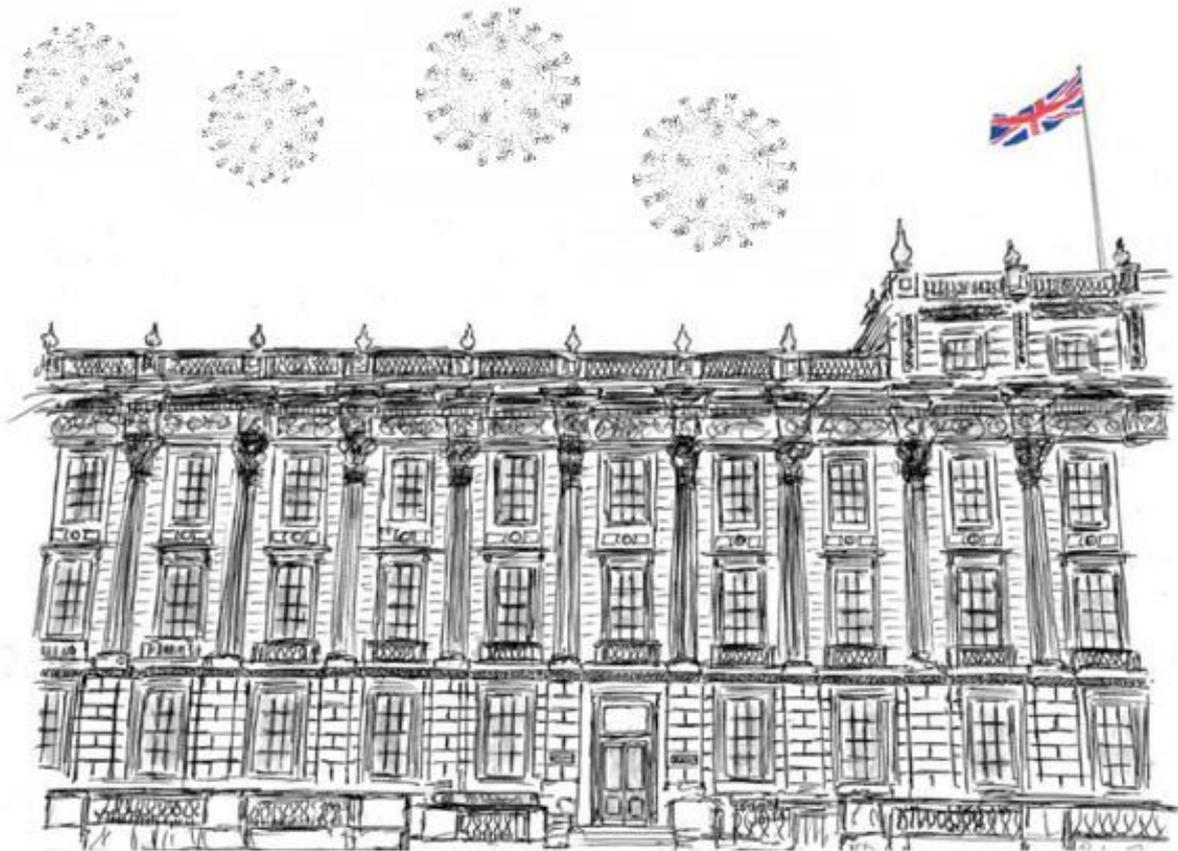


# Thatcherism and Britain's Covid-19 state failure

By Hugh Pemberton / 24th June 2020 / British politics, History of government / 14 minutes of reading



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*Changes to Britain's civil service under Conservative governments in the 1980s and 1990s almost certainly played a part in hampering the British state's response to Covid-19. A culture of relentless cost-cutting, a supine civil service, a fragmented and poorly controlled state heavily dependent both psychologically and practically on private providers of public services, and a hole at the centre of British governance have produced a state that has plainly struggled to cope with not one but two emergencies.,*

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The impact on Britain of the novel coronavirus SARS-CoV-2 and the illness that it causes (Covid-19) has been profound. Meeting its challenge has made extraordinary demands on the British state. Its performance has been patchy, to say the least. It is possible to discern some significant achievements. Yet, there are a larger number of failings. Some of these are excusable but many are not. Some of them are to do with the shortcomings of today, but some have deeper historical roots in reforms to the civil service in the Thatcher and Major eras.

