electorate for holding a referendum very soon, the settled view is that it should be a matter for the [Scottish](#) rather than the UK Parliament.

Second, we can reasonably anticipate debates about how to steer Scotland through the economic recovery from successive lockdowns and, possibly, Brexit. The arrival of new competences in 2015/2016 now means that devolved election campaigns offer more than competing promises to spend money, and we can anticipate discussions about how to generate sufficient wealth to pay for public services in a post-Brexit, post-Covid-19 Scotland.

Third and lastly — and they are nearly always last these days — we can anticipate robust debates about devolved policy competence around the state of the Scottish NHS, the state of education (including the exams fiasco of 2020) as well as individual flash points (the Salmond trial) and legislation halted due to coronavirus (bills on gender recognition reform, foxhunting, and the circular economy among them).

Support for independence is now routinely polling above 50%, and the SNP is streets ahead in election polling. But Nicola Sturgeon and her party are not invulnerable to claims that after 14 years in office, they might have made more striking gains for Scots.

CONSERVATIVES

Matthew J. Goodwin

WHERE HAVE WE COME FROM?

At the 2019 General Election, Boris Johnson and the Conservative Party won their largest majority for more than thirty years while Labour, which had pivoted to supporting a second referendum, was reduced to its lowest number of seats since 1935. Along the way, Labour lost a large chunk of its oldest and most cherished working-class territory — the so-called ‘Red Wall’, stretching from north Wales across to the northeast coast of England.

The result not only extended the period of Conservative rule to at least 14 years but confirmed the passing of the Withdrawal Agreement in December 2019, with a parliamentary majority of 124. It also confirmed the continuing ‘[realignment](#)’ of British politics which began before the Brexit referendum but has accelerated since.

As our [research](#) has shown, a [longer-term trend](#) saw the Conservatives become more popular among people on low incomes than people on high incomes. While they are no longer the party of the rich, Labour is no longer the party of the poor. Labour is just as popular among the wealthy as it is among low-income voters. Both parties inverted their traditional support base.

This reflected the Conservative Party’s success in winning over ‘[cross-pressured](#)’ voters who often agreed with Labour for economic reasons but ultimately sided with the Conservatives for identity and cultural reasons, mainly their desire to see Brexit delivered and reform immigration. Values continue to push ahead of things like income and class as the main predictor of vote choice.

The result gave further expression to deeper currents that we first pointed to in [2014](#) and which continued at the [2015 General Election](#). Johnson tapped into voters who lean left on the economy, wanting greater effort devoted to tackling economic injustice and inequality, but who back Brexit, want that vote respected and immigration reformed.

WHERE ARE WE NOW?

In the year since the general election, and amid the outbreak of coronavirus, Boris Johnson and the Conservatives have watched their commanding 16-point average lead in the polls turn into [regular leads](#) for Labour in the polls. Part of this no doubt reflects the Government’s loss of support for its handling of the coronavirus pandemic, which other contributors have [noted](#).

However, even today we see continuing evidence of the underlying realignment; the Conservatives continue to lead Labour by nine points among the working-class while Labour leads the Conservatives by 11 points among the middle-class; and the Conservatives lead Labour by 41 points among Leavers, while Labour leads by 36 points among Remainers. Johnson might have lost his commanding lead in the polls but he continues to draw significant support from the same social groups that provided his winning majority, while Labour is not only recruiting strong support from middle-class liberal professionals, graduates and ethnic minorities but across society more generally. This also reflects the restoration of two-party politics and reduced fragmentation in the party system.

WHERE ARE WE HEADING?

The future of these shifts in British politics will ultimately depend on Johnson's ability to frame Brexit and his wider 'levelling-up' agenda as a success and hold together his more socially conservative electorate. His traditionally blue conservative party has taken on a purple tinge; his new voters are looking for meaningful control of net migration levels, the redistribution of not just bridges and trains but social status and power away from London and other things that reflect their emphasis on stability, order and authority — like taking a firmer stance in the so-called 'culture wars' over things like statues, the teaching of history and editing of other symbols of nationhood.

Delivering on this will not be easy for the instinctively 'liberal' Johnson who both socially and economically stands some way apart from many of his new voters. The delivery of a Brexit deal or no-deal will also remove the *raison d'être* of his premiership, potentially weakening the 'glue' that is holding the entire edifice together. While the Conservatives have polled strongly among new groups they have also been [haemorrhaging support](#) among middle-class liberal professionals, graduates and minorities, which points to other challenges for Boris Johnson (although such shifts are also often overstated). Nonetheless, the fact that these shifts are taking place against the backdrop of a Britain that has left the EU reflects the power of the realignment that is unfolding in Britain. Whether or not Johnson can continue to capitalise from it remains to be seen.

ETHNIC MINORITY VOTERS

Neema Begum and Nicole Martin

WHERE HAVE WE COME FROM?

As the UK went into national lockdown in March 2020, ethnic minority doctors were [among the first](#) to die of Covid-19. More and more evidence came to light that ethnic minorities have been [hardest hit](#) by the Coronavirus pandemic, with higher rates of death among Black and Asian people.

What might be the implications of this crisis for ethnic minority political attitudes, especially as the end of the Brexit transition period looms? One minority community we may look at to provide an answer is the British Indian group, who were the most pro-Brexit and often show higher support for the Conservatives compared to any other ethnic minority group.

Historically strong support for Labour among minority groups is attributed to its history as the party responsible for anti-discrimination legislation, and the Conservatives' reputation as being hostile to post-war Commonwealth immigration. For voters who consider the situation of their ethnic group as a whole alongside their own situation, this partly explains differences in voting patterns between groups. This sense of 'linked fate', combined with a strong feeling of ethnic deprivation — that members of one's ethnic group get less than they ought — partly explains greater support for Labour. In other words, ethnic minorities who feel strongly that they are unfairly discriminated against as a group are more likely to vote Labour who they perceive as working for ethnic minority group interests

more than the Conservatives. The stronger Conservative appeal for British Indians, however, is linked to lower levels of group-based voting due to a weaker sense of this relative ethnic deprivation.

The Government's response to the crisis has also highlighted the prominent place of British Indians in the Conservative Party, with the Chancellor Rishi Sunak tasked with managing the economic fallout resulting from the ongoing crisis and successive lockdowns. Indeed, Sunak himself is the embodiment of the upwardly mobile, economically successful British Indian and the kind of ethnic minority voters that the Conservatives have worked hard to attract since David Cameron became leader back in 2005.

For pro-Brexit British Indians, leaving the EU represented an opportunity for greater trade between the UK and India while the end to freedom of movement (which privileged European migration) and a points-based system that might allow more skilled migrants from India. Promises made by the Vote Leave campaign in this respect have since been [reaffirmed](#) by the Johnson government (by Sajid Javid while Home Secretary), may be one reason that the Conservative party lost relatively little support from British Indian voters in 2017.

WHERE ARE WE NOW?

Ethnic minorities have been disproportionately affected by the Covid-19 outbreak for a number of reasons. For one thing, they were more at risk of catching the virus as many work in sectors that have been at the forefront of managing the pandemic — not just by being employed by the NHS itself, but also as delivery and taxi drivers, supermarket and warehouse workers. For another, as [figures](#) published by the Resolution Foundation have shown, pandemic-related job losses have had a disproportionate impact on ethnic minorities, many of whom are self-employed.

Rishi Sunak's Eat Out to Help Out scheme was intended to protect the restaurant and hospitality sector where many British Bangladeshi male workers, who were strong Brexit supporters, are concentrated. However, Eat Out to Help Out has also been criticised, for example, in [Bradford](#) where some British Pakistanis have expressed concern that the scheme directly led to the virus running rampant in their community.

WHERE ARE WE HEADING?

These different experiences of Covid-19 may reinforce growing divergences in ethnic minority political attitudes, as seen in the vote for Brexit. For instance, Covid-19, along with the government's at-best ambivalent reaction to Black Lives Matter protests, may well strengthen anti-Conservative feeling among Black Caribbeans and Black Africans.

And while Brexit itself may have catalysed divergences between ethnic minority voters and been a gateway to growing Indian support for the Conservatives, this may now prove to be less pronounced among the [many British Indians](#) who work in the health sector and have been on the frontline of fighting the pandemic.

Then there is the question of whether the Government can deliver on its Brexit promises — promises that helped attract around a third of ethnic minority voters to the Leave side?

The post-Brexit points-based immigration system will be critical to this, especially for British

Indians and British Bangladeshis who wanted what they felt was a ‘fairer’ system compared to EU freedom of movement.

On the other hand, perceptions that Brexit may be distracting from the Government’s Covid-19 response will not play well with the majority of ethnic minorities who voted Remain. Moreover, trust in the Conservative Government and evaluations of how far the Government has protected ethnic minority communities will be particularly important when it comes to the Government’s [planned mass roll-out](#) of vaccines over the coming months. There is some [evidence](#) emerging, however, that ethnic minorities are less willing to take the vaccine than whites. Information and messaging from the government around the vaccine and how this is [communicated](#) to minority communities will be critical.

At present, it is unclear whether ethnic minority attitudes about the pandemic and its handling will be just another (albeit particularly important) competence judgement. If so, it could ultimately prove subordinate to other concerns. It may be, however, that Britain’s ethnic minority voters will remember the pandemic as being especially bad for their community, thereby compounding the Conservative party’s reputation as one that fails to deliver for ethnic minorities.

IMMIGRATION

Lauren McLaren

WHERE HAVE WE COME FROM?

The British public’s discomfort with rising immigration levels has been evident over several decades. Between the mid-1960s and 1970 — a time when immigration numbers were relatively low (only approximately [five per cent](#) of the British public was estimated to be foreign-born by the mid-1960s) — more than 75% of the British public felt fairly or very strongly that there were already too many immigrants in the country. This is despite the fact that [less than 15%](#) of the public agreed that immigration was a local problem.

[Later surveys](#) also showed overwhelming unease with the numbers arriving in the 1990s and 2000s. In the lead-up to the Brexit vote in 2016, more than 40% of the British public were naming immigration as one of the most important issues facing the country. But even before this in the 2002-2008 period, [40% or more](#) were naming immigration as their most important issue, and this was often the single most commonly named issue. And yet these top-line figures masked [significant internal divisions](#) over the contributions of immigrants and immigration to the UK economy and society that culminated in the Brexit referendum result.

WHERE ARE WE NOW?

Since the referendum many observers have noticed a shift toward more positive immigration attitudes — including regarding immigration levels, with [the majority](#) of the British public now saying they

think the number of immigrants to Britain should remain the same or even be increased. This is in stark contrast to survey data from 2013 showing that [77%](#) of the British public wanted immigration to be reduced a little or a lot. [My own research](#) also shows a trend toward more positive immigration attitudes in the UK.

Right now, though, the British public is still divided in terms of our level of comfort with being a country of immigration — and more generally a country of immigrant-origin diversity. Other public opinion [indicators](#) that are strongly related to immigration attitudes provide further hints that our divisions over immigration will not be resolved very easily in the short-term. This includes indicators of authoritarianism, understandings of ‘Britishness’ that still emphasise long-standing cultural connections to the country, and a continued [divide](#) over Brexit.

WHERE ARE WE HEADING?

Change may, however, be afoot. My [research](#) finds persistent, long-standing generational differences in immigration attitudes that began with generations born in the 1970s and 1980s.

The evidence suggests that younger generations (namely, people in their 40s or younger) are likely to have had very different experiences with immigration and immigrant-origin diversity, especially — and most crucially — during their early years of socialization.

Surveys reveal that older generations currently have far less direct interaction with immigrant-origin minorities than those born after the 1970s. These older generations will — without doubt — have also had far less of this interaction when they were growing up themselves, given the relatively small numbers of migrants to the UK at the time. ‘Virtual’ experience with immigrant-origin diversity via prominent media and sport personalities during early years of socialization for the older generations was limited as well, and public discourse surrounding immigration and diversity was likely to be very different at that time compared to the 1970s and beyond when younger generations were going through their important years of political socialization.

All of this suggests that immigration and immigrant-origin diversity would have been new and potentially threatening to these older generations once diversity began to increase even more significantly.

It also suggests that within a decade or so the British population itself is likely to have changed so much through ‘generational replacement’ that the balance of opinion regarding immigration will be marked less by division and more by increasing movement towards positive views of immigrants and immigration.

[Comparative research](#) also reveals a long-term ‘habituation’ effect: though sharp increases in immigration may result in a short-term public backlash especially when diversity is not already very high, within 10 years or so the backlash disappears and public opinion regarding immigration returns to its previous level. This strongly suggests the need to consider not only short-term fluctuations in immigration opinions but also longer-term shifts.

And then there is the Conservative Government’s points-based immigration policy. Despite the potential economic difficulty this policy may produce for some sectors of the economy (e.g., hospitality), the points-based system may ultimately produce even more support for new immigration.

The limited evidence that systematically investigates whether the public distinguishes between skilled and unskilled immigration shows that, in fact, it does. For instance, in a survey experiment from 2014, nearly 75% of the British public said we should allow professionals to come live and work in the UK whereas amongst respondents who were asked about unskilled labourers, only approximately [28-35%](#) would allow this group to come. Thus, continued high levels of immigration particularly by skilled workers may further bolster the growing support for immigration in the long-run — though it is important to recognize that this distinction between skill levels may be less important than the specific job an immigrant is recruited to do, with [60%](#) saying care workers should have priority and only 18% saying the same of bankers.

Overall, then, while the cultural divide over immigration looks set to continue for some time, it is likely that immigration could become far less divisive within a decade or two.

THE LEGACY OF BREXIT

John Curtice

WHERE HAVE WE COME FROM?

So, that's it. Brexit's been done. The 'will of the people' as expressed in the 2016 referendum has been fulfilled. Britain can now put four years of intense and passionate debate behind it and focus on the opportunities thus created.

But is that what we should necessarily expect? After all, the 1975 referendum failed to end the debate. By the early 1980s Labour was campaigning for withdrawal and by the end of the decade the Conservatives were beginning to tear themselves apart over Europe. In 1991, LSE academic Alan Sked founded the Anti-Federalist League, the forerunner of UKIP — and the rest is history.

So is the Brexit debate really over, or is its imprint likely to affect our politics for years to come?

WHERE ARE WE NOW?

At first glance, a clear and simple answer was provided by the outcome of the 2019 general election. Promising to 'get Brexit done', the Conservatives won an overall majority of 80, apparently demonstrating that most voters now hoped it would be.

However, that election was fought under an electoral system that typically produces a mismatch between votes and seats. Only 47% of the votes were cast for parties that backed Brexit. Nearly all the rest (52%) went to parties willing to endorse a second referendum. The election turned out as it did not because the vote indicated a clear majority for Brexit but because most Leave voters backed the Conservatives while the support of Remain supporters was scattered across a number of different parties.

Meanwhile, polling undertaken since the UK left the EU at the end of January 2020 has failed to

provide clear evidence of a new consensus. Seventeen polls have asked people how they would vote if the 2016 referendum were rerun now: on average 52% have said Remain, 48% Leave. On the other hand, when nine other polls have asked whether Britain should stay out of the EU or re-join, the balance of opinion has been in favour — albeit equally narrowly — of staying out. Yet, when during this period YouGov have asked whether ‘in hindsight’ the decision to leave was right or wrong, more have come to say it was wrong. Between February and May 2020 on average 42% said it was right and 45% wrong. By October through December the figures were 39% and 49% respectively.

In short, however one looks at the evidence — and is duly mindful of the limitations of polls — Britain still looks to be more or less divided down the middle on Brexit. Indeed, we cannot even be sure that by the time the UK actually left there was still a majority in favour of leaving.

There are two other reasons why the Brexit debate may not disappear soon. First, many voters’ commitment to one side or the other is strong — much stronger than their attachment to any political party. A NatCen survey in July 2020 found that 39% still said that they were a ‘very strong’ ‘Remainer’ or ‘Leaver’ whereas just 9% indicated that they were a ‘very strong’ supporter of any of the parties. Second, the age profile of Remain and Leave support suggests that, other things being equal, public opinion could become more favourable to EU membership over time. Support for Brexit is highest among older voters, who for the most part will leave the electorate earlier than the younger voters who form the core of Remain support.

WHERE ARE WE HEADING?

Of course, this evidence does no more than suggest that the potential might exist for Brexit to remain an issue on the country’s political stage. Whether or not it will also depends on how the political parties decide to address — or not address — the issue from now on.

During the last year both the Conservatives and Labour have had to adapt to an electoral landscape that has been transformed by the decision of Leave voters in 2017 and (even more so) in 2019 to fall in behind the Conservatives, while Labour has found itself increasingly reliant on the votes of Remain supporters. In 2019, for every Remain supporter the Conservatives won, the party secured the backing of no less than five Leave supporters, while Labour relied on four Remain supporters for every Leave supporter. As a result, the traditional class divide in party support has disappeared, and Labour finds itself the most popular party among graduates, with the Conservatives most popular among those with few if any educational qualifications.

In negotiating a relatively ‘hard’ Brexit, the Conservatives appear intent on continuing to try to ride the Leave tiger that delivered the party electoral success in 2019. To retain that support, they will now need to persuade voters that Brexit is proving to be a success. Labour, in contrast, has seemed to want to end the Brexit debate in the hope that it can win back the support it has lost among Leave-supporting, mostly working-class voters — and thus a return to a more familiar electoral landscape. However, there is little sign that the party’s silence on Brexit for most of 2020 has proven particularly successful in this respect, and if Brexit proves less than smooth the party may well be expected by its predominantly pro-Remain electorate to voice their concerns.

There is perhaps one reason above all why Brexit is unlikely to disappear from Britain’s political agenda. The decision to leave the EU has helped fuel an increase in support for independence in Scotland, where, in contrast to the rest of the UK, voters backed Remain in 2016 by 62% to 38%.

Sixteen polls taken since the summer of 2020 have on average suggested that 54% would now vote Yes to independence, while the figure stands at no less than 60% among those who voted Remain.

A Scottish Parliament election will be held in May 2021 at which the SNP will be seeking support for holding another independence referendum. Should they win a parliamentary majority, a whole new chapter may well be added to Britain's Brexit story.



POLITICS

CONSTITUTIONAL POLITICS

Robert Saunders

WHERE HAVE WE COME FROM?

Since 2016, Brexit has pitted Parliament against the Executive, the devolved governments against Westminster, direct democracy against representative democracy, and the Royal Prerogative against the courts. It has triggered the unlawful suspension of Parliament, an unprecedented intervention by the judiciary, and the denunciation of MPs and judges as ‘traitors’, ‘saboteurs’ and ‘enemies of the people’.

Brexit posed a challenge to Britain’s constitutional arrangements for which there was no obvious precedent. The combined results of the 2016 referendum and the General Election held a year later meant that, from 2017 to 2019, governments were operating under an instruction from outside Parliament which they did not have the majority inside Parliament to deliver.

Moreover, the referendum said nothing about the form that Brexit should take. That opened up very serious questions on which there was no instruction from the electorate. Should Britain stay in the Single Market and/or the Customs Union? What arrangements should be made for the Irish border? What forms of co-operation might continue, in areas such as policing and security?

In the absence of an instruction from the electorate, and with no coherent majority in Parliament, the opposing camps invoked rival sources of democratic authority: the referendum (or their interpretation thereof); the will of the (Scottish) people; the wishes of constituents or party members; opinion polling; or the demand for a ‘People’s Vote’. That made it possible to proclaim one’s faith in democracy, while simultaneously arguing that Parliament should be suspended, that Government should break the law, or that a second referendum should be held to supersede the first.

Parliament, in particular, has sustained lasting damage. The myth that a ‘Remainer Parliament’ ‘blocked Brexit’ is precisely that: a fiction, constructed for a didactic purpose. Whenever MPs were asked to vote on the principle of Brexit — for example, on triggering Article 50 or repealing the European Communities Act — they did so by much larger majorities than the referendum result. It was the form of Brexit that proved contentious, and here Leavers proved as obstructive as Remainers. Boris Johnson rejected Theresa May’s deal; Nigel Farage rejected Boris Johnson’s; while Michael Gove told the Daily Mail that ‘we didn’t vote to leave without a deal’. Every specific version of Brexit commanded less support than Brexit in the abstract. The result was a democratic mandate for leaving, but not for any of the specific doors through which the UK might have departed.

WHERE ARE WE NOW?

The effect of all this has been to erode the legitimacy and confidence of Parliament; accelerate the transfer of legislative powers from Parliament to the Executive; and increase the determination of ministers to weaken other limitations on their power — whether the courts, the devolved parliaments or ethical constraints like the Ministerial Code.

The Conservative Manifesto in 2019 blamed Parliament for ‘thwarting the democratic decision of

the British people', ignoring its own leader's role in twice voting against a Withdrawal Agreement. On winning a majority, Johnson congratulated the new House on being 'more democratic' than its predecessor. Parliament, it appeared, was no longer the arbiter of democratic legitimacy. It would now be considered democratic only insofar as it conformed with Johnson's vision of what 'the people' wanted.

Since the election, the government has continued to lock Parliament out of decision-making. The Withdrawal Agreement Bill was rewritten to remove the requirement for a parliamentary vote on any future trading relationship with the EU. Brexit legislation has involved the use, on a '[breath-taking](#)' scale, of 'Henry VIII clauses' and Statutory Instruments, vesting sweeping legislative powers in the hands of ministers. During the Covid-19 emergency, new criminal offences have been created and restrictions imposed largely by ministerial decree. The decision to shut down the hybrid Parliament and to forbid electronic voting, at a time when hundreds of MPs are unable to attend in person, has further weakened Parliament against the Executive.

WHERE ARE WE HEADING?

If this is to be reversed, MPs will need to reassert themselves. In particular, they will need to push back against a populist, authoritarian vision of democracy, in which 'the will of the people' is singular and dissent is democratically illegitimate.

The first priority should be to demand proper democratic scrutiny over secondary legislation, so that ministers cannot simply make law by fiat. If the purpose of Brexit was to 'take back control' of law-making — to ensure that the laws by which we are governed are democratically accountable to the people who must obey them — then the powers that are being repatriated from the EU should not simply be ceded to ministers and officials, in the absence of public scrutiny or debate. Proper parliamentary oversight might also ease tensions with the courts, by leaving less of the work of scrutiny to judicial review.

On the same principle, Parliament should take back control of its timetable and procedures. If Parliament is to be truly 'sovereign', it should not be in the power of the Executive to switch off electronic voting, impose committee chairs or decide when or whether Opposition Days are scheduled.

In the longer term, we should think more carefully about how to use the referendum, so that it works with the grain of parliamentary democracy, rather than acting as a battering-ram against it. The referendum is now an established part of British political practice, yet we have generated no rules or conventions on how or when referendums should be deployed. In future, they should be used less for abstract questions of principle — which parliamentarians must then beat into a specific proposition — and more to approve precise legislative changes.

Finally, Parliament itself must recognise the extent of democratic disengagement exposed by the referendum. Many voters felt that the Brexit referendum was the first time in years that their voices had been heard at Westminster. If MPs wish to avoid such ruptures in future, they should urgently consider ways of bringing Parliament into a closer relationship with the electorate. Failure to do so risks more dangerous assaults in years to come, not just on Parliament, but on the claim of any institution to democratic legitimacy.

PARLIAMENT

Meg Russell

WHERE HAVE WE COME FROM?

A central argument in favour of Brexit was the need to return sovereignty to the UK Parliament. By ‘taking back control’, Parliament would regain power over areas of policy making that had been governed by EU laws. British legislators, not Brussels, would be back in the driving seat.

This fondness for Parliament was always distinctly ambiguous. The UK joined the European Community in 1973 through a parliamentary vote; but membership soon sparked the first UK-wide referendum, held in 1975, on whether we should stay. From then on, the right of the people to directly decide our future relationship with the European bloc was regularly contested, and became increasingly accepted.

Referendums were demanded on the Maastricht treaty, promised on Britain’s entry into the euro and on the Lisbon treaty, and finally guaranteed by the [European Union Act 2011](#). This cemented a promise that future encroachments of EU power through treaty change would be put to a public vote; but, by taking the right to decide away from parliament and requiring a referendum, this [undermined](#) the very parliamentary sovereignty that it was claimed to protect.

Following the 2016 referendum, Parliament’s role was increasingly challenged. Through the Miller cases, the Supreme Court twice intervened to put Parliament back at the heart of decision making — to the consternation of many Brexit supporters. Theresa May’s relationship with Parliament became increasingly antagonistic. Boris Johnson picked up and built on that, both in terms of rhetoric and actions, not least through his ultimately failed attempt at prorogation. By the 2019 General Election, parliament was being portrayed as an enemy of democracy — accused in the [Conservative manifesto](#) of ‘thwarting the democratic decision of the British people’.

WHERE ARE WE NOW?

The return of Johnson’s Government with a comfortable Commons majority offered hopes of a return to ‘normality’. But, as everyone knows, 2020 has been far from normal. In policy terms, the Government and Parliament have had to prepare for the end of the Brexit transition period alongside dealing with the shock of Covid-19. Like many workplaces, the pandemic has caused Parliament to be partly closed and partly to operate virtually — with all of the associated awkwardness for communication. Unsurprisingly, parliamentarians have often felt shut out.

While 2019 was marked by Parliament — and particularly the Commons — aggressively writing itself into the Brexit process, immediately after the election the government abruptly reversed that trend. The hastily-passed European Union Withdrawal Agreement Act removed any role for Parliament in setting the UK’s negotiating objectives, or in determining any extension to the transition, and reduced the requirement on ministers to report to or consult with Parliament. On other Brexit legislation, ministers sought to push their plans through unamended. On the deal itself, parliamentarians were given a single day, on 30 December, to agree a bill implementing a 1,246 page agreement.

Lack of consultation on Brexit might have caused more tension were it not for the Covid-19 crisis — on which [Parliament's sidelining](#) proved more immediately evident and brutal. The lengthy Coronavirus Act was pushed through Parliament in just three days, giving ministers sweeping powers, including over spending. Subsequently, various restrictive policies unprecedented in peacetime — for example limiting travel and socialising, suspending businesses, and requiring the wearing of masks — were passed via 'delegated legislation' without input from MPs. Announcements were often made in Downing Street press conferences, rather than Parliament, greatly angering the Commons Speaker.

The nature of the health crisis arguably made some centralisation of executive policy making a necessity. But the extent, and longevity, of this situation has generated increasing unease — particularly on the back of the previous centralising tendencies of both May and Johnson's administrations over Brexit. Ministers may, many feel, have got rather too comfortable in viewing Parliament as a nuisance best avoided. Crucially, the Covid-19 crisis has sometimes seemed to illustrate how parliamentary scrutiny is not just a democratic formality, but can help guarantee more carefully-considered policy making, and help bring the public on board.

WHERE ARE WE HEADING?

Notably, some of those most concerned about executive overreach over recent months have been Brexiteers. Clauses in the Government's Internal Market Bill, potentially allowing ministers to breach international law, attracted strong criticism from the likes of Michael Howard and Norman Lamont in the Lords. In the Commons, figures such as Steve Baker and Graham Brady have been at the forefront of rebellions on coronavirus. This has shown starkly how, even with a large majority, ministers take their backbenchers for granted at their peril.

But the differences have crosscut the Brexit divide. Commons Leader Jacob Rees-Mogg — who preceded Baker as chair of the [European Research Group](#) (ERG) — severely aggravated backbenchers over his insistence that MPs 'shielding' from the pandemic should be prevented from contributing virtually to divisions and debates. Ultimately, the exit of Dominic Cummings, himself found 'in contempt of Parliament' before being appointed to the heart of Downing Street, seemed to be a victory for backbench pressure, which many MPs hoped would signal a rebalancing back in the direction of Parliament.

So, this turbulent period ends much as it began: with a desire by many Conservatives to see Parliament 'take back control'. This time, however, their target isn't the external threat of the EU, but the internal threat of an overweening and unchecked executive. Boris Johnson's seeming disregard for scrutiny has unwittingly fuelled insurrection among many key figures who put him in his job, and — perhaps more surprisingly — among new MPs whose own jobs were built on his election victory.

This presents a perilous situation for a Prime Minister. Johnson and his allies rebelled against Theresa May, ultimately bringing her down; they can hardly complain if other MPs grasp parliamentary opportunities to give the executive a kicking. Discomfort is worsened by many highly capable Conservatives having been excluded from Johnson's administration, various of whom now chair the select committees. This situation breeds resentment and frustration when policy is poorly handled, which feels increasingly unsustainable.

Just a year after the general election, won by a landslide majority, Johnson seems increasingly to be living on borrowed time unless he does serious work to make peace with Parliament.

THE BACKBENCHES

Rosie Campbell

WHERE HAVE WE COME FROM?

Conservative backbenchers have a [long history](#) of being a thorn in the side of their leaders. Boris Johnson returned to Number 10 in December 2019 with 48 additional Conservative MPs. A majority of 80 potentially handed him the kind of parliamentary clout not available to a Conservative Prime Minister since the 1980s. The majority also of course marked a clear break from the two years of minority Conservative Government the country had witnessed.

WHERE ARE WE NOW?

The first year of this Government did not quite live up to those expectations. Tory backbenchers have not given their leader unwavering loyalty. Instead there have been a succession of public letters, statements, anonymous briefings, leaks from private meetings and parliamentary rebellions emanating from unhappy Conservative MPs, [including](#) senior members of the 1922 backbench committee.

The number of troublesome Remainder Tory MPs has been substantially diminished (although many of their voices can still be heard in the Lords and in the media) but their defeat has not eradicated Johnson's difficulties.

The Covid-19 crisis striking in the immediate aftermath of the General Election, when the transition from campaigning to governing was not complete, alongside the continued negotiations with the EU would have provided a challenge to any Prime Minister, even one with the best relationship with the parliamentary party. Boris Johnson's relationships with his backbench MPs are not so well lubricated.

