

# Reform 2020

# The year in public services

To say this has been a year like no other is to (under)state the obvious. With a massive majority and an ambitious, if ill-defined, agenda to level up the country and make Britain more globally competitive, 2020 was set to be a big year for public service reform. That turned out to be true, but for a very different reason: COVID-19.

The pandemic has tested the State to its extreme, and while it has demonstrated some of the best aspects of the public sector, it has also exposed some serious shortcomings. Many of these are very familiar, others less so.

We were not prepared for a pandemic, nevermind one based on a novel coronavirus, despite it topping the government risk register. It is remarkable that the plans we did have were based almost exclusively on influenza (do we not scan for global risks?), which left us flailing around at the very moment we needed decisive action.

As government tried to get a grasp on the emerging virus, limited attention appeared to be given to the trade-offs involved. The National Health Service became the National Covid Service, mental health problems rocketed, the economy tanked as businesses went bust and job losses soared, and school closures left poorer pupils falling further and further behind their more privileged peers. One crucial lesson for the next pandemic is surely that government needs a much broader set of expert advice than SAGE has provided.

That we have several effective vaccines is miraculous, but long after lockdowns, social distancing and mask-wearing is a thing of the past, COVID-19 will live on in the social and economic devastation we are experiencing. It is essential that we act now to put in place the policies that will alleviate this harm and ensure we can 'build back better'. 'Levelling up' is absolutely the right priority. Structural weaknesses in the machinery of government, the design of our public services and the capabilities of our civil service, must also be addressed.

It has been the most awful year in many ways, but we also have an incredible opportunity to reimagine the role of the State, to capitalise on the amazing reserves of strength that communities across the country have shown, and to boost our national resilience to future shocks.



Charlotte Pickles, Director

# The best of the year...

## Vaccine development and approval

V-day – when Margaret Keenan became the first person in the world to receive a COVID-19 vaccine – marked not just an unbelievable feat of science, but a triumph for public-private partnerships. Less than a year after the first reported coronavirus cases, a vaccine shown to be 95% effective in preventing illness was approved by UK regulators and days later mass roll-out began.

Vaccines usually take years to produce and even longer to get to market. The Pfizer/BioNTech vaccine was approved by the Medicines and Healthcare products Regulatory Agency (MHRA) just seven months after clinical trials began. The MHRA stipulates that regulatory approval usually takes up to 210 days, but the regulator used an innovative ‘rolling review’ process, demonstrating laudable flexibility (without compromising safety standards) that will literally save lives.

Two more vaccines, produced by Moderna and AstraZeneca in partnership with Oxford University, are slated for approval in the coming weeks – and thanks to the Vaccine Taskforce, this is one area in which Britain is well placed.

## Introducing furlough

The jobs crisis has been just one of many terrible unintended consequences resulting from actions taken to tackle the pandemic. Yet while redundancies are at a record high, far outpacing levels seen after the 2008 crash, the unemployment crisis would have been a whole lot worse had it not been for the Coronavirus Job Retention Scheme (CJRS). The CJRS has been a lifeline for so many businesses and individuals. At peak, 9 million workers were having their wages largely paid by the State. The Scheme was stood up by the Treasury at unprecedented speed, with HMRC accepting claims just a month after it was announced.

The Chancellor has repeatedly extended the scheme (as of yesterday it will now run until end of April 2021). This is sensible given the significant restrictions still in place. However, while the announcement in May that employers would be able to furlough staff part-time was a welcome change (and one we called for in our April paper *Working through it*), the Treasury has failed to further refine the scheme. The lack of targeting is now a (costly) blemish on what is one of the year’s outstanding policies.

## Reassessing value

This time last year the country was waking up to a landslide Conservative general election victory, won on the twin planks of ‘getting Brexit done’ and ‘levelling up’ the country. Whether you agree with it or not, the PM has delivered on the first pledge, but the jury is still out on the second. One very important step in the right direction, however, was November’s Spending Review announcement that the Treasury’s Green Book would be revised.

