



COVID-19

UK Political Analysis

By Tim Hames, Senior Adviser | 4th December 2020



Blues. The vaccine roll-out will not end Conservative dissent on tiers.

The size of the revolt by Conservative MPs in the House of Commons on Tuesday was in one sense unsurprising. It had been foreshadowed at the time of the vote introducing the second lockdown in England and plenty of parliamentarians had not been shy in letting their discontent about the new system of tiers be known. The rebels also had the luxury of knowing that with the Labour Party and the SNP committed to abstaining, they could exercise their consciences without seriously imperiling a central plank of official policy in the teeth of a pandemic. The actual numbers, though, at 55 MPs, understate the scale of the dissent that exists and that in turn means that party management over COVID-19 strategy is likely to become a growing preoccupation for senior ministers. It also increases the chance of a disconnection between what might be the politically expedient option and what fits with the scientific advice and evidence as the tiers are reviewed every fortnight. The start of vaccination next week will ultimately ease some of that political pressure, but not all of it. Indeed, in the short-term it could mean that more MPs are aggrieved at the reluctance of SAGE to recommend changes to the current tiers. Furthermore, Conservative MPs may be emboldened to consider expressing independent opinions on issues other than the coronavirus crisis. Almost a year after his victory in the general election, the Prime Minister has to deal with a parliamentary party in distress.

EXECUTIVE SUMMARY

- The Conservative Party revolt in the House of Commons on Tuesday was notable not only for its size but the very broad church amongst the MPs who rebelled.
- The new tiering system has had the effect of shifting a disproportionately large number of Conservative-held constituencies out of the old Tier One and into the new Tier Two with sizeable implications for personal liberty and economic life.
- The publication of the so-called “Impact Assessment” by the Government on Monday has probably hardened the view among many Conservative MPs that economic considerations are being afforded insufficient weight in policy.
- In order to reduce the size of the revolt, ministers have offered hints of a shift in tier allocation at the first review point of December 16th which will be at odds with probable scientific advice then and thus prove hard for them to deliver.
- While the start of mass vaccination next week eases some of the pressure on ministers, there will remain sharp divisions between many Conservative MPs and the scientific advisory community as to the speed at which tiers should change.

The size of the revolt by Conservative MPs on Tuesday – at 55 MPs – made it the largest since Boris Johnson became Prime Minister. It was much smaller, though, than the set of rebellions which Theresa May endured in three separate defeats of her version of a Withdrawal Agreement with the EU (with Mr Johnson himself voting no on the first two of those occasions). The difference, and it is an important one, is in the internal character of these displays of dissent. In the former case, it was a largely binary division with MPs on the right of the parliamentary party who had backed Leave at the 2016 referendum being overwhelmingly the most likely to reject the Withdrawal Agreement, while those who had supported Remain were more inclined to support the then Prime Minister. On COVID-19 policy, by contrast, there was a broader and more diverse church of rebels. Remainers were there as well as Leavers. Those normally seen as on the left of the party in parliament as well as those ordinarily viewed as being on the right of the party voted against the tiers. There were ex-ministers alongside those who have never held office. The camp most inclined to allow the PM to benefit of the doubt were the 2019 intake.

This is potentially a more robust platform for future expressions of discontent than one based essentially on a single faction or tendency among Conservative MPs. It has also been compounded by a more general unrest about the relationship between ministers and backbench MPs and the sense that the highest levels of government are remote from the concerns which backbenchers have about the overall direction of COVID-19 policy and the competence of aspects of its execution (notably around test and trace). The changes that of necessity have had to be made to parliamentary proceedings over the past few months have added to this sense that adequate accountability is missing.

There are other factors specific to the new system of tiering which will prove to be a continuing source of tension as restrictions of some kind continue in to next year.

The political effect of the shift from the old Tier One to the new Tier Two.