Johnson's electoral success in 2019 is one source of his problems. The old fissure of attitudes towards the EU is much less in evidence, but new divisions between supporters and opponents of the 'levelling up' agenda — or, crudely, between Conservative MPs from the shires and those from the newly erected blue wall — [are emerging](#).

Many new Conservative MPs, especially those representing the North of England, are grateful to the Prime Minister for their election. Nonetheless they represent marginal seats in economically disadvantaged parts of the country; their need to secure investment into their constituencies trumps loyalty to the leader. As new MPs who have entered Parliament in the unique circumstances of 2020, many have not been institutionalised into the practices of the Parliamentary party, and are extremely vocal, using public channels to make their grievances known. In October 2020 they helped form the [Northern Research Group](#), which now has more than 50 members.

The levelling up agenda they represent is at direct odds with the minimum state intervention values of many southern Conservative MPs who represent largely safe seats. Rather than seeking to shore up their majorities, these MPs are interested in promotion or influence on policy. Some have given up on a ministerial career under Johnson as they have been sacked, or were never interested, and instead

they are driven by the pursuit of their deeply held ideological beliefs, or for a few the desire for a new leader who recognises their talents.

Two further research groups were announced in autumn 2020: the Common Sense Group and the Covid-19 Recovery Group, both with circa 60 members. The CSG is focused on 'leftwing ideological nonsense.' The CRG, led by former chief whip Mark Harper and high profile Brexiteer Steve Baker, and including Sir Graham Brady Chairman of the 1922, is focused on challenging Johnson on his lockdown policies. There has even been some speculation, perhaps tongue in cheek, that a [Southern Research Group](#) is also called for. There is some overlap in membership of these groups and one thing that unites them is that they are allegedly viewed as [adversarial by number 10](#).

These groups represent one set of difficulties for the Prime Minister when it comes to party management. His management of the Covid-19 crisis provides another. The Government has made a number of high-profile U turns during the crisis that have infuriated some Conservative MPs and drawn the ire of several members of the 1922 committee that looks after the interests of the backbench Tory MPs who ultimately hold the fate of the PM in their hands. There has been much complaint, both anonymous and attributable to Tory backbenchers, that the PM's handling of the crisis has been undermined by his failure to engage fully with Parliament and by his over-reliance on advisors.

WHERE ARE WE HEADING?

Keeping Tory MPs who often serve very different constituencies happy is going to be extremely challenging, and the challenge will increase over the next four years as the drastic economic consequences of the Covid-19 crisis hit home. As it is, a parliamentary party so riven by increasingly organised groups suggests plentiful parliamentary rebellions in the years ahead.

Boris Johnson has, it should be said, taken significant steps to address some of the dissatisfaction on his backbenches. The departure of Dominic Cummings has been used as a moment to reset his relationship with the parliamentary party and he has been actively reaching out to the NRG and the 1922.

The PM's pivot towards the parliamentary party and away from his cohort of advisors is a sensible survival strategy, and the ERG's endorsement of the Brexit deal suggests the new approach might be working. However, the lesson that public criticism rather than private negotiations reap rewards for disaffected backbenchers is not easily unlearned and we can expect a highly vocal and demanding Conservative backbench for the lifetime of this government.

The first half of 2021, which will be dominated by both Covid-19 and the end of transition, could make for rough terrain for the Prime Minister. Beyond that, the inherent tension between reducing the unprecedented level of peace time Government borrowing and delivering on the levelling up agenda, could well prove a recipe for a period of sustained Conservative infighting. Potential demands for a second referendum on independence after next year's Scottish elections, will fan the flames further. All this will continue to make it much more difficult for Johnson to govern than his 80 seat majority would suggest.

THE CONSERVATIVES

Tim Bale

WHERE HAVE WE COME FROM?

The Conservative Party went into the 2016 referendum with more of its MPs supporting remaining in the EU than leaving. Once voters had spoken, however, the majority of Tories at Westminster were prepared to respect ‘the will of the people’. Any who refused, or simply showed too little enthusiasm, either walked out or were thrown out.

After Boris Johnson’s big win at the 2019 General Election, the Conservatives became a party largely for and of Leavers. Most of its voters had supported and continued to support Brexit. The same was true of grassroots Tories in constituency associations up and down the land.

WHERE ARE WE NOW?

Views on issues apart from Brexit, however, are rather more varied. There are some significant differences between the underlying values of Tory MPs, their rank-and-file members, and their voters. Those elected to Westminster are relatively socially liberal but also significantly more neo-liberal, economically speaking, particularly when compared to voters who switched to the Conservatives from Labour at the last election.

Even now, it is easy to see how these differences render any attempt to win the next contest by waging some sort of ‘culture war’ on Labour’s supposed political correctness on, say, ethnicity or gender potentially tricky. Those differences may also mean there is a limit to which, once the pandemic has passed, many Tory MPs will accept the tax and spending required if the Government is to come anywhere near honouring its promise to level up ‘left-behind’ parts of the country.

WHERE ARE WE HEADING?

Yet, notwithstanding the departure of Dominic Cummings from Downing Street, delivering to voters in the former ‘Red Wall’ seats will remain a crucial plank in the Conservative Party’s agenda. Research on voters in those seats, neatly encapsulated in Deborah Mattinson’s recent book, makes it clear that their expectations are, as she herself puts it, ‘sky-high’.

Many, maybe most, of those who helped switch seats from red to blue clearly believe that a combination of Brexit and Boris Johnson’s promise to lavish more attention and more cash on them will bring back the manufacturing industries of the past that made Britain the workshop of the world. That, they hope, will put money in people’s pockets that they will be able to spend in spanking new high streets.

More than that, as Mattinson shows, they want law and order brought to sometimes crime-ridden neighbourhoods, they want jobs and social housing going to ‘local people’ rather than to ethnic minorities they still insist on seeing as immigrants, and they want to make sure that benefits only go to those they regard as deserving, not to ‘scroungers.’ They also want to see a Britain supposedly freed from the shackles of the EU get the respect from the rest of the world they feel it deserves.

While many Tories will wholeheartedly share such sentiments and believe they bode well for their chances of re-election, their colleagues in government know that it's going to be a big ask to satisfy them — or, more realistically, to be seen to have made a decent start on satisfying them — by 2024.

True, Covid-19 may ensure that the Johnson administration is given slightly more leeway by sympathetic voters than might otherwise have been the case. On the other hand, the enormous sums of money that have had to be spent on combatting it are already prompting demands for the state to tighten its belt again once the emergency is over. That is, unless Conservative MPs and the Treasury, both of whom are instinctively hostile to what they regard as undue profligacy and unsustainable borrowing, can be convinced otherwise. If not, it will be difficult to make a serious start on any levelling up agenda worth the name, let alone allow the party to tackle massive underlying problems from which, again and again, it has shied away, most obviously social care. Any retrenchment, even if it were to stop short of a return to austerity, could also mean the economy (and employment) recovers less rapidly than it needs to.

Against this, a development that is easily portrayed as awkward for the party — the establishment of the Northern Research Group of concerned MPs from the region — may actually prove useful. Their desire to hold the Prime Minister's feet to the fire might offset calls for 'sound finance' at least when it comes to capital if not current spending.

The same might also be said of another development — the emergence of a Labour Party that, for the first time for a long time, seems to have chosen a leader seen as a credible candidate for the premiership.

Talk of which leads to a final thought. The shine has clearly come off the current leader of the Conservative Party, not least because his handling of the pandemic is widely regarded by the public as poor, even chaotic — and the same adjectives can be applied to some of his Cabinet. Re-establishing the party's reputation for competence, as well as projecting a more consensual, less aggressively confrontational image, will be difficult. Indeed, it may well necessitate making big changes in personnel, up to and, who knows, including the prime minister himself.

How the party handles renewed demands for Scottish independence this year may well play a crucial part in such an effort. But so, too, will Brexit.

If the Government can convincingly argue over the next few months that it really has managed to 'get Brexit done' without the tangible disruption that the 'doomsters and gloomsters' predicted, then a reshuffle and a 'reset' might be enough, especially with the arrival of a vaccine.

Should, however, the UK's departure from the Single Market and Customs Union turn out to be a much messier affair, prompting seemingly endless rows not just between London and Brussels, but between London and an ever-more assertive Edinburgh, Belfast and Cardiff, then support for the Conservatives could not so much slip as bleed away — and fast.

LABOUR

Rob Ford

WHERE HAVE WE COME FROM?

From the summer of 2017 a combination of grinding negotiations and parliamentary gridlock increased demands from frustrated Leave voters for Brexit at almost any cost, while encouraging hopes of a reversal among Remain voters previously resigned to departure.

Ideally, Labour needed both sets of voters. However the People's Vote campaign proved effective at mobilising both grassroots members and MPs behind a second referendum and successfully pressed the Labour leadership into accepting this, at least in principle. The result was a convoluted compromise that ultimately satisfied nobody: Labour favoured a renegotiation followed by a new vote, but its leader would not endorse or campaign for the new deal he negotiated, and most of his Shadow Cabinet pledged to campaign against it. Voters largely didn't understand it, and those who did disliked it. Corbyn tried valiantly to keep his party in the middle of the road on Brexit. Their reward was to be flattened by Boris Johnson's 'get Brexit done' juggernaut.

Since the election, Labour Leavers have sought to blame the party's defeat on its commitment to a second referendum, which enraged Leave voters in 'Red Wall' seats without engaging Remain voters in suburban marginals. Labour's Remainers — many of them Corbynsceptic centrists — have countered that without the second referendum commitment, Labour's collapse would have been more dire still.

WHERE ARE WE NOW?

Labour's decisive election defeat, along with the election of Keir Starmer mean that the primary political question before the party leadership has changed from "Leave or Remain?" to "We've left — what next?" The party still encompasses a broad spectrum of opinion from liberal Europhiles to radical left Eurosceptics, but building a policy with broad appeal may prove easier now the binary existential question of Brexit has been replaced with a menu of post-Brexit policy options.

Yet as Labour ponders these policy options, the electoral dilemmas which have plagued it in the recent past will continue, reflecting the emergence of identity politics [divides](#) which predate Brexit but were deepened by the polarising EU debate. Graduates and ethnic minority voters — who tend to be pro-EU and hold liberal, cosmopolitan stances on other identity issues such as immigration — are now the largest part of Labour's electoral coalition. However, these groups are too small overall, and too concentrated in big cities, for Labour to win Commons majorities based on their support alone. Labour therefore also needs a critical mass of support from voters who are more socially conservative, nationalist, and Eurosceptic if it is to have any hope of forming the next Government.

WHERE ARE WE HEADING?

Labour's policy towards the EU therefore needs to thread the needle of appealing to the more Eurosceptic and nationalist voters it needs to win back without antagonising the more cosmopolitan Europhile supporters who form the backbone of its current electorate and activist base.

The party has actually faced this dilemma before, over immigration policy during Ed Miliband's leadership. The precedent is not encouraging: tentative promises of more controls on immigration triggered outrage from the party's pro-migration activist base, which undermined the credibility of such pledges with the social conservative voters they were aimed at.

Compromise on identity issues, in other words, is complicated. Strongly liberal voters believe the concerns being addressed are not legitimate and should therefore not be listened to — a sentiment which risks reinforcing distrust among more socially conservative voters, who often feel the contemporary Labour party either dismisses their concerns or else patronises them.

Yet Starmer has two critical advantages over Miliband. Firstly, the politics of the most polarising issue facing Miliband — immigration — is fundamentally different today. Free movement within the EU has gone, and the principles of the skills-based, selective migration policy which has replaced it enjoy broad public support. The British electorate has also, for the first time in polling history, gone from being broadly sceptical about migration to broadly favourable. There were few votes to be won in defending an open migration status quo in 2010-15. There may be more votes in arguing for liberalisation within the current post-Brexit framework.

Secondly, the arrival of a post-Brexit Britain means the arrival of a very different debate about British relations with Europe. With EU relations no longer the dominant issue on the agenda, for the first time in five years it may be possible to shift the policy discussion away from the most divisive identity terrain — Remain against Leave; Britain against Brussels — into the more fertile territory of economics and international trade. Labour can accept the principle of Brexit, while at the same time criticising the Brexit we have, and pledging to build a better deal with Europe in future. This might even win a receptive audience from some Leave voters, particularly if Brexit doesn't seem to be delivering quite what they hoped. Leavers dismissed arguments about economic disruption as a stalking horse for Remainers while Brexit was still being negotiated. They may think again once Brexit is settled fact.

A window of opportunity may open again for Labour on Brexit after 2020. A fair hearing for a new deal with Europe across the identity politics divide may be easier than it was hitherto. Deciding what to put in such a deal will be harder. Big steps to integration such as joining the European Economic Area or the Customs Union would reopen arguments over sovereignty and control of borders, shattering any fragile post-Brexit truce between Leave and Remain partisans. But achieving close relations while staying free of the single market looks awfully like the kind of 'cherry picking' the EU has always resisted before. Perhaps the issue can be ducked. After all, election pledges on the EU which are heavy on optimistic slogans but light on detail have worked before. Boris Johnson has stolen many of Labour's best applause lines since become Prime Minister. Perhaps Keir Starmer could return the favour on Brexit.

DEVOLUTION IN ENGLAND

Tony Travers

WHERE HAVE WE COME FROM?

Devolution in England has followed a wandering and difficult path to its disoriented position today. The creation of Northern Ireland in the early 1920s and its subsequent history involved a form of devolved government in the province which set a precedent. Following the Royal Commission on the Constitution in the 1970s, efforts were made to deliver devolution across the UK. But it took until 1999 for devolved government to arrive in Scotland, Wales and Northern Ireland, along with a commitment from the Blair government to follow through with devolution to the English regions.

In 2000, the Greater London Authority (GLA) was created, re-creating city-regional government in the capital. The first of (what was planned to be) a series of referendums took place in 2004 to decide whether devolution should take place to the North East of England. The vote was over three to one against. There were no further referendums and regional devolution died.

In the aftermath of the 2004 reversal, the ten councils in Greater Manchester started to work ever-more collaboratively on policy for the city-region. By the end of the decade, legislation had been passed allowing groups of authorities to form ‘combined authorities’. The Coalition Government then built on this new governance model, offering first Greater Manchester (in 2014) and then other areas the opportunity to have increased devolved power and resources — generally in exchange for adopting a directly-elected mayor as leader. Powers have included transport, housing, skills and healthcare, while resources are overwhelmingly derived from central grants. Subsequently, the West Midlands (around Birmingham), Liverpool City region, the Tees Valley and others followed.

WHERE ARE WE NOW?

There is now a patchwork of city-regional and county-based combined authorities. West Yorkshire (around Leeds) will elect a mayor in May 2021. Geographically, most of England is still governed by its traditional local authorities, without a combined authority. Local government in England, whose councils constituted these combined authorities, has seen its powers substantially diminished over the years since 1945. Services were transferred to national control including health, further and higher education, some schools, social housing and aspects of land-use planning. Local taxation has been capped since the 1980s. England is now, despite the post-1999 devolutionary policy outlined above, remains one of the most centralised countries in the democratic world.

The Brexit process has seen Britain acting very much as a unitary state. The Prime Minister and Cabinet have empowered a small team of negotiators to speak on the UK’s behalf. Scotland, Wales and Northern Ireland have had virtually no say in the process. Sub-national authorities in England, including London, have been sidelined. While it is possible some former EU powers will eventually be transferred to Edinburgh, Cardiff and Belfast, the ‘internal market’ provisions of recent UK legislation imply little room for major devolutionary advance. Indeed, some provisions of the new law assert the sovereign power of the UK government over the devolved administrations.

In England, after more than 20 years, devolution remains a stop-start policy, very much dependent on individual ministers to take the initiative to drive it ahead. Many local leaders agree further devolution of power will be necessary if parts of England with relatively low GDP per head are to catch up with those which have higher economic output — a key plank of the Johnson Government's levelling-up agenda.

WHERE ARE WE HEADING?

The accidental coincidence of the Brexit endgame and the Covid-19 pandemic raises serious questions about Britain's creaking constitutional arrangements. Did 17 million people really vote to leave the EU only to concentrate more power in Whitehall? Did months of centralised public policy in relation to sourcing protective equipment, testing, tracing and enforcement really work well? Perhaps people in England want greater access to political power in their own cities and counties. Perhaps the struggle against Covid-19 would have been better handled by local officials and institutions?

Brexit surely signalled people wanted less remote government with the capacity to make decisions about the economy, skills, training and town centres in places where they have a greater chance of access to decision-making. To achieve a more balanced and less centrally governed country, what steps might need to be taken?

Devolution in England needs to move to a consistent form of sub-national government where there are service-delivering elected authorities operating within (joint) combined authorities. Directly elected mayors or (in rural areas) 'governors' could provide leadership of these authorities of the kind already found in city-regions and other areas where such a system currently exists. Indirect election would also be a possibility, particularly in more rural areas.

If England moved to a comprehensive system of unitary and combined authorities, it would be possible to devolve powers and resources consistently. An English counterbalance to Scottish, Welsh and Northern Ireland devolution could then be envisaged. More powers and greater fiscal autonomy could be transferred from the centre to substantively powerful sub-national areas. English self-expression could be accommodated in a way that generated pressure for better government.

As always, there is a risk the UK Government will stumble on with half-hearted devolution which never quite arrives at the point where a more radical solution is delivered. If this were to happen, there is little chance that the North and Midlands can fully achieve their economic potential. Worse still, much of the discontent manifested in the 'Leave' vote will remain unaddressed.

Boris Johnson was mayor of London for eight years. It was the most important staging-post of his route to Downing Street. He was committed to the fiscal devolution proposals in the report of the London Finance Commission — which he called for. Of all British Prime Ministers he understands that the city (or the county) can be the basis for good government. As Britain picks itself up after the political and economic struggles of 2016 to 2020, devolution is a potential big win for his Government.

LOCAL ELECTIONS IN 2021

Colin Rallings & Michael Thrasher

WHERE HAVE WE COME FROM?

It is important to judge each party's vote share, its council control and net gain or loss of seats according to the baseline numbers. But in May 2021 there are two baselines: 2016 where the elections have been postponed from 2020; 2017 for the elections that were always due to take place this year.

The local elections of 2016 marked Jeremy Corbyn's first significant test since becoming Labour leader the previous September. For David Cameron it was the first time in 20 years that a Conservative Prime Minister had contested widespread local elections while heading a majority government. Both major parties registered a small decline in seats and councils controlled, with the Liberal Democrats the main beneficiaries. It was a rather humdrum election with little indication of the shock that was about to hit the country a few weeks later. Our estimate of the national equivalent vote (NEV) for The Sunday Times put Labour one point ahead of the Conservatives (33%-32%) with the Liberal Democrats beating UKIP into third place (14%-12%) for the first time since 2012.

The local elections of 2017 were dominated by the shire counties (or their unitary successors) where the Conservatives won almost half the vote and more than two thirds of the seats. They took control of all but three of 27 county councils. We estimated a NEV of 39% for the Conservatives, their best showing on this measure in government since 1992. Labour trailed by 11 points with the Liberal Democrats on 18% and UKIP barely registering any support. Hardly surprising, then, that May's fateful decision, already announced, to call a General Election looked like a wise one.

WHERE ARE WE NOW?

The various elections scheduled for 6 May 2021 will allow virtually every voter in Great Britain to give their first formal verdicts on the Conservative's handling of both Brexit and Covid-19, as well as the way in which elected mayors engaged with central Government and how local authorities administered services during the pandemic.

Across England, attention will focus on the almost 5,000 councillors to be chosen across 149 local authorities, a number swollen by the postponement of the 2020 elections. Adding to the complexity are contests for the Mayor and Assembly in Greater London, 12 other directly elected regional or 'city' mayors, and 36 Police and Crime Commissioners (PCCs).

Some voters, then, will be faced with three or even four ballot papers, and numerous electoral systems will be in play simultaneously. Things are going to get complicated — and not just for voters themselves but for those tasked with interpreting the results.

WHERE ARE WE HEADING?

The contests originally due in May 2020 will see Labour defend almost half the seats across a swathe of mainly urban England. Most of the seats falling vacant were last fought weeks before the EU referendum in June 2016.

Most interest this coming May lies in whether Conservative breeches of Labour's 'Red Wall' at the last general election can be sustained — not in the big cities of course (it's been a long time since either Liverpool or Manchester, or Cambridge or Oxford come to that, have elected more than a single Conservative councillor), but in Brexit-supporting areas outside the main conurbations.

Labour control in Bury is vulnerable to a seven per cent adverse swing since 2016. In Dudley, whose two constituencies the Conservatives won decisively last year, they need just two gains for a majority. However, there — and in other places like Burnley and Lincoln which once seemed ripe for the taking — the picture is perhaps now less rosy, particularly given there were so few votes being cast for UKIP candidates last time.

Against the background of their success in 2017, the Conservatives are probably braced for losses. Counties such as Cambridgeshire, East Sussex, Hampshire and Hertfordshire will be good proving grounds for any sign of a Liberal Democrat revival. The party remained in second place to the Conservatives in all of them even during the dark days of coalition.

The challenge is just as great for Keir Starmer's Labour whose best chances of making an impression in the English shires lie further north in Derbyshire, Nottinghamshire and Lancashire. Most of the mayoral contests look safe for Labour, but both Tees Valley and the West Midlands were surprise Conservative successes in 2017. The Tees Valley result should have been an early danger signal for Labour in its former northern heartlands and indeed the Conservatives now hold four of the seven constituencies in the area.

With this year's local elections being assessed against two benchmarks, the calculation of the national equivalent vote takes on great importance. Who wins largest share of the vote; what are the margins between the parties; and how do the figures compare with previous years? Given the complexity, even a defeated party will probably find some success stories.

Of wider interest will be the degree to which votes are cast for other than the major parties. Several councils have recently experienced upheaval following internal party disputes. In Plymouth eight members of the Conservative opposition resigned the whip in October citing dissatisfaction with a new leadership team. In Basingstoke and Deane nine of the 21 sitting Labour councillors jumped ship in the aftermath of the general election to become Independents claiming that, 'a lot of people in the borough have become disillusioned with party politics'. If these sentiments apply elsewhere, it could be a bumper year for Independents and localised parties.

Driving this surge might be a further increase in 'split-ticket' voting — choosing different parties with different ballots. When local and parliamentary elections have coincided, our estimate shows one in five voters fall into this category. An electorate without strong ties to established parties is an unpredictable one. Throw in the chance to cast a judgement on both the handling of the pandemic and of Brexit, which by then will be a reality rather than a prospect, and don't be surprised if no clear winner emerges.



THE UNION

THE FUTURE OF THE UNION

Michael Kenny & Jack Sheldon

WHERE HAVE WE COME FROM?

Tensions about the relationships between the UK's component parts have never been too far from the surface during the political crisis triggered by Brexit. How to avoid the re-creation of a customs and regulatory border on the island of Ireland became a major source of friction during the Article 50 negotiations. Meanwhile, the question of what happens to powers that were formerly exercised at the EU level, but which fall within devolved competence, has been a recurrent source of disagreement between the UK Government and the devolved administrations.

Voters in Scotland and Northern Ireland supported Remain by clear majorities, while majorities in England and Wales voted to leave, which led to speculation that Brexit might lead to the break-up of the UK.

WHERE ARE WE NOW?

There are still major differences between the UK Government and the devolved administrations over key issues arising from Brexit. The [Internal Market Act](#) passed by Boris Johnson's Government — which seeks to prevent the emergence of unwanted barriers to trade within the UK — is seen as undermining devolved powers by the Scottish and Welsh Governments. Plans to replace EU structural funds by directly allocating money from the centre through the 'Shared Prosperity Fund', with no involvement for the devolved authorities, are also highly controversial. Some [progress](#) has been made with negotiating UK-wide policy frameworks in areas of former EU competence, but these have not yet been agreed in sensitive policy areas such as agriculture and fisheries.

Recent [polls](#) have reported the emergence, for the first time, of a consistent pro-independence majority in Scotland. The Scottish National Party is [on course](#) to win a majority at next May's Scottish Parliament election, with the call for a second independence referendum likely to be the centrepiece of its programme. There has also been a small [rise in support](#) for Welsh independence — albeit from a low base. In Northern Ireland some [polling](#) since 2017 suggests that support for unification is close to 50%, although this is not a consistent finding across all polling methods.

These trends can be attributed partly to the aftermath of Brexit, but also to the [perception](#) that the devolved Governments — particularly in Scotland and Wales — have responded to the Covid-19 crisis more effectively than its UK counterpart has done in England. In Northern Ireland continuing uncertainty over the past few years about what impacts Brexit will have on trade across its land border with Ireland and sea border with Great Britain have accentuated growing tensions between the local parties.

WHERE ARE WE HEADING?

The Prime Minister believes that another Scottish independence referendum could open up a profound constitutional crisis, but a UK refusal to agree to one even if pro-independence parties retain their

majority after next year's Holyrood election may well lead to the same place. The spectacle of the British Government saying 'No' could further expand support for a referendum, and perhaps for independence. In this scenario there will also be considerable pressure on an SNP-led administration to attempt to hold a referendum under devolved powers. By summer 2021, all the major parties will be compelled to engage with the question of Scotland's constitutional future.

The prospect of conflict over Scotland has set in motion an intense debate at the heart of British Government about the strategic approach to the Union that is now required. The possibility of a border poll on Northern Ireland's constitutional future has not figured in London's thinking to anything like the same degree. Yet the implementation of the Withdrawal Agreement leaves Northern Ireland within the EU's regulatory orbit and may well stimulate further debate about Northern Ireland's constitutional status.

Should a Labour Government be re-elected in Wales next May, it is likely to have to balance its pro-Union position against its fear that the authority of the devolved institutions may be undermined by a Johnson-led Government.

In England too, the demand for another referendum in Scotland will reverberate loudly. There are [signs](#) that the tacit consent of the English for the asymmetric union is wearing thin — especially among the inhabitants of cities and regions furthest from London which feel they too get a [raw deal](#) from the British state, and a significant number of people more generally who feel that England is at a disadvantage in the post-devolved UK.

Referendum or not, there will be a [greater need](#) for close co-operation between the four governments within the UK after Brexit. A review of the system of intergovernmental relations, which is seen by all sides as not fit for the challenge of common decision making, has been ongoing since 2018. Following several delays, the UK Government is now [committed](#) to concluding this 'at pace'. Reaching agreement on a set of arrangements that commands the confidence of all governments within the UK is an essential first step in rebuilding some of the trust that has been badly damaged by the events of the past few years.

Three features of the UK's fractured and conflictual territorial politics are likely to be particularly prominent in the coming period.

One is that, for the first time since devolution was introduced, British politicians are going to have to engage with its complex realities and the wider challenge of articulating a vision of the nature and purpose of the UK's asymmetrical system of governance. Significant differences about the merits of devolution, the right of the Scottish Parliament to demand another independence referendum and the case for decentralising power in England currently lie just under the surface of British politics. They will be immensely disruptive when they come to the fore.

A second is that debates about Scottish independence will have profound effects on other parts of the UK — very likely instigating a much wider conversation about whether the Union can only survive if further reforms are undertaken.

And third, Britain's political and administrative elites can be expected to become increasingly inward-looking as the implications of the possible dissolution of the UK dawn.

A fracturing of the domestic union as it departs the EU is a significant obstacle to the idea of a confident and outward-facing 'global Britain'.

SCOTLAND

Nicola McEwen

WHERE WE HAVE COME FROM?

Less than two years after the 2014 independence referendum, which saw 45% vote Yes to Scotland being an independent country and 55% vote No, the Scottish National Party was re-elected to a third term of office. Its manifesto asserted the right to a new referendum on independence *‘if there is clear and sustained evidence that independence has become the preferred option of a majority of the Scottish people — or if there is a significant and material change in the circumstances that prevailed in 2014, such as Scotland being taken out of the EU against our will.’*

Within two months, the Brexit referendum produced that material change. 62% in Scotland voted remain. The Scottish Government’s calls for a soft Brexit or, failing that, bespoke arrangements for Scotland to remain closely embedded within the EU internal market, had no influence on UK Brexit policy. Scotland left the EU and its internal market ‘against our will’ along with the rest of the UK.

In 2020, the second condition was arguably also met. By the beginning of the year, support for independence had increased to around 50%, primarily driven by Remainers. Against the backdrop of Covid-19, support has increased further. From June-December, 16 opinion polls carried out by six different polling firms all suggested majority support for independence, ranging from 51% to 59%. This is the most sustained support for independence ever seen. Scotland thus enters 2021- an election year — with its constitutional future once again at the forefront of political debate.

WHERE WE ARE NOW?

The SNP has been in power for 14 years. Every opinion poll suggests that it is on course for another convincing victory in the Scottish Parliament elections in May, potentially winning an overall majority. This would be a remarkable achievement in a five-party system, under an electoral system not expected to produce single party majorities. Five months is a long time in politics, and much can intervene to alter the course of public opinion. Internally, the party is struggling to contain factionalism. Externally, well: events, dear boy, events.

But the SNP has the advantage of facing a divided opposition with no prospect of mounting a serious challenge, individually or collectively. Moreover, the constitutional cleavage pervades both political debate and political behaviour in Scotland. And while the SNP is not the only pro-independence party — the Scottish Green Party also favours independence — it can stake a claim that its electoral fortunes alone will reinforce the mandate for an independence referendum.

WHERE ARE WE HEADING?

The challenges facing governments everywhere as a result of Covid-19 may not seem conducive to the radical constitutional overhaul that independence implies. But Nicola Sturgeon’s speech to her party conference last November presented independence as a means to empower Scottish institutions to meet the challenge: *“Independence is not a distraction from the task of post Covid-19 reconstruction.*

It is essential to getting it right". This speaks to the higher levels of trust poll after poll has indicated Scots invest in the Scottish Government and First Minister compared to the UK Government and Prime Minister.