Early on in the present crisis the Prime Minister [told the country](#) at the second of the daily coronavirus press conferences on 17 March that defeating the virus would require putting the country on a wartime footing. Yet, despite the extraordinary fiscal response of the Treasury, few would say that Britain has had a good war. On 2 June, for example, the *Financial Times* confirmed that its 'excess deaths' rate was the worst in the world. When Britain's coronavirus war is over, there will surely be a comprehensive inquiry. It will, I am sure, identify some areas of real success – most notably, the Treasury's support for business and workers has been on a scale without historical precedent, and implemented effectively despite being cobbled together in a remarkably short time. But any such enquiry will doubtless find many more mistakes than successes.

Covid-19 has presented an unprecedented challenge to the state, and required an equally unprecedented response from those working within it. It has come on top of the administrative problems caused by Brexit. It would have been miraculous if (in common with many other countries) major mistakes had not been made along the way given the novelty of the virus, the speed with which it had to be confronted, and the increasing exhaustion of those driving the response and of those delivering it.

However, whilst it is important to recognise that extraordinary pressures inevitably give rise to errors we should not let that blind us to the many mistakes in the UK that might have been avoided with better procedures, better people, and/or better administrative practices.

Plainly, there have been [issues with expert scientific and medical advice](#) to ministers, especially in the lead-up to 'lockdown'. It seems highly likely that a future inquiry will identify avoidable mistakes in ministerial decision-making such as the [ventilator fiasco](#) and, more recently, the easing of lockdown. It will surely also criticise failings of capability in the NHS and government, for example in the [release of untested hospital patients to care homes](#). But the failure seems deeper than this. Many critics such as the leader of the Opposition have already identified a [decade of 'austerity'](#) as a factor. Others have noted [tensions between Whitehall and devolved administrations](#) in Scotland, Wales and N. Ireland, a [lack of coordination between Whitehall, Public Health England, and local authorities](#), and an evident dependence on the private sector to provide responses such as track and trace, with [contracts worth over £1 billion awarded without tenders](#). Taken together, these problems are indicators of profound systemic problems within the country's administrative apparatus. The roots of this are deep, and if we are to understand them we really need to think historically for [new research into the development of Britain's modern Civil Service](#) suggests changes to its operation under Conservative governments in the 1980s and 1990s may have played a part in hampering the British state's recent response to Covid-19.

## **Relentless pressure to reduce costs**

Many people have criticised the impact of 10 years of 'austerity' on the Covid-19 response. But the desire to cut back state spending dates back to the 1980s. The great administrative achievement of Mrs Thatcher's period as prime minister was the focus on 'efficiency', which in practice meant cost efficiency, and in her quest for it the creation of the No. 10 Efficiency Unit stands out. Led by Sir Derek Rayner, former chief executive of Marks and Spencer, the Efficiency Unit ran a series of 'scrutinies' of Whitehall Departments in which, under the withering eye of the prime minister, ministers and their officials were subjected to detailed interrogations about the efficiency of their operations.

The result was undoubtedly more cost-efficient policy delivery, though not necessarily with better outcomes. Despite a welcome focus on quality in the 1991 Citizen's Charter, by 1997 the Treasury had succeeded in restoring the overwhelming primacy of cost control that had characterised the 1980s, and thus side-lined better quality as an objective.

As a result of the new focus on cost-efficiency the number of civil servants fell by 35% – from 733,000 (full-time equivalent staff) in 1979 to 475,000 in 1997 (see Figure 1). After some subsequent expansion under the 1997-2010 Labour administrations, that decline resumed with the embrace of 'austerity' by the Conservative-led coalition government from 2010. By the 2016 Brexit referendum the civil service headcount was just 418,000 (more than half of them working in DWP, the Ministry of Justice, or HMRC – traditional bastions of low-level administrative staff). Despite some subsequent expansion to deal with Brexit, the number of Civil Servants was still just 445,000 in 2019. The number of senior civil servants was under six thousand, responsible for state spending of £850 million in 2018-19, 39.3% of UK GDP (source: [ONS](#)).