This bible of spending rules dictates how the benefits of investment are measured. The rules have long been criticised for favouring investment in wealthier areas in the South-East because they deliver greater short-term economic gains. The Government is altering the rules to ensure that the 'benefit-cost ratio' is no longer 'place blind', meaning spending decisions can appropriately emphasise the imperative to 'level up'. Next up should be valuing benefits beyond the economic.

## The worst of the year...

### The approach to student exams

Education has been a policy-free zone this year. Sadly, this lack of activity is not a sign of things smoothly ticking over. The school closures, without a plan for proper home-based learning, and the Summer exams fiasco, are particularly notable low-lights in a year full of failings. The latter has made our top three worst policies of the year. The now infamous Ofqual algorithm used to calculate student grades in the absence of exams resulted in almost 40% of students receiving lower grades than they were expecting, with more disadvantaged pupils being disproportionately hit. The Government adamantly held the line until performing a spectacular U-turn and scrapping the algorithm in favour of predicted grades – leaving a massive headache for universities and worrying levels of grade inflation.

In all fairness, the Government was in an unenviable position. Teacher predicted grades are notoriously inaccurate, which helps explain why an alternative approach to grading was sought. Yet the policy process was highly flawed. The Secretary of State for Education had been warned of problems with the algorithm weeks before it was used, and Ofqual's own analysis indicated high levels of inaccuracy. Despite this, no early appeals process for schools was put in place. In fact, Ofqual and the Department were left scrambling around trying to determine the appeals process after A-level results day. Minutes from the June DfE Board meeting don't even mention the cancelled exams. A top example of how not to do policy.

### Stopping non-COVID-19 healthcare

One of the most devastating consequences of the pandemic response was the cessation of so much 'business as usual' healthcare. The extraordinary steps taken in April to prevent the health system becoming overwhelmed were understandable, especially in light of the scenes witnessed in Italy, but for thousands of patients the NHS's massive reprioritisation exercise will mean living with a disability, or even having their lives cut short.

In England, by mid-April it was estimated that about two million operations had been cancelled. Compared to April 2019, GP referrals for first outpatient appointments dropped by over 70%, and diagnostic testing decreased between 35% and 80%. Among other things, that means life-threatening delays to cancer diagnoses. And in A&E there were 1.2 million fewer attendances and over a third fewer admissions

compared to the previous April. In addition, social care services for working-age adults and mental health services were significantly disrupted.

## **Focusing on inputs**

Away from the COVID-19 response, too many of the Government's flagship policies have been driven by inputs rather than outcomes. As well as the Prime Minister's flagship election pledge of recruiting 20,000 more police officers, per pupil funding for primary and secondary schools was universally 'levelled up' to £5,000 and £3,750 respectively. If more police officers meant less crime, or more school funding meant better educational outcomes, that would be public funds well spent...but there's scant evidence for either.

Other examples are the much championed 40 new hospitals and 18,000 new prison places – both of which appear to ignore the need for much more fundamental reform to ensure both public services are fit for purpose. In health, both primary and community care are desperately in need of investment to deliver the (often preventative) care that would reduce the need for much more expensive acute provision. And while we urgently need to replace crumbling and inappropriate Victorian prisons, we also need to stop locking people up on short sentences that have higher average reoffending rates than community ones.

## **The jury is out...**

### **Scrapping PHE**

In mid-August, it was announced that Public Health England (PHE) would be replaced with a new National Institute for Health Protection (NIHP), primarily focused on preparing for and responding to infectious diseases. Critics of the move argued that the decision to scrap the agency in the middle of a pandemic was foolhardy, that PHE's effectiveness had been diminished by long-term funding cuts and that failings in COVID-19 preparation did not lie with the agency. Yet others have argued that the move provides an opportunity to rethink public health, improve the pandemic response and ensure the country is better prepared for the next pandemic. While we await greater clarity on the NIHP's remit and with whom responsibility for PHE's work on preventative health will lie, the jury remains out.