But independence advocates must address new challenges. The constitutional authority to hold an independence referendum on similar terms to the 2014 vote lies with Westminster. Whereas David Cameron willingly negotiated the transfer of power that facilitated the 2014 referendum, both Boris Johnson and his predecessor rejected similar requests, on the basis that the UK Government will 'uphold the decisive verdict' from the 2014 vote. While that oft-repeated line may be tested by an overall SNP majority in May, the PM would be under no legal obligation to change course.

Brexit has undoubtedly raised doubts over the UK's constitutional future, but it also creates new challenges for the independence project. The SNP seeks an independence that would enable its re-entry into the EU while maintaining close links with the rest of the UK in a 'partnership of equals'. But Brexit means that, after independence and EU accession, the Anglo-Scottish border would become a border between the EU and a third country.

It is reasonable to assume that Scotland would, like Ireland, secure a derogation from the Schengen Agreement to permit the continued free movement of people across these islands. However, the Scottish Government would have to demonstrate that goods and services entering the Scottish market complied with EU rules. Under any scenario, that would require a new system of border management, combining technological surveillance, office-based bureaucracy and at least some physical border checks. Independence could thus generate additional barriers to trade across the Anglo-Scottish border just as it opens up trade and mobility with the EU. The closer the alignment between the UK and the EU, the more feasible it would be to combine Scottish independence within the EU with fluid borders with its closest neighbour, with minimal need for customs and regulatory checks.

However, the UK-EU Agreement is a thin deal. Avoiding tariffs and quotas on goods does not avoid new non-tariff barriers, including rules of origin requirements, sanitary and phytosanitary checks, customs' declarations and the need to demonstrate regulatory compliance for goods and services traded across the border. All of this points to a tighter set of border controls between Scotland and the rest of the UK in the event of independence leading to Scotland's EU membership. Maintaining such a system would require cross-border cooperation, with opportunities for partnership. But it could make it considerably more difficult to establish co-governance of shared services (for example, in energy, social security, research funding, civil aviation, etc) as was envisioned as part of the 'independence-lite' prospectus that underpinned the 2014 referendum.

Quite how these complexities, once subject to scrutiny, affect support for independence remains to be seen. The right to self-determination, and to empower a government to act according to the interests and preferences of the people of Scotland, are powerful drivers of independence claims. All else may turn out to be embellishment and detail.

WALES

Laura McAllister

WHERE HAVE WE COME FROM?

Devolution in Wales has been roundly ignored internally and externally for most of the two decades since it was enacted. Yet, nowhere in the UK has displayed such fluidity in the process for transferring power away from the centre. Despite initial lukewarm enthusiasm for devolution, the Senedd (Welsh Parliament) has cemented its place in the nation's consciousness and now enjoys popular support. The politics of Wales since devolution has been solidly Labour-dominated, albeit with the party mostly sustaining its position in government through coalitions or support-party deals. The Covid-19 pandemic has shone the light on devolution and especially its capacity for differentiation. In doing so, it has given a remarkable platform to the First Minister, Mark Drakeford.

WHERE ARE WE NOW?

The First Minister and his Government are now clearly visible, and their policy decisions felt by the whole population. This is significant in a nation where, as recently as three years ago, 40% didn't know health was devolved. Distinctive responses to the pandemic have starkly exposed devolution's intrinsic potential for policy difference, especially around public health interventions and lockdown timings and detail. The Wales Covid-19 narrative has been distinctive too — it's been about personal responsibility and community, public safety and health. That's not popular with everyone of course, but so far between 50-60% regard the First Minister as having handled the crisis well, consistently higher than the ratings they give the UK Prime Minister.

There has been greater political challenge and bolder confrontation too. That's not typical for the Welsh Government as it has mostly acted as a good unionist. Before Covid-19, it would have been hard to imagine a Labour First Minister calmly but firmly [pointing out](#) the fundamentally unjust nature of the union of Great Britain and Northern Ireland, or that the famously porous border between Wales and England would become a real, tangible political frontier.

It isn't just Covid-19 behind this of course. The vote to leave the European Union has impacted on politics in Wales. EU membership had acted as the adhesive keeping the four nations relatively happily bound together, in that it allowed the Union to [muddle along](#) without a strong, dedicated domestic framework.

There are other behaviours which have made relations more fractious. Johnson's proposal to override the Welsh Government by funding the mothballed M4 relief road is provocative and impractical. Without going much further to undermine devolution, the UK Government simply lacks the powers to plan or implement this project. The decision to force through the Internal Market Bill without devolved consent is at least as challenging. Consent has been one of the anchors of the UK's delicate constitutional fabric, and its withholding has led to a more [acerbic tone](#) from senior Welsh politicians.

WHERE ARE WE HEADING?

So, Brexit and Covid-19 have combined to engender a precarious and rather fragile territorial politics where nation and place are up for grabs. No one is claiming independence is a top priority for most and, when the question is asked, support for staying in the UK is for now pretty overwhelming. But many in Wales are at least ‘indy-curious’ by now, with recent polling showed nearly a quarter of people prepared to say “Yes Cymru,” with the figure rising under different contexts.

Not only is that figure the biggest it has ever been, support for independence also has some palpable momentum, appealing as it does to two highly significant groups — young people and Labour supporters.

Welsh Labour is unionist and devolutionist and has sustained that balance through a soft nationalism that has often been undistinguishable from Plaid Cymru’s. But the union in its current form appears less sustainable. A future Starmer Government might offer constitutional reform and a more logical suite of powers for the Senedd, including justice, the legal system and policing, or further powers over taxation and welfare. But pinning hopes on proper federalisation or ‘devo max, max’ seems like shutting the stable door after the horse has bolted given the prospect of a SNP victory next May.

As for the Conservatives, many Westminster MPs who embrace unionism have a more assertively assimilationist disposition. Perhaps it will be they who end up destroying the union?

Evidently, Brexit chiselled deep into some long-standing fissures within that union, but Covid-19 has gouged these open wounds. The tumultuous nature of current politics in Wales means that what was inconceivable is now conceivable; a future that was unimaginable is now perfectly imaginable. 2020 has exposed the distinctiveness of what can be done in Wales in response to a public health crisis and, in so doing, created a heightened sense of territory, of borders and of alternative constitutional futures, including independence.

At one level, Welsh politics has come of age in the past 12 months. But much like the run up to devolution in 1999, the debate still feels simplistically polarised, with the independence movement on one side set against a transfer of personnel (and some energy) from UKIP’s elected members to the populist Abolish the Assembly party. This means that the constitutional future of Wales is subject to the push-pull of (currently) minority interests on both sides with little mature middle ground.

It is easier than ever before, then, to imagine a radically different constitutional future for Wales. But there is a fear that this might be reached by default, shaped largely by what happens elsewhere politically. The choice between being either part of a cut and shut ‘England-and-Wales’ after possible Scottish independence or an independent country should be properly debated and owned by the Welsh people. 2020 has helped mature Welsh politics, whilst also contributing to the political education of citizens. This might provide the space, at last, in which to have a proper conversation about Wales’s constitutional and political future.

NORTHERN IRELAND

Katy Hayward

WHERE HAVE WE COME FROM?

When the UK and EU agreed that the 1998 Agreement and the Irish border would be among their top three priorities for the first phase of the Withdrawal negotiations, only those who hadn't given Northern Ireland a second thought for years were bewildered. Resolving the contradictions in the desire for a hard Brexit and the need to avoid a hard UK/Irish border required [‘flexible and imaginative solutions’](#). The backstop negotiated by Theresa May was one such solution but the inability of the UK to unilaterally walk away from it made it anathema to many Tory MPs. Boris Johnson's deal with the EU was more straightforward: distinct arrangements for Northern Ireland through the Protocol on Ireland/Northern Ireland. A hard Irish land border was avoided, and the extent to which this meant a ‘hard’ Irish Sea border was to be determined by the next round of UK-EU negotiations.

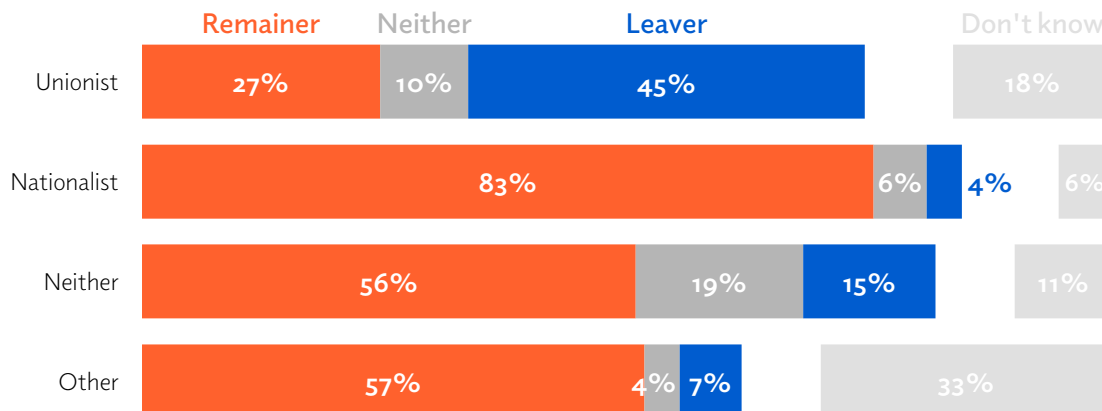
WHERE ARE WE NOW?

The Protocol proved a source of resentment. Unionists resented Northern Ireland being ‘cut adrift’ from Britain; Remainers resented having been cut out of the EU.

Almost two-thirds of Northern Ireland residents identify as either leavers or remainers

Brexit identity among different Northern Ireland communities, 2019.

UK IN A
CHANGING
EUROPE



Source: Northern Ireland Life & Times survey, 2019.

The transition period involved 11 months of particularly acute uncertainty for Northern Ireland. The large Conservative majority and the House of Commons' then-gleeful support for what unionists in Northern Ireland describe as the ‘Betrayal [Withdrawal] Act’ helped to focus the minds of political parties closer to home. The New Decade New Approach agreement saw the formation by five parties of a mandatory coalition in the Northern Ireland Executive in mid-January but the future of NI now depended heavily on the future relationship between the UK and the EU.

WHERE ARE WE HEADING?

The transition period has given us some indication of what the future might hold for Northern Ireland. First, it is at the hard edge of tensions in the UK and EU relationship — and indeed, to differences in the two sides' interpretation of legal agreements. By asserting in the Internal Market Bill that it could take unilateral action — and thus breach the Protocol — the UK Government was implicitly acknowledging unionist fears that it had conceded too much to the EU in the first place. Although the controversial clauses would have done very little in practice to mitigate the impact of the Protocol, they were a symbolic act of defiance to the EU. Although this threat was removed after the mid-December [decisions](#) in the UK-EU Joint Committee, its negative impact on UK-EU trust will linger.

Secondly, Northern Ireland is all too easily in the blind spot of the UK Government when it comes to post-Brexit planning. Given its peripheral position, devolved institutions and small size, Northern Ireland was quite used to being far from the centre of decision making in Westminster. But the risks of this marginality are now exacerbated by the fact that the impact of UK Government policy could potentially be so different for Northern Ireland.

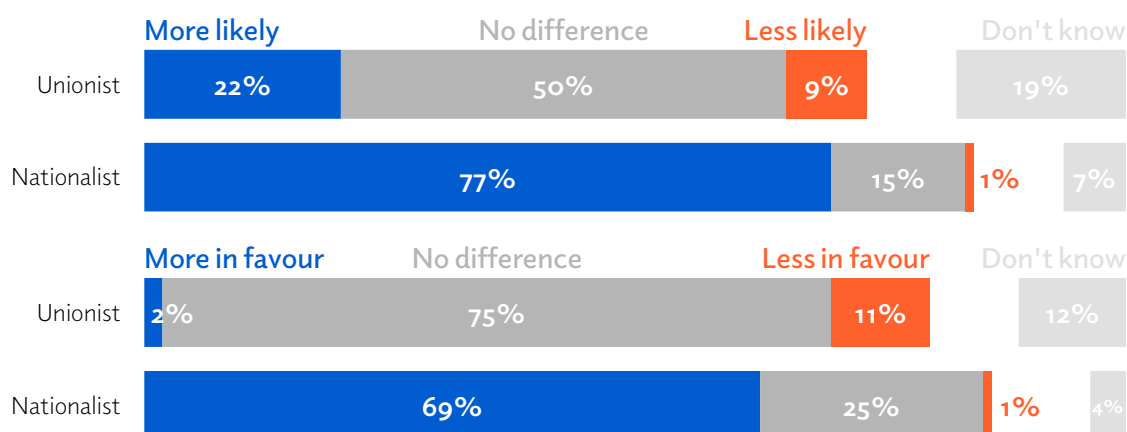
Related to this, the UK's decision not to extend the transition period went against clear requests from NI MLAs and business, conscious that 1 January would see a new regime come into operation for trade between Britain and Northern Ireland. Prospects for the post-Brexit NI economy have been further damaged by the lack of information and decisions from the Government regarding the implementation of the Protocol. Systems and schemes for customs declarations, for sanitary and phytosanitary (SPS) controls and checks, for rebate of tariffs, etc. were still in the process of design, testing and development as Northern Ireland exited the transition period.

Finally, there is growing polarisation along two dimensions within Northern Ireland. First, Leave and Remain identities are very strong: nearly two thirds of respondents to the [NI Life and Times Survey](#) in 2019 say that they hold one or another of these identities, with around six out of ten on both sides saying these are very strong identities. (This compares to 56% of respondents who claim to hold Unionist and Nationalist identities, with around three in ten of them on both sides saying that these are very strong identities.)

Brexit has caused nationalists to see Irish reunification as both more desirable and more likely

“Does Brexit make a United Ireland more likely... and does it make you more in favour of a United Ireland?”, 2019.

UK IN A
CHANGING
EUROPE



Source: Northern Ireland Life & Times survey, 2019.

Even if Remaining is hopeless, the means of rejoining the EU is quite clear for some — that is, via Irish unification. This relates to the other point of polarisation within NI. Over the course of the UK's withdrawal from the EU, we have seen a steady growth in the proportion of people in NI saying that Brexit makes a united Ireland more likely, and that it makes them more favourable to the idea. The overall trend is that nationalists are coming to (more than hope for) expect a united Ireland, and they are increasingly keen to see it. The unionist response, in contrast, is to see the Brexit debate as entirely separate from the debate on Irish unity.

THE CONSEQUENCES OF DECISIONS

Northern Ireland had to follow two sets of UK-EU negotiations during the transition period: those on the implementation of the Protocol, and those on the future relationship. Progress on the former became increasingly tied to progress on the latter. The UK-EU Joint Committee [decisions](#) on 17 December offered a few essential but highly limited mitigations for the movement of goods across the Irish Sea after 1 January. When the UK-EU Trade and Cooperation Agreement (TCA) was revealed, the reason for this strict interpretation of the EU's customs and regulatory rules became clear. The hard Irish Sea border reflects the 'hardness' of the Brexit that the UK Government has negotiated.

What this means for Northern Ireland's place in the Union will depend less on the potency of Irish nationalism than on the priorities of the British Government. Johnson saw a hard Irish Sea border as a price worth paying for '[restoring national sovereignty](#)'. The TCA contains means and opportunities for future development and movement in the UK-EU relationship. If this is in a direction of further divergence, then the strain on Northern Ireland's place in the Union will inevitably grow.

ENGLAND

John Denham

WHERE HAVE WE COME FROM?

Neither Conservative nor Labour's British unionism have given much attention to England's national government. Labour's devolution programme left England largely unchanged. London got a Mayor and Assembly, but voters rejected an elected North East Assembly with limited powers. An extensive regional administration was created to support central government priorities, but no significant powers or resources were devolved.

The Conservative-Liberal Democrat coalition closed the regional office network. Their focus switched to negotiated 'devolution deals' with cities and combined authorities, imposing elected mayors even where the idea had been rejected in local referendums. This process of [elite co-option](#) remained more concerned with engaging local leaders and stakeholders in Whitehall objectives than offering local autonomy. By neglecting the interests of peripheral towns and communities, the process probably [contributed](#) to the alienation amongst some voters that was expressed in Brexit.

WHERE ARE WE NOW?

English policy and law remain a union responsibility yet no defined machinery of English government has developed. A limited Commons procedure for ‘English Votes for English Laws’ (EVEL), introduced after the Scottish referendum, has not given England the ‘voice’ promised by David Cameron nor a legislative programme. England remains the most centralised nation in Europe.

Nonetheless the politics of England and the union have been transformed. Voters identifying as ‘more English than British’ provided much of the [UKIP support](#) that led to the promise of an EU referendum and were the decisive [Leave votes](#) (other identity groups splitting equally or for Remain). Boris Johnson’s English majority in the 2019 ‘Get Brexit Done’ election was largely amongst the same voters. In a union in which different parties now contest and win each nation, England’s politics are now distinct.

Debates about England’s governance are usually framed as the technocratic challenge of delivering policy, eschewing the questions of sovereignty and identity that are recognised elsewhere in the union. Promises to ‘level up’ and for greater devolution that acknowledge that the economy is too skewed towards the metropolis are shared, at least rhetorically, across parties.

WHERE ARE WE HEADING?

After 10 years in which austerity fell disproportionately on poorer local authorities, ‘levelling up’ will require substantial investment. Government must strike a balance between ‘traditional’ infrastructure and skills and ‘mission driven’ green recovery and post-Brexit industrial policies, amid arguments that a [more fundamental change](#) in economic model is required. Tensions remain between city-centred growth and support for peripheral towns and those working in the low wage [foundational economy](#) of care, distribution, retail and basic services.

The degree of Whitehall control over investment and the level of local autonomy is not yet clear, with a Devolution and Recovery White Paper awaited. Some [new devolution deals](#) have been agreed but central government has vetoed [other local proposals](#). Significant NHS voices advocate removing social care from local authorities and a more centralised planning regime is proposed. The £4 billion ‘levelling-up’ fund announced in the Autumn Statement will be allocated to bids selected by central government. Although the troubled response to Covid-19 has been seen as symptomatic of [wider problems](#) of governance, the default assumption of centralism is deeply embedded in the union state and the politics of Westminster. There are few concrete signs of change and a stand-off between government and the Mayor of Greater Manchester on lockdown policy emphasised how [little power](#) is exercised at local level.

The opposition parties have no clear proposals for English devolution. The [IPPR](#) and the [UK 2070 Commission](#) have advocated renewed regional agendas that cut across existing councils and combined authorities while no local government consensus exists about the best model of devolution.

Nor is there a clear public consensus on English governance. Polling has for many years shown a majority for excluding non-English MPs from making English laws, but not for an English Parliament. A majority of voters support the principle of devolution within England, but regional government is consistently the least popular change, lagging behind both devolution to local and combined authorities and the status quo. As things stand there is little pressure for radical change,

and no consensus on what that change should be.

As the prime source of both Brexit and an Anglo-centric British unionism, England is at the centre of tensions within the union. The Conservative Government is pursuing an assertive unionism but it is not clear how successful this will be. The centralisation of powers returning from Brussels, and Whitehall control of the Shared Prosperity fund replacing previously devolved investment funds is provoking resentment in the devolved administrations. Keir Starmer's move to establish a UK wide Constitutional Commission, and his earlier if ill-defined advocacy of a [federal union](#) of nations and regions reflects the view of [other unionists](#) that relations within the union need to be reset.

Within England, mayors and council leaders might forge a strong cross-party coalition demanding decentralisation if the Government's ambitions for levelling up, green recovery, social care and planning reform cannot be delivered from the centre. The electorate is [fragmented](#), and with the major parties [poorly aligned](#) with voters' values, English politics are likely to remain unstable and unpredictable.

If an English political reaction was provoked, [as in 2015](#), by a new Scottish independence referendum, the prospect of a hung Parliament, or more generous social policies, some politicians might want to appeal to the support for English interests felt by English-identifying voters. If a General Election produced a UK majority Government or coalition without an English majority the clash with EVEL would raise questions of legitimacy that would provoke a wider constitutional debate.

In such debate, an English desire for a national governance that is more democratic but also decentralised may come to the fore, while the rest of the union will want English politician's claims to act as the union constrained. Without it, it seems more likely that England's governance will not radically change in the next few years.

LOCAL GOVERNMENT

Colin Copus & Catherine Saltis

WHERE HAVE WE COME FROM?

From the outset, Britain's membership of a policy-making body with powers to override decisions of member states had profound implications for councillors. EU membership re-shaped the relationship between councillors and the UK centre. Many, especially during the Conservative Governments of the 1980s and 90s, perceived the EU as a source of funding to counter-balance Government spending reductions. The Labour Governments of 1997-2010 urged councillors to be outward-looking, community-engaged and less focused on the Town Hall. The EU offered opportunities to do just that and be active on an internationalised local government stage, through bodies such as the Committee of the Regions. Such activities tended to be restricted to leading councillors, cabinet members and our research showed that Scrutiny chairs also recognised the potential of influence through EU engagement as it took them 'beyond the council' to meetings with councillors overseas, able to

draw on EU evidence in scrutiny investigations. That experience showed them that the executive — scrutiny distinction between councillors was not unique, rather just very new to England. International networks opened access to ideas, experiences, practical solutions and policy transfer opportunities. It also gave a taste of some of the freedoms enjoyed by local government overseas but lacking for their English counterparts. Yet the majority of councillors were unengaged, possibly unaware of the links their councils had with the EU.

WHERE ARE WE NOW?

Before Brexit, across England's 339 councils, many leading councillors, in all types of councils, had reshaped their roles as outward facing and looked for opportunities to enhance their influence with EU policy makers and resource allocators. That approach reflected what they have been doing locally, regionally and nationally: interact across the private and public sector and governmental organisations to extend their influence and broker power. With or without the EU, these complex network dynamics within which leading councillors operate still stand. There are those councillors who display a different set of representative characteristics who always preferred to concentrate on their council, their wards or divisions, content for others to engage on the international stage, and those who were always 'ambivalent' towards the EU, engaging if and when opportunities arose to benefit their political and local projects, while at all other times remaining unengaged.

WHERE ARE WE HEADING?

Brexit will leave the majority of councillors who were always inactive in, or ambivalent toward, the EU unscathed. Their work as local representatives, defenders of their patch, local policy makers and network shapers continues, even if it is within English local government in the UK's heavily centralised system.

But Brexit will not dampen leading councillors' appetite for international engagement. They will continue to seek policy influence by operating beyond the confines of their council and seek resource advantages to their council, communities and localities. Those councillors have proven so adept at navigating and influencing complex, local, regional, national and until recently, international networks that they will continue to find ways of operating on an international setting.

In other words, international networks created by EU membership need to be reshaped to provide similar, though less formal and structured theatres of operation. Councillors now need to influence through informal channels. Much of local politics is played out in private rather than public settings and those skills, experiences and political nous do not disappear because of Brexit.

Brexit has forced councillors to locate other forums to exert international influence. Being fixated on the EU as the only game in town set an unnecessarily limited boundary around the international influence councillors could employ, dampening the need to seek a wider international forum. Leaving the EU need not mean that councillors cannot maintain, on an informal basis, networks created and shared by EU engagement. But it does mean they may be more atlanticist in their focus, as well as further developing and strengthening links within the Commonwealth and other international bodies providing councillors' forums (e.g. The Commonwealth Local Government Forum, the UN Advisory Committee of Local Authorities, the Council of European Municipalities and Regions) to develop

policy and to influence powerful international organisations. Why, after all, limit themselves to a conglomerate of 27 European nations when there is a world of influence and engagement possible?

A new role has emerged in which leading councillors can operate in a globalised setting beyond the EU and those of an entrepreneurial nature will seek every opportunity to do so. The bar is being raised for councillors as negotiating with and exerting influence over a complex, interdependent landscape far beyond continental Europe, becomes part of their local governing role. By drawing on their overseas counterparts' experiences, learning how complex policy problems elsewhere have been addressed, applying those lessons to governing their own areas and by identifying new sources of funding, international activity provides positive benefit to communities. If such activities make councillors' work more interesting and enriching and influential, that counterbalances the frustrations experienced each day through central oversight and micro-control, then they deserve that premium.

Finally, leading councillors can seek to redress the devolution imbalance across the UK, where England remains far behind devolution to the rest of the UK. Nothing that comes to English local government will be near that granted to the rest of the UK through their national parliaments; senior councillors operating beyond their councils need to refocus on that asymmetry.

Following the money was a great motivator for EU engagement. But as a net contributor to the EU throughout our membership, there was always more than a bit of smoke and mirrors to EU funding for local projects. The effectiveness of the UK Government's replacement — the Shared Prosperity Fund — remains to be seen, but at least it gives the country's councillors a new target for their policy-shaping and influencing efforts in the future.

ENGLISH MAYORS

Andrew Carter

WHERE HAVE WE COME FROM?

'Vote Leave, Take Back Control' was the key slogan from the 2016 referendum. Yet national politicians and policy makers are only now beginning to grapple with exactly where this control is coming back to, which raises important questions about the future role of England's metro-mayors in a post-Brexit Britain.

Nine of England's largest city-regions, covering almost 40% of England's population, are now led by directly-elected metro-mayors. The process began in 2000 with the establishment of the Greater London Authority, headed by the mayor. Jump forward to 2017, and new metro-mayors were elected in the West Midlands, Greater Manchester, Liverpool City Region, Tees Valley, West of England and Cambridge and Peterborough (and more recently in Sheffield city region and North of Tyne) to take over responsibility for issues including strategic planning, local transport and adult education.

From the outset, this city-focused devolution agenda has had a clear economic rationale: to address the longstanding underperformance of the England's big cities outside of the Greater South-East, most obviously Manchester and Birmingham.

Because economic geography rarely matches arbitrary council boundaries, the theory behind mayoral devolution is that directly elected, high profile leadership at the economy scale will result in more strategic economic thinking, better programme coordination and delivery, and thus improve job opportunities, wages and quality of life in a mayoral area.

Broadly speaking, metro-mayors are charged with developing strategies for growing their city-regions' economies and have powers over housing, transport, skills and business support. However, their exact responsibilities vary depending on the details of the deal agreed with central government. For example, Greater Manchester's metro-mayor has extra powers over criminal justice and health and social care in addition to his economic responsibilities.

WHERE ARE WE NOW?

While some big cities such as London, Greater Manchester and Birmingham (the West Midlands), are headed by metro-mayors with clear mandates and responsibilities — if not necessarily the corresponding power and resources — the leadership situation is less clear in other places. For example, ad hoc reform has left Liverpool with three mayors: a Liverpool City Region Mayor, a City of Liverpool Mayor, and a ceremonial Lord Mayor of Liverpool.

Meanwhile in Nottingham no substantial reform has taken place. As a result, this city of almost 700,000 people is divided into nine separate authorities with differing powers and often competing mandates and agendas. This makes joined-up strategic decision making very difficult.

A deeper look at the English mayoral devolution process also reveals how underfunded and underpowered the situation is compared to the devolution settlements given to Wales, Scotland and Northern Ireland. Whilst not perfect, the home nations' devolved administrations have the statutory powers to diverge in most domestic policy areas. There are no negotiations or overlaps between Westminster and Holyrood, Cardiff Bay or Stormont and the [Sewel Convention](#) and [block grant](#) prevent Westminster from intervening in domestic policy outside England.

Currently, however, England's mayors rely on central government permission and funding to do almost anything. This has created an unsatisfactory and unsustainable 'halfway house' for both the mayors and the Government. Boris Johnson critiqued this halfway house when he was Mayor of London. Now, as a premier with an 80-seat majority in the House of Commons, he has the power to fix this problem.

Unfortunately, however, the handling of the pandemic has created a serious rift between the Government and the mayors. Back in October disagreements over financial support for cities affected by lockdowns brought the Government and Greater Manchester's Mayor Andy Burnham to a [high-profile stand-off](#). While the mayor drew praise for standing up to Whitehall, the incident has undoubtedly soured relations between ministers and England's metro-mayors just when the Government had been preparing to devolve more powers to them and local government.

WHERE ARE WE HEADING?

Since then, senior figures within Government have cooled on the idea of devolving more powers to the mayors. The Devolution White Paper promised in the 2019 Conservative manifesto has been

kicked into the long grass. And if the 2021 local elections don't go well for the Conservatives, and Labour metro-mayors are elected in the West Midlands and the Tees Valley, Government appetite to give more powers, funding and a public platform to what they perceive as the opposition is likely to decrease even further.

This would be a mistake. It remains in both the Government's and the country's interest that all of England's cities and large towns get a wide-ranging devolution settlement.

The next stage of English devolution should include levelling-up existing metro-mayors' powers to those available to the London Mayor, giving local government full fiscal autonomy, and restructuring Whitehall to reflect the downward powershift, with a new 'England Office' managing the relationship between the UK Government and the metro-mayors in the same way that the Scotland, Wales and Northern Ireland Offices do for their respective home nations.

While it is still possible that these reforms will happen, it is growing less likely and, like many past governments, this one grows more centralising with each day. [An argument is growing](#) between the UK Government and devolved leaders in Edinburgh, Cardiff and Belfast over repatriating powers such as fishing, food standards and immigration from the EU.

Yet there is hope. The Government will need to press ahead with devolution to make a success of its levelling up agenda. Many of the promises that the Prime Minister made on the 2019 General Election trail — better bus services, quality adult education, more housing — cannot be effectively delivered in top-down fashion from Whitehall. It would therefore be a regrettable and short-sighted mistake if Boris Johnson, and the Government he leads, decides that more English metro-mayors just aren't worth the hassle.