In short, although it did not do much to reduce state expenditure (because the high unemployment of the era imposed significant costs), the Thatcher/Major years saw a move to a smaller civil service and, crucially, one conditioned by the relentless focus on efficiency to cut costs wherever it could. That proved to be a lasting legacy.

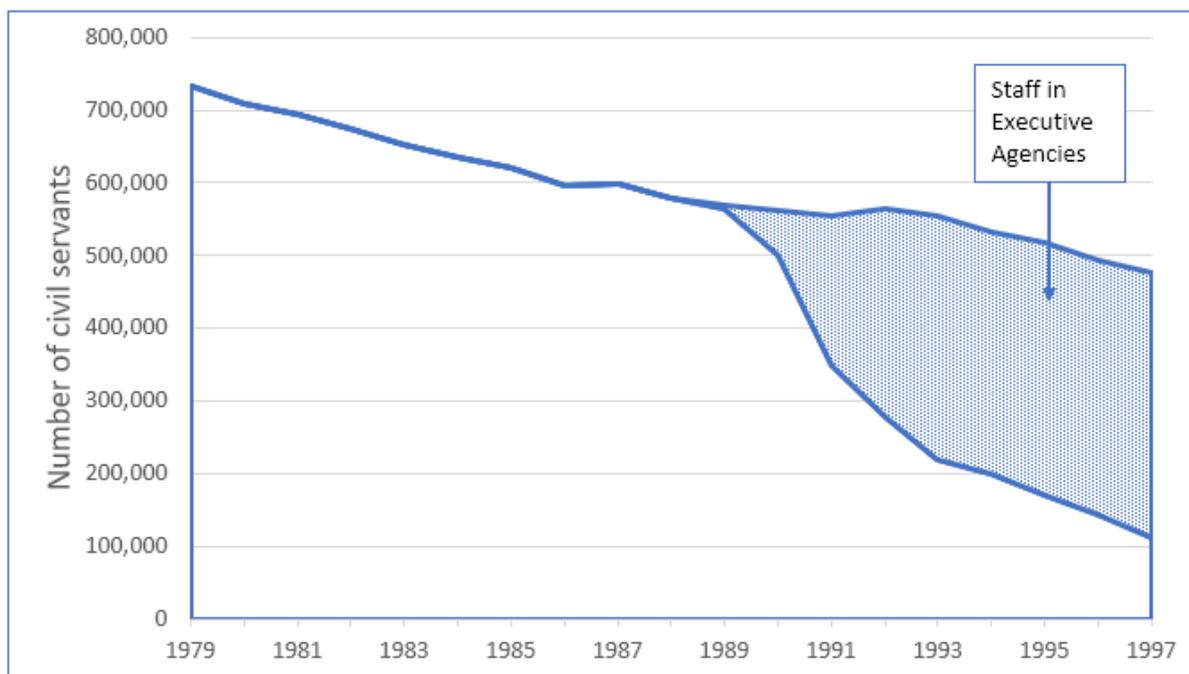
But a much smaller state cutting costs where it could was a state that increasingly operated without 'slack'. And, since what slack there was in the system by the mid-2010s had then been rapidly consumed by preparations for Brexit, that was a state ill-equipped to deal with another major administrative emergency in the shape of Covid-19.

## A fragmented state

It was not just that the state was smaller, it was also much more fragmented. Under Mrs Thatcher, the roots of real administrative reform began to take shape with the Efficiency Unit's publication of *Improving Management in Government: The Next Steps* (the 'Ibbs Report') in 1987. But implementation of its proposal to reconfigure the civil service by carving out day-to-day executive functions and running them at arms-length from Whitehall came mainly under John Major.

In an astonishingly short time, more than three quarters of civil servants were transferred out to the new 'executive agencies', each of which was managed by a chief executive operating with an operational framework defined by a Whitehall department and its ministers but, crucially, operating independently day-to-day.

