



ARTICLE

A year in review, the year to come

Analysis and predictions from FTI Consulting's UK Public Affairs Team

As I write this introduction, the seventh time the FTI Consulting UK public affairs team has produced this annual roundup, millions of us are under lockdown in a Christmas unlike one we've ever known before - or might wish to know again. Our 2019 review contained, if I may say, some astute political observations and predictions for the year we've just endured - but, of course, not one word about the coronavirus that has dominated everything in 2020.

So there are no prizes for guessing what will dominate 2021 - in policies, party politics, economics and the rest. Boris Johnson's future depends upon perceptions about the handling of this pandemic, as does that of his government.

I think that there are three broad themes to contemplate:

Covid: obviously.

Brexit and trade: this country has finally left the EU. Liz Truss has resembled the energiser bunny, sprinting around the world signing continuity deals and new deals - but the nature of the post-transition relationship between the U.K. and the E.U. remains unknown at this juncture. As we predicted last year, our diplomatic efforts have been split between a "sunny uplander" team striking new trade deals with the rest of the world, which has gone well, and a rather less upbeat, "sorry to bring it up but this really does still matter" EU-focused team trying for the best possible post-split settlement, which has gone rather less well. The next steps of the continuity remain movement, much in evidence this past year in the House of Lords and in the media, continue to remain unknown: will they coalesce into a Rejoin campaign? With the departure of one of the Union's most significant economic, military and diplomatic powers, the nature of our departure and how it is managed will continue to dominate our political environment and our relations with our EU neighbours. The EU's coronavirus bailout package shows both the size and scale of our neighbours' ambitions, and the difficulties that face them in realising them in financial terms, especially with the second largest net contributor having left.

A year for Scotland: an important election that may materially affect the future of the Union. Sturgeon's nationalist movement has seen both Brexit and coronavirus stimulate poll leads for independence consistently in 2020 - much will depend on the results in 2021 north of the border which, at the time of writing, is closed to English people for the first time in my life.

We hope that you enjoy our snapshots. Whatever 2021 may hold for you and yours, we hope that you have as restful a break as can be had in these horrible times - and we stand ready to help meet your public affairs needs throughout the year to come.

Alex Deane, UK Head of Public Affairs



Month by month

January – In the first sign of the restrictions to come the UK Government advises against traveling to China's Hubei Province and British citizens are repatriated. The Government bails out regional airline Flybe. The Brexit Withdrawal Agreement passes through the UK Parliament and is ratified by the European Parliament with the UK leaving the EU on the 31st January. By the end of January, the United Kingdom had its first two confirmed coronavirus cases.

February - A British man infected on the Diamond Princess cruise ship in Japan became the first UK citizen to die from the virus. Boris Johnson confirmed that the 26th session of the Conference of the Parties (COP26) in Glasgow will be postponed until 2021.. The Prime Minister undertakes a Cabinet reshuffle most notably replacing Sajid Javid MP with Rishi Sunak MP as Chancellor following Javid's resignation. The UK is hit by Storm Denis leading to a record high number of flood warnings. Campaigners win a Court of Appeal ruling over plans for a third runway at Heathrow Airport on environmental grounds.

March – The Government publishes its action plan for dealing with the coronavirus. The outbreak led to the FTSE falling to its lowest levels since 1987 and the pound dropping to its lowest level since 1985. The Bank of England breaks records twice by first lowering the base rate to 0.25% then to 0.1% - the lowest rate in history under the newly appointed Governor Andrew Bailey. Rishi Sunak delivers the Government's first budget which included measures to protect the economy from coronavirus. From the 16 March the Government starts its daily televised press conferences. The national lockdown comes into force from 26 March. Sunak announced the start of the furlough scheme and loan schemes. In a show of solidarity, millions take part in the 8pm "Clap for Carers". Supermarkets are inundated as people panic buy essential items. Boris Johnson and Health Secretary Matt Hancock both test positive for COVID-19.

April – The Government comes under fire for the slow roll out of PPE and the high number of deaths in care homes. Keir Starmer is elected as the Leader of the Labour Party. For only the fourth time in her reign the Queen delivers a televised address to the UK and the wider Commonwealth. The Prime Minister is taken into intensive care with Dominic Rabb deputising in his absence. The nation was captivated by the efforts of 99-year-old Captain Tom Moore who

raised a staggering £32 million for the NHS. At the end of the month Boris is back, his son Wilfred is born, and the Prime Minister declares that the UK is past the peak.

May – The NHS contact tracing app trials on the Isle of Wight and Sunak extends the furlough scheme until October. The Government updates its coronavirus message from "stay at home, protect the NHS, save lives" to "stay alert, control the virus, save lives" as part of the plan to re-open society. Johnson announces that all passengers arriving from abroad will have to self-isolate for 2 weeks from 8 June except those from destinations on the travel corridor list. The public is advised to wear face coverings in enclosed spaces including shops and on public transport. It is revealed that Boris Johnson's chief political adviser, Dominic Cummings, travelled 260 miles from London to Durham during lockdown. Professor Neil Ferguson, the architect of the lockdown, is forced to resign after breaking social distancing regulations.

June – Phased re-opening of schools begins as the Government makes a U-turn on free school meals and gatherings of up to six people were allowed outdoors. George Floyd is murdered by police in the United States in May triggering a wave of protest in across the world including in the UK. Non-essential shops were allowed to re-open from 15 June and the "support bubble" is introduced. A government review finds that black, Asian and ethnic minority people are twice as likely to die from COVID-19. The low-dose steroid treatment dexamethasone is developed to fight coronavirus. The Bank of England announces plans to inject an extra £100bn into the UK economy. As the UK's alert level is lowered to 3, Leicester goes into lockdown and the daily Downing Street briefings come to an end. At the end of the month Boris Johnson set out his £5bn post-coronavirus recovery plan.

July - On 4th July pubs, restaurants, hairdressers, cinemas were allowed to open. The UK Government denounces China's imposition of the national security law on Hong Kong as a violation of its treaty with the UK. UK mobile providers are banned from buying new Huawei 5G equipment and asked to remove all existing kit. The Intelligence and Security Committee publishes a long-delayed report on Russian influence over UK politics. Chancellor Rishi Sunak unveils a £30bn spending package including a Jobs Retention Bonus as well as the "Eat Out to Help Out" scheme. From 24 July face coverings became compulsory in shops. In late July restrictions were placed

on Greater Manchester, and parts of East Lancashire and Yorkshire.

August – The month long Eat Out to Help Out scheme begins. The Bank of England predicts that the economic impact of the COVID-19 pandemic will be less severe than previously thought. However, figures show the UK economy shrunk by 20.4% between April and June. Following controversy over A Level grades, both A Level and GCSE results in England, Wales and Northern Ireland will be based on teachers' assessments. Sir Ed Davey becomes leader of the Liberal Democrats.

September – The rule of six comes into force and the majority of schools in England, Wales and Northern Ireland reopen for the autumn term and students across the country prepare to return to University. The coronavirus alert level is increased to 4 as the Government warns of a second wave leading to a number of measures including the introduction of a 10pm curfew. The UK agrees a trade deal with Japan. The NHS contact tracing app is launched in England and Wales. Chancellor Rishi Sunak announces the Job Support Scheme as a replacement for the furlough scheme.

October – COVID-19 restrictions were moved to a three-tier system following confusion over local rules. The Liverpool City Region is the only area to be placed in the very high category. The Government faced pressure to introduce a “circuit breaker” lockdown and on 31st of October Boris Johnson announced a second lockdown for England for four weeks from 5 November to 2 December. The furlough scheme, scheduled to end on 31 October, was extended. The European Commission launches legal action against the UK in response to the Internal Market Bill. The Labour Party suspends Jeremy Corbyn over his reaction to a report into anti-semitism.

November – England entered a second lockdown and was released into a tougher three-tiered system at the end of the month. Government is forced to make a second U-turn on free school meals. A vaccine hat-trick is scored with the Pfizer/BioNTech, Moderna, and the Oxford/AstraZeneca vaccines all announcing successful trials. The UK becomes the fifth country to record 50,000 COVID-related deaths. It was announced that the UK economy expanded by 15.5% between July and September 2020. The four nations agree a Christmas relaxation plan where three households can meet indoors for five days from 23–27 December. Rishi Sunak outlines the Spending Review and the Office for Budget Responsibility forecasts that unemployment will

reach 7.5%. Joe Biden is elected President of the United States.

December – The UK becomes the first country in the world to approve the Pfizer/BioNTech COVID-19 vaccine and starts the largest roll out in NHS history. The national lockdown ends as England enters the stricter tier system. Boris Johnson travels to Brussels as it is reported that significant differences remain between the UK and the EU. The transition period is due to end on 31 December.