The background is a solid blue color. It features several geometric shapes in a darker blue shade: a vertical rectangle in the top right corner, a horizontal rectangle in the middle left, and a large triangle in the bottom right corner.

ECONOMY

MACROECONOMIC OUTLOOK

Jonathan Portes

WHERE HAVE WE COME FROM?

The impact of the 2016 Brexit vote on the UK economy was not, as the Treasury predicted, a financial crisis, resulting in a recession and a sharp rise in unemployment. Instead, the main immediate impact was a sharp fall in sterling, pushing up inflation and reducing real wages. These effects were a one off, but there have been less visible ongoing impacts, with slow growth in both trade and investment, attributable at least in part both to Brexit-related uncertainty and expectations that Brexit will in due course increase barriers to trade. Overall, the consensus is that growth between 2016 and now was depressed by 2-3% overall. Nor did the Conservatives' clear victory in the 2019 election result in the promised 'Brexit [or Boris] bounce'. In the months prior to the outbreak of Covid-19, growth was essentially zero.

WHERE ARE WE NOW?

Subsequently, economic developments have been dominated by the impact of the pandemic. Like all major European economies, the UK has been badly hit and has responded with unprecedented emergency economic and fiscal support measures. Although the economy recovered relatively strongly in the second quarter, it was still eight per cent smaller in September than in February. Despite the fact that restrictions on manufacturing and construction were lifted in July, output remains approximately five per cent and eight per cent respectively below pre-pandemic levels. This reflected a number of factors: the general level of uncertainty over future economic prospects and in particular consumer demand, the reduction in external trade and the pausing of construction projects, particularly public and social housing and commercial property.

WHERE ARE WE HEADING?

In the face of a second, and now possibly a third wave of the pandemic, the Government has reimposed restrictions on economic activities. These differ significantly from those seen in March in several respects. Manufacturing and construction are not subject to new restrictions, and many 'non-essential' retail stores have improved their capabilities for online ordering and home delivery, while consumers are more accustomed to using such services. This will mitigate the short-term impact on output.

However, some firms, particularly smaller businesses, are under severe financial strain and may not survive a second round of closures. This is a particular risk for those that are heavily dependent on the pre-Christmas period for much of their revenues or profits, as is the case for some hospitality venues and retail stores. On top of this, we now have significant additional disruption to trade, particularly between the UK and the EU, as a consequence of a combination of pre-Brexit stockpiling and renewed restrictions on travel.

The economy is likely to shrink again over the fourth quarter of 2020 and the first quarter of 2021. The impacts on household incomes and the labour market will be mitigated by the Government's decision to extend the furlough scheme (and some business support schemes) until March of next year; this means that unemployment is unlikely to rise as sharply as feared, although the fiscal costs to the Government will be substantial.

The further downturn is likely to be concentrated in consumer-facing services (retail trade, food and beverage serving activities, travel and transport, and entertainment and recreation). These were hardest hit by the first lockdown, but recovered strongly, and as of September were not more adversely affected than other sectors; this 'catch-up' is likely to reverse again. Meanwhile recovery in other sectors is likely to remain slow and patchy at best, although the end of the Brexit transition may provide a temporary boost because of stockpiling.

Developments remain highly uncertain, and dependent on the success of latest restrictions in containing the virus, the early roll-out of a vaccine, as well as a smooth transition to the new trading arrangements with the EU. The agreed deal will still result in significant new trade barriers between the EU and UK, with associated negative economic impacts, but it will at least boost business confidence, minimise short-term disruption, and signal a more constructive future economic relationship.

Under a positive scenario, a clear reduction in infections would allow a gradual loosening of restrictions early this year, and the relatively speedy roll-out of a vaccine would allow a return to normality in a few months. This would likely lead to a strong recovery in the short term but one which was substantially differentiated between sectors. The very large overhang of 'forced saving' among some middle and upper-income households (those whose incomes did not fall much during the crisis but who could not spend as normal) could lead to very high demand for some discretionary spending (for example, high value consumer goods, up-market tourism).

But at the same time some sectors may remain weak for a prolonged period, in particular commercial real estate and customer-facing services that rely on office workers for demand, since at least some of the shift to working from home is likely to be permanent. And while the initial impact of the Brexit deal on confidence will be positive, over the medium term there will be significant adverse impacts on some sectors, including pharmaceuticals, chemicals, business and financial services.

Moreover, to the extent consumer spending does recover, this will reduce private saving and generate upward pressure on inflation and interest rates; in these conditions the Government will need to move to tighten fiscal policy, necessitating significant tax increases. A further constraint on growth may be the labour market; the latest statistics show a fall of more than 800,000 in foreign-born people of working age resident in the UK, mostly EU citizens. While this will mitigate the rise in unemployment, it might also mean that a significant upturn might be hampered by labour and skill shortages, particularly since the new points-based immigration system will make it much harder for Europeans to move here to work.

Under an adverse scenario, in which the roll-out of a vaccine is delayed, recovery would be further delayed. In these circumstances the government would continue to provide massive fiscal support, limiting the downside risks, but a prolonged period of stagnation would be in prospect, with slow growth in output and persistently lower employment.

ECONOMICS OF TRADE

Ingo Borchert & Mattia Di Ubaldo

WHERE HAVE WE COME FROM?

Within the EU's Single Market, UK manufacturers could be assured that what was lawfully produced at home could be sold in any other member state, with no further checks at the border. UK firms in financial or creative industries, or professionals providing legal advice, could move and establish themselves in other EU countries with a degree of freedom and flexibility unparalleled in any other trade agreement. Consumers also benefited from more product choice and easy access to services when in other EU countries.

Combined with geographic proximity, the Single Market and the Customs Union resulted in the EU being the top trade partner of the UK: the EU [receives](#) 42.5% of UK exports (46% of goods and 39% of services), while 51% of UK imports (53% of goods and 49% of services) originate in the EU. Overall 3.7 million jobs are associated with UK exports to the EU, not least as part of supply chains that extend beyond the EU to third markets.

WHERE ARE WE NOW?

The UK Government decided that Brexit meant leaving the Customs Union, the comprehensive rules of the Single Market, and instead renegotiating FTAs with third countries. This 'disintegration shock' will affect UK GDP, trade, and labour and capital markets.

There has already been an impact since the referendum, with UK investment and consumption [below](#) what they could have otherwise been due to revised expectations of future prosperity, UK services companies [setting up EU subsidiaries](#) to retain access to the EU market but not vice versa (EU investment in the UK [declined](#)), [lower labour demand](#) and [fewer entries into exporting](#) by those UK firms that are more at risk of facing higher tariffs with the EU.

On 24 December 2020, the UK and the EU reached an 'agreement in principle' on the text of a Trade and Cooperation Agreement, including an FTA that will provide for duty-free and quota-free trade of all goods. At the same time, frictions will arise in number of areas, not only because of the need for 'rules of origin' or meeting EU requirements on food safety and product standards. The scope for trading services is severely curtailed compared to the Single Market; for instance, audio-visual services are excluded from the terms of the draft agreement, UK airlines will no longer be able to serve two airports within the EU, and passporting rights for trading financial services will cease to exist.

Overall, therefore, this UK-EU FTA will avert a 'no deal shock' but it will not deliver anything resembling intra-EU trading conditions. The cushioning effect of the FTA on UK value added trade is estimated to be [20-25%](#). Put differently, most of the losses in trade and income would have occurred anyway because of the exit from the SM, which addressed nontariff barriers.

The position of Northern Ireland (NI) will be different to Great Britain (GB) because its trade remains aligned with EU rules. This implies the need for customs formalities and checks for goods flowing

from GB to NI, as well as for EU tariffs levied on products at risk of moving into the Republic of Ireland. These barriers will negatively affect firms engaged in NI-GB trade, notwithstanding a recent [agreement](#) between the UK and the EU on the details of how the Protocol will be implemented.

WHERE ARE WE HEADING?

A major pro-Brexit argument has been the possibility of negotiating ambitious new FTAs. The UK has so far concluded ‘continuity agreements’ with some EU partners, covering 13% of UK trade, and an FTA with Japan, accounting for another 2% of UK trade. Other agreements are being negotiated (with the US, Australia, New Zealand, and the CPTPP bloc), in addition to the deal with the EU. Will these FTAs compensate for the losses of leaving the Single Market? The available [evidence](#) says no.

There are four main issues. First, the Single Market establishes deep integration that cannot be recouped with FTAs, even ambitious ones. Second, the share of trade with individual partners is small compared to the EU. Hence, to just break even, every one per cent drop in trade with the EU due to higher trade costs would require a much higher increase in percentage terms under a new FTA with a partner that accounted for less of UK exports.

Third, the UK is a much smaller player in trade negotiations (equivalent to only 15% of EU GDP) and may therefore be unable to obtain as many concessions from new partners as the EU. That said, the UK might strike deals better tailored to its specific interests.

Finally, negotiations are complex due to the difficulty of finding common ground on ‘behind-the-border’ issues, such as regulatory measures, technical standards, and qualifications for professionals. Tariff reductions have little bite, as many are already low (except in agriculture). With the growing importance of e-commerce and digital services, nearly every digitally enabled services trade transaction (and many goods transactions too) are linked to data flows, making digital trade provisions vital. Yet, the [provisions](#) on data protection in the UK-Japan FTA are more lax than what the EU requires to allow personal data to flow across countries: this brings the UK closer to the standards in the CPTPP agreement, but raises worries about how the UK will align itself to the EU. More generally, diverging from higher EU standards to secure trade deals with ‘key partners’ is likely to lead to long and complex negotiations, or to impose costs on producers asked to comply with multiple sets of rules.

Most importantly, the UK is attempting to cut its losses from the break up with its neighbour by reaching out to large but faraway trading partners. Yet countries naturally trade more with markets that are large, geographically close and culturally similar. These ‘gravity’ forces are the main drivers of international trade, implying that the tight integration with the EU cannot be replaced by an ambitious trade policy directed towards Australia, Canada, Japan or the US.

BREXIT AND UK TRADE: WHAT NEXT?

Thomas Sampson

WHERE HAVE WE COME FROM?

Brexit is [expected](#) to make the UK poorer in the long run compared to remaining an EU member. Although the analysis used to reach this conclusion is complex, most forecasts depend upon the same economic logic. Brexit will create new trade barriers between the UK and the EU, leading to lower trade and causing income losses through higher prices and less efficient production.

This reasoning implies that Brexit will cause the UK's trade with the EU to fall relative to its trade with the rest of the world. To date, there is little [evidence](#) this has occurred. Prior to the referendum, in 2015, UK exports of goods and services totalled £530 billion, of which 42% went to the EU. In the same year, UK imported £557 billion of goods and services, with 53% coming from the EU. Fast forward to 2019 and not much had changed. The EU accounted for 43% of UK exports and 51% of UK imports.

WHERE ARE WE NOW?

But perhaps this stasis should not come as a surprise. Trade barriers between the UK and EU did not change until the start of 2021. Faced with uncertainty over when Brexit would occur and what form it would take, firms may have chosen to maintain their existing trade patterns while waiting to learn what Brexit means. Consequently, it is too soon to evaluate the forecasts.

However, now that a trade deal has been reached, new trade arrangements are being implemented. The deal ensures that there will be no tariffs or quotas on UK-EU trade, but does not prevent the introduction of new non-tariff barriers. Goods trade costs will increase due to customs red tape, border delays, rules of origin requirements and the need for products to satisfy different regulations and standards in the UK than the EU.

For services, which accounted for around one third of UK-EU trade in 2019, the increase in trade costs is likely to be even larger. Compared to membership of the EU's single market, the trade deal does little to ensure market access in services. Financial firms no longer have passporting rights to serve EU clients, there is no guarantee of mutual recognition of professional qualifications, labour mobility is severely restricted and firms will have to navigate a maze of country and sector specific regulations on service providers.

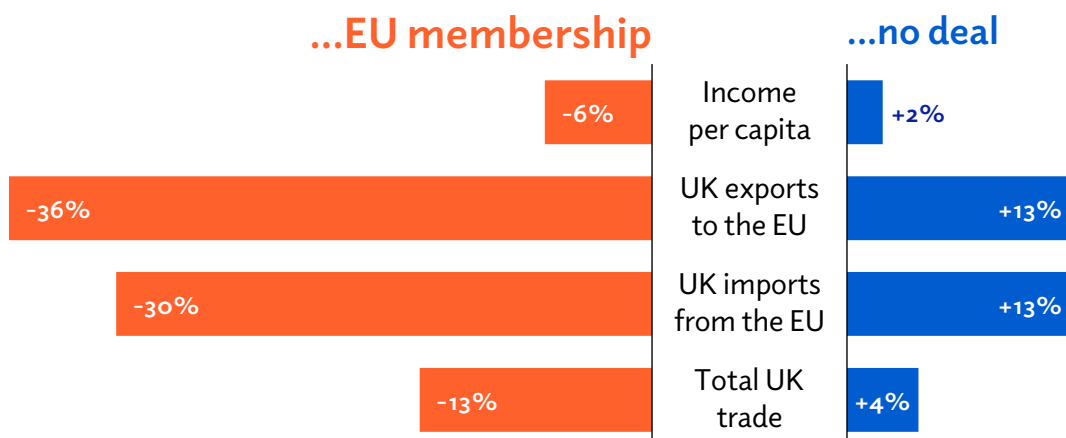
WHERE ARE WE HEADING?

The full economic effects of Brexit will take a decade or more to materialise. But how UK and EU firms adapt to the trade deal should start to become apparent in the next few years, helping us to answer these five important questions.

First, how will Brexit affect the level of trade between the UK and the EU? There is already evidence that Brexit has caused some firms to stop trading with the EU in anticipation of future changes in trade policy. Research by [Crowley, Exton and Han](#) using UK data and by [Martin, Martinez and Mejean](#) using French data finds that the Brexit vote has led to fewer trading relationships between UK and EU firms. So far, it is likely that Brexit has only destroyed low value trading relationships, while leaving the large firms that dominate aggregate trade unaffected. But there is no guarantee this will continue to be the case.

The economic impact of the Brexit deal after 10 years, compared to...

UK IN A
CHANGING
EUROPE



Second, which sectors, regions and types of workers will be most affected by changing trade patterns? Trade adjustment often generates costs that fall disproportionately on small groups who lose market access or face increased competition. We will soon learn which groups are worst hit by the new UK-EU trade relationship and, just as importantly, whether the plight of the losers provokes political opposition that erodes support for Brexit.

Third, which type of trade barriers matter most for UK-EU trade? The trade deal creates many new non-tariff barriers between the UK and EU. Quantifying the magnitude of these non-tariff barriers is challenging and there is substantial uncertainty over their relative importance. Studying how changes in trade depend upon which barriers are most prevalent in different sectors will provide new evidence on the origins of trade costs.

Fourth, how will Brexit affect UK productivity? UK productivity growth since the financial crisis has been anaemic, giving rise to what is called the [UK productivity puzzle](#). Slow productivity growth reduces output leading to lower wages and living standards. There is some evidence that raising trade barriers is bad for productivity, but the existence and size of this effect is [controversial](#). Analysing productivity growth in firms that trade with the EU will shed light on whether, as many economists fear, Brexit will worsen the UK's productivity crisis.

Fifth, how will Brexit affect the recovery from Covid-19? Lockdowns and reduced demand have reduced output and left many firms in financial trouble. Firms that are financially constrained or have staff on furlough will have less capacity to deal with changes in trade barriers. Could Covid-19 accelerate Brexit-induced changes in UK trade patterns by causing some UK firms to permanently shift away from trading with the EU? Alternatively, will the short-run impact of Brexit be swamped by Covid-19? Careful, data-intensive research will be needed to disentangle the economic effects of Brexit from those of Covid-19.

After four and a half years of waiting, debating and speculating, the UK has finally left the EU's single market and customs union. Because economic disintegration on this scale has no historical precedent, there is a great deal of uncertainty over what comes next for UK trade. For businesses this is a challenge, but for researchers it's a learning opportunity.

PUBLIC FINANCES

Carl Emmerson & Isabel Stockton

WHERE HAVE WE COME FROM?

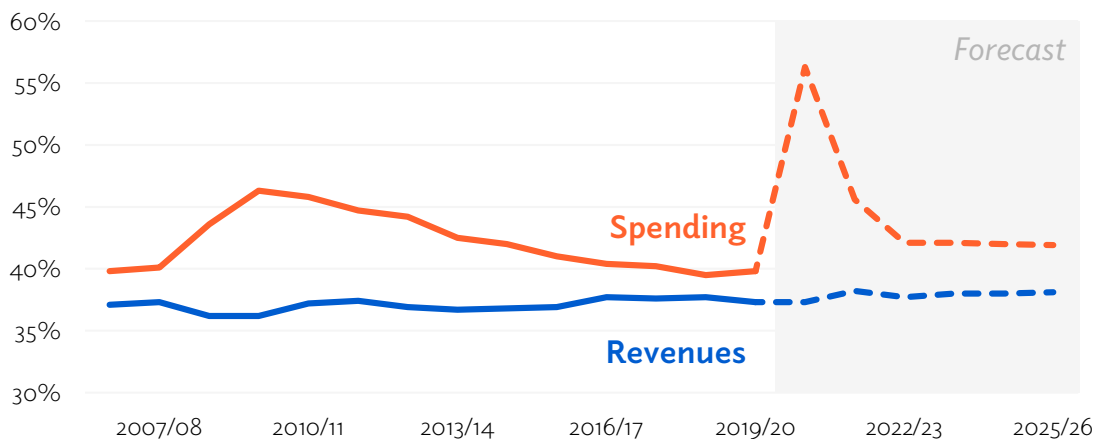
The years following the financial crisis saw net tax rises and substantial spending cuts. Borrowing fell from the post-War high reached in 2009-10 to a level slightly below that seen prior to the Great Recession.

Even before the pandemic, the Government had loosened fiscal policy. Austerity was declared to be 'over' and spending increases, such as a multi-year settlement for the NHS, and a commitment to increase investment spending to levels not maintained in the UK for 40 years, were not matched by tax rises or cuts to spending elsewhere. In their 2019 General Election manifesto, the Conservative party proposed a new set of fiscal targets that were looser than those legislated after the 2017 election (in turn looser than those legislated after the 2015 election). At the same time, successive official forecasts had downgraded assumptions about underlying growth, reducing the outlook for revenues. The era of falling borrowing was coming to an end, with a Government wanting to spend more without being willing to tax more.

Additional Covid-19 spending has led to a sharp increase in public sector borrowing

Public spending and tax revenue as a percentage of national income.

UK IN A
CHANGING
EUROPE



Source: Public Finances Databank, obr.uk/data.

WHERE ARE WE NOW?

The coronavirus pandemic necessitated huge government intervention to support households, businesses and public services. The size of fiscal support provided is unprecedented in the UK in modern times: far exceeding that seen in the financial crisis. In addition, the sharp reduction in economic activity during the lockdown depressed tax revenues and increased spending on universal credit. As a result, borrowing is forecast to climb to almost 20% of national income this year — its highest level in over 300 years outside of the two world wars.

For the public finances, what matters more than the size of this spike is the speed and — in particular — the completeness of the recovery. If the economy bounces back, and revenues recover, then the additional debt accumulated this year could be managed back down over a long period. As long as the cost of debt interest remains cheap, as it has done in recent years, this wouldn't be much of a problem. Unfortunately, rising unemployment and business failures will leave permanent scars, the size of which will depend on a number of factors such as the speed and effectiveness of the roll-out of vaccines and on how successful policy is in averting high levels of long-term unemployment.

WHERE ARE WE HEADING?

The pandemic has been an extreme shock: comparing the increase in forecast borrowing in 2020—21 since March with the distribution of errors in official borrowing forecasts 12 months out suggests that the public finance shock is of a magnitude we should expect only once every two hundred years. As, hopefully, the coronavirus pandemic is brought under swift control by the successful rolling out of vaccines, we will begin to find out more about its legacy for the economy and the public finances.

The after effects are likely to put pressure on public spending. For example extra resources are needed for the NHS to tackle the large backlog of non-Covid-19 care that was postponed in the last year and schools will need to support pupils who have fallen behind during the pandemic. In both these cases, existing inequalities will be exacerbated unless the legacy of the pandemic is addressed. Older adults in the most deprived areas were [40%](#) more likely to have hospital treatment cancelled than those in the least deprived areas. Among primary school pupils, learning time for the poorest children fell by much more than in richer households during the first lockdown; pupils in better-off families were doing on average [75 minutes](#) more learning each day than their more disadvantaged peers.

While adjustment pressures will be felt — to varying degrees — by economies around the world, the UK economy is also facing a substantial restructuring due to Brexit. Sectors that trade a lot and are therefore most affected by Brexit are generally distinct from the customer-facing sectors that have borne the brunt of the pandemic. As with coronavirus, Brexit will create additional spending pressures. But it is also likely to have a substantial long-run effect on tax revenues. Four and a half years after the referendum, an agreement ensuring tariff- and quota-free trade has been agreed by the UK and EU. Whilst this avoids the even more severe disruption of an exit on WTO terms, the UK is nevertheless leaving the Single Market, which goes much further than a free trade agreement in harmonising standards and regulations. Leaving the Single Market thus erects non-tariff barriers to the tax-rich export of services, which will be particularly costly from the point of view of the public finances. The Office for Budget Responsibility estimates that in terms of lost economic activity, the difference between EU membership and a typical free trade agreement is twice as big as the difference between a typical free trade agreement and trade on WTO terms.

Both Brexit and Covid-19 are likely to lead to a smaller economy, lower tax revenues and additional spending pressures. In addition, long-standing spending pressures related to growing demand for health, social care and state pensions have not gone away. Over the medium and long term, if we intend to keep the public finances on a sustainable path — with inflationary pressures in check — this will likely necessitate higher taxes. While the uncertainties — specifically about the lasting damage done by the pandemic to the outlook for revenues and the demands on public spending — are high, plausible estimates suggest that tax rises of the order of two per cent of GDP, or £40 billion a year, could be required to prevent debt as a share of national income from an ever-rising path. Carefully designed reforms to the tax system could raise additional revenue while minimising economic damage and improving the coherence and fairness of the overall tax system, and will be a key challenge for the public finances going forward.

PRODUCTIVITY

Rebecca Riley

WHERE HAVE WE COME FROM?

Defined in the simplest way, productivity is the average amount of value added to the economy per hour worked. Productivity is an incredibly important metric because it measures our ability to generate income and to sustain high living standards.

UK productivity performance lags behind that of many of its peers, including Germany, France, the Netherlands, the Scandinavian countries and the US. For example, international comparisons suggest that in 2016, the average hour worked in the UK [yielded](#), at best, 84% of the output generated by the average hour worked in the US.

In the decades leading up to the global financial crisis of 2008, UK productivity [increased](#) by an average of around 26% every ten years. This led to commensurate improvements in living standards, as captured by [measures](#) of average household incomes. Since the global financial crisis, UK productivity has hardly increased at all. Neither have living standards. Productivity growth has slowed in other advanced economies too, but to a lesser degree than in the UK. Productivity stagnation is a major policy concern.

While there are many factors that influence productivity, the UK's relatively poor productivity performance [owes much to](#) persistent underinvestment in technology and chronic skills deficiencies.

WHERE ARE WE NOW?

How did the UK's decision to leave the EU affect productivity levels in recent years, before the actual event? A key issue has been the uncertainty about what the UK's new relationship with the EU might look like and the risk of rising business costs.

Investment, and hence productivity, is typically hampered by uncertainty. Businesses may have put off investment decisions, because of the risk these may not pay off under the terms of the new relationship between the UK and the EU. Business resources may have been diverted from their usual productive use in preparation for a new, yet unknowable, relationship with the EU.

Economists have [attempted](#) to quantify these early effects of the UK's decision to leave the EU on the investment and productivity levels of UK businesses. They asked business leaders about the sources of uncertainty for their enterprise. Since the EU referendum, more than a third of businesses (sometimes as many as three in five businesses) reported that Brexit was a main source of uncertainty. This uncertainty and anticipated increases in trade costs is estimated to have led to a reduction in UK productivity of between two and five per cent over the three years following the referendum.

WHERE ARE WE HEADING?

At the end of last year, the EU-UK Trade and Cooperation Agreement was agreed between the EU and the UK. While several significant details remain outstanding, notably regarding trade in services, the terms of the new UK-EU relationship have begun to take shape. As uncertainty gradually dissipates, how are the longer-term prospects for UK productivity likely to be affected by the UK's departure from the EU?

Investments that were delayed, due to risks that have now faded away, may of course now take place. This shorter-term consideration aside, the majority view amongst economists is that the longer-term productivity challenges already faced by the UK have not become any less or any easier to address in the context of Brexit, whichever shape this may have taken. This is because any change in the trade arrangements with the EU will introduce more 'frictions' to transactions with the UK's largest and geographically closest trading partner.

As the UK-EU agreement develops and the finer detail becomes clear, new estimates of the economic impacts of the agreement will emerge. Much as with existing estimates of the consequences of loosening ties with the EU and moving to a Free Trade Agreement (FTA) with the EU, lower income per capita in the FTA case compared to the EU membership case will largely be the result of lower productivity — that is, lower value added to the economy per hour worked.

The precise magnitudes of these effects on productivity are [highly uncertain](#), but their direction is less so. Magnitudes depend on the extent of barriers to trade, the effects these barriers have on trade and its composition, and the wider knock-on effects from trade to determinants of productivity.

Barriers to trade, such as customs checks, will create new jobs, but these jobs do not add to economic output. They represent an additional cost of trading, and as a consequence, they subtract from UK productivity. Second, these additional costs are likely to reduce the volume of trade, as some activities in the UK may no longer be profitable and attract less foreign investment. This will shift the industry composition of the UK economy towards non-traded and less productive sectors. Third, lower trade volumes will mean less competitive pressure and knowledge sharing, both of which tend to enhance productivity.

Might these adverse effects on productivity be offset by the UK's new policy freedoms outside the EU? The UK's new abilities to negotiate its own trade agreements and control its borders may, depending on how policies are formulated, enhance productivity to some extent. But they are unlikely to fully offset the [adverse effects](#) of new barriers to trade with the EU. Taking a historical view, some have [argued](#) that as EU membership is not to blame for the UK's productivity weaknesses, exit from the EU is unlikely to present a remedy to the UK's productivity problems.

Thus, if anything, the UK's departure from the EU underscores the pressing need for a coordinated effort to support UK productivity performance. In the years ahead, both Brexit and Covid-19 will change the structures of the UK economy and the local economies within it. Resulting changes in productivity and incomes will not be felt equally across the UK, and will depend on local industry structures and abilities to adapt to change. Going forward, policy to support productivity [will need to](#) go hand in hand with policy to ensure resilience across the UK.

INEQUALITY

Mike Brewer

WHERE HAVE WE COME FROM?

Income inequality in developed countries is at its highest level for the past half century, and pre-crisis data shows that income inequality in the UK is one of the highest among comparable major economies, second only to the United States. We know that countries with high levels of inequality have lower rates of growth, are more stressed and anxious, less happy and healthy, and have lower feelings of solidarity or trust across society. And hard data and careful research show that the greater the inequalities of outcomes, the harder it is to achieve equality of opportunity and the less social mobility there is.

The UK's high level of inequality has its roots in the 1980s, when the UK shot up the international league table of inequality. That was caused by growing divides between high and low earners, and by policy decisions to reduce top rates of tax and to increase social security benefits only in line with inflation, not earnings growth. Wages continued to grow more unequal through the 1990s, but a more generous benefit system, particularly for lower income families, prevented inequality from rising further. In fact, measures of overall inequality have changed little in 30 years. But every year of high inequality is another year that strains our sense of fairness and of social justice, and another year where equality of opportunity becomes harder to achieve. And headline measures hide what has been happening at the very top, where the share of national income going to the top 1% or 0.1% continued to rise until the onset of the financial crisis in 2008, and has shown signs of strong recovery in recent years. Wealth, meanwhile, is far more unequally distributed in the UK than is income, with the wealthiest ten per cent owning between around half of all household wealth.

WHERE ARE WE NOW?

With hopes of an imminent vaccine roll-out and a return to normality, 2021 should see Britain experience a strong economic recovery, with the Office for Budget Responsibility expecting the economy to grow by 5.5% next year. But the permanent damage to our economy done by the virus means that real household disposable income (RHDI) is set to grow by just one per cent per person — or £220 — over the entire period of the current Parliament. This would make it the second worst Parliament for living standards since records began in 1955.

WHERE ARE WE HEADING?

But although the worst of the economic hit is behind us, the labour market crisis is far from over, with unemployment set to rise through to the summer of 2021. And the coronavirus crisis had its roots in the labour market, with the need to restrict activities to reduce the spread of Covid-19 heavily affecting sectors such as hospitality, non-food retail, leisure, tourism and the arts. As a result, the labour market hit has been far stronger for younger workers, those on atypical contracts, and those on low pay — the sort of jobs disproportionately found in these hard-hit sectors. On

average, white workers have been a little less affected than workers from minority ethnic groups. There is no evidence that the labour market shock was much greater for women than men, but women have been more likely than men to see their mental health worsen, and mothers have taken on more of the additional childcare and home schooling through 2020 than have fathers.

But this bottom-heavy labour market hit does not translate directly into a bottom-heavy hit to household incomes. This is partly because some low earners live in high-income households, and because some low-income households have no one in work at all, so cannot be affected by a jobs shakeout. Policy has also helped reduce the hit to living standards that we would otherwise have seen.

The unique nature of this crisis means, though, that we need to go beyond income to look at household balance sheets to get a true picture of the distributional nature of the pandemic. On average, household spending has fallen in 2020, and aggregate saving rates have risen, as we have gone out less, taken fewer holidays, and spent less on commuting. But this average hides a clear social gradient. The crisis has seen low-income families more likely to run down their savings or borrow money to cover everyday costs, while high-income families have been improving their balance sheets, benefitting from the enforced cut in spending from the various lockdowns.