### **The new National Data Strategy**

The Department for Digital, Culture, Media and Sports (DCMS) first announced the National Data Strategy in June 2018 – more than two years later, they finally published it on 9th September. The strategy looks at how government can improve the use of data across businesses, government, civil society and individuals. It focuses on four key pillars: infrastructure and data quality; skills; access and sharing; and responsible use of data. But while it is a step in the right direction (see our own 2018 report *Sharing the benefits: How to use data effectively in the public sector*), the jury is still out on whether the strategy will have the desired impact.

Firstly, as it is being led by DMCS rather than the Cabinet Office, there are questions about the strategy's reach and influence across government. Secondly, one of the key success factors for achieving a whole-government approach is the appointment of a 'Government Chief Data Officer' – a post that has remained vacant since being enshrined in the 2017 Government Transformation Strategy. Finally, the ambitions and challenges identified are similar to those highlighted by successive government digital strategies and transformation plans over the past 25 years. Less strategy, more action, please.

## COVID-19 game changers...

### Digital public services

2020 was the year we \*really\* went virtual. As the nation went into lockdown, large swathes of the public and private sector shifted online. Most people had never heard of Zoom before March (and a fair few would like never to hear of it again!) yet overnight it became the new office. It may have been the acceleration of an existing trend, but, for the public sector in particular, the degree of channel shift we witnessed would ordinarily have taken years. COVID-19 has proven a game changer for the better use of data and technology in public services, both in terms of what has been achieved, but also in exposing where we are still falling short.

The Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC) clearly demonstrated the benefits of good digital infrastructure, with both able to swiftly adapt to the pandemic reality. Faced with an unprecedented surge in benefit claims, DWP rapidly trebled the payment capacity of Universal Credit. Similarly, as discussed above, HMRC designed and delivered the online CJRS system in less than five weeks. By mid-December, it had paid out £46.4 billion.

In healthcare, organisations had to completely shift their ways of working. GP practices moved to remote consultations proving what many, including *Reform*, had long argued: a modern health system should be better at triaging patients and avoiding unnecessary and costly face-to-face appointments. However, contrary to the common narrative, official statistics show that barely any GP appointments were online – the vast majority of remote care was by telephone, with a peak of 48% of all consultations done by phone in April 2020.

At a central level, NHSX struggled with the development of a contact tracing app. Originally promised in March, it suffered a myriad of delays and disagreements about whether a centralised or decentralised model should be adopted, leading the MIT technology Review to dub it as "a master class in mismanagement". The app was finally launched on 24th September 2020 and has only been downloaded by 40% of adults with eligible smartphones. To be an effective track and trace tool it needed to hit 80%.

This year has also proved the dangers of having a techsolutionist approach to policy, and in particular to the use of algorithms. Both the "mutant algorithm" used to predict

A-level exams grades and the one used in the *Planning for the Future White Paper* have shown that policy and human analysis are key to the effective use of tech. A report by the What Works Centre for Children's Social Care added to this cautionary tale, revealing there is no evidence for the effectiveness of machine learning models in this area of policy.

## Public private partnerships

Public-private partnerships have been under scrutiny for some time, with high-profile scandals (such as the collapse of Carillion) providing ammunition for public service market critics. The pandemic has been plagued by similarly headline-grabbing examples of procurement failure, made all the worse by accusations of cronyism. But while there are big lessons to learn from this period, the overarching message is this: public private partnerships are essential in public service delivery, and never more so than in a major crisis.

Industry not only stepped up to support the emergency response – think Nightingale hospitals, the Ventilator Challenge, Burberry producing PPE, vaccines – but also played a vital role in ensuring core services continued. From bus drivers to hospital cleaners, school catering staff to refuse collectors, private sector workers were essential.

Yet there were undeniable procurement shortcomings, and government must learn from these to ensure we don't repeat the same mistakes. As we argued last month in *All hands on deck*, this year has given us three key procurement takeaways.