COVID-19

There is little doubt that, of the 27.1m people watching on 23rd March, few will forget the moment that the Prime Minister announced that the UK was heading into an immediate and far reaching nationwide lockdown. The most dramatic imposition on freedoms outside of wartime, it left a population both staggered and fearful of the future. One of the most watched moments in British broadcasting history, the image of Johnson addressing the nation that evening will be the emblem of a crisis that will define Johnson's time in Downing Street.

While the crisis is not yet over, with hopes now rising that effective vaccines are on the cusp of mass rollout, confidence of a longed-for return to normality sometime in early 2021 is growing, even as a difficult winter lies ahead. As a result, in Westminster the autopsy on an unprecedented year in politics has already begun.

Of course, it is the direct human cost that must be considered first; the tragedy of more than 60,000 lives lost across the UK. For those who have lost loved ones, the impact has been devastating. The indirect costs, while much more difficult to quantify, have also been both destructive and persistent. These stretch beyond public health to touch on all aspects of society including education, culture, religion and – perhaps above all – the economy.

The circumstances that led to this will be subject to much introspection and interrogation. Could more have been done to protect the vulnerable and reduce mortality? How was it that ethnic minorities and the socio-economically disadvantaged were disproportionately affected? These are legitimate questions.

Yet, as the scale of the emerging crisis dawned on an understandably dumbstruck Government in March and April, this was a crisis that left little time for prevarication. There was no opportunity to deliberate subtleties of policy

as social and economic norms were spontaneously inverted without detailed scrutiny of the long-term consequences. Overnight, new orthodoxies were born in offices up and down Whitehall, giving birth to an entire dictionary of Covid lexicon as terms such as ‘social distancing’, ‘furlough’ and the ‘R number’. Since then, and in ways previously inconceivable, the state has restricted the movement of citizens, paid people’s wages, subsidised businesses and taken a far more dominant role in British society.

So it was that a Conservative government overnight became the most economically interventionist in history. Almost as remarkable, a shellshocked opposition - as well as the Prime Minister’s own backbenches - essentially fell into line behind him, albeit temporarily.

Some will claim, not entirely unreasonably, that no Government should be made to repent at length decisions taken in the heat of the moment and with best intent, even those that prove in retrospect to be suboptimal. The point is of course moot. Public enquiries are inevitable and are certain in parts to make uncomfortable reading for those in charge.

All too aware of this, the much-echoed mantra of ‘following the science’ belied an underlying paradox rarely acknowledged by politicians. Of course, scientific expertise has been critical to shaping public policy. But, ultimately, political decisions have necessarily had to balance frequently contradictory interests. This manifested itself most overtly in the debate between the need to prioritise public health, demanding the suppression of infection rates, versus the need to minimise economic harm, requiring the relaxation of social restrictions. In a contest of options where there were no palatable outcomes, there could never be a definitively ‘right’ answer.

Nevertheless, while the merits of his actions can be endlessly debated, the financial cost of the Chancellor’s response to the crisis is both evident and extraordinary. In April, at the height of lockdown, GDP was 25% lower than it had been in February. While that was a nadir, GDP is forecast to contract by 11.3% year-on-year by the end of 2020.

Of course, while spending rocketed, tax revenues have fallen. As a result, public borrowing is set to reach a total of £394 billion this year, or 19% of GDP - the highest in our peacetime history. The measures taken by the Government to provide financial support to individuals

and businesses impacted by reductions in income is likely to cost over £200Bn this year alone. What was spent so rapidly will be nowhere near as quickly recouped.

As a result, there will be serious – and immensely difficult – questions for the Government as it guides the economy through the recovery. Most importantly, there will need to be decisions about whether – and to what extent – it supports sectors and businesses – and their employees – that are not able to remain profitable in the new environment. Whilst allowing these businesses to fail would increase unemployment and risk social dislocation, continuing to support firms with little hope of recovery would further drain the public finances and delay shifts in the wider economy that will be necessary to prosper in the ‘new normal’.

Alongside these questions is the matter of public expectation. Businesses and individuals have quickly become accustomed to the state stepping in when times are tough. Whilst this support was intended to alleviate the impact of a crisis situation, it will be difficult for the state to recede to its previous role without becoming highly unpopular. This will create altered political incentives and – very possibly – a different role for the state.

One notable – and perhaps surprising – feature of the social distancing restrictions enacted by the Government has been their widespread popularity. Successive polls have shown large majorities in favour of lockdown with pluralities favouring firmer, longer, and quicker restrictions than those imposed. Whilst revealed preference – demonstrated by compliance rates – has not been as high, approval of the ‘smack of firm government’ seems likely to endure. This reflex towards firm and fast responses will have a profound impact on how governments of all colours deal with crises – public health or otherwise – in the coming years.

The Conservative Party

“Events, dear boy, events”. Harold MacMillan’s famous outburst, when asked what factors may blow a government off course, is as hackneyed, as cliched and as predictable a phrase as one could imagine deploying when writing a piece of political analysis. But it used so often because it is so true – particularly when one reflects upon the year the Conservative Party has had.

For the Prime Minister, the year started in a triumphant manner. Sitting on a plump 80-seat majority and enjoying an opinion poll lead of roughly 20%, a confident Boris

Johnson might have expected to enjoy a relatively calm year. Indeed, Theresa May's "strong and stable government" mantra that was derided in the days after her 2017 election flop, genuinely appeared to reflect reality for the Conservative Party. A Brexit deal, which had paralysed the previous parliament, was done and dusted and the Prime Minister was free to focus on the type of back-slapping, blustering, ribbon-cutting, big vision "stuff" he has traditionally been so good at.

But then came Coronavirus.

No UK government has been forced to confront the realities of a global public health pandemic for a generation – and few could have predicted the scale of civil liberties curtailments, financial support measures for businesses and individuals or, sadly, the death toll that would be associated with Coronavirus. Indeed, the Prime Minister's own spell in hospital, during which he freely admits he feared for the worst, brought the crisis to the very heart of government.

While the government has faced a number of criticisms for its perceived tardiness at tackling the emerging crisis surrounding Coronavirus, the Chancellor of the Exchequer Rishi Sunak has been widely viewed as having had a "good crisis". Elevated to the position of Chancellor in February following the resignation of Sajid Javid and only weeks before the UK entered into a full national lockdown, his sympatico demeanour and breezy persona has gone some way to assuaging concerns about the Prime Minister's own competence under pressure.

Few events proved more damaging for the Conservative Party during the course of the year than the debacle surrounding Dominic Cummings' decision to visit a relative's home in County Durham in apparent contravention of Coronavirus regulations. The image of a powerful government figure being seen to have broken – or at best, bent – the rules in order to suit his own circumstances was seen as having badly undermined the government's public health message at a critical time and led to charges of hypocrisy.

Indeed, even before Coronavirus, the perception that a coterie of Number 10 advisors were exercising unchecked power was a source of huge frustration for most Conservative MPs who felt their concerns were being overlooked. The departure, in November, of Cummings and press aide Lee Cain from their roles was widely welcomed by Conservative MPs.

Coronavirus has put a dampener on the spirits of the whole country – and the Conservative parliamentary party is no different. The fundamentals for the Conservative Party remain strong, however: a large majority and a parliamentary party which remains broadly united behind its leader.

In 2021, the fortunes of the Prime Minister and his ambitious Chancellor will likely be tied to two key issues.

The first, predictably, is the extent to which the United Kingdom manages to return to economic growth after a year of furloughs and lockdowns that have placed unprecedented strain upon public finances. The challenge of securing this economic bounce-back will be a tough one, fraught with many political banana skins. While a return to Coalition-era "austerity" has been ruled out by the Prime Minister and Chancellor, it is difficult to see how the government can begin to consider balancing the books without difficult decisions regarding public spending. Similarly, while free marketeers in the Conservative Party would be horrified by tax rises on individuals and businesses, such a step clearly cannot be ruled out.

Second is the issue of the roll-out of the Coronavirus vaccine. The government's perceived failure to rapidly roll out a track and trace system during the early days of the pandemic has already dented public confidence. Expectations in respect of the vaccination programme have been set exceptionally high in recent weeks and any delays in its roll-out will likely be seized upon by the opposition as evidence of incompetence.