The impact of the UK's new trading relationships on inequality will be overshadowed in the short-run by the aftermath of the pandemic. So far, the pandemic has worsened inequalities between the rich and the poor. A lot now depends on how much better-off and older households spend down their additional savings as vaccines are rolled out through 2021: there is a close link between the spending patterns of the better-off and older households, and the health of the labour market for low-paid and younger workers. Meanwhile, the impact of Brexit on jobs might act to reduce inequalities if it hurts higher-paid sectors like finance and manufacturing, albeit by levelling down rather than levelling up. But any price rises on traded goods, whether due to tariffs on EU imports or additional costs of crossing borders, are likely to weigh more on lower-income households than better-off households.

But whatever is the long-run trading relationship with the EU, the combination of recovering from a pandemic and leaving the EU means we are inevitably going to see a living standards squeeze — and this after a truly awful decade for pay and incomes in the 2010s — and renewed public finance pressure. This may also reignite generational divides, given the scarring effect that entering the labour market in a recession has on young people's mental health and future prospects. More optimistically, though, we also know that, with the political will and public support, policies can make a difference, and that high levels of inequality are not inevitable.

LEVELLING UP

Arianna Giovannini

WHERE HAVE WE COME FROM?

Regional disparities are a longstanding feature of the UK and the country remains one of the [most regionally unequal](#) in the developed world. Strategies to ‘rebalance the economy’ have been at the core of successive governmental policy agendas for decades. And yet, none of these efforts has proved particularly successful. Regional inequalities are not only deeply entrenched, but they are also widening.

This, in turn, has created a [geography of discontent](#) that has found expression via [resentment](#) towards the ‘status quo’, especially in declining areas in former industrial regions and rural and coastal towns outside London. According to some, the vote for Brexit was a manifestation of these feelings. Similarly, the shift in political allegiances epitomised by the fall of the ‘Red Wall’ that helped the Conservatives to victory in the 2019 General Election could also be read as a clarion call from so-called ‘left-behind’ places.

WHERE ARE WE NOW?

Boris Johnson’s Government has made ‘levelling up the country’ a [central plank](#) of its programme. While to some degree policy is always driven by politics, this is particularly true in the case of ‘levelling up’. The Government relies heavily on, and needs to consolidate, its electoral gains in the North and the Midlands. To achieve this, it must persuade communities in these areas that it has delivered on its promises.

However, the conflation of political and policy motivations has affected the ‘levelling up’ agenda, leading to ambiguity over its meaning and purpose. First, it is unclear what disadvantaged areas should be ‘levelled up’. ‘Left behind’ areas do not neatly correspond to a simple north-south dichotomy, nor do they conform to administrative and political boundaries. Second, simply focusing on regional or metropolitan scales misses important dimensions of inequality. [Recent analysis](#) shows that intra-regional inequalities are at least as deep as inter-regional ones, and areas of deprivation can be found within big cities as well as in small towns. Indeed, the highest levels of child poverty in the country are found only a few miles from Westminster. Finally, it remains unclear how to level up the country. ‘Left behind’ places are not identical and one-size-fits-all solutions simply will not work. This explains why, to date, the Government has talked a good game but its actions [have not matched](#) its rhetoric.

Covid-19 has thrown a further spanner in the works when it comes to levelling up. Many ‘left-behind’ areas face the double whammy of pre-existing socio-economic problems and being [deeply affected](#) by the pandemic.

Brexit renders this issue still more acute. Even if a deal has now been agreed, [research](#) suggests that the medium-term economic impact of Brexit will be more severe than that of the pandemic. And areas that [rely](#) more on unskilled and manufacturing jobs and/or have a workforce with lower levels of education look set to be hit the hardest.

In addition, the trade and competitiveness effects of Brexit will [widen](#) even further both inter- and intra-regional inequalities. The areas that voted to leave the EU broadly reflect the geography of ‘left behind’ places. But these are also the parts of the country with [highest levels](#) of dependency on EU markets for their economic development.

WHERE ARE WE HEADING?

Taken together, these factors make the task of reducing inequalities considerably harder than anticipated a year ago. The November 2020 Spending Review offered an opportunity for the Government to flesh out the details of its ‘levelling up agenda’. Yet, the outcome was far from reassuring.

First, the Chancellor focused primarily on limiting the impact of the Covid-19 crisis — but plans related to the impact of Brexit were [notably absent](#). Some details about the Shared Prosperity Fund (UKSPF) were offered, and Sunak claimed that over time this will match EU receipts, reaching on average £1.5 billion a year. However, the exact profile of the UKSPF will be determined only at the next Spending Review. Until then, the Government will only fund pilots for those areas ‘most in need’ — although it remains unclear how these will be selected.

Second, the new £4 billion ‘levelling up fund’ amounts to a drop in the ocean in terms of what is needed to rebalance the economy. Crucially, the fund targets primarily physical infrastructure with a focus on connectivity to/for big cities. But [evidence suggests](#) that investing in intra-regional connections and local transport such as buses, would be a more effective way to help revive the fortunes of ‘left behind’ towns and cities. Large-scale infrastructure alone will not deliver the change required.

And yet, a commitment to social infrastructure such as healthcare, education, and housing, which are vital for areas lagging behind, is still missing. Perhaps even more importantly, the fund will be managed by Whitehall, requiring support from local MPs while essentially side-lining councils, mayors and Local Enterprise Partnerships (LEPs). As with the Town Deals scheme, where funds were targeted on Conservative constituencies, this looks more like a recipe for [pork-barrel politics](#) than for any genuine devolution of power.

These points underline the extent to which party politics continues to drive the ‘levelling up’ agenda. They are also a warning sign that more centralisation is on the cards. But [research](#) has repeatedly emphasised that empowering and adequately funding local government, together with a [coherent devolution strategy](#), are key to ‘levelling up’.

Rebalancing an economy that was already deeply unequal before the twin shocks of Brexit and Covid-19 will not be achieved by resorting to the [centralised approach](#) that caused those disparities in the first place. Now that a Brexit deal has been agreed, the PM seems eager to make levelling up his [flagship policy](#) for 2021. But if the Government is serious about this vow, it should adopt a new vision and start devolving real power to the subnational level, rather than keep hoarding it at the centre. It should also develop a comprehensive, long-term policy agenda that works for all people and places, avoiding knee-jerk solutions based on party political needs. Until this happens, levelling up won’t be realised.

REGIONAL INEQUALITIES

Tom Forth

WHERE HAVE WE COME FROM?

In 1900, the UK was Europe's strongest economy. It was also the most regionally equal. Industry generated, almost everywhere, prosperity of a level never seen before. While other European nations had only a few heavily industrialised regions, the UK boasted at least two dozen world-leading towns and cities.

As industrial prosperity spread to all of Europe, and right across each country, the UK held its lead. But in the 1950s the continent started to catch up. First the economies of German regions overtook the UK. Then in the '60s and '70s many Dutch, Belgian, French, and Italian regions did the same.

The success of European integration played a part. The UK staying out of the EEC held it back. Meanwhile national solidarity was eroded by a particularly painful transition away from heavy industry.

In the '70s, '80s and '90s, good fortune and hard choices stopped the UK's relative economic decline. It joined the EEC and drove the creation of the Single Market. North Sea oil boosted both the economy and the treasury. Deep reforms accelerated the move away from an industrial economy with state-controlled industries towards a services economy with privatised ones.

WHERE ARE WE NOW?

South-East England benefitted most, and today it is among the strongest economies in Europe. Most of the rest of the UK trails well behind, with economies more like Spain than Germany. The UK is Europe's most regionally unequal major economy.

People in regions with weak economies can feel that their place does not pay its way even if high London rents and universal services like the NHS make living standards more equal. Living on someone else's money is no replacement for the pride that came with the strong economies and grand town halls of the past.

WHERE ARE WE HEADING?

Regional inequality is not inevitable. In Germany and the Netherlands it is low and has been falling for two decades. Convergence is possible.

The coal-rich region of Limburg in the Netherlands faced similar challenges to much of the UK in the 1960s. It took a different approach, fell less far behind, and has bounced back more quickly. Today Limburg's economy is as strong as South East England's.

Limburg enjoyed large national investments in skills, transport, research & development, culture, and institutions, often delivered on the ground by strong provincial governments. In the 1970s the Dutch government moved many state functions to the region including the Dutch office for national

statistics. The UK would emulate this three decades later in South Wales. But at least as important were hundreds of local decisions and investments of all types made in Limburg.

Germany's East enjoyed thirty years of similar but larger investment as it recovered from the failure of communism.

Today both regions have stronger economies than North England, the Midlands, Wales, or Northern Ireland, places where investments in growth on a similar scale were never tried. Fast electric trains connect Leipzig, Dresden, and Chemnitz, three Eastern cities enjoying enormous German investment in research and cultural institutes. The same cannot be said of Leeds, Manchester, and Sheffield nor Birmingham, Nottingham, and Leicester.

The EU's role in regional economic convergence is often exaggerated. The Single Market has boosted growth almost everywhere, but there is little evidence that this has driven convergence. EU spending is often claimed by supporters to be a significant driver of convergence. It is not. In the most heavily supported regions in western Europe, EU spending rarely tops up national spending by more than one or two per cent.

Reducing regional inequality within countries is the task of national governments, not the EU. But the legacy of EU funding is still important to the UK. EU funding was unusual because its spending, especially through the regional development fund, was guaranteed in the long-term, often controlled locally, and explicitly aimed at achieving regional convergence.

Since the UK left the EU it has adopted similar language, but not yet expressed a similar strategy. We have the undefined objective of 'Levelling Up', a UK Shared Prosperity Fund that barely exists, and both a Towns Fund and Town Deals with no clear objective. In each case the amount of money is far too small to have much hope of success. They are just like the dozens of similar schemes announced over decades in Westminster that were never likely to achieve regional economic convergence.

Could we succeed now where we failed in the past? We have the advantage of knowing that success is possible. Since voting for devolution in 1997, Scottish public investment in growth has kept pace with London. The economy and productivity of Scotland, focused on its larger cities and advocated for and controlled locally, has kept pace with South East England while the rest of the UK has fallen behind. What worked in Limburg and the East of Germany can work here.

But do the rest of the UK's lagging places want to emulate these successes? In Wales and Northern Ireland the support for devolution suggests that the answer is yes. Strong institutions argue for and manage greater investment in growth. But England's trailing places seem less keen. Metro Mayors were imposed only after regional assemblies and city mayors were rejected.

Without strong institutions to push back, the UK Government in Westminster continues to expand and cut local government spending. Investment in the things that stimulate economic growth continues to be higher in South-East England, where the decisions are taken. For example, an increase in research and development spending large enough to boost the UK's lagging regional economies seems likely to be assigned centrally under the same formula as today, which favours London.

A commitment to invest more in skills, transport, research and development, culture, and institutions in struggling regions than in prosperous ones would decrease regional inequality in the UK, especially if this additional spending were to be focused on cities. EU membership posed very few barriers to doing this. Brexit thus changes very little. On regional inequality, the UK's choice remains its own to make.

EMPLOYMENT

Danny Dorling

WHERE HAVE WE COME FROM?

Unemployment has not always been with us. In fact, the term was hardly used at all before 1900, and that was because the concept of being unemployed only began to take form in the early 1880s depression. Before then there were paupers, who were often assumed to be work-shy and lazy. Unemployment scarcely exists without unemployment benefits of some kind. The word unemployment is most [mentioned](#) in books scanned by Google in 1936 and 1984; the heights of the great depression of the 1930s and the great recession of the 1980s.

Employment is not the opposite of unemployment. Many adults can be neither employed or unemployed. They can be retired, caring unpaid, studying, or sick. Also people can be underemployed, or entirely dissatisfied with their work. By 2020 the majority of children living in poverty were being cared for by parents in poorly paid work which was [not the case](#) in the 1980s.

WHERE ARE WE NOW?

Towards the end of 2020, unemployment and redundancies were on the increase, as ONS [reported](#) in November. At the very same time, the number of employed people living in the UK who had been born abroad began to [fall](#) rapidly; by 717,000 between March and September. At first commentators thought that such a rapid change must be due to changes in how the statistics were recorded, but then they [realised](#) that the pandemic had led to an exodus. The majority of those leaving were EU citizens who had been in employment before April. People who were unemployed were more likely to stay, but in total, 915,000 adults who were not born in the UK left the UK between April and September. Of those who stayed, 88,000 more were unemployed.

WHERE ARE WE HEADING?

Employment levels, and the quality of jobs, are partly a political choice. It is not ‘the market’ which mainly determines how many people are in work, but the extent to which people are encouraged to be in paid work or not. A government can decide to make it more or less attractive to employ people. A highly progressive tax rate can make it more attractive to employ more people at a good wage, rather than fewer at a higher wage, resulting in an increase in overall employment rates.

Governments that impose punitive sanctions on those deemed not trying hard enough to find work can force the unemployment rate down. Governments can directly create employment themselves through jobs paid for by the state. Within Europe, this can be 50% higher in some countries as compared to others. The diagram below shows the extent of variation in unemployment rates within Europe and how the UK had chosen (by 2019) to be at one extreme of that distribution, copying the USA by ensuring that as few people as possible resorted to unemployment benefits. Many took inadequately paid jobs, many had to do multiple jobs, many in the UK did not like their jobs.

What may happen next? Often the most sensible predictions are also the duller and most depressing. The UK could continue along the route it has taken in recent years. Work becomes more mandatory

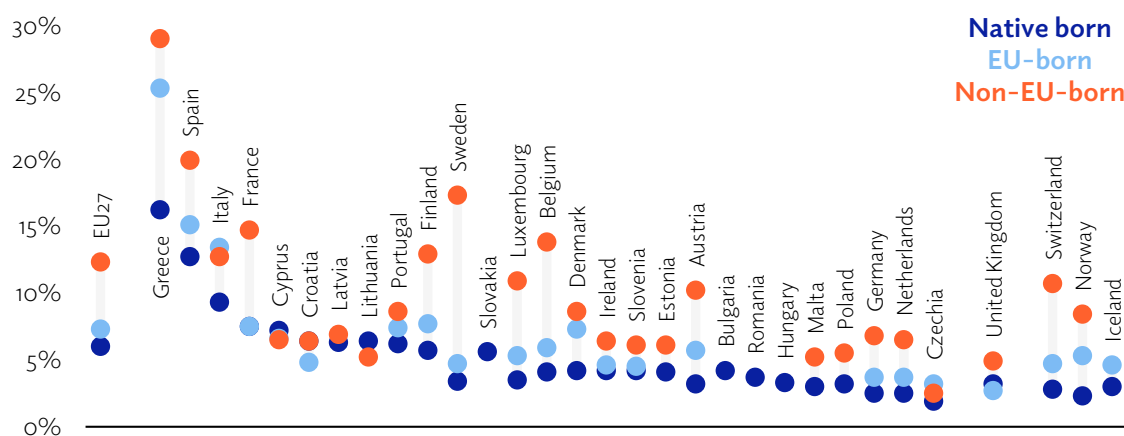
and more precarious for the majority. Unemployment benefits are further reduced (in real terms they are already half what they were in the 1970s). Millions of people in the UK are forced to take even more demeaning work, increasingly acting as servants for the better-off: delivering take-aways, cleaning their homes, walking their pets. Inequality rises.

I do not think the above scenario will play out. This is because of the 2020 pandemic. Rather like the second world war, it has weakened right-wing devil-take-the-hindmost politicians. Once you have to ask everyone to be ‘in it together’, once you rack up an enormous bill to pay for the war or pandemic, once you start to use the language of having to make individual sacrifices for the greater good, it is then very hard to return to a rhetoric of there being no such thing as society — just individuals and their families. A pandemic shows just how false such thinking is.

UK unemployment has been low compared to the EU27

Unemployment rates among 20–64 year olds in the EU, EEA and UK by country of birth, 2019.

UK IN A CHANGING EUROPE



Source: Eurostat (online data code: Ifsa_urgacob).

Note: EU-born and non-EU-born figures unavailable for Bulgaria, Hungary, Romania, Slovakia. EU-born figures unavailable for Latvia, Lithuania, Malta and Poland. EU-born figures for Croatia and Slovenia have low reliability. Non-EU-born figures for Croatia, Lithuania, Poland and Czechia have low reliability.

What I think is more likely is that the UK fills up with even more of its ‘ex-pats’ returning; especially the older ones. Young, cheap and efficient workers leave these shores because they do not have equal rights, because the pound drops even further, and as their prospects dwindle. The UK middle-class is squeezed; their graduate children have no work of the kind which a (now very expensive) university degree was supposed to deliver. Above all else there is a need to take back control from those who actually took it — the richest people in Britain who took a greater share of income in the UK than that group takes anywhere else in Europe.

The UK will level out rather than level up. Taxes will rise, especially for the better-off. Government will have to create jobs. The ‘fifth option’ — to not be forced into paid employment — will return, perhaps through tentative steps towards a universal basic income, mimicking the tentative steps towards paying unemployment benefit of just over a century ago. The stigma of having to rely on benefits will decrease. And, just as has happened several times before in British history, those at the top will know not to ask for a pay rise and those at the very top will accept permanent reductions in their pay — as the FTSE 100 CEOs already have started to, albeit only [slightly](#) so far. And so Britain outside the European Union will slowly begin to look ever so slightly more like an average employment/unemployment level European state.

HOUSING

Ben Ansell

WHERE HAVE WE COME FROM?

Up until the past few years the housing boom reinforced existing patterns of class division. From 1997 to 2010, house prices were a pretty good predictor of how constituencies voted. In 1997 the 108 constituencies in England with the lowest house prices all voted Labour. Labour did win some expensive London constituencies both then and now but outside of London, in 1997 the Conservatives won 43 of the 50 constituencies with the highest house prices, even during a historic collapse. This pattern where wealth structured the vote continued all the way up through 2015. In England and Wales, about thirty percent of the variation in Conservative electoral success across constituencies could be attributed to house prices between 1997 and 2015.

WHERE ARE WE NOW?

That is emphatically no longer true. If we again take the 108 English constituencies with the lowest house prices, we find 39 of these voted for the Conservatives in 2019. House prices explain precisely zero of the Conservative vote in Boris Johnson's victory. What happened? Brexit. Constituencies with high house prices emphatically voted Remain in 2016, those with cheaper houses voted Leave. House prices explain around forty percent of the variation in the Brexit vote. This is not just north versus south — London had both the highest variation in house prices and in Brexit voting of any region. What's more, as data from the British Election Study shows, this relationship is particularly pronounced among homeowners.

The referendum cut completely across traditional patterns of wealth politics as the Conservative party shifted to the party of Leave. Combining the traditional politics of wealth and this new Brexit effect, constituency wealth is no longer related to voting patterns. Conservatives and Labour now represent the full distribution of wealth in the country.

Housing policy in the UK has shown rather more political consensus over the past few decades than other key areas from immigration to welfare spending to Brexit. From the 1990s onwards the Conservative and Labour parties spoke with one voice — rising homeownership is good and rising house prices are good.

In the case, of homeownership, the Conservative Party had of course since the 1980s advocated growing homeownership. As my own research shows, expanding homeownership in a climate of rising house prices had ancillary benefits for the Conservatives, since homeowners with appreciating assets tend to become less supportive of high taxation or social spending. But the arrival of New Labour in 1997 didn't lead to a reversal not least because Tony Blair sought to capture the support of swing voters, including those ex-council tenants who had moved to the Conservative Party. Rising house prices also benefited Labour electorally, inasmuch as it underpinned a booming economy and a sense of growing national wealth. Labour did try to counter concerns about affordability through the Barker Review of housing supply, but the unit created to act on its recommendations didn't survive Labour's loss in 2010.

Homeownership growth eventually creaked to a halt and begun to reverse. And though the crash of 2008 reduced house prices, in many parts of the country, especially the South-East, this was only temporary. Goosed by the Cameron government's Help to Buy scheme, the tax favourability of Buy to Let, and quantitative easing from the Bank of England, house prices have risen continuously since 2012, barely put off by the Brexit shock and — so far — fairly robust even to the coronavirus. In the meantime, housing supply has remained torpid.

Low interest rates mean that even as prices rose, mortgage payments remained steady. But putting down a deposit to get onto the housing ladder has become ever more challenging. According to the Resolution Foundation the time it would take a 30-year-old to save for the typical first-time buyer house has increased from three years in 1986 to around twenty years. Young people locked out of ownership have to move to the private rental market, which has doubled from ten percent of people in 1990 to twenty percent today. And whether they rent or (less often) own, millennials are paying much higher proportions of their disposable income on housing — almost twenty-five percent on average, as compared to under ten percent at the same age for those born in the late 1940s.

However, as in most other wealthy countries, the majority of Brits are homeowners. They are the beneficiaries of unaffordable housing since once you own a property any further price rises increase the value of your house but don't increase the costs you have to pay for it (unlike in America, property taxation in the UK doesn't respond to annual price changes). YouGov's polling in 2015 found that the tax considered 'least fair' in Britain was inheritance tax, swiftly followed by stamp duty. And building new houses runs into the buzzsaw of vehement local opposition.

WHERE ARE WE HEADING?

Boris Johnson's government, perhaps because it is less politically dependent on wealthy homeowners' constituencies than previous Conservative governments, has promised a complete overhaul of planning laws that could lead to more construction. But the plan has already met massive internal opposition. What's more, they are hardly the first party to claim a planning revolution is on the way — most have promised this and then balked at delivering it.

More generally, a levelling-up agenda could boost the value of housing in the North and Midlands while Brexit and the coronavirus weigh down house prices in London and the South-East. That kind of regional recalibration might improve national labour mobility and productivity and counter some of the resentments of 'left behind' regions that have shaped our current politics. But that relies on beating the combined forces of NIMBYISM, easy credit, and landlord interests that have undermined previous attempts to reform the British housing market. I wouldn't bet my house on it.

ECONOMICS AND POPULISM

Mark Blyth

WHERE HAVE WE COME FROM?

Despite Covid-19 woes, while there has been a narrowing in the polls, there has been no collapse in support for the Conservatives, the party that institutionalized populism through its embrace of Brexit. Getting the latter ‘done’ will not auger the end of populism in the UK. To see why, we need to consider the economics that drives it.

When populism burst onto the scene in 2015, some saw it as primarily an economic phenomenon. Thirty plus years of rising inequality, the shifting of risk from firms and states onto individuals, and the ‘payback’ from those most negatively affected from bailing out the financial system in 2008, all combined to delegitimise incumbent politicians and their established parties.

But there was a rather obvious flaw with such an explanation. Those most effected by rising inequality, the poor, focused not on inequality in their grievances, but on issues such as immigration, and looked for solutions to the populist right rather than the left. Moreover, those who voted for the populist right were often relatively wealthy.

Into this void a cultural understanding of populism quickly gained ground that stressed variously, a loss of status among the white working classes, a rise in authoritarian sentiment in populations at large, and the return of overt racism in politics.

More recent work has however pushed back, arguing that you can hardly explain a rise in racism by pointing to a rise in the number of racists. Something else has to be causing both, and the prime suspect remains changes in the economy.

WHERE ARE WE NOW?

What generates populist voting in the UK and elsewhere is the relative decline in income over a long period of time. ‘Places that don’t matter’ have been prone to support populism across the western democracies. And what amplifies this effect is when native young workers leave that area and the local demography similarly shifts downwards: this is reflected in lower local house price growth, which has been shown to be a [strong predictor](#) of support for Brexit. From East Germany to the East Midlands ‘on the skids plus very old’ is the key predictor of populist voting.

Other factors amplify these effects: the degree of import penetration into an area (how trade displaces local production); whether the area is GVA (gross value added) positive (it adds to GDP) or lives off central transfers (most of the UK outside of London is GVA negative); whether such areas suffered income losses due to identifiable central government policy (George Osborne’s ‘bedroom tax’ correlates highly with support for Brexit); and whether such areas combine sustained income losses with high social capital (which allows for the transmission and amplification of grievances, and thus populist mobilization). Anyone reading research on the UK’s ‘Red (now Blue) Wall’ constituencies will recognize how all this applies to an awful lot of them.

WHERE ARE WE HEADING?

So, if these ‘it’s the economy — stupid v.2.0’ set of arguments are plausible, what does it tell us about life after Brexit?

The first implication that follows is that, without significant government support, the costs of Brexit in any form will be felt the most by the most populist communities. For example, the UK imports two thirds of its food and if the cost of food rises due to tariffs, that is equivalent to a real wage cut to consumers who are already experiencing income declines.

But will that support be forthcoming? We can expect the government to buffer those costs among those it relies upon to win elections — old people — who are already most likely to be populists. Meanwhile, richer consumers can either better afford the tariff, or they can more easily switch to import substituting consumption. But it will be hard in a centralized country like the UK to finetune redistribution in such a way as to support Brexit-voting areas without also compensating the urban areas that largely voted Remain. Whether the creation of the [Towns Fund](#), which attempts to do just that, will be enough will be interesting to see.

Second, the UK’s growth model of debt-powered consumption, dependent on finance, and high-end services, is likely to continue, given the failure of manufacturing exports to pick up since the Brexit-induced devaluation of sterling. But it is far from clear that this is good news. Recent [research](#) has pointed out how the UK economy is increasingly dominated by rent-generating sectors, where the control of an asset (mobile phone towers, a valuable brand, land, and property) that earns income for those who own it crowds out investment in more productive sectors. The resulting decline in investment and productivity ultimately means more pressure on wages over time.

Third, we began by asserting that Brexit will end, and in the sense of a new set of economic realities being imposed on the country. But will it really end politically? Given that there are real costs to any form of Brexit, and the supposed benefits have so far at least proven illusory, any resolution may create incentives for politicians to revisit this issue, again and again, arguing that while we need Brexit, we didn’t need this Brexit. Nigel Farage is an obvious example and some Conservatives — those that don’t simply move on to other issues — may well join him, if only to head him off, once again, at the pass.

Given that the economic factors powering populism in the UK will be heightened rather than reduced by Brexit, we should expect populism to persist in its wake, and indeed to keep the politics of Brexit front and centre for the rest of this parliament.

The perennial threat to the Conservative party coming from the Faragist right will likely revive in the event of post-Brexit disappointment, whilst the growing threat of a more centrist Labour party will push the government to emphasize its nationalist credentials to hold on to the Brexit coalition. There will be an ‘after Brexit,’ but the economics of populism suggest that the politics it helped unleash will keep it alive long after the UK has left.

The background is a solid blue color. It features several geometric shapes in a darker shade of blue: a vertical rectangle in the top right corner, a horizontal rectangle in the middle left, and a large diagonal shape in the bottom right corner.

GOVERNMENT & LAW

THE CONSTITUTION

Joe Tomlinson

WHERE HAVE WE COME FROM?

In most states, the basic rules for the exercise of political power are written down in a constitutional text and assigned some fundamental status above other laws. In the UK they are not. The British constitution has traditionally emphasised the sovereignty of Parliament, allowing it to make or unmake any law. This authority has been exercised over the centuries to generate legal frameworks that change the shape of government and provide rules which constrain it. But the fundamental character of the constitution is such that Parliament remains central and, as a result, more emphasis is placed on political controls than legal rules.

Brexit exerted great pressure on the constitution. Governments usually have a majority and can thus exercise control of Parliament and the laws it makes, unless backbenchers rebel. The Brexit referendum result, however, opened up new political divisions between and within parties. For much of the time since the referendum, the Government had no working majority on the key policy questions around Brexit. The various withdrawal processes were time-limited, often forcing confrontations. All of this was underpinned by a national referendum result that was the opposite of what most MPs had hoped for: direct democracy proving awkward in a system of representative democracy. At the same time, the complexity of the EU/UK relationship meant that Parliament was presented with a string of questions that were legally, institutionally, and politically difficult. This all generated a sense of Parliament having extensive constitutional authority but not being able to ‘get Brexit done.’

Many political actors came to think that their cause was so important that any lawful action was justified, no matter how constitutionally problematic: constitutional hardball in action. From long-serving MPs being quickly removed from parties for failing to follow the whip to a Lord Chancellor being silent in the face of three High Court judges being described as ‘enemies of the people’, the norms of our constitution were tested. At times, political strategies even strayed beyond the law. The high-water mark came when Boris Johnson prorogued Parliament — a move which was, within days, ruled unlawful by the Supreme Court.

WHERE ARE WE NOW?

By late 2020 and with a Conservative majority in Parliament, our constitution is still feeling the effects of the Government’s continuing hardball tactics. The UK Internal Market Bill, proposing egregious violations of basic rule of law principles, is one example. Another is how the Government twice breached the Sewel convention — under which the UK Parliament does not normally pass legislation on devolved matters without the consent of the institutions in Edinburgh, Cardiff and Belfast.

Beyond Brexit, the 2019 Conservative manifesto pledged ‘to look at the broader aspects of our constitution’ and, within their first year of office, establish a ‘Constitution, Democracy & Rights Commission.’ There are rumours that the Commission has been shelved. Yet, important changes are occurring. Perhaps the most obvious recent example is the Independent Review of Administrative

Law, to consider changes to judicial review—the process through which challenges to the legality of government decisions can be brought. The terms of reference for the Review are skewed towards considering restricting access to the courts and curtailing the legal grounds for challenge — underlined by a Call for Evidence principally interested in hearing Government officials’ views on the process. The Lord Chancellor has now set up a similar review of the Human Rights Act (see the discussion by Conor Gearty in this volume). Meanwhile, various Bills moving through Parliament include provisions that are hostile to the role of the courts. The Draft Fixed-term Parliaments Act (Repeal) Bill contains an unnecessary but constitutionally provocative provision excluding the courts from reviewing certain decisions.