The new system of tiering that entered force on Wednesday has its most seismic effect between the old Tier One and the new Tier Two. In the pre-lockdown system, there were 23.5 million people living in Tier One. There are now less than 715,000 in that position.

As the vast majority of those who have been moved up to Tier Two come from the South East of England, the East of England and the South West of England (bar Cornwall), the effect in terms of parliamentary constituencies is that it is disproportionately seats that are represented by Conservative MPs that have felt the most impact of this move. This is not an incremental shift in terms of its practical consequences. In the social sphere, it means that indoor inter-household meetings are now forbidden and for the hospitality and leisure sectors it requires a leap from comparatively benign restrictions to those such as the “substantial meal” test for public houses to be able to sell alcohol (which in the previous tier system was a limitation that only came in at the top Tier Three level).

By contrast, the substantial rise in those living in (now tougher) Tier Three areas, which has increased from 8.7 million to 23.35 million, is more likely to have an adverse effect on Labour-held territory. There are some exceptions to this, including Tory “Red Wall” constituencies and Kent which has moved from the old Tier One to the new Tier Three,

but as a broad pattern this partisan divide holds. It was illustrated in the debate in the House of Commons with scores of Conservative MPs complaining about the allocation of their area and wanting to know what needed to be done to move their constituency back to Tier One as soon as possible. The smaller number of Labour MPs who spoke were far more focused on the need for enhanced financial support for those in Tier Three terrain. High case rates meant that Labour protests about any misallocation of tiers were muted.

The adverse impact of the “Impact Assessment” published on Monday.

Conservative concerns about the geographical distribution of the tiers might have been less intense if MPs were convinced that the many social and especially economic costs of the restrictions imposed at Tier Two were being awarded sufficiently high importance. A key demand of those who were inclined to vote against the Government was that more information was released as to how the decisions on tiers were being taken, ideally in the form of an Impact Assessment or, better still, a formal Cost-Benefit Analysis. This was conceded in a document entitled “Analysis of the health, economic and social effects of COVID-19 and the approach to tiering” which was published on Monday afternoon.

If the release of this material was meant to reassure discontented Conservative MPs then it did not. It probably hardened them in their initial worries about overall policy.

The data released was comprehensive but overwhelmingly based on the SAGE analysis of the reproduction number and the need to keep it below one and the importance of the NHS maintaining adequate capacity both to cope with COVID-19 hospital cases and to ensure that other treatments can continue. This is the absolute bedrock of the approach.

The sections relating to the economic impact of the restrictions are very different.

The document asserts that ministers are benefiting from detailed forecasts from the Office of National Statistics, the Office for Budget Responsibility, the Bank of England, multiple sources of academic literature and real-time mobility data from Google. All of that assembled material leads to the statement in the document that:

“This provides the Government with an analytical basis for considering economic impacts.”

Unfortunately, from the perspective of a Conservative MP who aspires to be certain that the economic impact is being offered the significance that he or she wants them to be, the above sentence is then followed by a 68-word caveat straight out of *Yes Minister*.

“However, due to the range of factors that need to be considered, and that in many cases are difficult to estimate – including how the virus would have evolved in different scenarios – any attempt to estimate the specific economic impacts of precise changes to individual restrictions for a defined period of time would be subject to such a wide uncertainty as to not be meaningful for precise policy making.”

This conclusion, that the capacity of economic analysis to shape the debate on COVID-19 policy is extremely limited, or is even nil, applies at both the macro and the micro level.

On the macro question of whether the current restrictions could be challenged on an economic basis, or an alternative strategy evaluated with the economy in mind, this document contends:

“It is not possible to know with any degree of confidence what path the economy would take if restrictions in place were not sufficient to prevent exponential growth [of COVID-19] or in the absence of restrictions entirely.”

And on the micro question of the economic impact of a particular proposed restriction.

“it is not possible to forecast the precise economic impact of a specific change to a specific restriction with confidence.”