First, by failing to prepare, government prepared to fail. Playing catch-up put both government and industry on the back foot at key moments, leading to late delivery and higher prices. Second, without the infrastructure to leverage all the resources at its disposal, government relied too heavily on those closest to hand. Better planning and smarter processes to coordinate offers from industry could stop this happening in the future. And third, yet again, government came under fire for skimping on transparency. Poor transparency undermines accountability for spending and damages trust. *Reform* has been banging this drum for years - so will government Please Procure Responsibly?



# THE YEAR IN PUBLIC SERVICES

JANUARY

13th

The Office for Life Sciences publishes a Life Sciences Industrial Strategy update

29th

First UK COVID-19 case

30th

PM announces per pupil funding guarantee

31st

UK leaves the EU & enters the transition period

FEBRUARY

10th

First COVID-19 legislation comes into effect

13th

Reshuffle: Rishi Sunak becomes Chancellor

MARCH

3rd

DHSC publishes *Coronavirus Action Plan*

5th

First UK COVID-19 death

11th

Spring Budget

18th

GCSE and A Level exams cancelled

16th

First lockdown announced

17th

Chancellor announces emergency support package

17th

NHS England suspends all elective care

20th

Chancellor announces CJRS and SEISS

23rd

PM makes televised address & lockdown starts

23rd

Jury trials suspended

25th

Coronavirus Act 2020 receives Royal Assent

25th

Parliament goes virtual

27th

PM tests positive for COVID-19

APRIL

3rd

First Nightingale hospital opens in London

4th

Keir Starmer is elected Leader of the Labour Party

5th

PM is taken to hospital & ends up in ICU

12th

PM is discharged from hospital

MAY

12th

CJRS extended until October & part-time furlough allowed

16th

Vaccine taskforce established

25th

Dom Cummings press conference

JUNE

10th

Cabinet Office publishes *Outsourcing Playbook V2.0*

30th

PM delivers speech: *A New Deal for Britain*



Policy



COVID-19



Fiscal



Political

REFORM

JULY

1st

Michael Gove delivers civil service reform speech: *The Privilege of Public Service*

1st

BEIS publishes the *Research and Development Roadmap*

8th

Chancellor delivers Summer economic statement: *A Plan for Jobs*. Includes Kickstart scheme

27th

DHSC publishes *Tackling Obesity* white paper

AUGUST

3rd

Eat Out to Help Out starts

6th

MHCLG publishes *Planning for the Future* white paper to consult on overhauling the planning system

18th

Matt Hancock announces Public Health England will be abolished & a new National Institute for Health Protection created

21st

ONS announces government debt exceeds £2 trillion & passes 100% of GDP

25th

ONS publishes *Joined up data in government: the future of data linking methods*

SEPTEMBER

1st

Simon Case named as Cabinet Secretary, takes up post on the 9th

9th

DCMS publishes National Data Strategy & launches consultation

15th

DHSC publishes *The Future of Public Health* detailing the role of the new NIHP

16th

MoJ publishes *A Smarter Approach to Sentencing* white paper

24th

COVID-19 contact tracing app launches (originally promised in March)

24th

Chancellor presents the *Winter Economy Plan*, including new Job Support Scheme & extension of SEISS

OCTOBER

20th

DHSC publishes 2016 report on Exercise Cygnus, & a policy paper on *UK pandemic preparedness*

31st

PM announces a four-week national lockdown

31st

CJRS extended again to cover lockdown period

NOVEMBER

5th

Lockdown 2.0 begins

5th

CJRS extended & SEISS increased, again

11th

UK passes 50,000 COVID-19-related deaths

17th

MHCLG publishes social housing white paper

18th

PM announces 10-point plan for a 'green industrial revolution'

19th

NHSX launches Centre for Improving Data Collaboration

24th

DHSC publishes *Busting bureaucracy* strategy

25th

Chancellor delivers a one-year Spending Review

DECEMBER

2nd

MHRA approves first COVID-19 vaccine for use

8th

V-Day: Margaret Keenan becomes first person in the world to receive a COVID-19 vaccine

14th

BEIS publishes *Energy white paper: Powering our net zero future*

15th

Cabinet Office publishes *Green paper: Transforming public procurement*