WHERE ARE WE HEADING?

From the future of devolution to reform of the Human Rights Act, the list of specific issues on the constitutional reform agenda is vast. Politics, society, and the economy can change rapidly and, if recent years have taught us anything, it is that grand predictions are unwise. But we leave this period not just with economic and social challenges, but with a constitution at risk of looking unfit for purpose. In such an environment, it is likely that many will ask if the time has come for fundamental constitutional reform.

The Brexit process will eventually end, but a critical question is whether the constitutional hardball tactics that accelerated due to Brexit will become a routine feature of our political culture. There are already signs that there has been a spill-over. A clear example is the refusal of the Home Secretary, Priti Patel, to resign in the face of a report establishing she bullied civil servants — a breach of the ministerial code. While the Prime Minister was within his authority to retain her, this episode, as one [commentator](#) put it, made the constitutional convention of ministerial responsibility appear as a convention of ministerial irresponsibility. This is not an isolated incident. Indeed, by the end of 2020, at least three Cabinet Ministers are still in office when, on earlier constitutional norms, they might have resigned.

If the proliferation of such conduct continues beyond Brexit, more doubts will likely arise about the wisdom of a constitutional system which emphasises political control and adherence to convention instead of legal rules. Calls for fundamental constitutional reform are unlikely to be far behind. As such, while there may be many specific issues on the constitutional reform agenda, the ultimate question will be whether our form of constitution can maintain its authority. For those who think it has lost its authority, the pathway of advocating for a more modern, law-based constitution — based on a central, written text — may seem attractive. However, that pathway brings many of its own challenges.

CABINET GOVERNMENT

Nicholas Allen

WHERE HAVE WE COME FROM?

Ahead of the 2016 referendum, David Cameron relaxed [collective responsibility](#), the convention that ministers must voice support and vote for government policy, and allowed ministers to campaign against the government's position of remaining in the EU. It was a necessary recognition of Conservative divisions. Theresa May, reinstated collective responsibility and, briefly, the outward appearance of cabinet unity. But that vanished along with her party's parliamentary majority in the 2017 General Election. Thereafter, 'collegiality', cabinet government's chief organising principle, was honoured more in the breach than the observance.

Brexit contributed to a [record number](#) of resignations during May's premiership. No fewer than 22 ministers resigned, five from cabinet-level posts, over the Government's Brexit policy. Ministerial indiscipline became endemic. Supposedly private cabinet disagreements were [played out in public](#). Even the rule that ministers must vote for government policy eventually broke down. A day after MPs defeated the Withdrawal Agreement for a second time in March 2019, 13 ministers [abstained](#) on a three-line whip to vote against rejecting a no-deal Brexit. None resigned or was dismissed, the usual sanction. In a rare media interview, May's chief whip, Julian Smith, described the period as 'the [worst example of cabinet ill-discipline](#) in British political history'.

WHERE WE ARE NOW?

Boris Johnson introduced a different style of government in the pursuit of 'getting Brexit done'. A [brutal reshuffle](#) and the appointment of an undistinguished but loyal and pro-Brexit cabinet restored ministerial discipline. [Another reshuffle](#), conducted in the wake of the triumphant December 2019 election, weeded out ministers who insisted on a degree of independence, notably Sajid Javid, the Chancellor of the Exchequer, who objected to Downing Street's plans to appoint a joint team of economic advisers for Numbers 10 and 11.

Downing Street's reach was extended in other ways. Dominic Cummings, Johnson's senior special adviser, enjoyed and wielded [authority](#) over all special advisers, who usually reported to their ministers. Senior civil servants, including the Cabinet Secretary, [were purged](#). Plans were made to [centralise](#) government communications. In September 2020, senior Downing Street aides, including Cummings, took up [residence](#) in the Cabinet Office, increasing their ability to monitor and influence Government departments.

The Government's [response](#) to the coronavirus pandemic greatly exacerbated unease at these developments. The most common complaints were that Johnson was too tolerant of impropriety, that there were too many [U-turns](#), and that Downing Street was too detached from its parliamentary base. Cummings' decision to quit following an internal power struggle was hailed by some Conservative MPs as a [chance](#) to 'reset' government. Supportive commentators suggested it was time to decentralise power to departments, appoint [more competent](#) ministers and restore '[proper](#)' cabinet government.

WHERE ARE WE HEADING?

The character of cabinet government ultimately depends on how prime ministers and their principal advisers want it to operate, and whether they have the authority to make it operate that way. Theresa May's premiership illustrated how assertive ministers can undermine collegiality in the absence of prime ministerial authority. The first 18 months of Boris Johnson's premiership have illustrated how a dominant prime minister can undermine both collegiality and ministerial autonomy.

Johnson's disinclination to run cabinet as a genuine decision-making body is unlikely to change. The cabinet will remain, constitutionally, the most authoritative decision-making body in government, and its committees will continue to coordinate policy. It will also continue to serve as an important forum for sharing information, talking politics and potentially fashioning agreement. But in keeping [with long-term trends](#), most decisions will continue to be taken in other forums, and policy-making influence will continue to be concentrated at the centre.

Johnson's general orientation towards leadership is also unlikely to change. His laziness and preference for delegating is [well established](#). As London mayor, he relied on trusted deputies. As Prime Minister, he has relied on a number of loyal aides and ministers. The organisation of the [cabinet-committee system](#) reflects this style. Johnson chairs a number of committees that focus on 'strategy' but leaves others, notably Michael Gove, to chair their corresponding 'implementation' committees. That is unlikely to change. Johnson's choice of aides, though, will be crucial. Cummings' successor(s) will determine not only the effectiveness of the Downing Street machine but also wider trust and confidence in it.

Johnson's authority and ability to make the system operate in the way he wants, like all prime ministers', [is highly contingent](#). Ministers grow more confident and assertive with experience. Johnson's colleagues have already regained [authority](#) over their special advisers, and they are likely to become more assertive as economic conditions force them to fight hard for departmental budgets. Downing Street may hope that another cabinet reshuffle will reaffirm Johnson's primacy, but making space for new talent risks adding to the number of disenchanted backbenchers.

Ministers will also be aware that Johnson's public standing has fallen from its post-election heights and may fall further. Public consciousness of government blunders and impropriety, as well as prime ministerial gaffes tends to accumulate. Johnson can claim a personal victory in securing a post-Brexit trade deal with the EU, but the financial, employment and public-health costs of the pandemic are likely to sour the public mood. His authority could collapse if ministers come to regard him as an electoral liability and see a better prospect. Indeed, there is already much [speculation](#) about Rishi Sunak's long-term ambitions.

Cabinet government is ultimately party government. The outcome of the 2019 General Election and Britain's departure from the EU removed the immediate fault line that created the anarchy of May's premiership. But Tory MPs have learned a valuable lesson from the European Research Group's success in promoting a hard Brexit: organisation means influence. 'Red-wall' Conservatives are [finding their voice](#), while the pandemic has exposed [tensions](#) between those with more and less libertarian instincts. Cabinet government ultimately rests on the unity and discipline of the governing party, and its willingness to be led. The latter already seems to be in short supply.

THE CIVIL SERVICE

Jill Rutter

WHERE HAVE WE COME FROM?

On 24 June 2016, civil servants woke confronting their biggest challenge (at least until Covid-19 struck) since the second world war — the need to disentangle the UK from its 47-year membership of the EU and to establish a new relationship with it. What is more, it faced the prospect of doing so with a new prime minister possessing what turned out to be a contested mandate as to what Brexit meant.

There were immediate changes: new departments created, Brexit teams established in all key departments; a handbrake turn in the civil service headcount reduction underway since 2010. Civil servants embarked on the triple task of supporting the Government as it negotiated with the EU, legislated to prepare for non-membership and built the machinery to operate after Brexit. Taking back control — depending on the final shape of Brexit — meant developing new capacity to regulate and new capabilities, for example, to run an independent trade policy.

WHERE ARE WE NOW?

Four and a half years on, the civil service is bigger, with some 30,000 Brexit-related jobs created. It has become more agile and delivered some significant successes — not least the EU Settled Status scheme, for which four million EU/EEA citizens have already registered.

However, it has been battered not just by four years of Brexit preparations, which involved trying to navigate through the hopelessly divided May cabinet, but also by juggling the competing demands of finalising Brexit and trying to deal with a global pandemic in 2020. Either on its own would be a massive preoccupation. Departments moved Brexit staff to Covid-19 in March and then moved them back as they realised the Government was intent on ploughing on.

Meanwhile, the civil service has been battling a government led by Vote Leave veterans who have always liked to portray it as a bastion of Remain and in need of a serious overhaul. Individual relations at the top have frayed. A record number of top officials have been moved aside, including the Cabinet Secretary. One is suing his former Secretary of State for unfair dismissal.

WHERE ARE WE HEADING?

This year will mark the beginning of an extended test of the quality of those preparations, and civil servants will fear a blame game whenever the inevitable hiccups occur. The fallout of the summer exams fiasco has shown this to be a Government happy to pass the buck. Civil servants, and public servants more widely, will start to operate new systems; new regulators will spring into life and the border will work, somehow. Meanwhile, the new trade policy profession will see if it can finally land some big new trade deals. For many civil servants, this should be a year of opportunities.

The departure of Dominic Cummings may change the style of the central operation but it is not clear whether it will change the agenda on civil service reform. The official version of civil service reform was set out in Michael Gove's [speech](#) to Ditchley earlier in the year. It rehearsed some well-worn diagnoses and its prescriptions were pretty standard too: more commercial, data and digital skills, greater emphasis on delivery, incentives for civil servants to stay longer in post to reduce churn, and more dispersion to the regions to reduce metropolitan bias. His Cabinet Office colleague, Lord Agnew, has declared a war on consultants so civil servants can do more interesting work — despite the fact that Covid-19 and Brexit have both driven up dependence on consultants to [record levels](#). If the Government can make these reforms happen, it should be uncontroversial and indeed welcome.

But the reform agenda does not stop there. The 'hard rain' Dominic Cummings threatened seems much more personal. Earlier in the year, newspapers were briefed that there was a 's**tlist' of permanent secretaries, and three out of four of those named have been summarily despatched. Sir Philip Rutnam resigning from the Home Office, and Sir Simon McDonald and Sir Mark Sedwill standing down, makes clear the Government no longer wants their services. Intriguingly, the fourth name on that list, Treasury Permanent Secretary Sir Tom Scholar, seems to have rehabilitated himself through his department's successful early response to Covid-19. He is now part of the triumvirate leading the civil service with new Cabinet Secretary Simon Case and Chief Operating Officer Alex Chisholm.

And it is that new leadership that will now be facing its biggest test. Case was picked out of relative obscurity and even he admits that he lacks the experience of many of his predecessors. He needs to show ministers that the civil service is capable, not just of helping the country through Brexit but also helping them get on top of the pandemic. The danger is that the willingness of ministers to dispense with the services of top mandarins has a chilling effect on the advice they are prepared to give.

Case also faces another big test. He needs to show the 400,000 civil servants he now leads that he is prepared to stand up to ministers when they push the limits of their powers. He will face increasing numbers of challenges over the way in which ministers are approaching ad hoc appointments and handing out contracts. 2021 will show whether there is real steam behind the Government's civil service reform agenda and whether the civil service values of integrity, objectivity, honesty, impartiality can survive the promised onslaught.

And Whitehall will also have to put flesh on the Government's levelling up and wider reform agenda, help the Government make a success of COP26 and set the UK on a path to net zero, and continue to try to manage relations with the devolved Governments. All the while, the new UK-EU Trade and Cooperation Agreement means that time and effort will need to be put into making new structures work, ensuring all levels of government understand their new obligations and help ministers understand how and how far they can exercise their regained powers. The risk is that EU expertise — already a niche interest in Whitehall — will diminish further as the UK Government seeks to put the 47 years of UK membership behind it.

PUBLIC BODIES

Felicity Matthews

WHERE HAVE WE COME FROM?

For more than a decade, since David Cameron first pledged a ‘bonfire of the quangos’, the prevailing orthodoxy has been to limit the growth of the delegated state. However, following the transition period, arm’s-length public bodies will assume a diverse range of policymaking and regulatory responsibilities previously exercised by their EU counterparts. In addition, the scope for policy divergence will provide opportunities for public bodies to take on new functions or extend into new areas.

WHERE ARE WE NOW?

Four new public bodies have been announced by the UK Government to date. The [Office for Environmental Protection](#) (OEP) will be formally established following the passage of the [Environment Bill](#), and the process to [appoint its inaugural chair](#) was launched in August 2020. The OEP will oversee environmental performance in England and Northern Ireland. Scotland will set up its own body, and the Welsh Government has yet to finalise its plans.

The Trade Remedies Authority (TRA) will protect UK industries against unfair trading practices. It currently exists in ‘[shadow form](#)’ as the Trades Remedies Investigations Directorate within the Department for International Trade whilst the [Trade Bill](#) passes through Parliament.

The [Independent Monitoring Authority \(IMA\)](#) will oversee the way in which the UK fulfils its obligations to protect the rights of EU and EEA EFTA citizens. Its chair was only nominated in November 2020. It will need to move quickly to establish itself in the public mind.

Most recently, the Government was forced to concede that the temporary [Trade and Agriculture Commission](#) would be put on a statutory basis, to scrutinise future trade agreements for their impact on farming and animal welfare.

In addition, existing public bodies will [absorb](#) many of the functions that return to the UK. Responsibility for nuclear safeguards, for example, will pass from Euratom to the Office for Nuclear Regulation; and responsibility for aviation safety will pass from the EU Aviation Safety Agency to the Civil Aviation Authority.

Other public bodies will plug the ‘regulatory gaps’ that have become apparent during the transition period. The passage of the [Medicines and Medical Devices Bill](#), for example, will equip the Medicines and Healthcare Products Regulatory Agency and the Veterinary Medicines Directorate with greater powers of regulation and enforcement.

In terms of divergence, many of the functions transferred back to the UK relate to devolved matters, in particular agriculture and the environment. As mentioned above, new bodies are likely to be established to oversee environmental governance; and the Scottish Government has set out its [plans](#) to establish the Environmental Standards Scotland (ESS) watchdog. In addition, existing public

bodies, such as the [Scottish Environment Protection Agency](#) and [Natural Resource Wales](#), will be required to respond to any future divergence in regulatory standards that occur within the UK.

WHERE ARE WE HEADING?

As this brief overview suggests, public bodies will play a vital role in the post-transition policy landscape. They will be required to develop and deepen their expertise in areas where EU agencies had previously taken the lead.

However, preparedness varies significantly. Few of the new public bodies were fully ready for business on 1 January 2021. Delays to the passage of their establishing legislation has left the OEP and TRA without statutory authority. Moreover, whilst the European Union (Withdrawal Agreement) Act 2020 equips the IMA with statutory authority, it has not articulated its strategy for protecting citizens' rights, resulting in a significant governance gap in a highly sensitive policy area.

The ability of existing bodies to prepare has depended upon the degree of clarity and extent of forewarning about their post-transition remit. Whereas the Office for Nuclear Regulation had over two years to prepare for the UK's departure from Euratom, the decision to leave the EU Aviation Safety Agency was formally announced in March 2020. Uncertainty about the shape of future trade relationships has also affected bodies responsible for regulating manufacturing and commerce.

There are also critical differences in the wider operating environments of EU agencies and UK public bodies, which may affect the capacity of the latter to dispatch their newfound functions effectively. Whereas EU agencies have their own [legal identity](#) and are often set up for an indefinite period, the majority of UK public bodies are creatures of the Government. Even those that exist on a statutory footing are vulnerable to repeal or may be subject to regular review: the Trade and Agriculture Commission, for example, is subject to review every three years.

This has led to concerns that some public bodies will be insufficiently independent from the Government. Many environmental campaigners, for example, have argued that the OEP will lack bite because of its dependence on Defra for its budget and personnel; and the Environmental Audit Committee has [recommended](#) that Parliament should have statutory functions to 'set its budget, scrutinise its performance and oversee its governance.' Whilst the Government has [stated](#) that 'establishing the OEP as an emanation of Parliament is not necessary', it has promised additional safeguards to ensure the OEP's independence.

Parliament has also sought to gain a bigger say over appointments to the OEP and the IMA. The Environmental Audit Committee has [demanded](#) that Parliament have greater involvement in top-level appointments to the OEP, a call that has been echoed by the [Exiting the European Union Committee](#) in relation to the IMA. The Government has rejected those calls, although chairs of both will be subject to pre-appointment hearings by select committees.

Finally, public bodies will require adequate resources. However, although the UK will not have to contribute to EU agencies that it has left, it may prove [more expensive](#) to deliver these functions without the benefits of pooling resources. The delayed three-year [Comprehensive Spending Review](#) will provide sponsor departments with much greater clarity about the resources available to fund public bodies, but the longer-term financial implications of the response to the Covid-19 pandemic may mean that good news is thin on the ground.

DELEGATED LEGISLATION

Ruth Fox and Brigid Fowler

WHERE HAVE WE COME FROM?

To deliver Brexit the Government had to undertake the largest legislative exercise ever in the UK. The burden of this exercise was borne by the system of delegated legislation — via the delegation of powers to ministers in Acts of Parliament and then through the making of regulations (in the form of Statutory Instruments (SIs)), using the powers conferred in those Acts.

The Government had first to create a UK legal order that could operate independently of the EU — initially after ‘exit day’, and then, after the Withdrawal Agreement was secured, after the end of the transition period. The 2018 EU (Withdrawal) Act saved EU law as a new category of UK law, and then ministers used SIs to address ‘deficiencies’ in that body of ‘retained EU law’ to make it work in a UK-only context.

In parallel, ministers have legislated through a series of Acts in areas as varied as customs, sanctions, agriculture, fisheries and immigration, creating powers to provide for UK policy beyond the end of the transition period. Both the EU (Withdrawal Agreement) Act 2020 and EU (Future Relationship) Act 2020 also gave ministers extremely broad powers to implement the Withdrawal and future relationship treaties with the EU.

The nature of the Brexit process lent itself to the use of delegated legislation: there was a need to elaborate complex and technical detail, deploy flexibility and adaptability, and act quickly in times of crisis.

But the conjunction of some of the broadest, most constitutionally-important powers ever seen on the statute book with inadequate scrutiny of the ways these powers might be exercised has constituted a toxic mix for the balance of power between executive and legislature, driving a coach and horses through the core principle of accountability of Government to Parliament.

WHERE ARE WE NOW?

Most of the Brexit Acts and Bills still to be passed are ‘skeleton’ ones in which, in the [words](#) of three House of Lords select committee chairs, “broad delegated powers are sought in lieu of policy detail”. Such Bills are problematic, because Parliament is asked to approve powers without knowing how they might be used, and because the true impact of the provisions is unknown. The majority of the legislative content — both principle and policy — will be left to delegated legislation. But this legislation, in the form of SIs, will attract only limited parliamentary scrutiny, especially in the House of Commons.

By the end of 2020, ministers had laid around 960 Brexit-related SIs before Parliament. The powers in the various Brexit Acts will mean more are laid in 2021 and beyond. These SIs are not amendable. Many are subject to the ‘negative procedure’ and so do not require active parliamentary approval; most of these are ‘made’ — that is, they are already ‘laws’ — before they are laid before Parliament, and can be brought into force before parliamentary scrutiny is complete. There is no

guarantee of a debate if an MP objects to a ‘negative’ SI, as the Government decides whether to allocate time for consideration. Most ‘affirmative’ SIs, which require active debate and approval, usually by both Houses, are considered in often-perfunctory meetings of delegated legislation committees, where MPs are appointed by the whips, which have no dedicated parliamentary staff, and where decision takes place on the basis of a pointless ‘consideration’ motion before the formality of approval by the whole House.

Despite the exceptional nature of the Brexit legislative exercise, only one limited reform of this delegated legislation scrutiny process has been secured. The European Statutory Instruments Committee (ESIC) can review negative SIs laid using powers in the EU (Withdrawal) Act 2018 and recommend they be upgraded to the affirmative procedure. It is a toothless advisory body bolted onto inadequate scrutiny procedures.

WHERE ARE WE HEADING?

In practice, coronavirus may have a greater impact than Brexit in pushing a sufficiently large number of MPs finally to demand reform of the process. Disquiet over the slew of lockdown and other coronavirus-related measures being implemented through SIs, often at very short notice, saw Conservative backbenchers threaten rebellion in the face of government by ‘diktat’. The combination of Brexit and coronavirus has also significantly raised media and public awareness of the inadequate and undemocratic nature of the system.

Now the transition has ended, some factors might be helpful for a delegated legislation scrutiny reform effort. As MPs move through 2021, the most acute phases of both Brexit and the pandemic will be over, potentially freeing up some parliamentary attention. The claim that the Government must act through SIs because it needs to make law quickly will fall away.

Most importantly, the scope of the post-Brexit policy making that the Government will be able to carry out through SIs is likely to be even more fully exposed, as the Government uses its new powers to develop the UK’s post-Brexit statute book. The ongoing use of SIs to enact legal divergence between Britain and Northern Ireland could be particularly controversial, as could their use to constrain the pursuit of policy choices by the Scottish and Welsh devolved administrations that differ from those of the UK Government.

However, its concession over the process for major lockdown SIs notwithstanding, the Government has shown no signs of wishing to pursue reform. Indeed, it appears to have a strongly majoritarian concept of Government, in which constraints on an administration with a House of Commons majority are largely to be resisted. The Government’s control of the Commons’ time, legislative agenda, and Standing Orders make it extraordinarily difficult to advance changes. The Opposition, with an eye on the prospect of forming a future Government, are content to criticise but not to advance reforms which may circumscribe their future legislative powers. And, despite Conservative backbenchers’ success in forcing minor concessions over lockdown SIs, there is little sign yet of the necessary coalition of MPs willing to devote significant political capital to a thoroughgoing reform of the delegated legislation system.

HENRY VIII POWERS

Alison Young

WHERE HAVE WE COME FROM?

When we think of ‘law,’ we normally think of Acts of Parliament. Statutes agreed to by the House of Commons, the House of Lords and the Monarch are the highest form of law in the UK.

‘Henry VIII powers’ potentially undermine legislation. They empower ministers to enact measures — delegated legislation — which can modify, amend or even repeal Acts of Parliament. Delegated legislation is subject to less democratic scrutiny than primary legislation which goes through multiple stages in the Commons and the Lords and can be amended. Most delegated legislation becomes law unless Parliament votes against it coming into force: the negative resolution procedure. Some delegated legislation requires Parliament to vote in favour of its provisions: the affirmative resolution procedure. As we have seen with the recent Health Protection Regulations to tackle the pandemic, delegated legislation may need only to be presented to Parliament, not even requiring a vote, and can even [come into force before](#) being shown to Parliament.

WHERE ARE WE NOW?

As their name suggests, Henry VIII powers are nothing new. However, governments have used them more often recently, arguing these powers are needed to deal with urgent issues, or when so much legislation is required that there is insufficient time for it to be enacted by Parliament by the primary route.

Henry VIII powers erode parliamentary sovereignty, as ministers can use them to override the will of Parliament. Whilst you might argue that this is unproblematic, as Parliament enacted legislation that included the power in the first place, they undermine democracy and parliamentary accountability. Even when Parliament has to approve delegated legislation, it only has a veto. It cannot propose amendments, and democratic scrutiny is reduced further if these measures are put through the negative resolution procedure. How can the Government be accountable to Parliament if ministers can overturn legislation without full parliamentary scrutiny?

The House of Commons has not voted against delegated legislation since 1979. When the House of Lords exercised its powers to delay voting on delegated legislation, this led to the Government initiating the [Strathclyde Review](#), which recommended that the House of Lords should only have the power to delay, not to veto, delegated legislation. Following criticism from the House of Commons [Public Administration and Constitutional Affairs Committee](#), the veto power of the Lords remains.

Recent legislation surrounding Brexit includes a plethora of Henry VIII clauses. The hastily enacted [European Union \(Future Relationship\) Act 2020](#) contains six specific Henry VIII powers, as does the [UK Internal Market Act 2020](#). The most controversial Henry VIII clause included in the original Internal Market Bill — the power to enact measures which contravened domestic and international law — was dropped by the Government. Section 56(2), however remains. This enables ministers to use any of the law-making powers found in the Act to modify legislation.

Some of these powers are incredibly broad. [Section 41](#) of the European Union (Withdrawal Agreement) Act 2020 empowers a minister to ‘make such provision as the minister considers appropriate in consequence of this Act’, including using this to overturn legislation enacted before transition ended on 31 December 2020. Section 31 of the European Union (Future Relationship) Act 2020 includes a power to make regulations a national authority considers appropriate to implement the Agreement, requiring only a negative resolution. Section 39 empowers a minister of the Crown to ‘make such provision as the minister considers appropriate in consequence of this Act’, including modifying legislation, although an affirmative resolution is required.

WHERE ARE WE HEADING?

This is a worrying direction of travel. In a [joint letter](#) written to the Minister for the Cabinet Office and the Leader of the House of Commons, the chairs of three House of Lords Select Committees remarked on how recent bills ‘have been extraordinary in terms of the extent to which they have permitted a shift of power from the legislature to the executive.’

There is some evidence of the Government responding to such parliamentary criticism. The original Agriculture Bill, for example, was widely criticised for its broad transfer of powers to the Government. The second Bill, which became the Agriculture Act 2020, responded to some of these criticisms, including ensuring that Henry VIII clauses were subject to the affirmative and not the negative resolution procedure.

In his [reply](#) to the joint letter, Jacob Rees-Mogg stated that he was ‘happy to consider’ communicating to Secretaries of State to encourage them to minimise the use of delegated powers. However, this was tempered by his expression of the need for the Government to rely on delegated powers, particularly in matters of urgency. In her [reply](#) to Jacob Rees-Mogg, Baroness Taylor, chair of the Constitution Committee, suggests that instructions could be issued to Parliamentary Counsel, who draft the bills, to ‘resist attempts by Government departments to include wide-ranging Henry VIII powers in bills’.

Could courts do more to restrict the use of these powers? The Supreme Court in [R \(Public Law Project\) v Lord Chancellor](#) stated that, when interpreting Henry VIII clauses, ‘the more general the words by Parliament to delegate a power, the more likely it is that an exercise within the literal meaning of the words will nevertheless be outside the legislature’s contemplation’.

It is hard to know how this cryptic wording applies in practice. However, it may be that, with a growing use of Henry VIII powers, courts will use [the prorogation case](#), in which the Supreme Court recognised parliamentary accountability as a fundamental constitutional principle. If Henry VIII powers are used to undermine key principles of the constitution, or make sweeping constitutional changes, courts are likely to quash them, being beyond the scope of the minister’s powers.

Henry VIII powers strengthen the Government and weaken Parliament. Their use should be restricted to when they are strictly necessary. They should never be subject to the negative resolution procedure. Moreover, Parliament should be able to amend as well approve delegated legislation modifying Acts of Parliament. Only time will tell whether, when the need for expedient legislation subsides, they will only be used as a last resort.

THE COURTS

Catherine Barnard

WHERE HAVE WE COME FROM?

The courts assumed a prominent role in the course of Brexit. Those who thought they were losing the political argument turned to the courts to fight their corner — the right to vote in the Brexit referendum, how to start the process for departure from the EEA and, most importantly, in [Miller I](#), whether an Act of Parliament was necessary before the Prime Minister could trigger Article 50. The Supreme Court said yes. The lower, Divisional Court had also said yes and the judges had their pictures emblazoned across the front pages of the [Daily Mail](#), and were described as ‘Enemies of the People’. This attack on the judges was one of the most extraordinary in modern times; the failure by the [Lord Chancellor](#), Liz Truss, or any Cabinet minister to fulfil their obligation to defend the independence of the judiciary only exacerbated profound concerns about how the rule of law was being undermined in the UK.

But this front page also served as a vivid reminder of the culture wars that Brexit had unleashed. It revealed the growing chasm between the ‘establishment’, on the one hand, and the ‘people’ on the other. With the Brexit vote, the people had defeated the establishment. According to the Daily Mail and many of its readers, the establishment, including the courts, now had to recognise where power lay.

The courts lack democratic legitimacy and they possess, in the famous words of US Justice [Felix Frankfurter](#), ‘neither purse nor sword’. Their legitimacy comes from upholding the rule of law, by being independent, and by deciding cases based on law and not politics.

This legitimacy was put to the test in [Cherry/Miller II](#) where the Supreme Court decided that the advice given by the Prime Minister to the Queen in August 2019, that Parliament should be prorogued for five weeks, was unlawful. The Court ruled that an unlimited power of prorogation was incompatible with the legal principle of Parliamentary sovereignty; and that a decision to prorogue Parliament was unlawful if the prorogation frustrated the ability of Parliament to carry out its functions supervising the executive. Lady Hale and Lord Reed, giving the unanimous judgment for the Court, were at pains to point out ‘the courts have the responsibility of upholding the values and principles of our constitution and making them effective. ... The courts cannot shirk that responsibility merely on the ground that the question raised is political in tone or context.’

WHERE ARE WE NOW?

There was an increasing sense in some quarters that the courts and Parliament were conspiring to block Brexit. On 15 November 2020 the Sunday Telegraph reported that Jacob Rees Mogg, the leader of the Commons, had privately accused the Supreme Court of a ‘constitutional coup’ following the *Cherry/Miller* ruling. In its election manifesto, there were hints that the Conservative Party wanted to look at a range of constitutional issues including the role of the courts and judicial review.

In July 2020 the Government established its ‘independent’ [review](#) of judicial review, chaired by Lord Faulks QC who had already gone on record to express his opposition to the decision in *Cherry/Miller*. It is likely that the Government will try to remove the power from the courts to decide what they see as political rather than legal cases.