What many Conservative MPs would like is a debate within Whitehall which involves a point-by-point discussion on the public health benefit versus economic cost of every proposed restriction and in the decision as to which locations should fall into a tier. SAGE would find itself challenged by an equivalent (perhaps an EAGLE – Economic Advisory Group Looking at Employment) on every proposed measure and local tier allocation. This

is obviously not happening. The SAGE modelling is regarded as offering the basis for confidence in what the positive health effect of restrictions and tier systems will be, but there is little or no scope for data on negative economic effects to enter the equation. This only appears to come in at the most crude level such as, apparently, a dispute over whether London should have been placed in Tier Two or Tier Three, when a statement from a Treasury Minister (drawn from an unknown source) that the toughest tier would lead to the loss of “500,000 jobs” was enough to convince the PM to keep it at Tier Two.

The main attempt at an assessment of the overall possible economic impact of the COVID-19 crisis, spread over four pages of the 42-page document, simply repeats that set out by the Office for Budget Responsibility, which was published alongside the Comprehensive Spending Review produced by the Treasury last week. This has a central assumption that GDP will fall by 11.3% this year, recovering to pre-coronavirus levels in Q4 2022, with unemployment peaking at 7.5% in Q2 2021. The OBR also has an upside (based on swift vaccine deployment) of a smaller GDP fall of 10.6%, a recovery to pre-virus levels by Q4 2021, with unemployment peaking at 5.1% in Q2 2021. There is, alas, a downside forecast as well (with vaccination proving more problematic) where GDP is down 12.0% this year, recovery to post-crisis levels is not seen before 2024 and the peak of unemployment is hit at 11.0% in Q1 2022. This is the blueprint the Treasury works on. It is hardly a specific prediction and it involves an extremely wide range of possibilities.

One does not have to be an irritated Conservative MP to find all this frustrating. There seems to be no means of making economic impact central to the decision-making process. Ministers can, therefore, expect to find that they are bombarded with parliamentary questions about whether and how this situation can be improved. This concern will extend beyond Conservative MPs to the wider party and to think tanks.

Hints of some movement on tiers on December 16th may prove to be hollow.

As sizeable as the parliamentary revolt was on Tuesday it could easily have been significantly larger. Some MPs were neutralised by the pledge of another vote at the end of January as to whether the tiers structure should continue until the end of March (a

promise that might prove to be a hostage to fortune). In other instances, hints were being dropped publicly that there could be movement between tiers as early as the first revision of them to come into effect on December 16th and that it might be possible to consider a more local approach to the boundaries within which an area was placed into a particular tier, with the Prime Minister conceding that there might be virtue in a more “granular” methodology, as long as it was consistent with the national picture. One suspects that privately the line that legitimate complaints would be listened to was articulated more forcefully. Many an MP might be under the impression that either their area could move down a tier shortly, or the conditions within the tier would be softened, or that a local district council with low infection rates would be considered on its merits.

If so, then those MPs may be destined for disappointment when December 16th arrives. The chances of really major movements between tiers or a fundamental revision of the geographical basis of the entire tier structure in less than a fortnight look slim.

This is acknowledged in the Government’s own COVID-19 Winter Plan published on November 23rd. It put the December 16th date in the public domain but noted:

“However, as prevalence remains high, it is likely that it will be longer before many places move down tiers.”

The hardest shift to make then would be the one that Conservative MPs want the most, namely multiple counties being transferred from Tier Two to Tier One. The evidence from SAGE as to the effectiveness of Tier One during the first attempt at regional tiers is close to damning. It might have exercised a minor downward pressure on the R number but it was incapable of reducing the R number below 1 in virtually every instance. As the only difference between the old Tier One and the new Tier One is a return to the “work from home if you can” message in the new incarnation, there is little reason to think that the Tier One regime would be any more sufficient at suppressing the R number this time.