Assuming the local elections – both those planned for next year and those postponed from this year – go ahead as planned, the Conservatives face a challenging electoral landscape. Most important to the party will be holding the highly symbolic and influential mayoralties of West Midlands and Teesside, as well as holding its own in the Scottish Parliament and Welsh Assembly elections. A poor set of results won't prove terminal for Boris Johnson's leadership but may give rise to fears that a leader whose brand has been built around perceptions of his own popularity could be losing his touch.

The Labour Party

What a difference a year makes. 2020 is the year that Labour came to its senses and decided to try and become electable again. The first quarter saw a long drawn out leadership contest, and a period of inertia as a result. Having tried something very different for five years in the

shape of Jeremy Corbyn, the party have arguably returned to something which seems much more familiar in the shape of Keir Starmer. Elected only in 2015 but having served as Director of Public Prosecutions and Head of the Crown Prosecution Service, he offered a safe pair of hands when Labour desperately needed it.

He was thrown in the deep end; elected just a few weeks into the Covid-19 crisis with the whole country in lockdown, Starmer's challenge was how to position himself and Labour at a time of national and indeed global crisis.

He promised 'constructive opposition' and it remains a reasonable definition for his approach. Fans say his intelligence and forensic approach to building an argument reveal the inadequacies of Johnson's premiership at the despatch box every Wednesday. Critics on the left say he hasn't challenged the Government enough and on the right the accusation is that he lacks charisma.

What is unarguable is that he has dragged Labour's ratings up, with the main parties now consistently on level pegging and Labour out in front in a few polls.

Conference season was a challenge for all parties. However, Labour put a great deal of effort into providing a platform for business engagement which was popular among participants. The party continues to provide opportunities for this sort of interaction and needs to continue doing so to tackle some of the knottier issues, to build trust with the business community, including big business, as it rehabilitates itself after the Corbyn years.

Starmer's biggest challenge came with the publication of the Equality and Human Rights Commission investigation into the Labour Party at the beginning of November. The Commission found that the party had breached the Equality Act and could have tackled antisemitism more effectively 'if the leadership had chosen to do so', citing specific examples of harassment, discrimination and political interference in processes.

Starmer immediately accepted the findings in full calling it a 'day of shame' for Labour. Jeremy Corbyn, whose leadership was criticised in the report, issued a statement in which he demurred from some of the findings and was promptly suspended from the Party by the General Secretary. Something of a farce has followed with Corbyn's suspension now lifted by a hastily arranged National Executive Committee panel, even though he has not met

the conditions imposed on him by it. However, he remains without the Labour Party whip and therefore whilst he is a member of the Labour Party, he is not currently a Labour MP.

This situation will require resolution in the New Year and will further test Starmer. In the meantime, a battle rages across local constituency parties in the most Labour of ways, centred on which motions are and aren't allowed to be discussed about the report and Corbyn's suspension. It is likely we will see the suspension of hundreds of members from the party for breaking rules imposed by the General Secretary and some for antisemitic behaviour. Starmer will need to ensure this is sorted out well before the next general election.

Outside the Westminster bubble Labour's regional mayors including Andy Burnham and Steve Rotherham have been catapulted into the spotlight as voices for their regions during the Covid-19 crisis.

2021 brings a number of devolved elections across the country. Labour are likely to retain power in Wales, albeit with support from another party. The First Minister of Wales, Labour's Mark Drakeford, has come into his own during the crisis and barely put a foot wrong - at least that is until he banned the purchase of alcohol in pubs and restaurants this month, a move that has not been popular.

Scotland is a different story. The Scottish Labour Party remains on its knees with little sign of getting up. Coming in third place behind the Scottish Conservatives in 2016, current fears are that they could drop into single digits in terms of the number of MSPs they have at Holyrood and that the SNP could repeat their 2011 victory of winning an overall majority, bolstering their demands for a second independence referendum. Such are the concerns that a challenge to Richard Leonard's leadership was mounted in September. This failed however when one or two people the moderates thought they could rely on for support in a vote at the party's Scottish Executive Committee backed out at the last minute. Some good candidates coming forward to stand for Scottish Labour next year could help reinvigorate the party, but whether they can get selected by the membership and elected by the voters remains to be seen.

Starmer needs to pay attention to Scotland quickly. If Labour fails to make headway there it will be very difficult for him to form a government at the next election, even if he cements his lead in the polls.

The Liberal Democrats

The Liberal Democrats began 2020 in a bleak position. Leaderless and bruised, the Party's efforts in 2019 to harness defiance against Brexit were shattered by the 2019 General Election. Despite increasing their vote share, the Liberal Democrats began the year reduced to 11 seats in the Commons. Jo Swinson who had declared herself as a "candidate to be Prime Minister" resigned as Party leader following the loss of her seat with the Party's battle to prevent Brexit lost. 2020 has seen the Party survive and emerge with a more realistic leadership. However, after three disappointing General Elections in a row, the Lib Dems' long road to rehabilitation has only just begun.

Under Sir Ed Davey, the party has embarked on a period of self-reflection. In May, the Party released its "2019 Election Review" which concluded that the election was a "high-speed car crash." Described by Ed Davey as a "raw and powerful" document, the report found that the party had become overambitious. Furthermore, the report recognised that the tactic of targeting 'Remain' votes by pledging to revoke Brexit "effectively ignored" voters who were indifferent to Brexit.

In August, Sir Ed Davey secured 42,756 votes winning by the largest margin since Paddy Ashdown won 71% of the vote in 1988. Davey's victory was a clear vote in favour of experience, with his competitor Moran having only served as an MP since 2017. Following his election as the Party's fourth leader in five years, Davey called upon the Liberal Democrats to "wake up and smell the coffee." In a message to members, Davey announced that the Party was to conduct a "national listening project" to help make the party "relevant again." This new sense of realism may prove necessary for the Lib Dems' long-term prospects. However, by taking the opportunity to pause in a year of such political turbulence the party has only seen its influence dwindle further. The party has fallen to just 7% in the polls and urgently needs to find a new, distinctive political issue that is close to the interests of the voters it needs.

In 2021, with the glory days of 'Cleggmania' and nearly 60 MPs in the Commons a distant echo, the Party will need to move forward, come to terms with the UK's exit from the European Union and deliver a new portfolio of distinctive, relevant policies that can help to re-capture some of its lost voters.

The Scottish National Party

A year has passed since the SNP resurged as the dominant force in Scottish politics, sweeping up most of the nation's Westminster seats in December 2019's general election. Opinion polling on its performance and on its key policy, independence, continue to trend in the party's favour and Nicola Sturgeon, the First Minister, enjoys robust public support.

Health policy is a devolved issue in Scotland and opinion surveys suggest strong backing for Sturgeon's handling of the pandemic: 74% of Scots believe she has done a good job compared with 19% who think the same about Boris Johnson. This is despite Scotland's deaths per million from Covid-19 exceeding England's in recent weeks, putting paid to the idea that the First Minister has been more effective than her UK government counterparts. Only Wales's statistics were worse at the start of November – a picture that will likely not have improved as England underwent a month-long lockdown.

Yet the party seems scandal-proof, having suffered little, for example, when one of its MPs flagrantly flouted coronavirus rules by not only travelling to London by train whilst awaiting the outcome of her Covid-19 test, but then returning to Scotland by train having received a positive result. Margaret Ferrier, the party's MP for Rutherglen and Hamilton West, refuses to resign despite calls from within her party – including the First Minister – to do so. Then there's Alex Salmond, Sturgeon's mentor and predecessor as First Minister who was cleared of sexual assault charges at a trial in March; Sturgeon has been accused of lying about when she first knew about the allegations against him.

Other events which would harm most political parties' fortunes include the exam results fiasco in August, the party's poor record on education generally, and its unkept promise of alleviating child poverty. Perhaps a mixture of Sturgeon's personal charm and the introduction of eye-catching policies – such as becoming the first nation in the world to provide free sanitary products – has allowed the party to escape from criticism scot-free. It helps, too, to have a highly unpopular Prime Minister in Downing Street whose administration serves as a useful scapegoat.

It is through daily press conferences and media appearances that Scots have seen more of their First Minister than ever before. Sturgeon has been able to

present herself and her administration as capable of handling a major crisis, giving a boost to the party's campaign for independence. The effectiveness of Sturgeon's approach aside, it seems clear that Scots' trust of the devolved government has translated into a boost for the nationalists: poll after poll in recent weeks shows majority support for breaking away from the United Kingdom, unnerving politicians south of the border ahead of the Scottish parliamentary elections in 2021.

Most polls point to an SNP majority, which Sturgeon will present as a mandate for a second independence referendum. A plebiscite can only be held with the approval of the Westminster government, and Johnson has repeatedly ruled out granting one. Just as the country comes out of the pandemic with a newly inoculated population by Spring, Johnson's attention will turn from protecting the NHS to protecting the United Kingdom.