For all the attacks on the courts, the Government will be heavily reliant on them to make the post-Brexit legal system work. The EU (Withdrawal) Act 2018, as amended, is a complex piece of legislation which both delivers Brexit (by turning off the European Communities Act 1972 which took the UK into the EU), implements the Withdrawal Agreement, and retains existing EU law. The courts (Supreme Court and the Court of Appeal) will also have the power to decide when to depart from pre-Brexit EU case law which would otherwise be binding on the judiciary. The courts will also have to interpret the much under-scrutinised EU (Future Relationship) Act 2020, passed in a day, implementing the UK-EU Trade and Cooperation Agreement (TCA), an agreement which bends over backwards to disassociate itself from EU law and thus not giving a role for the Court of Justice (except in respect of participation in programmes such as Horizon Europe).

In Northern Ireland, the picture is more complex still, with a multilevel legal arrangements, involving UK law, the Northern Ireland Protocol and parts of EU law, which the courts will have to make work. In Northern Ireland, the Court of Justice of the European Union will retain a continued role over matters relating to the Single Market for goods.

This is a reminder that, despite the protestations, the Court of Justice will still have a role play in UK domestic life. It may still be called upon to rule on whether the TCA is compatible with EU law. And, even the future case law of the Court of Justice will have an effect on UK courts: UK courts and tribunals ‘may have regard to anything done on or after [31 December 2020] by the European Court ... so far as it is relevant to any matter before the court or tribunal’.

Moreover, in the dispute resolution mechanism of the Withdrawal Agreement (but not in the TCA), disputes between the UK and EU which go to arbitration must ultimately be referred to the Court of Justice if a question of interpretation of EU law is at stake. References to the CJEU can also be made by English courts in matters concerning citizens’ rights for eight years after Brexit. The UK is not, after all, leaving the jurisdiction of the Court of Justice.

Finally, despite possible Government attempts to limit the more constitutional role of the UK courts, by clipping the wings of judicial review, the courts will ultimately have to hold the ring between the four nations of the United Kingdom, as the implications of the Internal Market Act 2020 are felt. English traders prosecuted in Scotland for not complying with new provisions of Scottish law, may — like the greengrocer Mr Thoburn trying to sell his fruit in imperial measurements, and not in metric as EU law required — find themselves caught up in a significant constitutional battle over the powers of the devolved administrations.

HUMAN RIGHTS

Conor Gearty

WHERE HAVE WE COME FROM?

The Human Rights Act has been caught in the Brexit crossfire, but has survived nonetheless. It may even outlive the passions that have done so much to undermine it. Enacted in 1998, the measure brought the rights to be found in the European Convention on Human Rights (by which the UK had long been bound) into force in domestic law. It also gave an advisory-type role within the local legal arena to the European Court of Human Rights in Strasbourg, whose job is to interpret the Convention for the 47 members of the Council of Europe.

In its early years, the Act was able to operate in relatively-benign circumstances. In the mid-2000s, the Eurosceptics who were to become advocates of Brexit turned on this other, human rights Europe as a proxy target for their real enemy, the EU. Their chance came in 2005 when a quintessentially awful applicant, a man (John Hirst) who had killed his landlady with an axe, managed to persuade the Strasbourg Court that prisoners (or at least some of them) were entitled under human rights law to the right to vote. Hirst used the Convention in a plausible way and the Strasbourg decision imposed merely an international law duty on the UK Government to implement it: the case did not directly impact on British law, nor did the Human Rights Act demand that it should. But the successful litigant was a prisoner and the jurisdiction European, and so the case was vulnerable on two scores to attack from those critical in principle of this Continental engagement with British law. There followed ten years of sniping that became so mainstream in Conservative Party circles that, when the then Home Secretary, Theresa May, came out against Brexit, she felt compelled to make hostile noises about human rights in general and the Strasbourg court in particular; indeed, she even promised that she would walk away from that court if given the chance.

WHERE ARE WE NOW?

She did get that opportunity, as Prime Minister, but didn't take it. The referendum vote in favour of Brexit may have (paradoxically) saved human rights: had the vote gone the other way, David Cameron might well have thrown the losers some red meat in the form of speedy repeal of the 1998 Act. After Brexit, the political bandwidth for negative energy about Strasbourg has quickly dissipated: even the prisoner voting case was quietly implemented by the Government, which when challenged about not acting on its human rights promises explained that, with so much Brexit-related activity going on, now was not the time to move on human rights. The Government has now accepted that human rights protection of some sort is required as part of the deal it has concluded with the EU.

WHERE ARE WE HEADING?

Quite apart from the inevitable European complications, there will be domestic obstacles to negotiate if any serious effort is made to repeal the Human Rights Act. Opposition can be expected from many parts of civil society that supported the original legislation. Labour may oppose the repeal of its legislation, not least because it is now led by a former human rights lawyer who may balk

at a tactical concession on this issue. Moreover, the UK Government will surely not want to pick unnecessary fights with Scotland, whose own Government has put human rights at the centre of many of its political initiatives. And then there is Northern Ireland, where both the incoming US administration of President Biden and the government of Ireland appear implacably opposed to any weakening of the Good Friday Agreement and have taken the view that this would be the effect of the removal of human rights protection in the Province.

The referendum result was in part fuelled by a desire ‘to take back control’ of the UK’s domestic laws, and the spirit behind that sentiment has now embraced the idea of greater control over an ‘unaccountable’ domestic judiciary (see the section on courts by Catherine Barnard). There is a review into judicial power in progress with another recently set up on human rights. Might these lead to a greater restriction on domestic human rights adjudication, and if so what will this entail for the legitimacy of the Strasbourg court’s continued oversight of UK laws?

There is also a fascinating domestic dimension. Recent UK jurisprudence suggests that the courts might be able to refuse to recognise as Acts of Parliament any statutes that the judges consider to be overly disruptive of the constitutional order. This started with a case on the hunting ban in the early 2000s and has been fortified more recently by the Supreme Court’s deliberate turn to common law rights (rather than the European Convention) as a basis for judicial review. Here might be a possible common law jurisdiction over even Parliament itself, in the shape of a protection of fundamental rights from destruction at the hands of the executive or legislature or both which would apply even if the purported change was delivered under the protective cover of an Act of Parliament. After all, who can ultimately define what an Act of Parliament is if it is not the judges? It is the one thing Parliament cannot do, and we have no written constitution to tell us. What the judges have recognised as Acts of Parliament has changed in the past (Cromwell; the Restoration; the removal of the Lords veto in 1911), so why not again?

Rights are so deeply entrenched in modern European and UK constitutional law that they will be hard to wiggle away from without a frontal assault on separation of powers and the rule of law. My bet is that the Human Rights Act (possibly amended in face-saving but non-essential ways) will still be there by the time of the next UK General Election.

The background is a solid dark blue. It features several geometric shapes in a slightly lighter shade of blue: a vertical rectangle in the top right corner, a horizontal rectangle in the middle left, and a large diagonal shape in the bottom right corner.

EXTERNAL RELATIONS

GLOBAL BRITAIN

Anand Menon & Matt Bevington

WHERE HAVE WE COME FROM?

Brexit was a boon for the slogan writers and foreign policy was no different. The post-referendum phrase du jour was ‘Global Britain,’ intended to [reassure](#) those — at home and abroad — who feared that Brexit would lead the UK to turn in on itself.

However ubiquitous — the slogan was [prominent](#) in Theresa May’s first speech as leader to the 2016 Conservative Party conference in October 2016 and repeated ad nauseam thereafter — it remained stubbornly ambiguous. By the time Mrs May stood down, observers and politicians alike were little clearer as to what the concept meant in practice. And with all eyes focused on the tortuous Brexit process, little sustained attention was given to foreign policy anyway.

WHERE ARE WE NOW?

‘Global Britain’ has now fallen out of use. The term did not figure in the 2019 Conservative [manifesto](#), and the Prime Minister failed to use it in his one set-piece foreign affairs [speech](#).

Nevertheless, under Boris Johnson there has been more focus on UK foreign policy than at any time since the referendum. He has initiated a root-and-branch ‘[Integrated Review](#)’ of Britain’s role in the world, covering foreign policy, defence, security and international aid. This is part of a wider attempt to make the UK’s global efforts more coherent and mutually reinforcing. The recent merger of the Foreign Office with the Department for International Development is a notable example.

The Foreign Secretary has stressed that the UK remains a staunch defender of human rights and the rule of law. After the Chinese crackdown in Hong Kong, the Government created a [route](#) for British overseas nationals in Hong Kong to gain British citizenship. Under increasing backbench pressure, a harder line has been adopted towards China, not least with the [banning](#) of Huawei from building the UK 5G network. Then, in July 2020, the UK [imposed](#) its first Magnitsky sanctions for human rights abuses.

In addition, as part of its ‘Force for Good’ agenda, the Government has [inaugurated](#) a media freedom award to promote press freedom across the globe. The UK’s hyperactivity in the trade arena is partly an attempt to bolster liberal principles after years of creeping protectionism. On climate change, too, the UK sees itself as a global leader, a reputation it hopes to cement when it hosts the delayed COP26 summit in 2021. With the US returning to the table, this could help the UK score a major diplomatic victory.

In Europe, however, the message is strikingly different. Under Mrs May, the need for close foreign policy cooperation with the EU was frequently stressed, alongside an unconditional [commitment](#) to European security. Such a public commitment has been conspicuously absent since Boris Johnson became Prime Minister. The UK also [refused](#) to negotiate a formal foreign policy agreement as part of the Trade and Co-operation Agreement (TCA).

That said, the UK has continued to be pragmatic where interests dictate. On Iran, it has continued to [engage](#) in the E3 alongside Germany and France. It has maintained Russian sanctions and sought to coordinate Belarusian sanctions with the EU. On climate, too, there is close alignment, with COP26 being co-hosted with Italy.

WHERE ARE WE HEADING?

2021 will be an important year for British foreign policy. As well as co-hosting COP26, the UK will take over the presidency of the G7 and the chair of the United Nations Security Council. We will also get the results of the Integrated Review early in the year.

In fact, the broad outlines are already clear. ‘Global Britain’ is to be superseded by an ‘Indo-Pacific tilt’. No major policy, it seems, can survive without a slogan. More effort and resources will be [committed](#) to the region ‘east from India’. The Foreign Secretary, Dominic Raab, has made two trips to the region in a little over six months and in September the UK began early [talks](#) to join the 11-country trans-Pacific trade bloc (CPTPP). The UK has also opened new missions in the Pacific.

Whether the UK’s broader geopolitical ambitions and the ‘Indo-Pacific tilt’ will bear fruit, however, is debateable. It is part of a concerted attempt to maintain and improve trade links around the world. Given the proximity of potential partners to China, it also has a geopolitical subtext. Much will depend on China policy formulated in Washington as well as London and on the resources available under major fiscal constraints.

The broad direction of travel implies that, in substantive terms, the UK and the Biden administration will be closely aligned, not least when it comes to climate change, Russia and Iran. The G7 summit in the UK might also see the launch of a ‘D10’ grouping of democratic states — a key ambition of the Johnson Government. On this, too, the US administration should prove supportive.

Yet making a success of the G7 summit and COP26 will require effective cooperation with the EU and its member states. Equally, any effective approach to China will depend on a broader alignment amongst western countries. The Government has made clear that it favours bilateral links with member states rather than collaboration with the EU per se. We can expect continued attempts to mobilise the E3 on issues such as the Iranian nuclear deal. However, on climate in particular, a piecemeal approach with select national capitals may not prove sustainable.

Yet the new US administration will not only be anxious to foster greater burden sharing by European allies, but also to ensure that the UK works closely with European partners as part of a reassertion of ‘the west’. To the extent that the TCA mattered for foreign policy, it at least avoided a blow-up in relations between western allies. As a result, notwithstanding talk of an Indo-Pacific tilt, the UK’s reluctance to see European states as key partners may not survive as shared interests, resource constraints, and potential pressure from Washington militate in favour of a continued close relationship.

DEFENCE

Lawrence Freedman

WHERE HAVE WE COME FROM?

During the 2016 referendum campaign, defence played a surprisingly prominent role — largely in the form of allegations that the EU would require the UK to commit to a European army. This was always far-fetched, although occasional bursts of enthusiasm emanating from Berlin or Brussels were seized upon as evidence that this was a real and even imminent possibility. A defence dimension to European integration has long been an objective of integrationists but they have struggled to show how it could be made to work. The two European countries with the most capable military establishments, Britain and France, joined together in 1998 to encourage more cooperation in security and defence. The results of this initiative were meagre compared with the efforts expended.

A European defence policy involves far more than countries combining to establish new force structures or sharing procurement costs. To make a real difference it must involve a centrally-controlled military instrument that could serve collective foreign policy goals. For this to work beyond modest, albeit valuable endeavours such as peacekeeping or anti-piracy operations, member states would need to agree to put their personnel in harm's way for goals they did not support and be able to show how they could access wholly integrated forces when facing a purely national emergency or one affecting only a few member states. For most countries, NATO appeared a much better bet: it did not imply the same loss of sovereignty, had an established command structure, and, most importantly, could draw upon American military strength and leadership.

Yet between 2016 and the UK's final departure from the EU at the start of 2021, those urging a stronger European defence entity could call in aid a formidable supporting argument. Donald Trump made clear he saw NATO as yet another mechanism to get the US to subsidise countries — in particular Germany — that ought to be paying their own way. Given his 'America first' doctrine, distaste for alliance, lack of consultation on issues such as Iran, and reluctance to challenge Russia, it was by no means clear that the Atlantic Alliance could have survived intact had Trump won a second term.

This argument was lost with Trump's defeat to Joe Biden in the November 2020 election. NATO appeared to have survived its near-death experience. As Germany celebrated the potential revival of warm transatlantic relations, President Macron of France warned that nothing could be taken for granted and Europe needed greater strategic autonomy. Yet the management of the various international crises in and around the European area during 2020 gave little encouragement to hopes that the EU had a shared strategic view. Nonetheless, although the prospect is now of a return to American leadership, the question of distinctive strategic interests will not go away, especially if conflict with China continues to preoccupy Washington.

In terms of UK defence policy, the EU's limited progress on defence meant that Brexit made little difference either way, especially as, on the big security issues, London remained close to the European consensus. There have been no suggestions that the strong bilateral defence relationships previously forged with France and Germany will not continue. There was no tenth anniversary gathering to mark the UK-French Lancaster House agreements, which included significant areas

of cooperation, including on nuclear matters, but that could be put down to Covid-19 as much as Brexit.

By contrast, UK foreign policy did diverge from that of the US, which is why a second Trump term would have caused real difficulties. Recall the breadth and depth of the UK-US defence relationship. The UK's Trident missiles are maintained at Kings Bay, in Georgia, and future warhead development is closely tied to that in the US. In October 2020 US Marine Corps F-35s deployed with the Royal Navy's aircraft on the UK's new Queen Elizabeth class aircraft carrier. When the planned Integrated Security Review is published at the start of 2021, the incoming Biden administration will be a key audience.

WHERE ARE WE NOW?

To impress Biden, the Prime Minister is eager to show that the UK can be a close and reliable partner across a range of areas, and not just in the intelligence and nuclear fields. So eager in fact that on 19 November he announced the defence component of the review, promising over £16 billion of extra money over the next four years and setting out clear priorities. The UK is reasserting its position as a maritime power, with an emphasis on cyber, space and new high technology systems, such as drones, while army numbers will be kept down.

At one point all this was in doubt when the Chancellor decided to abandon his plans for a multi-year Comprehensive Spending Review (CSR), which risked further delay in sorting out defence priorities, including the Future Combat Air System. In this respect Biden's victory has already done the UK's military establishment a good turn.

A stronger defence establishment is being presented as compelling evidence of 'global Britain', contradicting any impressions of withdrawal from an international role. The UK is going out of its way to demonstrate that it remains an ally of good standing. What this will mean in practice remains to be seen.

WHERE ARE WE HEADING?

The Biden administration may well be much more active than its predecessors, and it will inherit unstable situations in the Middle East. Indeed, Trump has gone out of his way to aggravate tensions in Afghanistan and Iraq as a parting gift. Alliance is tested most keenly at times of crisis and when operations are under consideration rather than when drawing up budgets and affirming solemn agreements. This is as true for the UK's European allies as it is for the Americans.

The history of defence reviews — the Falklands after 1981, the Gulf after 1990, 9/11 after 1998, Libya after 2010 — is that you can never be truly sure of whether the priorities are right until the next conflict comes along, which may be in a place and in a form that is quite unexpected.

EUROPEAN UNION

Simon Usherwood

WHERE HAVE WE COME FROM?

The EU has been working through one of the most difficult periods of its existence. If the financial crisis of 2008-9 and subsequent Eurozone crisis exposed the weaknesses and compromises inherent in the economic governance of the EU, then the challenges since 2015 surrounding the management of large numbers of migrants from the Middle East and Africa pointed up the thinness of solidarity between member states and the extent to which rhetoric about a humane foreign policy was not always backed up by actions.

Brexit has run alongside these issues for many years, amplifying greatly the awkward relationship between the UK and EU. A persistent part of the EU's collective understanding of why the UK left in January 2020 was that Brexit was not so much about the UK as special case, but a function of longer-run problems about the nature of representation, legitimacy and democracy in the Union's organisation. Problems, in other words, that could be found in other member states, albeit not to the same extent.

WHERE ARE WE NOW?

2021 finds the EU still dealing with all of these problems, trying to find a settlement that accommodates the wide variety of interests to be found across and within its 27 member states, while maintaining its value as an organisation.

Central to this is a recognition that it cannot be enough that member states work together simply because the costs of not working together. The quest for a more positive vision of European integration sits at the heart of the various debates about economics, politics and society. The Covid-19 pandemic has merely reinforced this, both by demonstrating the benefits of being able to share healthcare and research capacity and the costs of making collective decisions that might be slower than national ones. Similarly, the protracted wrestling over the enforcement of rule of law in Hungary and Poland this year has shown the even seemingly basic elements of political life are open to very different — and possibly incompatible — interpretations.

While Brexit is obviously of substantive consequence, it is by no means the most important matter on the EU's agenda, as will become ever more apparent in the coming years.

WHERE ARE WE HEADING?

The coincidence of these various crises points to two, interlinked agendas for the EU in the next period of time. The internal agenda is the more fundamental, since it aims to deal with the persistent problems outlined above. The continuing rule of law argument has shown the limit of both the EU's own institutions and most of its member states to brush aside a respect for basic principles. Even if the deal to allow the Commission to investigate and prosecute for breaches did come with a

gentlemen's agreement not do so straight away, it does not change the impression that there will be a more robust effort to defend and promote an effective legal order across the board.

Coupled to this, the much-delayed Conference on the Future of Europe is due to start this year, with a remit to generate proposals for the EU's medium-term development. While previous such efforts have been less than inspiring, the Conference will nevertheless represent an opportunity to reopen the question possible treaty reform, something that has been off the agenda for more than a decade. Changes to the basic texts of the Union could potential embed many of the improvised changes made recently, and reawaken public debate about how best to square the circle of supranational governance and strong national political identities.

The successful of closure of a new funding cycle through to 2027, including the first instances of mutualised bond issues through the Next Generation EU package for post-Covid-19 recovery point to a new level of macroeconomic integration. Economic recovery still remains a key focus, both for easing the impact of the pandemic and for generating the kinds of material improvements to people's lives that might help stem the influence of populism.

All of which feeds into the second, external agenda. Recent years have seen a flurry of activity in a number of areas where the EU sees itself as a global leader. This has produced several major new trade deals as well as moves to enhance the EU's capacity, to operate beyond Europe on security matters. The latter was, in part, a function of the strained relations with the Trump White House, but the long-run reduction of US interest in Europe and the continued threat from Russia mean that the EU is liable to see itself drawn into the global security architecture.

Work in support of fighting both climate change and underdevelopment will continue to be key avenues for representing EU values externally, while also offering a version of international cooperation in contradistinction to growing Chinese influence in the global South, and which might also help to limit the flow of migrants to Europe. However, the continuing failure of the EU to find a more systematic and effective response to this latter issue does point to the perennial danger that of endlessly deferred decisions.

Of course, one open question in all of this is the extent to which EU member states will be able to agree on any points of common action. The UK might now be gone, but this doesn't mean that everyone is on the same page: quite aside from the rule of law question, the split between net contributors (the 'frugals') and net beneficiaries of EU spending has already settled into a persistent cleavage that risks making it harder to translate high ideas into practice and policy.

Overall, the EU will be dealing with a long list of challenges in the coming years. These will function as a prism through which member states view the open question of relations with the UK. As strategically and economically significant as the latter is, the priorities of EU members are always going to come first when building a new relationship, something that the UK is going to learn very clearly now it has decided to leave.

TRADE POLICY

L. Alan Winters

HOW DID WE GET HERE?

An independent trade policy has always been one of the key objectives of Brexit. Trade agreements ease the cost and uncertainty of doing business internationally and hence boost trade and incomes, but at the price of imposing constraints on domestic policy. The deeper an agreement — the wider its coverage and the stronger its constraints — the stronger its effect on trade costs and hence on trade and income.

The EU is the deepest trade agreement in existence. Leaving will inevitably adversely affect the UK's trade with the EU. Moreover, because the EU is close, large, rich and similar to the UK, it will always be the UK's principal trading partner (it currently accounts for nearly half of UK trade).

Membership of the EU constrained policy freedom in return for giving the economic security of having similar constraints on other members' policies. Brexiters characterised these constraints as a loss of sovereignty. But they rarely acknowledged the trade-off between policy space and trade volumes that Brexit implied. Since 2016 they have prevented one Prime Minister from trading the former for the latter and installed another who, until the end of negotiations, could barely bring himself to believe that trade-offs existed.

Consequently, four and half years have elapsed without much serious official analysis or informed public debate about the trade-offs that signing a trade agreement entails. During 2020, the politics were clear: any infringement of UK sovereignty was anathema. But there was little discussion of what that sovereignty was to be used for or of what would be sacrificed in one area in order to exercise sovereignty in another.

WHERE ARE WE NOW?

By late 2020, the choice was between no deal, which by common consent would have involved a permanent cost of around five to eight per cent of UK GDP, and a shallow trade agreement which will cost, perhaps, four to six per cent of GDP. The outcome was the latter. The final tussles were over fishing rights, the level playing field (LPF) and enforcement. Fishing is a tiny sector and the UK Government scored a minor 'win' in it. On the latter two, the Johnson Government prioritised obtaining weak EU disciplines on level playing field and enforcement over preserving market access for, say, professional services (11% of UK GDP) or financial services (7%). In the end it obtained weaker disciplines than the EU had aimed for but still ended up with arbitration and rebalancing procedures that will significantly constrain its discretion.

WHERE ARE WE HEADING?

As noted above, the EU will always be the natural focus of UK international trade. This suggests that efforts to improve trading conditions are likely to have their greatest pay-offs here. I expect the UK to start *sotto voce* discussions with the EU to restore some of the lost privileges — such as on trade facilitation and the whole range of financial services. It was never going to be easy to do so but the UK-EU Trade and Cooperation Agreement (TCA) has made it more difficult. The latter's arbitration procedures and four yearly reviews will, unless handled extremely carefully, keep chafing at the 'sovereignty scab', making it politically very costly for anyone to advocate accepting constraints in return for economic benefits.

Turning to the UK's independent trade policy, matters will move more slowly than the Government would wish, simply because trade agreements are difficult to conclude. There are 67 countries with which the UK sought so-called [Continuity Trade Agreements](#) to roll-over the trading conditions that applied when the UK was a member of the EU. By 1 January 2021, agreements with 58 countries had been signed, but complete replication was [not possible](#) and at the time the UK resisted attempts by partners to broaden the discussion beyond roll-over. Hence there is unfinished business here, and in some cases the UK had to agree to reopen negotiations in the near future.

I include in the previous paragraph the UK-Japan Comprehensive Economic Partnership Agreement (CEPA), signed on 23 October 2020. It was billed as a new agreement and yet it too became effectively a replication with [minor innovations](#). Areas in which the UK had hoped to advance over the EU-Japan agreement, such as audio-visual, did not materialise, maybe because the UK had not yet articulated what it wanted in them. That is certainly true in the one area in which significant advance was made — digital trade. The UK has agreed to material changes, which, while attractive to much of business, have seen no internal debate or articulated internal policy. Given the sensitivity of data privacy, this could stimulate opposition which may delay progress on other agreements.

CEPA might be a precursor to a UK application to join CPTPP — the Comprehensive and Progressive Trans-Pacific Partnership, a group of 11 countries accounting for 13% of global GDP. Given the Continuity Trade Agreements and the plans to sign FTAs with Australia and New Zealand, this would add little by way of market access and would require adhering to certain CPTPP rules, a few of which are [not compatible](#) with UK commitments in the EU Withdrawal Agreement. As a late-comer the UK would find it difficult to negotiate any changes to the CPTPP *per se*.

The big prize in new trade agreements is said to be an agreement with the USA, but this was already problematic before the change of US administration. The Government was forced to back-track on food and agriculture [provisions](#) and [gave up believing](#) that agreement could be settled before 2021. Now it looks more, rather than less, difficult. President Biden seems unlikely to focus on international trade or to renew the USA's fast-track negotiating authority, which will make it much more complex to get a deal through Congress. Moreover, he seems likely to prioritise the EU over the UK.

There is not much sign that trade agreements with third countries will forge ahead to make up the lost trade with the EU.

RELATIONS WITH THE EU

Hussein Kassim

WHERE HAVE WE COME FROM?

Although the UK formally left the EU on 31 January 2020, its participation in the Single Market and the Customs Union until 31 December 2020 postponed the full effects of its withdrawal. Since the transition period overlapped with the Covid-19 pandemic, it also concealed the scale and detail of the change.

The transition period had been requested by Theresa May to allow time for the EU and the UK to reach agreement on the terms of trade following the UK's withdrawal from the EU. It was also intended to permit public authorities, businesses and others on both sides to prepare for the new arrangements. However, the distance between the UK and the EU on key issues in the negotiations on the future relationship, and the refusal of the Johnson Government to use the UK's power under the [Withdrawal Agreement](#) to request an extension, took the talks themselves beyond the eleventh hour and the sign off on Christmas Eve left no more than a week for business and others to make their adjustments to new rules and new processes.

WHERE ARE WE NOW?

Although the aims set out in the [Political Declaration](#) were wide-ranging, the accord reached by the two sides is not only thin, but provisional, reading in part like a 'launch and learn' agreement. The EU-UK trade and cooperation agreement falls far short of the comprehensive vision for a future partnership envisaged by the [EU](#) and indeed the objectives fleshed out by the [UK](#). Defence and foreign policy is perhaps the main area that has fallen by the wayside, as talks were not timetabled once the UK announced that it had no interest in institutionalised cooperation.

The agreement is essentially limited to free trade in goods, which can cross between the UK and the EU without tariffs or quotas. However, because the UK is no longer bound by EU regulations, there are new technical barriers that require paperwork and impose costs on business. Import and export procedures now apply, and regulatory checks take place at the border between the UK and EU member countries. Access to the EU Single Market for services, which account for 80% of the UK economy, is now much more difficult than when the UK was a member state.

WHERE ARE WE HEADING?

How the relationship between the UK and the EU will develop over the short- and medium- term is highly uncertain. Although neither side walked away from the talks, relations were strained throughout. The differences extended beyond the respective negotiating positions of the two sides, expressed a more fundamental clash of principles and understandings. Negotiations which essentially concerned the terms of separation and the introduction of barriers were perhaps never going to bring the UK and the EU closer together. The sharpening of rhetoric did not help.

The two sides now embody two very different visions of international action: the EU, a bloc of states committed to concerted action and permanent collaboration in the belief that challenges are best confronted collectively; the UK, a mid-sized country, wedded to the pursuit of sovereignty both as an ideal and because of the greater agility it believes independence will allow.

How each side responds to the challenges they face in the post-Brexit world will affect their relationship. The UK's insistence on bringing back control and the right to diverge will be severely tested. Beyond the fact that the EU remains the UK's main trading partner, EU rules have become global standards. In practice, this is likely to reduce the scope for regulatory divergence on the part of the UK.

The UK also faces domestic pressures. Now that its departure from the EU has been achieved, the pro-Brexit coalition within the Conservative Party could prove difficult to maintain as the impact of Brexit on the UK economy comes to be felt, especially in vulnerable sectors and regions including the 'Red Wall'. Fissures within the pro-Brexit camp that were largely concealed over the last two years will now be exposed. Brexiters wanting to downsize the state are likely to be pitted against advocates of state interventionism.

Post-Brexit relations will also be testing for the EU, which must now deal with a destabilising neighbour on its frontier, especially since the political leadership of that state views its former membership of the EU as an aberration, rejects (at least for itself) the EU model of international cooperation, and has chosen a different path. Although the EU has relationships with its neighbours that vary in depth and scope, most are predicated on the assumption that these states will eventually join the Union. EU agreements with Norway, Switzerland, and the Ukraine provide a limited guide for how the EU might manage relations with the UK. The uncertainty is further compounded by the low levels of trust the EU has with a government that showed itself willing to break international law by overriding an agreement it had signed only a year previously.

Even if the EU and the UK have shared interests and viewpoints on cooperation on matters such as climate change, policing and security, or Russia, China, and Iran, it is unclear how, on what basis interaction will take place, or in the case of foreign policy, whether NATO and E3 will prove suitable or satisfactory. That the conception of sovereignty that the UK champions has been defined in contradistinction to EU membership is not a promising base on which to develop a relationship.

In conclusion, UK and EU relations are freighted with uncertainty. On the UK side, much depends on how the government chooses to define its place in the world, as well as its management of the disruption that follows the close of the transition period and the post-pandemic recovery. On the EU side, the relationship will depend on how quickly and how well adjustment can be made to the presence of an unpredictable and potentially awkward neighbour on its periphery.