So, a movement of any scale of this sort would be fiercely resisted by SAGE advisers. They would point out the additional dangers caused by the fact that if a change were made on December 16th, then a mere week after that the overall tier system is due to be liberalised substantially to allow for a five-day Christmas period during which up to three

households could meet with each other in inevitably close proximity. It is possible that there might be one or two relatively sparsely populated counties which re-entered Tier One on December 16th (simply to show that a move is possible) but a large switch of the population appears improbable bar a truly spectacular decline in the R number during lockdown where there could be confidence that it can be maintained, or toughening Tier One in some respect, either in terms of household mixing or access to hospitality. Not many Conservatives would be impressed if that proved to be the outcome for them.

Nor is the prospect of breaking down England into a much larger set of smaller units one that the scientific advisers are likely to embrace with vigour. There could be a few highly anomalous instances where making such a distinction would be considered safe (possibly within Kent or in parts of Yorkshire) but to do so more broadly involves the obvious risk that it makes it more straightforward for an individual or a household to cross from a higher to a lower tier area in order, for example, to eat at a restaurant, which is the very activity that ministers most want to avoid if the R number is not to rise above 1 again.

It is a little more conceivable that there could be some, but not massive, movement from Tier Three to Tier Two as soon as December 16th in the best of credible circumstances. There do seem to be sections of northern England, many of which have endured tight restrictions for many months now, where new infection rates are falling at some pace and lockdown may well have thrust the R number firmly below 1. It would still be a gamble to shift their tier before the Christmas break and extremely awkward if they were to then have to be returned to Tier Three again in January. Besides which, the bulk of the parliamentary Conservative Party would not benefit from this sort of reallocation.

If there is not much movement in the tiering system on December 16th then there will not be a significant shift at the next review – December 30th – as it will be impossible to know how large the upward spike in cases from the Christmas relaxation has been. Whether the evidence on this will even be robust enough by January 13th (the next staging post) is a matter of contention. It may be that January 27th is the real moment. It is conceivable that the scale of vaccination by then could allow for a revision of policy.

The mass vaccination effect.

It seems improbable, though, that the extent and the effect of mass vaccination by as early as the end of January would allow tiering to be abandoned entirely. Most of the vaccine roll-out would not be complete by then and as it takes at least four weeks from the initial injection to immunity registering itself a week or so after the second injection, the majority of the population could not be considered at little or no risk from COVID-19.

Those who believe that the economic damage of COVID-19 restrictions has not been taken as seriously as it should will undoubtedly want a phased return to normality and a full reopening of the hospitality and leisure sectors to occur while the mass vaccination drive is taking place and not wait until it has almost been completed. This will be the instinct of many Conservative MPs and directed by them at their leadership. It is unlikely that the Chief Medical Officer for England and those involved with SAGE will agree with this. They will be urging ministers to hold fire until a substantial section of the population (not just the oldest and the most vulnerable) have completed the whole of the vaccination process and, ideally, that some evidence has emerged as to the extent or not to which the vaccine can prevent transmission to someone who has not yet been vaccinated (or to one of that minority of people for whom the vaccine is not entirely effective). They will be counselling for a cautious easing of restrictions. There is already a difference in language and implicit timing as to when the whole economy will be restored between politicians stating “after Easter” and scientists referring to “Spring”.

This is an argument which will run and run. From March to June, the “health first” camp within Whitehall was utterly dominant. From July to September, the “economy first” contingent appeared to be acquiring rising influence. Since October, a balancing act has been seen which, first through one system of tiers, then a lockdown in England, and now a stronger set of tiers placing more restrictions on far more people, the “health first” approach has been resumed with the economy almost certainly shrinking this quarter.

This disagreement is unlikely to disappear. It might intensify in volume as we enter 2021. It would probably best make for seasonal peace if any (virtual) Christmas Party being conducted by Zoom, or other means, did not involve a chance of an encounter between a backbench Conservative MP and a member of the SAGE modelling sub-committee.

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