The Democratic Unionist Party

In 2017, most would have been forgiven for asking "who are the DUP?" after their confidence-and-supply agreement with the then Prime Minister Theresa May's Government. In 2020, after Johnson's landslide victory in December 2019, people would be forgiven for asking the same question once more. But whilst Johnson's majority has reduced relevance of the DUP in Westminster – and over Brexit – this has given the party more time to focus on issues closer to home. DUP leader, Arlene Foster, entered 2020 heavily exposed after overseeing the loss of South Belfast seats and the fall of party stalwart Nigel Dodds, whose North Belfast seat was, for the first time, taken by Sinn Féin.

Nonetheless, the year started rather optimistically. After 3 years of deadlock, compromises on the Irish language, veto mechanisms and the promise of a large cash injection from the UK Government saw devolution restored under Mrs Foster. Mrs Foster acknowledged at the time that the 'New Decade, New Approach' deal was not perfect, but opposition by Loyalist fringes in the party was not sufficient to pose any real threat to her leadership. Most in the party, and in Northern Ireland, simply expressed relief.

The optimism surrounding the return of devolution to Northern Ireland was to be short lived, however, as the divisions that plagued Stormont before its dissolution slowly returned. Mrs Foster survived the inquiry into the RHI scandal with a March report concluding that

widespread corruption was not the cause of the botched renewable energy scheme, but that an accumulation of errors and misjudgements on her part and of those close to her caused public costs to skyrocket. Although damaging to public trust, the implication of Sinn Féin and the impending COVID-19 crisis saw the party maintain its position as priorities refocused on the pandemic.

The chronic underfunding of Northern Ireland's health system, resulting in the longest patient waiting times for hospital treatment in the UK, did little to ease tensions between the DUP and Sinn Féin when COVID-19 arrived. Arguments over whether to follow the advice of the UK Government or the Irish Republic upon the introduction of restrictions managed to remarkably, yet unsurprisingly, split the COVID-19 debate along sectarian lines, again hampering the fragile trust on both sides. Although the region initially fared owing to its rural population, by October, Northern Ireland saw 83% of its ICU beds occupied and over 13,000 cases per million. A short lockdown lasting four weeks provided the guise of effective leadership at Stormont, but disagreements over a one-week extension prompted the DUP to block this and issue a cross-community petition of concern – a mechanism usually used to veto issues of orange and green. The DUP had hoped to paint itself as a party that wanted to strike a balance between protecting hospitals and livelihoods whilst portraying other Executive parties – Sinn Féin, Ulster Unionist, SDLP and Alliance – as intent on prolonging economic damage. It spectacularly backfired. As businesses prepared to open, the Executive took the decision to ease restrictions for one week, and reimpose harsher restrictions for two-weeks thereafter, a week longer than the DUP had originally vetoed. In what was described by Justice Minister and Alliance leader, Naomi Long, as one of the most disappointing days Northern Irish politics has witnessed in 20 years, much of the blame lay at the feet of the DUP.

2021 will be a crucial year for the DUP ahead of the Assembly election in 2022. The prospect of Northern Ireland being separate from the UK internal market will disenfranchise many in the Loyalist and Unionist communities. Whilst this ought to be a major selling point for the largest Unionist party, the 2019 election results and the DUP's poor political decisions over COVID-19 could lead to a continued wavering of support throughout the party's base. In a region that was economically struggling before the pandemic and which is now facing economic decimation, voters may look not only for a scapegoat, but

for wholesale change. As is always the case in Northern Irish politics, it will come down to which side can blame the other the best.

Plaid Cymru

2020 has been an active year for Plaid Cymru as the party has been gearing up for the Senedd elections due to take place in May 2021. In light of talks of a potential six-month postponement, the Welsh Government has been firm in its intention to stick to the May 2021 date. Set to be an historic sixth Senedd, with 16- and 17-year olds and foreign citizens having the right to vote for the first time, campaigns will look slightly different as parties take into consideration the interests and values of a slightly younger electorate.

There are a fixed number of seats in the Senedd, but all political parties want – and expect – to make gains. Plaid Cymru will look to win some of their perennial Senedd targets such as Llanelli and Caerphilly, hold the Rhondda and make gains on the regional list.

This year saw party leader, Adam Price, deliver on his plans to set up a commission to look into the practicality of Welsh independence. In September, the commission published its report, which recommended that a Self-Determination (Wales) Bill to prepare Wales for independence should be legislated for by an incoming Plaid Cymru government after the election.

In a year where opposition parties have had a considerable amount of ammunition, Plaid has been vocal on the handling of the coronavirus pandemic, with both Westminster and the Welsh Government coming under fire. Price has capitalised on any perceived failures by making the case for why the pandemic shows the importance of Wales having more devolved powers and greater control over its own affairs.

Despite these efforts, polling puts Plaid's popularity amongst voters behind that of Labour and the Conservatives. However, Plaid remains convinced that the topic of independence has moved from the margins into the mainstream of the Welsh political debate. With just months to go, Plaid's performance will be one to watch.

Fiscal Policy

2020 was a torrid year for the public finances. In reality, the Treasury had been uneasy for some time about the level of public spending. The agenda on which the Conservatives won power in 2019 was not a cheap one: levelling up costs

money, as does green investment and infrastructure, and few close to the centre of the Conservative Party were willing to make the case for fiscal restraint. The Prime Minister perceived that austerity – whether real or perceived – had become electorally unpopular, while a growing number of economists pointed to historically low interest rates as a good reason for spending public money on investments that could, down the line, drive economic growth.

Then came Covid. The decision was taken early on to put public finance considerations to one side and concentrate on fighting the disease. This was done on economic as well as political grounds, with the Government being extremely wary of false economies that could lead to worse economic scarring down the line. And so the spending taps were turned on, with the result that this year, the budget deficit is forecast to rise to £394bn, equivalent to 19% of GDP, the highest peacetime level recorded.

These numbers may have seemed shocking a year ago, and 2021 will doubtless see continued criticism about how this money has been spent, but there is mainstream acceptance that flagship measures such as the job retention scheme and grants to businesses forced to lock down were sensible measures that will prevent further economic contagion – and therefore a wise use of public funds. The debate now shifts to how to get the numbers under control in future years.

The Chancellor will have to tread carefully here. Government largesse gets positive headlines for a day or two but is then quickly forgotten. But any withdrawal of that largesse generates outcries – often from the benches behind the Chancellor. This year saw significant controversy over free school meals and on aid spending. These debates were not really about the money but about politics – a combination of seizing the opportunity to give the Prime Minister a bloody nose and genuine concern about the optics of cutting off assistance to the poorest in society. But they point to real difficulties over the coming months and years.

Assuming Covid-19 is largely under control by then, the March Budget will be when the Chancellor sets out the broad economic and fiscal policy for the rest of this Parliament. Already, in November's Autumn Statement, he noted that a medium term fiscal strategy will be presented "once the current level of uncertainty recedes". And with the percentage of debt to GDP set to grow over the course

of this Parliament, we know that there is going to be little room for crowd-pleasers.

The early indicators are that the Chancellor is going to look for economic growth to do as much of the lifting as possible. The feasibility of this depends on the performance of the economy after Covid restrictions end. If there is, as some economists predict, a mini spending boom fuelled by pent-up demand, then there will be sighs of relief at 11 Downing Street. However, this could easily be marred by spikes in unemployment and insolvencies, particularly in less prosperous parts of the country, fuelling inequality and resentment and placing a serious dampener on economic growth. The impact of Brexit disruption also plays heavily here. This is one reason why the Chancellor may well decide to wait before implementing any tax rises, especially on business – he is alive to the risk of placing what is already a fragile, almost theoretical recovery in jeopardy. At the same time, the scale of the deficit is such that growth by itself cannot plug the fiscal gap.

Politically the Chancellor is aware that his party has an 80 seat majority with no election necessary before 2024. It is, in other words, a long game. He knows that much of his party's electoral appeal depends on its reputation for economic competence. He also knows that austerity is a political non-starter. He has serious differences of opinion behind him, and rivals within Cabinet – many of whom he has already clashed with over Covid measures. He is dealing with public opinion that demands ever-increasing Government support, but remains wary of easing Covid restrictions too quickly. He will need some quick wins to prove that Brexit is a success. And he presides over a set of figures that would make George Osborne blanche. 2020 will not be the most difficult year of his career.