**Figure 1: Change in the size and composition of the Civil Service, 1979-97**



*Source: Civil Service Statistics*

But, whilst Britain was lauded internationally for its vanguard role in what was termed ‘the new public management’, by 1996 civil servants at the top of Whitehall had become seriously worried by the new set-up. In the new regime, Whitehall departments lacked day-to-day understanding of reality on the ground in the new executive agencies. That was seen by permanent secretaries as profoundly problematic and as likely to lead to serious mistakes in central policy making.

There were also palpable fears at the top of Whitehall that the agencies were developing their own institutional allegiances, cultures, and internal structures, and that there was a serious danger of them slipping out of central control.

The growing fragmentation of government was thus already seen as a problem in the mid-1990s. And this new ‘Balkanised’ state (to use Peter Hennessy’s term) proved long-lasting, indeed it was exacerbated by devolution.

Whitehall in the 1990s did not really figure out how effectively to exert central control over the new system – something that demanded fleet-footedness, greater flexibility, and a much more subtle exercise of power than simply issuing down-the-line orders. These were qualities that could sometimes be conspicuously lacking at the centre.

Perhaps such problems are relevant to today’s crisis? There seems, for example, to have been a remarkable lack of coordination within and between the Department of Health and Social Care, devolved administrations, the four NHSs, and executive agencies such as Public Health England and local authorities actually responsible for delivery of policy on the ground in the several nations of the UK.

## **Public services, privately provided**

The third significant development of 1979-97 was the contracting-out of public services to the private sector, a policy pursued to reduce further the civil service headcount, improve service quality (it being erroneously assumed by ministers to be axiomatic that the private sector would be more focused on the needs of those consuming such services) and, crucially, save money.

In central government, contracting out really took off under John Major after the publication of the 1991 white paper *Competing for Quality*. The initiative meant fewer civil servants, certainly, but whilst it produced cost savings initially they tended quite rapidly to evaporate thereafter. The promised rise in quality was most visible by its absence. Moreover contracts with private providers were much more complex to manage, and served further to increase fragmentation.

Overall, contracting-out served mainly to enrich private operators (in its early days, at least, nowadays the companies run on wafer-thin margins), demoralise staff, and frequently drive consumers of its services to distraction. Seventy-one percent of staff transferred out to the private sector in the 1990s complained that service quality had deteriorated (along with their pay and conditions); only five per cent thought it had improved. A series of [administrative scandals at contracted-out service providers](#) ensued.

Yet the British state remains highly dependent on private providers of rock-bottom-priced public services not just in practical terms but psychologically – as can be seen in the decision to outsource Covid-19 contact tracing to SERCO rather than even to consider involving public health experts in local government. Past experience does not fill one with confidence that SERCO will deliver what ministers are hoping for.

## A supine civil service

Alongside these shifts in organisation and culture there was an unheralded shift in the relationship between senior civil servants and ministers in the 1980s and 1990s. Whereas ministers and civil servants had once worked as partners in the administration of the country, by the late twentieth century a new doctrine of ministerial supremacy had quietly come into being.

From the late-1960s the perception grew in both major parties that civil servants were obstructive, self-interested, and intent on carrying out their own agenda. They were identified as responsible for the country's 'decline' and its perceived 'ungovernability' in the 1970s. That was far from fair, but it was a powerful narrative. It led the civil service to become the target of politicians across the left-right political divide who, though they might disagree on what the civil service should be doing, were united in wanting it to respond more effectively to the wishes of ministers (the opposition hoping they would soon be the ones in the ministerial offices).

This antagonism began to strain relations between ministers and their civil servants in the early-1980s. In 1985, Sir Robert Armstrong, then head of the civil service and cabinet secretary, issued the so-called '[Armstrong Memorandum](#)' to clarify the relationship between the civil service and government ministers. This codified the duty of civil servants to serve the Crown as 'represented by the Government', with the Civil Service having 'no constitutional personality or responsibility separate from the duly constituted Government of the day'. That was welcomed by politicians, and the Armstrong Memorandum was incorporated into the new Civil Service Code in 1996.