BRITISH-IRISH RELATIONS

Etain Tannam

WHERE HAVE WE COME FROM?

The two decades before the Brexit referendum were a halcyon phase in British-Irish relations, that witnessed the signing of the [Belfast/Good Friday Agreement](#). This established the British-Irish Intergovernmental Conference as a forum for intergovernmental cooperation and the British-Irish Council to discuss sectoral policy issues.

In 2011, Queen Elizabeth made a highly successful visit to Ireland, the first by a British monarch in a century. This was followed in 2012 by Irish President Michael D. Higgins' successful visit to England. Both Governments agreed to hold a formal annual bilateral summit and a joint committee of senior civil servants was also to meet annually.

However, the Brexit referendum highlighted the limits of this cooperation. The UK barely consulted its counterparts in the Republic before the vote and Northern Ireland was hardly mentioned in the campaign. Following the referendum, the prioritisation by Ireland and the EU of maintaining a soft Irish border led to [increased tensions](#) and, at times, hardened rhetoric.

WHERE ARE WE NOW?

The Protocol on Ireland/Northern Ireland in the Withdrawal Agreement, with its agreement to establish a customs and regulatory border between Great Britain and Northern Ireland, led unionists to argue that the constitutional status of Northern Ireland was damaged. The UK Government's statement that it would take powers enabling it to renege on the Withdrawal Agreement in its Internal Market Bill led to further tension.

Ultimately the UK and EU agreed the [EU-UK Trade and Cooperation Agreement](#) ensuring no tariffs on some goods even if they are at risk of entering the EU market. However non-tariff barriers (NTBs) will still apply, and the deal does little on services. There is still '[a plethora of red tape](#)' including paperwork, Export Health Certificates and checks.

For the Irish Government, the revised Protocol in the Withdrawal Agreement was always the second best option to the UK remaining in the Single Market and Customs Union and also to the backstop that was included in the original Protocol. However, the Taoiseach, Micheal Martin, greeted the December deal with relief and [stated](#) that he and his UK counterpart had agreed after the announcement of the deal, 'to recommit themselves to creating a framework for the future to nurture and strengthen the relationship between Britain and Ireland'.

WHERE ARE WE HEADING?

The main task now is to rebuild trust. The British-Irish relationship had thrived in the context of EU membership. In future, the web of overlapping interests and connections will diminish, and this will affect bilateral cooperation. Irish trade, which has been diversifying away from the UK since the

1980s, will further branch out, and Irish hauliers will increasingly bypass Welsh and English ports.

However, the two Governments will be on opposite sides of the table in all future EU-UK negotiations. Attracting foreign investment will also be an area of conflict between the EU and the UK, which may particularly affect Northern Ireland. Future Irish Governments will have to resist becoming a conduit between UK interests and the EU. Northern Ireland could become a pawn used to incentivise Irish advocacy of UK interests. Irish governments will want to advocate for Northern Irish interests in areas of all-island policy, which may cause strains with the British government if it exacerbates divergence from the rest of GB and antagonises unionists.

It is unlikely that the joined-up thinking of the past will return to the same degree. A UK Government facing myriad challenges is unlikely to have the resources or capacity to prioritise the British-Irish relationship. Its policy burden will be vast in adapting to the post-Brexit era. Brexit also changes the strategic framework for Irish Governments and they too will have to decide how much to prioritise the British-Irish relationship as Ireland seeks to diversify trade away from the UK and increase its global footprint.

Another challenge is that Brexit has increased the salience of Irish unification. Sinn Féin has argued for a referendum on unification in five years. There [is no evidence](#) currently that a majority would support unification, but Brexit has led to a substantial [increase](#) in support among the Northern Ireland electorate. A Sinn Féin Government in Ireland within the next five years would very likely increase pressure for a referendum. Although not imminent, the increased possibility has heightened polarisation and unionist insecurity in Northern Ireland. The consent mechanism, which ensures that in four years the Northern Ireland Assembly will vote on whether the Protocol should continue, is another potential flashpoint.

The significance of the EU for cross-border cooperation under the Belfast/Good Friday Agreement contributed to the Taoiseach's 2020 [Shared Island document](#), providing €500 million to support cooperation and dialogue. It aims to strengthen cross-border cooperation, focusing on reconciliation and cooperation on the island. In the face of calls for unification and unionist insecurity, the Shared Island initiative is an attempt to adopt a more gradualist approach to any constitutional changes and minimise instability. The document also calls for an enhanced role for the British-Irish Intergovernmental Conference and the creation of a new bilateral institution — re-committed to by both Governments on 24 December.

Relations are likely to develop between Ireland and the UK's regions and nations. An Irish-Scottish strategic review of the relationship will be published in 2021 and an Irish-Welsh review is also in progress. The devolved and Irish Governments have expressed their commitment to increase economic and cultural cooperation. The Irish Government re-opened its consular office in Cardiff in 2019 and will open one in Manchester in 2021 to serve the north of England. These developments could alter the nature of British-Irish cooperation over the coming decades.

Brexit drives a wedge between both states and removes a powerful framework of cooperation. It has created mutual mistrust. Although future Irish Governments will focus on building reconciliation on the island, they will also want to secure UK engagement. Efforts will be made to create new institutions and forums to meet the challenges ahead and, most of all, rebuild trust. However, these will not compensate for the UK's departure from the EU.

UK-US RELATIONS

Janet Laible

WHERE HAVE WE COME FROM?

The Special Relationship has never been unproblematic. Political leaders have often overlooked it in the name of national self-interest, as disputes over Guantánamo detainees, Libyan terrorists and Iranian nuclear capabilities have demonstrated. In addition, it is arguably not particularly ‘special’ if one considers the relations of the stronger partner, the US, with other states. In 1993, a leaked State Department [study](#) ranking other countries by their importance to the US placed the UK third behind Germany and France. Yet the UK has long played an outsized role in connecting the US politically, economically, and symbolically to European partners. The two states have worked to shape and maintain a distinct vision of post-war global order, broadly committed to democracy, pluralism, a liberal orientation toward trade, and human rights.

WHERE ARE WE NOW?

The Brexit vote and the election of Donald Trump in 2016 shattered any illusion of a stable equilibrium in US-UK [relations](#). Trump’s approach to NATO embodied a zero-sum view of the world, alarming observers on both sides of the Atlantic, concerned lest the weakening of the US commitment to NATO undermine security cooperation. While Boris Johnson emphasized the value of the alliance at the 70th anniversary of NATO in 2019, his words had little impact on the US President.

Brexit also forced the US to reconsider the nature of its partnership with the UK. Many noted that Brexit rendered the UK less relevant to the US and reduced incentives for the US to move quickly on a new trade deal. Without the UK in the EU, the US lost what former NATO Ambassador Nicholas Burns [described](#) as a vital ‘interpreter of sorts between Washington and Brussels.’ Equally damaging has been the harm to perceptions of the willingness of the UK to honour its agreements. The Conservative Government’s draft Internal Market Bill, which would have allowed the UK to override the Northern Ireland protocol included in the Withdrawal Agreement provoked a sharp bipartisan response, with President-elect Biden making clear that a failure to honour the terms of the Good Friday Agreement would be a barrier to concluding a trade agreement with the UK.

WHERE ARE WE HEADING?

President-elect Biden’s foreign and trade policy goals point to a return to multilateralism, to restoring American leadership in NATO and to building new priorities around the climate emergency and human rights into future trade relations with the UK. Biden spoke of the importance of repairing alliances to address global challenges that require collective responses. Setting out his vision for American leadership, he [noted](#) that ‘NATO is at the very heart of the United States’ national security, and it is the bulwark of the liberal democratic ideal—an alliance of values.’

Boris Johnson has indicated that he will work to strengthen the partnership with the US. Biden and Johnson have discussed their interests in working on sustainable economic recovery, climate issues including emissions targets, negotiating together on NATO's New Strategic Concept, and other shared priorities. A broader reorientation of the role of the UK in regional and global security is inevitable, given that Britain is now excluded from EU decision-making about security. Yet its preeminence within NATO means that it remains central to regional security policy. More generally, the UK confronts the [question](#) of how to 'define a credible and distinctive role for a freestanding medium power with strong traditions of diplomacy, defence, intelligence, trade and aid,' and how to reimagine its role as a bridge between the EU and the US.

Engaging with China may enable British Governments to project global leadership in a post-Brexit world. The importance of Chinese economic and political ties with the UK [suggest](#) that the UK will not follow the Trump Administration in declaring China a threat to Western democracy and capitalism. British economic and diplomatic strengths in China may also make the UK a [valuable partner](#) for the US in achieving its goals in the region, in particular with the incoming Biden Administration reasserting human and labour rights, regional security, and environmental issues at the heart of American relations with China.

Trade policy will more starkly illuminate the tensions between the partners in the Special Relationship. There is little sense that a trade deal with the UK is a high priority for the Biden Administration: the incoming US president confronts a polarized domestic political environment, the disastrous impact of Covid-19, and other concerns that make a deal with the US's seventh-largest trading partner less pressing. Based on talks that began during the Trump presidency, the Conservative Government would have liked to conclude a trade agreement by spring 2021, but this is unlikely. Furthermore, President-elect Biden's proposed trade agenda demonstrates some continuity with that of President Trump, including agricultural demands and digital taxes, which will be domestically sensitive in the UK. While Johnson has signaled interest in cooperating on climate issues, other outstanding issues will require significant concessions on the part of the UK Government. Ultimately, the impact of a trade deal with the US will be [minimal](#) in terms of its contribution to the UK economy, but important in terms of symbolizing the political relationship between London and Washington.

When the disruptions of Brexit and Trump have faded, the relationship between the US and the UK will still be subject to stress. Across democratic states, citizens are demonstrating less willingness to accept the externalities of free trade agreements. Calls for protectionism have also accompanied rising populist sentiment across European countries and in the United States, indicating that the once-assumed shared commitment by the US and the UK to a liberal economic order will be under pressure, even with a change in US leadership. A renewed partnership between the UK and the US may be 'back' on the global stage, but the stage itself has fundamentally changed.

THE UK AND CHINA

Rana Mitter

WHERE HAVE WE COME FROM?

Early in the premiership of David Cameron, the UK moved toward a policy of positive, largely economic, engagement with China, termed the ‘Golden Era’ by the Chinese side. It was based on the idea that China would be a new market for British business, and was marked by important milestones such as the establishment of London as a major centre for renminbi (RMB) trading. There was little public discussion of security issues relating to China, and discussion of human rights was kept to a minimum.

Under the May Government, there was more concern about security, for instance with a long-term proposal to build a new nuclear power station at Bradwell in Essex, but the overall position did not shift significantly. Under Boris Johnson, Chinese investment was initially welcomed, and in January 2020, it was announced that Huawei, a major Chinese telecoms firm, would be given permission to make limited contributions to the UK 5G network.

WHERE WE ARE NOW?

In 2020, most of the UK’s positions on China changed profoundly. The Covid-19 epidemic, first detected in China, spread quickly to the rest of the world including the UK, severely damaging China’s reputation both for health control and for openness and willingness to share information promptly. The pandemic allowed a space for those concerned about a Chinese firm’s presence in the UK 5G network to make their voices heard more loudly, notably in the highly Beijing-sceptic China Research Group of Conservative politicians established in April 2020.

In July, China passed a National Security Law for Hong Kong, which prompted fears that civil liberties would be heavily restricted, and led the UK Government to offer residence to holders of British National (Overseas) passports, to Beijing’s fury. In addition, there was wide coverage of the oppressive conditions in camps in Xinjiang holding Chinese citizens of Uighur ethnicity for ‘re-education,’ further damaging China’s international reputation. One major [survey](#) put China’s unfavourability rating in the UK, after the pandemic, at 83%. Yet there are still major points of connection between the UK and China. Over 100,000 Chinese students are in UK higher education institutions, both countries have affirmed a need to work with each other on climate change, and they are both permanent members of the UN Security Council.

WHERE WE ARE HEADING?

The UK currently lacks a clear policy toward China. In the context of heightening tensions, many in the UK have simultaneously argued that it is essential to impose severe sanctions on the country for human rights violations, but also to maintain a healthy and positive trading relationship. The UK found it hard to speak firmly to China while staying separate from the Trump administration’s policy of all-out confrontation, although a more traditional foreign policy under Biden will provide more opportunities for US-UK cooperation on trade negotiations and human rights issues.

The Government's desire to create a 'D10' grouping of 'likeminded democracies' to present a united front to China has promise, but runs up against several problems. First, the majority of likeminded liberal democracies are members of the EU, yet current British foreign policy has found it hard to articulate a means of positive engagement with the bloc on China. Second, Asia-Pacific democracies mostly have very strong trade relationships with China, and have less freedom of manoeuvre against China. Third, many regional democracies aren't all that liberal (think the Philippines, or India); and one of the most 'like-minded' countries on containing China, Vietnam, isn't democratic at all. The language about 'democracies vs China' is a rhetorical holding position, not a strategy in itself.

Are there options for the UK to engage China? Certainly. Higher and secondary education in the UK is highly attractive to the Chinese middle class, although providers will need to resist attempts to influence academic content (like via the extraterritorial clauses of the new Hong Kong National Security Law) sent into China or Hong Kong. UK financial services are also attractive to China, as are its pharmaceuticals and some high-end manufacturing. Legal services might be a particular growth area, as international contractors are far keener to arbitrate disputes in venues which use common law derived from the English system rather than domestic Chinese law. Chinese investment in the UK is likely to come under much more legal scrutiny than in the past after the passing of a new National Security and Investment Bill; but there is a difference between ownership of security-sensitive assets, and plain vanilla investment in 'dumb' infrastructure, property or assets. Chinese offers to buy otherwise unviable Welsh steel plants are not invariably malign.

Right now, the UK public and private spheres are deeply uninformed about China, at a time when its middle classes know plenty about Britain (at least in terms of its value as a centre of education and tourism). Greater 'China literacy' is necessary; not just Mandarin language, which will always be a minority pursuit, but greater awareness of politics, society and culture in the world's second biggest economy and most powerful authoritarian state.

The one area that will continue to see friction between the two sides is the difference in values between an authoritarian society and a liberal one. China will continue to complain about 'interference' in the face of British (and western) criticism of policies in Xinjiang, Hong Kong, and the increasing restriction of space for debate within China itself. However, China itself has become more open about criticizing the internal affairs of other countries (for instance, its foreign ministry tweeted to condemn the killing of George Floyd), and must therefore expect that, as a global power, it will continue to attract criticism.

None of this is likely to affect the fundamental issue. The UK is important to China, but it does not sit in the same category of engagement for Beijing as the US, Japan, Germany, or Russia. This means that the UK is less likely to be able to influence China, acting alone. But neither is the UK particularly dependent on China. The challenge is therefore to develop opportunities, and minimize risks, for a confident, friendly and frank relationship.

UK-JAPAN RELATIONS

Julie Gilson

WHERE HAVE WE COME FROM?

Following Japan's defeat in 1945, despite leaving a legacy of British distrust resulting from Japan's wartime brutality, their respective close bonds to the US enabled Japan and the UK to sign the Treaty of Commerce, Establishment and Navigation in 1962, and to showcase their economic complementarity at major events like the Osaka Expo of 1970.

The following year, YKK opened the first Japanese factory in the UK. This period marked the start of growing Japanese investment, stimulated in 1984 by Margaret Thatcher's intervention to ensure that corporation tax would not damage Nissan's interests in the UK. In 2020, more than 1,000 Japanese firms jointly employed around 160,000 people in the UK, in sectors from financial services to manufacturing and pharmaceuticals.

The presence of firms like Nissan, Toyota, Hitachi and Toshiba was driven by the economic advantages the UK afforded. Tax incentives, the English language, shared liberal economic values and an available pool of labour combined with the role played by the UK as a 'gateway' to the rest of the EU's Single Market. Even in the face of Japan's economic downturn and so-called 'lost decade' from 1991, subsequent financial crises and the economic rise of China, Japanese inward investment into the UK continued to keep Japan among the top six inward investors into 2018. At the same time, various initiatives promoted UK investment into Japan, so that the UK was Japan's fourth largest investor in 2018. According to [ONS data](#), in 2019, trade between Japan and the UK was valued at around £31.6 billion, constituting 2.2% of UK trade.

WHERE ARE WE NOW?

Two events since 2016 have shaken those foundations: The EU-Japan Economic Partnership Agreement (EPA) of 2018 and Brexit. Accompanied by a Strategic Partnership Agreement (SPA) to address non-economic mutual interests, the [EPA](#) removed a swathe of tariffs and non-tariff impediments to trade, and reaffirmed a mutual commitment to the values of an open liberal trading order.

The UK's decision to leave the EU, and uncertainty about its future trade relationship, led Japanese investors to express [concerns](#) about the UK's continued position as a gateway to the rest of Europe. The September 2020 UK-Japan Comprehensive Economic Partnership Agreement (CEPA) essentially rolled over the EU-Japan EPA, leading the UK's Department for International Trade to claim it would increase bilateral trade by £15.2 billion. In practice, despite the publicised gains for stilton cheese, it is difficult to see economic gains above those the UK enjoyed within the EU-Japan EPA.

Importantly for the UK, it also takes it a step nearer to joining the Comprehensive and Progressive Agreement for Trans Pacific Partnership, supported strongly by Japan and which would strengthen trade links with this dynamic region.

WHERE ARE WE HEADING?

Despite those gains, Japan accounts for less than two per cent of British imports and exports and the bilateral UK-Japan deal, even with some added value on ecommerce, rules of origin and financial services, has not allayed Japanese government concerns about Brexit. After the referendum, the Japanese prime minister made an uncharacteristic appeal to the UK, citing concerns about the possible re-imposition of barriers to trade and border controls, the loss of European labour within the UK, and a reduction in the UK's gateway value. Japanese automobile manufacturers continued in late 2020 to express concerns about rules governing content for cars and parts produced in the UK after 31 December 2020.

Even so, there are opportunities for the UK and Japan to focus on specific sectors to exploit shared and complementary expertise. Notable areas for cooperation include innovation and technology in life sciences, nuclear power, and high-speed trains, as well as software development. AI technology is an area for development, particularly around markets like assisted living, for which the UK and Japan plan to launch a Smart Assisted Living project.

There is also the potential for deeper cooperation in other areas. The UK and Japan already cover many of the topics encompassed within the EU-Japan Strategic Partnership Agreement, which seeks to tackle issues from international crime to disaster management and cybercrime. In their 2017 Joint Declaration on Security Cooperation, they agreed to put flesh on the bone of their own strategic partnership and to support Japan's promotion of an Indo-Pacific region — largely designed to check Chinese ambitions in the region — as well as to enhance their military to military cooperation in the Pacific.

Furthermore, in the run up the UK's hosting of COP26 in 2021, cooperation with Japan over climate action could prove fruitful. Japan continues only slowly to regain its sustainability credentials — particularly given post-Fukushima dependence on fossil fuel imports. A recent shift in policy by Prime Minister Yoshihide Suga, who pledged to cut national carbon emissions to net zero by 2050, brought Japan in line with UK and EU pledges. Both countries are rapidly advancing their reliance on renewable power and installed increased solar capacity, making this an area ripe for cooperation.

In summary, Japan has seen Europe through a British lens for many generations and retains a sense of shared cultural values and history with the UK, and these continue to bolster important areas of mutual interest. But the key role of the UK as an economic gateway to the rest of Europe has now been lost. The last-minute UK agreement with the EU may save Japanese producers based in the UK from prohibitive tariffs, but car makers like Nissan are [yet to evaluate](#) the cost and benefits on their UK presence of additional customs bureaucracy, the impact of rules of origin and local content requirements, and of the many negotiations that lie ahead between the UK and EU. And with areas like financial services missing from the agreement, Japanese relief that a deal has been struck is tempered by concerns that the road ahead for UK-Japan relations is far from clear.

THE UK AND AUSTRALIA

Philomena Murray

WHERE HAVE WE COME FROM?

When Australia became a British colony over 200 years ago, this far-flung country was to be imprinted with the influence of the UK on its society and its political system — and British colonisation had a devastating impact on Australia's indigenous population.

The UK was Australia's most important market from the time of colonisation. There was a close affinity with British traditions and its people. For a century and a half, Australia was even [regarded](#) as 'good and solid members of a British family of nations'.

When the UK joined the European Community in 1973, Australia lost the privileged access which it had enjoyed under the 1932 Ottawa Agreement to the British market for its goods, particularly primary products, leading Australia to accelerate its trade orientation to Asia.

Australia launched trenchant critiques of the EU as protectionist, especially its [Common Agricultural Policy](#) (CAP). This critique, influenced in part by a British media prism, undermined the scope for a closer relationship between the EU and Australia for some decades, although without any significant impact on UK or EU opinion. The condemnation of the EU was not accorded much attention, with [Sir Leon Brittan](#) stating, during a visit as EU trade commissioner in 1998: 'Being completely frank, we haven't suffered terribly from Australia's attitude'.

WHERE ARE WE NOW?

Since the 1990s, this perspective changed, as Australia and the EU increasingly found [common ground](#) in multilateral forums and agreements including on nuclear energy, wine, mutual recognition, police cooperation and security cooperation. By the time the Brexit referendum took place, most Australian politicians perceived British membership of the EU as positive, though there were some notable [exceptions](#).

By that time, too, Australia and the EU had advanced towards a [Framework Agreement](#), a major comprehensive accord across a range of policies that may provide [useful pointers](#) for the UK as it recalibrates its relationship with Europe. This Agreement is complemented by free trade agreement [negotiations](#), launched on 18 June 2018.

UK-Australia bilateral relations, meanwhile, remain characterised by regular defence and foreign policy ministerial [dialogue](#) and, in recent years, the partners have sought to develop closer ties to complement the Five Eyes Agreement and other security arrangements, especially after the Brexit referendum.

WHERE ARE WE HEADING?

The UK faces a number of tasks as it engages in trade talks with Australia, now that it has secured an agreement with the EU and efforts to forge trade and other ties with the rest of the world gather speed. One task is to prove that it is trustworthy at a time of some concern about UK adherence to

international law. A second is to excel on trade negotiations with Australia, a state that punches above its weight in bilateral trade deals, and which has signed two recent major plurilateral agreements, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).

Although Australia is keen on close ties with Britain, it will remain [close](#) to the EU and the US and Asia-Pacific and the UK will need to recognise this.

Free trade [negotiations](#) were launched by the UK and Australia on 17 June 2020. The [Australian objectives](#) include an expansion of trade access; services access; an increase two-way investment flows; balanced rules on intellectual property rights; opportunities for SMEs and on government procurement; the promotion of shared values on trade and sustainable development; and the establishment of strong legal and institutional frameworks to ensure the effective implementation of the FTA.

After [two rounds](#) in 2020, the Australian side reported on ‘substantive progress through text-based discussions for most issues, in a positive atmosphere’ and referred to sessions on ‘trade in goods, services and investment, digital trade, legal and institutional, and other issues typically covered in a modern and comprehensive FTA, such as intellectual property, government procurement and SMEs.’

That progress suggests that there is scope to deliver on the UK government’s [policy paper](#), which suggests that this FTA ‘offers a golden opportunity to further cement our existing relationship’. Significantly, the UK paper commented: ‘There are few countries with which we could negotiate as advanced an FTA as we can with Australia in the areas that matter to the UK.’

As the UK needs trade agreements throughout the world, it will work closely with Australia, which has a significant trade and security foothold in the Asia-Pacific (referred to by the Australian Government, and recently the British Government, as the Indo-Pacific). The UK can develop its commitment to a major trade presence in this region, which its [policy paper](#) sees as capable of delivering ‘greater prosperity for the whole of the UK’, as ‘the Asia-Pacific remains a region with significant long-term potential’.

Although the UK has left the EU, it is embarking on a different form of regional belonging, as it explores the potential for membership of the CCTPP and a closer relationship with the RCEP.

Beyond trade, the Australia-UK Ministerial [AUKMIN Joint Action Plan](#) of 2018 sets the agenda for enhanced global and regional partnership, to further develop their strategic defence partnership; to strengthen collaboration on global issues; to counter global threats; to boost their Pacific partnership and to build closer diplomatic ties.

Although Boris Johnson and some ministers had suggested that Australia provided a model for the UK’s future trade relationship with the EU, now that the UK-EU agreement has been negotiated, it is [clear](#) that it does not. Australia may, however, provide some inspiration for Britain, as it deepens and consolidates its engagement with the Asia-Pacific and considers options for agreements with the EU that have some similarities with those that Australia has forged with Europe. Either way, strong historical links will endure but will not dominate the UK-Australia relationship after Brexit.

UK SANCTIONS POLICY

Matthew Moran

WHERE HAVE WE COME FROM?

A [recent report](#) by the House of Commons Foreign Affairs Committee declared that, ‘[The] centrality of sanctions to UK foreign policy, national security and the functioning of the rules-based international system cannot be overstated’. Before Brexit, the UK pursued its sanctions policy through multilateral fora, primarily the UN and the EU. The EU, in particular, offered a means of pursuing sanctions when the UN Security Council was deadlocked, or if UN sanctions were deemed insufficiently robust.

The UK had little scope to impose restrictive measures independently but did much to shape multilateral policy decisions relating to sanctions. A 2017 House of Lords [report](#) noted that the UK was ‘widely recognised as playing a leading role in developing the EU’s sanctions policy’. In this context, the UK is perhaps best categorised as a sanctions entrepreneur, drawing on decades of expertise and experience to drive many of the bloc’s sanctions policies and regimes. In recent years, for example, the UK played an important role in the development of EU sanctions on Russia over the crisis in Ukraine. It also helped shape the bloc’s chemical weapons and cyber sanctions regimes.

The decision to leave the EU upended existing policy and practice and required a complete overhaul of the UK’s long-established sanctions architecture. The cornerstone of this effort was a new legislative framework — the Sanctions and Anti-Money-Laundering Act (SAML) — giving the UK power to impose, amend and enforce sanctions, including those agreed at the multilateral level. The legislation gives the government wide-ranging powers to impose sanctions, including, crucially, in areas that go beyond the current scope of EU sanctions, such as human rights and national security.

During transition, the UK was still bound by EU sanctions, but it did have the power to impose some new sanctions autonomously under SAML 2018. In July 2020, Foreign Secretary Dominic Raab did just that when he launched a new UK [sanctions regime](#) targeting human rights abusers, although it’s worth noting that the EU had begun [preparatory work](#) on its own global human rights regime by that point. Then, in September, the UK [joined forces](#) with Canada to impose further human rights-related sanctions against Alexander Lukashenko, the President of Belarus, and members of his regime in the wake of rigged elections.

WHERE ARE WE NOW?

With the end of transition, however, EU sanctions cease to apply in the UK. The UK will continue to implement multilateral sanctions imposed by the UN, but beyond this the British Government is largely free to deploy sanctions as it sees fit. The UK is no longer bound by EU measures, but there will continue to be considerable alignment on sanctions. Indeed, the Government has [committed](#) to co-operating as closely as possible with the EU on sanctions policy after Brexit.

This makes sense. The UK and the EU share many foreign policy interests and objectives, and it is widely accepted that sanctions work best when applied by a coalition of states. In any case, the

UK cannot hope to emulate the approach of the United States and go it alone. The dominance of the dollar in the international financial system, even if this [is being challenged](#), gives Washington's aggressive and far-reaching sanctions policies a weight that the UK simply cannot replicate.

WHERE ARE WE HEADING?

From the [rise](#) of economic nationalism to the [return](#) of great power politics, the international rules-based order that has held sway since the end of second world war is under considerable pressure. This has implications for how states work together to use sanctions, and, more importantly, how effective restrictive measures are in supporting foreign policy.

Moreover, those targeted by sanctions, such as [North Korea](#) for example, have developed increasingly sophisticated means of evading them. Part of the issue here is the challenge of ensuring meaningful implementation and enforcement. But this also reflects an evolving sanctions environment where those seeking to uphold international order must innovate and devise new ways of approaching sanctions.

As an EU member state, the UK wielded considerable influence over the sanctions policy of a bloc of 28 states with a combined GNP that is only slightly smaller than that of the United States. This particular form of influence has now ended.

The Foreign Secretary, Dominic Raab, has invested heavily in the idea of 'Global Britain' as a [leading force for good](#) and has indicated that sanctions will play a role in this effort. The real challenge, then, is how the UK can reposition itself as one of the principal centres of sanctions influence and decision-making alongside the US, the EU and the United Nations.

Part of the answer relates to leadership. The UK should seek to reinvent itself as a global sanctions leader that will shape international thinking and action on sanctions in a UK mould. The UK has a base of expertise and knowledge — including universities, think tanks and industry groups — that leaves it well-positioned to provide thought leadership on sanctions. Yet these pockets of expertise could benefit from greater coherence and a more connected approach that transcends disciplinary and sectoral boundaries.

The goal here should be a broad community of practice that engages with some of the big questions surrounding the use and value of sanctions. What combinations of restrictive measures will be most useful going forward? How can governments and multilateral organisations be innovative in their use of sanctions? How can the sanctions be shaped so as to achieve maximum impact while avoiding harm to civilian populations and legitimate commerce, and be proportional in their application to targets?

The UK's withdrawal from the EU has the potential to significantly undermine the role and reputation of the UK as an international sanctions actor. This approach offers a means of mitigating the risks on this front while at the same time enhancing the environment within which UK policy making occurs at home.

The UK in a Changing Europe promotes rigorous, high-quality and independent research into the complex and ever changing relationship between the UK and the EU. It is funded by the Economic and Social Research Council and based at King's College London.

T 020 7848 2630

E info@UKandEU.ac.uk

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