Brexit

All things being equal, 2020 should have seen little in the way of respite from the saturation coverage of Brexit that had dominated the previous three years. Of course, Covid-19 quickly and categorically ejected Brexit from the front pages. Nevertheless, the implications of decisions made over the past 11 months about the UK's enduring relationship with the EU will have far reaching consequences.

Rewind to January and Brexit was still the main issue of the day. Fresh from an emphatic election victory fought on the slogan 'Get Brexit Done', Boris Johnson stood on the verge

of achieving what for so long had proved elusive; a Parliamentary majority endorsing his – or indeed any – Brexit plan. With the benefit of a healthy majority, the necessary legislation sailed serenely through Parliament to gain Royal Assent on 23rd January, finally locking in the UK's departure from the EU. In the end it all happened with an ease belying the enormity of an issue that had claimed the scalps of the previous two prime ministers.

Little more than a week later, at 11pm on 31st January, a countdown clock was theatrically beamed onto the Downing Street façade. The moment had arrived for the UK's exit from the EU to be finally confirmed. For some a moment of sweet triumph, for others bitter tragedy. For the majority perhaps, just relief that it was all over.

Except of course it wasn't. As many had forewarned, only now could the real hard work begin. While the UK had exited the political institutions of the EU, for the next 11 months – the so-called transition period – Britain would continue to follow the EU rule book and, in return, benefit from access to the EU single market. For most people, Brexit had happened but nothing had changed.

The purpose of the transition period was, of course, to provide a window of opportunity for the UK and EU to negotiate a Free Trade Agreement (FTA) that would minimise immediate trade disruption and, more importantly, establish an enduring foundation on which to build a new relationship. In doing so, Johnson knew he would have to balance the majority view of business that favoured continuity over disruption, with public opinion that Brexit meant a repatriation of sovereign control.

Any hopes that this would be a more bureaucratic, less political process were quickly dashed. In February, ahead of trade negotiations, Johnson made it clear that he felt bound not by the political declaration agreed with the EU in October, but the manifesto promises made to the electorate. Prioritising the complete repatriation of 'laws and political life' over any economic advantages from barrier-free trade, the UK found itself on a collision-course with an EU equally resolute that tariff-free access to the single market meant regulatory alignment under European jurisdiction.

When negotiations commenced in early March, they quickly descended into deadlock that would persist for months. Three issues emerged that would remain stubborn blockers to progress; the so called 'level playing

field' and the extent to which the UK would remain aligned to the EU rule book, governance mechanisms for resolving trade disputes, and the extent of access for EU boats in UK fishing waters. As the negotiations pressed on, while agreement was reached on the majority of issues - said to be 95% ready as early as the end of October - the principle that a deal was 'all or nothing' hardened.

Alongside all of this the pandemic struck. Negotiations were first postponed and then forced online, bringing with it new bureaucratic challenges. Less tangibly, but of more consequence, political priorities in both the UK and across the EU dramatically shifted focus, slashing the bandwidth available for Brexit. However, while some forecast the inevitable extension of the transition period as governments on all sides became overwhelmed, this did not come to pass. The 1st July deadline for an extension came and went. Despite little evidence of progress, both parties agreed to keep on talking. This was to be the first in a cascade of 'final' deadlines that all came and went, taking us right up to the present.

Alongside the three blockers in trade negotiations, the issue of the Irish border remained the most persistent point of contention. The Northern Ireland Protocol, part of the Withdrawal Agreement given legal effect in January, had been composed with enough ambiguity to ensure agreement in 2019. However, the practicalities of implementing it, while meeting the twin objectives of an open border on the island of Ireland and minimal customs processes between Northern Ireland and the rest of the UK, revealed an inherent flaw.

That crisis came to a head in September when the UK Government proposed new legislation that threatened to override the protocol in order to protect the integrity of the UK market. The EU was left indignant, claiming a fundamental breach of trust. When even Cabinet Ministers' acknowledged that such a course of action would be in contravention of international law, talks stood on the precipice of collapse. Ultimately, both sides managed to sidestep the issue, isolating it from trade negotiations, even if the approval of any deal would ultimately require resolution on protocol implementation. The UK Government duly stalled progress of the offending legislation, ensuring that its withdrawal could always be effected, while retaining the inherent threat as lever in negotiations.

Which brings us to the present. It was always the case that the difficult issues would need political intervention. That

came last week, when Johnson met with Commission President Ursula von der Leyen in Brussels. As sentiment oscillated wildly, success was finally snatched from the jaws of defeat... etc...

Levelling Up and Infrastructure

The 'levelling up' agenda remains a central tenet of Boris Johnson's programme for government. Alongside his promise to 'end the gridlock' and 'get Brexit done', Johnson's vow at the 2019 general election to 'level up' all the regions and nations of the UK and listen to the 'left behind' allowed him to woo voters (particularly in the north of England) previously thought beyond the reach of any Conservative Leader. The result, as we know, was a rout of Labour's traditional heartlands, the destruction of the 'Red Wall', and the largest Conservative majority since Margaret Thatcher ruled supreme in the mid-1980s.

With Brexit unlikely to be a live issue by the time of the next general election, the government understands that delivering on its promises to address regional inequalities will be a key factor in holding on to the votes it believes were lent to the Conservatives at the last election. Given its importance to the government's future electoral prospects, it is no surprise that the levelling up agenda has permeated throughout government thinking and communications in 2020. It was a central theme of the Conservative Party Conference in the Autumn, at which the Prime Minister promised his government would drive "lasting change in parts of the country forgotten by successive governments".

Indeed, this year has seen no shortage of major levelling up announcements. In June this year, the Prime Minister announced a 'New Deal for Britain' which promised to put infrastructure and levelling up at the heart of the government's economic growth strategy and 'build back better'. At its core is £5bn of capital infrastructure projects, including £1.5bn for hospital maintenance and building, £1bn for the first phase of a ten-year school rebuilding programme, and £900m for 'shovel ready' local growth projects in England.

In November, Chancellor Rishi Sunak delivered the long-awaited (and much-delayed) National Infrastructure Strategy which promised a "once in a generation investment" worth £100bn to support the country's recovery from Covid-19. The strategy will plough money into new roads, cycle lanes, community facilities, digital connectivity, and green infrastructure to support the

target of a net zero economy by 2050. To support this, the Chancellor also announced the creation of a new National Infrastructure Bank which, although substantial details are yet to emerge, will be headquartered in the North of England. November's Spending Review also saw the announcement of a £4.8 billion 'levelling up fund' to support towns and communities with regeneration projects.

It seems clear from this that the government sees substantial investment in infrastructure as a potential double win – helping the country to recover from the profound economic challenge inflicted by the Covid-19 pandemic whilst simultaneously shoring up support in the seats it will need to win again in 2024 if it is to shut out Keir Starmer's resurgent Labour Party and win a fifth successive general election.

On paper the numbers are impressive, with plans for £640bn of infrastructure spending over the next five years, as set out in the budget in March, and a £27bn real terms spending rise next year compared with 2019-20. Boris Johnson is a long-time fan of big infrastructure projects stretching back to his time as London Mayor and in Rishi Sunak he has a Chancellor who is not afraid to turn on the spending taps – regardless of the criticisms levelled at Jeremy Corbyn's own spending plans in the run up to the last election.

Moreover, from a political perspective the Prime Minister is certain to be held to account if he fails to keep his promises, not least from his own back benches. In October, 55 Conservative MPs representing northern constituencies banded together to form the Northern Research Group (NRG), led by the former Minister for the Northern Powerhouse Jake Berry. Relations between MPs and Downing Street have often been fraught in 2020 and there has been a sense of frustration from the NRG that their voices were not being heard by the government. Crucially, they have been unafraid to make these frustrations heard and in Jake Berry they have a spokesperson who is media-savvy and generally viewed sympathetically in Westminster.

Dominic Cummings' dramatic departure has ameliorated this friction to a degree and the Prime Minister has an opportunity to reset relations which he will be keen to capitalise on if he is to avoid being the second successive Prime Minister to be undermined by a Conservative Research Group.

As we head into 2021 however, it is clear that the government has its work cut out with regard to following through on its levelling up agenda. Analysis from the Institute of Fiscal Studies suggests the government faces a "daunting task" to reverse regional inequalities which have been exacerbated in post-industrial regions, coastal towns and rural areas by Covid and potentially by trade with Europe following the UK's departure from the EU. The analysis warned that "well-designed policies could take years or even decades to have a meaningful effect". The Prime Minister and his party will be hoping that sustained effort with funding to match will yield tangible results in the nearer-term and will be keen to hit the ground running in 2021 as the country starts to emerge from a year of lockdowns.