But Armstrong's conceptualisation of the role of the civil service served to obscure a key historical function of civil servants: being prepared to speak truth to power in advising ministers, and to be able to do so from a basis of integrity, honesty, objectivity and impartiality (a key aspect of the latter being the need to serve governments present and future). In short, the opportunity was lost in 1985 to establish that a civil servant advising against a ministerial policy might be fulfilling a crucial constitutional function and in doing so acting as an important check on an increasingly powerful executive.

There was, briefly, a flicker of opportunity under John Major to codify this crucial aspect of Britain's unwritten constitution, for Major was a good deal more sympathetic to the ideals of the civil service than Mrs Thatcher had been; but the chance to bolster the service's constitutional position was not taken (mainly because opening up the issue would have been a risky endeavour given the widespread political desire to subordinate it to ministers).

The result was that the civil service became more supine and less central to policy decision-making from the 1980s even as it became more focused on delivering what ministers wanted (and thus, inevitably, became more 'politicised').

In the process, the nature of policy making in Britain changed. Policy came to be made increasingly by ministers with the help of their special political advisers (who themselves were often highly dependent on think tanks for ideas rather than on civil servants). In this new order, the civil service became merely the means by which policy was delivered.

It will be interesting to see what role, if any, this making of policy without significant input from those who deliver it has played in poor ministerial decision making in the present crisis.

## **A centralised state with a weak centre**

Finally, we come to a fifth historical factor that may have fed into a poor response to Covid-19. This time, however, it is not what happened in the 1980s and 1990s that is significant but what didn't.

One of the features of British politics in the period since 1979 has been the growing focus on the prime minister and her/his office as a source of political ideas, and as the motor of policy change. Like it or not, and personally I am not a fan, there has been a revolution in the way in which the UK is governed with No. 10 taking increasing control of policy making.

Logically, one would have expected a concomitant revolution in the administrative apparatus within No. 10 to support such highly centralised policy making and ensure results were delivered. But that parallel revolution did not happen in the 1980s or 1990s, and it has not happened since either.

The result is highly centralised policy making by a curiously hollow centre. No. 10 remains astonishingly small and under-resourced, despite some increase in personnel. It is not a Department of State, and the prime minister has remarkably few staff at his disposal (the

Civil Service Yearbook takes just two pages to list the most significant compared with, for example, seven pages for BEIS, plus another three for its executive agencies).

That forces the prime minister to rely to a significant extent on the Cabinet Office, which has grown like Topsy. But its formal function is to support the Cabinet, not the prime minister *per se*. That is consonant with the traditional 'Westminster model' of UK government, but it is not consistent with the new prime ministerial model of government – something that successive prime ministers have found irksome.

Attempts by both Thatcher and Blair to create a 'Department of the Prime Minister' were thwarted by their respective cabinet secretaries, who argued that it would be constitutionally unacceptable. Yet, in an increasingly 'prime-ministerial' polity an under-powered No. 10 seems anomalous.

In the present crisis, perhaps this lack of resources at the very centre of British politics helps explain why the response of the state has sometimes been so haphazard?

## Conclusion

In summary, therefore, the 'new public management' reforms of Conservative governments in the 1980s and 1990s served to reshape the British state. In the process, the civil service became both smaller and more cost-efficient and both it and the state more broadly became more fragmented, a change to which the contracting out of public services to the private sector contributed. With fragmentation came greater complexity, a more challenging managerial environment, and the potential for lines of control from the centre to be compromised.

Whilst the thrust of reform between 1979 and 1997 was towards decentralisation and 'arms-length' control of semi-autonomous public bodies this, paradoxically, demanded a stronger and more flexible centre, and one with more strategic capability to manage this much more complex system. That, however, was the reform that did not happen. This combination of a relatively weak centre, a more supine senior civil service managing a highly fragmented administrative apparatus, often dependent on private contractors to deliver public services, and an obsession with cost control may have left the UK state ill-equipped to confront the unprecedented administrative challenge posed by Covid-19.