ESG

The role of business has been redefined in recent years with political and societal expectation of how business should perform, behave and be managed shifting. Environmental, Social and Governance (ESG) metrics have become the framework by which businesses are judged and – increasingly – regulated. Businesses are now expected to focus on creating long-term value and sustainable benefits for the economy, environment and society. This expectation has only been accentuated by the pandemic.

The cornerstone of ESG concerns is the looming threat of climate change. Since the Paris Agreement in 2015, the private sector has mobilised to play its part in curtailing global warming. However, many view these voluntary initiatives as not going far enough. For the UK Government, climate leadership is a central component of its efforts to redefine Britain's global role. The UK's Presidency of COP26 has encouraged this trend and sharpened the focus on what is expected of business.

As a result, the year saw the introduction of a raft of new regulations and mandatory targets. In July, the Bank of England's Prudential Regulation Authority (PRA) advising wrote to firms advising them to have fully embedded their approach to managing climate-related financial risk by the end of 2021. In November, the Chancellor, Rishi Sunak, announced that the UK would become the first country to make Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosures mandatory by 2025 and that this would be accompanied by the implementation of a green taxonomy in order to

improve understanding of the impact of activities and investments on the environment. Finally, the Financial Report Council (FRC) announced its review of corporate reporting with the aim of making non-financial reporting on a par with its financial equivalent.

Whilst this pressure on climate and environmental issues is maintained, 2020 has undoubtedly been a watershed year for the scrutiny of how business supports, leads or reacts to significant societal issues. Together, the COVID-19 pandemic and the Black Lives Matter movement, combined to push the 'S' in ESG to the forefront of stakeholder's attentions. Advancing from previously quantifiable social issues often reduced to target-setting - gender diversity in management or gender pay - employee support and welfare, appropriate pay, company culture and racial diversity, bring fresh challenges to business. Those considered inadequate in this regard have already begun to feel the impact of greater scrutiny from both society and political stakeholders.

Attentiveness to these issues – and the expectations of the private sector – is likely to grow further in 2021, particularly as attention is paid to how firms behaved during the pandemic. This will bring politics further into the ESG space as regulatory and governance frameworks are updated to reflect these new priorities. 2021 is likely to be the year that the 'G' in ESG comes to the fore.

Financial Services

Ever since the 2008 global financial crisis, the financial services industry has been fighting to regain its reputation and its position as the protector and enabler of prosperity and growth. In recent years this has manifested itself in an increasing focus on social purpose, and the role of the industry in driving societal and environmental change.

Over the course of this unprecedented year these commitments have been fundamentally tested as the financial services industry – like every industry – was forced to adapt to the global Covid-19 outbreak, prepare for the implications of a no-deal outcome in Brexit negotiations, and respond to increasing expectations from government, investors, the regulators, and their customers. While the path hasn't always been smooth, during 2020 we have witnessed a significant momentum shift in the efforts of both government and industry to carve out the industry's role in enabling a more resilient future, and the UK's place on the international stage – two objectives that are becoming increasingly intertwined.

In the words of Chancellor Rishi Sunak, the financial services industry's response to the Covid-19 crisis has shown the sector "at its best". In partnership with the Government, the British Business Bank, and the financial services regulators, banking firms have so far enabled over £60 billion worth of government-backed loans and, during the height of the lockdown restrictions in May 2020, extended mortgage holidays to almost 20% of UK borrowers. The UK insurance industry expects to pay out over £1.7 billion in Covid-related claims – a number that may still rise following the outcome of the Supreme Court appeal on the FCA's High Court test case on business interruption insurance, which ruled in September 2020 mostly in favour of insurers having to pay out on claims made by business interruption policyholders.

As we end of the immediate Covid-19 crisis comes into sight, the government's attention is beginning to turn once again to the role of financial services in enabling the long-term prosperity of the UK, both domestically and on the world stage. In November, Rishi Sunak used a landmark speech on the Financial Services Bill to outline a new chapter for the industry that "renews" its position as the world's pre-eminent financial centre through regulatory reform, and bolster the green finance agenda ahead of COP26 in November next year.

These efforts, of course, cannot be divorced from the continued uncertainty facing the financial services sector as the UK's nears the end of the Brexit transition period. There is a sense of overwhelming frustration within the industry that financial services have been left behind in key Brexit discussions. Despite the UK granting EU and EEA firms equivalence in November, there remains a lack of reciprocation on the EU's part which leaves firms with no choice than to manoeuvre between a patchwork of country-specific rules and regulations from 1 January 2021.

The refusal of the EU – so far at least – to grant equivalence has turbocharged the government's efforts to boost the global competitiveness of the sector. Based on a new framework of global regulatory equivalence, the government has launched a myriad of workstreams designed to reform the UK's regulatory framework, attract overseas listings, improve the attractiveness of UK asset management, encourage investment in long-term illiquid, and build on the UK's reputation as a global fintech centre. With all of these initiatives expected to bear fruit in 2021, it

is clear that the UK has no intention of waiting for the EU to play ball.

Looking back on 2020, it's easy to forget that the UK economy has been steered through this unprecedented period of crisis by three individuals all very new in post. Rishi Sunak, appointed Chancellor of the Exchequer in February 2020, has proven himself in the eyes of the industry through his hands-on and open approach with financial services leaders who the Chancellor recognised as pivotal to HM Treasury's approach. Andrew Bailey, appointed as Governor of the Bank of England in March 2020, has led the Bank's ongoing response to Covid-19 and Brexit with his notoriously steady hand while managing to stay out of the headlines himself – not always the case with his predecessor Dr Mark Carney. The new Chief Executive of the Financial Conduct Authority (FCA) Nikhil Rathi, appointed in October 2020, is braced for a “significant number of regulated firms, particularly smaller firms, to fail in the months ahead”, and will lead the regulators efforts to strengthen consumer protections and outcomes across its workstreams.

To the extent that it is possible, by and large the UK financial services industry has had a ‘good crisis’. It is now up to the sector to capitalise on that additional goodwill. With the introduction of the Covid-19 vaccine, and with the UK's exit from the EU finally complete, financial services firms will be hoping that 2021 brings with it more stability, allowing them to return to more of a long-term focus both in terms of innovation and growth and, more broadly, in influencing meaningful socio-economic change.

Foreign Policy and International Development

2020 has been a big year for UK foreign policy. Against the backdrop of the Covid-19 pandemic the UK Government has made an effort to push forward with its plans to reposition Britain in the global diplomatic environment. The UK's departure from the European Union has brought to a head the need to think deeply and strategically about what the UK's interests and objectives are, and how best to achieve them. There is a view held by many in government that UK foreign policy has suffered from a lack of direction over the last few decades with many seeing Brexit as an opportunity for a genuine reappraisal.

The – now postponed – Integrated Review of Security, Defence, Development and Foreign Policy was launched with much fanfare by the Prime Minister in February and

billed as the most comprehensive evaluation of the UK's international approach since the end of the Cold War. Despite being delayed due to Covid-19 much of its content has already emerged. The most eye-catching aspect has been the long-anticipated merger of the Department for International Development into the newly-rebranded Foreign, Commonwealth and Development Office (FCDO). The main reason behind this was a perception among those in government that the UK's position abroad was compromised by a lack of unity, in terms of both personnel and objectives.

When the merger was announced, government spokespeople were at pains to make clear the UK's continuing commitment to international development and the 0.7% of GNI commitment to international aid. However, as part of the spending review, the commitment was cut to 0.5%. Although this has been billed as a temporary reduction, such changes have a habit of enduring, and this is made more likely given the scale of budgetary pressure.

Much effort in 2021 is likely to be spent on developing a strong working relationship with the incoming Biden administration. Whilst many focused on the President-elect's opposition to Brexit in assessing whether his victory was ‘good for the UK’ there are many ways in which the UK Government may find it easier to deal with a Biden-led White House. Perhaps the most important impact will be the shift back towards a multilateral ‘rules-based’ foreign policy that places a high value on international organisations, alliances and cooperation between democratic countries. Whilst Brexit may cause some disagreement, fundamental interests remain in alignment and the end of the Brexit transition period provides the opportunity to reset relations with European partners and go some way towards alleviating the concerns of the Biden administration.

One of the challenges that the UK and the western alliance will have to tackle in 2021 is that posed by China. The lack of clarity over the origins of the pandemic and the belief that the government in Beijing was – at the very least – not entirely honest has accelerated a shift in approach towards China. Whilst the so-called ‘Golden Age’ of Sino-British relations seemed distant at the start of the year, pressure has grown for a more fundamental hardening in the UK's stance. Responding to pressure within the Conservative Party, and general unease elsewhere, the Government reversed its decision to permit Huawei's

involvement in the development of the UK's 5G infrastructure. Elsewhere the Government has introduced the National Security and Investment Bill which provides greater powers over investments in the UK that have national security implications, ostensibly from any country, but clearly drafted with China in mind. These decisions will not go unnoticed in Beijing and Sino-British relations are set for a very bumpy 2021.

As part of efforts to balance China's growing power, many in the UK policy community favour a post-Brexit tilt towards the Asia-Pacific. This would involve reinforcing relations with traditional allies such as Australia and New Zealand, building on existing trends towards close relations with Japan, and proactively engaging with countries such as India, South Korea and Taiwan. Although this approach has clear geopolitical and ideological value, there is also a large economic component. The region accounts for about half of the world's economic output, a figure that is set to grow over the coming years. By pivoting towards the region, the UK hopes that it will be making a smart investment, both diplomatically and economically. After the Brexit transition period ends in the New Year, we should expect to see further signs of the UK's commitment to its allies, old and new, in the Asia-Pacific.

As – we hope – the pandemic gradually abates in the coming year, the UK will find itself in a very different international position. Alongside leaving the EU, the UK will be dealing with a new administration governing its closest ally and an international environment that appears increasingly fragile and fragmented. Change and displacement always provide an opportunity – and one surely exists for the UK to establish an updated role for itself in the 21st Century. 2021 will be an important first step in this process.

Defence

When the Government launched its Integrated Review (IR) of foreign, defence, security and development policy in February, the stated ambition was for the largest reset in UK policy since the end of the Cold War. For delivery by July, the scale of the challenge to complete the work inside six months – daunting even before the onset of the Covid crisis – was doubly so for the Ministry of Defence. The unsatisfactory conclusion to the 2018 Modernising Defence Programme had left a gaping hole in the budget, with an equipment plan more ambitious than the budget could afford.

In public, Defence Secretary Ben Wallace sought to strike a balance between these conflicting pressures, claiming at every opportunity that MOD understood that it needed to better manage its expectations and “cut cloth to match ambition”. However, Wallace's counterpoint was always that – faced with a more uncertain world – that ambition needed to grow, and the budget with it. Hopes that defence might be a benefactor from a Government set on rejecting austerity politics were clearly in evidence.

This confidence nevertheless evaporated as quickly as the IR's delivery timetable once the scale of the Covid challenge became known. Pushed back first until Autumn, then again into spring next year, defence watchers bleakly reassessed the chances of a significant budget uplift, made all the worse when the Chancellor ruled out the multiannual Comprehensive Spending Review needed to give certainty and confidence to long-term equipment projects.

Yet, fast forward to November and – suddenly and unexpectedly – defence found itself the benefactor of Treasury largesse reserved until then only for fighting the pandemic. The subject of an apparent battle of wills between Boris Johnson and Rishi Sunak, the former won out in what was interpreted as a rather unsubtle bone thrown to rebellious backbenchers. The £16.5 billion budget uplift and, significantly, a four-year planning cycle has drawn envious glances across Whitehall and, moreover, provides new confidence that the Armed Forces might emerge from the IR process not only intact but enhanced.

Of course, only once the IR itself emerges will we know where the MOD's new priorities lie. It is worth remembering that, while the headline figures are large, November's budget increase stretches only a little further than the estimated £13bn hole in the MOD's current 10-year equipment plan. The implication is clear; if the Government wants a reforming IR, MOD will still have to stop doing some things in order to fund anything new. Those decisions are never easy.

From a philosophical perspective, the IR is still set to focus attention on emergent defence technology. Already announced is a new centre of excellence dedicated to artificial intelligence, the creation of a National Cyber Force and a new RAF Space Command. We can expect further detail on these plans upon publication. While those are initiatives that will grab the headlines, it is what won't be included that is the subject of nervous speculation.

One thing certain to be retained is the defence prosperity agenda, given new teeth as a mechanism for ‘levelling up’ and new latitude thanks to post-Brexit reforms to public procurement protocols. In announcing the budget increase, the Prime Minister told MPs that this would protect “hundreds of thousands” of jobs and create tens of thousands more; for Johnson this remains a core deliverable for MOD, alongside its responsibility for national security.

The emphasis that the IR will place on emergent technology is also intended to create knock-on effects in the domestic economy, targeting money at ‘high value-added’ programmes and enabling a more diverse base of suppliers to access defence contracts. Though he has departed, the redirection of investment from a traditional defence ‘cartel’ towards a faster, more intuitive, more innovative approach was a central tenet of Dominic Cummings’ world view. The adviser may have departed, but his advice still carries weight.

Of course, the IR takes place in the shadow of Brexit. One aspect worth paying attention to in the coming months is how the UK/EU defence relationship evolves. Largely left outside the scope of Brexit trade negotiations to date, whether there is early political will to reset relations remains to be seen. That the UK has not left the sphere of European security is a given, but the extent to which the Government wants to play in EU defence initiatives – operational and industrial – is far from clear as we head into 2021.

International Trade

Beyond the torturous knife-edge trade negotiations with the EU, the UK’s Department for International Trade (DIT) has also been hard at work to try and secure the Free Trade Agreements (FTAs) that are critical to the Government’s promise of ‘Global Britain’. In the face of some challenging headwinds in 2020, DIT has shown itself capable cleverly tacking and jibing to gather some pre-Brexit momentum. Although International Trade Secretary Liz Truss shares her predecessors Atlanticist instincts, she has recognised the prevailing weather in US trade policy and used 2020 to subtly set a new course.

2020 saw the confirmation that the political realities imposed by powerful lobbies in the US and UK have made a quick and glorious US/UK FTA impossible. While the US stood firm in its insistence that the UK open-up its agricultural sector to international competition, the UK’s

powerful agricultural lobby – long sheltered and rendered hopelessly uncompetitive by EU protectionism – mobilised effectively against a US deal. Between lobbying from the National Farmers Union and a panicked press reaction to ‘food safety’ concerns, the Government has found itself without the necessary political room to make the kind of concessions necessary to secure a quick deal with the Trump administration.

The election of Joe Biden is expected to precipitate a calming of the waters of international trade. There is a possibility of a quick de-escalation of the transatlantic trade disputes and the removal of punitive tariffs imposed by both the EU and US over a range of recent conflicts. But an end to direct trans-Atlantic conflict under a new US administration does not amount to a change of policy on trade negotiations. The political toxification of ‘globalism’ and free trade in the US has led to both major parties looking wearily at any new trade deals. The President-elect has made it clear that new FTAs are not a priority, with Biden’s rhetoric indicating the protectionist disposition of the Trump years may be here to stay.

Whatever her hopes for a quick deal with the Trump administration, Truss has recognised which way the wind is blowing and has changed her heading. In 2020 resources and rhetoric in DIT have shifted towards the opportunities in the Pacific.

While mirroring much of the EU-Japan deal, the UK’s agreement with Tokyo - signed in October – put some clear water between UK and EU on digital trade and data policy. The terms of the deal signal that the UK is going to cast off the EU’s suspicion of digital trade and the free movement of data as UK/Japan agreement commits both parties to opposing data-localisation rules and other restraints on digital commerce.

The UK also used the occasions of the Japan deal and securing its roll-over deal with Singapore to emphasise what appears to have replaced the US FTA as Truss’ main priority – joining the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). The ridiculousness of the name belies the importance of the deal to its 11 members and, potentially, the UK. British negotiators are making progress in bilateral talks with CPTPP members Australia and New Zealand and the UK will inherit bilateral deals with Singapore, Canada and Japan on 1 January. But the CPTPP is a much bigger prize than the sum of the parts would be bilaterally.

By joining CPTPP the UK would be joining a trading bloc which, in terms of size and scope for economic integration, is exceeded only by the EU single market. The CPTPP's liberal and ambitious provisions on everything from e-commerce to agriculture to financial services, do represent a major opportunity for the UK to demonstrate its liberalising instincts and global ambitions.

While deals with the EU or the US are worth much more to the UK economy in the short term, Truss' enthusiasm for the CPTPP shows that the Government has recognised that to achieve 'Global Britain' the Ship of State must sail well beyond the shores of the Atlantic.

Health

The NHS has been challenged this year as never before. Its response has had, and will continue to have, a profound impact on the lives of millions of people. The government deployed war rhetoric to invoke public support to rally round its cherished health service. It was not only a fight against COVID-19, but for the NHS.

The Conservatives won the 2019 election exactly 100 days before the Prime Minister announced to the nation that: "The more we collectively slow the spread, the more time we give the NHS to prepare, the more lives we will save, the faster we will get through this". It ushered in measures genuinely not seen since wartime as the nation fell silent, and intensive care units across the country began to fill.

At the start of the pandemic, the government made it clear that the NHS would get whatever it needed to deal with COVID-19. But the NHS entered the COVID-19 pandemic with 100,000 vacancies, A&E performance at an all-time low, growing waiting lists for elective care, and increasing demand for mental health, community and ambulance services. Primary care was under pressure and the social care system was at breaking point.

When the NHS declared a level-4 incident in March, hospitals quickly went about the unprecedented task of reconfiguring services to cope with thousands of incoming COVID-19 patients. The health service, through sheer necessity, found the willingness and the ability to bypass or rewrite ossified regulations. It built additional capacity at scale and at pace, it relieved short-term pressures through ceasing elective appointments and surgeries and issuing new discharge measures, it upskilled and redeployed its staff, embracing innovative new technologies as never before, working in partnership with the independent and private sectors, and it did its best to

bridge the historic boundaries between health and social care.

Even amidst the height of the pandemic, the NHS still had its day job to do. For every one COVID-19 patient admitted to hospital, there were two non-COVID inpatients being treated for other conditions. More than three million urgent tests and checks were provided over the pandemic, and 3.6 million people were treated in A&E. The NHS has continued to deliver, on average, 1,800 babies a day every day and, although cancer referrals have fallen significantly, 65,000 patients started treatment for cancer during the pandemic – 14% fewer than the same three months last year.

Beyond hospitals, ambulance services continued to attend to urgent 999 calls, taking more than 1.7 million calls in April and June alone. And, during April, the peak month of the pandemic, more than 16 million GP appointments still took place – many of them switching to online.

The NHS has successfully navigated the first and second peaks of the pandemic. By focusing on a clear objective, it created additional capacity – the equivalent of 53 hospitals' worth of additional bed capacity – to manage the original influx of 95,000 COVID-19 patients in March and April which threatened to overwhelm it.

The NHS will need a proper, considered, long-term debate on which temporary changes it should adopt permanently post-pandemic. The scale of digital transformation, integration of health and social care, by-passing of old and obstructionist regulations, and the forging and mobilising of new partnerships are welcome and, in part, long overdue. There is a strong sense that the NHS "should never go back" to how it was run before.

Even with the arrival of a much-heralded vaccine, with the NHS the first health system in the world to start inoculating its populace, these continue to be uncertain times for the health system. No-one in the NHS, or in central government, knows what COVID-19 will cost the service in 2021, adding to the already torrid death toll, because it cannot predict how much longer the pandemic will continue, or how severe it will be in the months ahead.

The overwhelming focus on coping with the pandemic has inevitably had an impact on the care the NHS has been able to provide to many other patients, with waiting lists set to rise exponentially. These are not just numbers, but patients in real pain, often with conditions that are now deteriorating or metastasising. The NHS will continue to

prioritise patients on the basis of clinical need, as it always does, but in the New Year, and beyond, realism and honesty must guide how much our health system can provide.

Education

The government is further increasing its focus on education and skills. Already a key priority for the Government at the outset of 2020, the Covid-19 pandemic thrust education to the top of the political agenda. We saw educational settings close their doors for all but the children of key workers and the most vulnerable for several months. Schools, universities and colleges turned their intense scrutiny onto the Department for Education with Gavin Williamson at its helm.

The pandemic laid bare the educational inequalities that exist around the country, which have a serious impact on the educational attainment of children from disadvantaged backgrounds. This saw Ministers introduce a £1 billion Covid-19 catch up premium to support children in making up for lost learning. Concerns over educational inequality laid the groundwork for one of the Government's most high-profile U-turns on the issue of Free School Meals following Marcus Rashford's highly successful campaign over the Autumn.

The cancellation of exams including GCSEs and A Levels in the summer led to a highly controversial process for issuing grades and forced the Government into another U-turn. This saw significant concern raised about the impact of the system used to assign grades, focusing in particular on students from less advantaged schools or colleges who had been awarded lower grades than expected, preventing them from taking up places at their preferred university. Gavin Williamson clung on to his post throughout the crisis despite widespread rumours that he would resign.

As the UK begins to slowly move towards recovery, the Government has demonstrated that it is keenly aware of the need to invest in training and skills around the country. We saw the Chancellor set out his Plan for Jobs in the summer, which included a £2 billion Kickstart Scheme to help open up new jobs for 16-24-year-olds who are at risk of long-term unemployment, as well as measures to provide bonuses for employees who hire trainees and apprentices. In September we saw the Prime Minister announced a "major expansion of post-18 education and training to level up and prepare workers for post-COVID economy". The proposals aim to transform the training

and skills system to "make it fit for the 21st century economy".

With skills and education proving to be a priority for the Government to help the country "build back better from coronavirus" we can expect to see the Department of Education cement its role as a driving force in the domestic agenda.

Transport

Boris Johnson promised major investment in the nation's infrastructure upon his arrival in Downing Street. This ambition has remained unbroken throughout the COVID-19 pandemic and, indeed, is now seen as absolutely essential to helping the economy recover.

Transport infrastructure will play an essential role if the Prime Minister is to deliver upon his 'levelling up' agenda. Too often, regions outside the South East of England have pointed to high funding for projects in and around London and regional investment will go a long way towards addressing these concerns.

2020 saw uncertainty continue to cloud Heathrow expansion. Despite the 2018 parliamentary vote in favour, various court challenges and the lengthy nature of the planning process have prevented any tangible progress. The Department for Transport is appealing the latest delay in the Supreme Court, but does not appear to have support from Downing Street. Boris Johnson's pledge to "lie down...in front of those bulldozers and stop the building, stop the construction of that third runway", does not bode well for its future.

Despite the all-encompassing nature of the pandemic the medium term need to expand aviation capacity remains. Delays and increasing cynicism over Heathrow mean that the Government will need to look to other airports. While Gatwick will likely be pleased with further delays at Heathrow, Stansted and Bristol Airports are planning expansions to meet the expected return – and further growth – in demand. Both these airports will need political approval in order to press forward with these plans in what is likely to be seen as an important sign of intent.

Nevertheless, airlines and the wider aviation industry will need to make it through what looks set to be an incredibly challenging winter. The damage wrought by the pandemic to airlines, ground handlers and the entire supply chain is wide-ranging and substantial. While the rollout of vaccines promises a better 2021, the months ahead will be very

bleak indeed. There are likely to be questions over which destinations will continue to be available as airlines seek to be leaner, eliminating non-profitable routes.

HS2 has remained in the headlines through 2020 and is still a key piece of the UK's future infrastructure and the Government has resisted pressure to abandon the project. This was not a guarantee, with the Conservative manifesto reading, "HS2 is a great ambition, but will cost at least £81bn and will not reach Leeds or Manchester until as late as 2040". While the pandemic raises significant questions over the budget, there are also questions over to what extent the project would actually drive the 'levelling up' agenda.

The Conservative manifesto also made a commitment to build Northern Powerhouse rail (High Speed 3) linking Leeds and Manchester with a further phase set to include other cities including Liverpool. There was a further commitment to a Midlands Rail Hub which would see improved links between Birmingham, Coventry, Derby, Hereford, Leicester, Nottingham and Worcester. Although these projects have seen little progress, we are awaiting the publication of an integrated rail plan setting out the exact routes and how they will connect with HS2.

Those in London are likely to be more concerned with the London Underground and progress on Crossrail. The latter's opening has now been pushed back yet further to "the first half of 2022". This seems an optimistic deadline with the possibility of only the central sections being opened initially. The Government has provided an additional £825m of support to Transport for London (TfL) in order to deliver on Crossrail in spite of the huge decrease in revenue precipitated by the pandemic.

Relations between central government and the Mayor of London have been tense throughout 2020. The Government has drawn attention to TfL's funding issues, perhaps with half an eye on the 2021 Mayoral Election. The extension of the congestion charge scheme has also drawn criticism towards Sadiq Khan. The widening of the congestion charge zone – and proposed fare increases – that were part of the Government's initial bailout offer were eventually withdrawn however tensions between City Hall and Downing Street look set to cast a shadow over London's transport network for some time to come.

The very basis of how the UK's railways are run has come under increasing scrutiny. Although Sir Keir Starmer is bringing the Labour Party towards a more centrist position he has retained Jeremy Corbyn's commitment to

nationalise the railways. Meanwhile, Grant Shapps has stated that the current model of privatisation is no longer working and it is necessary to establish a new system that serves passengers better, not least by simplifying fares.

The pandemic has also drawn attention to more novel forms of transport, not least through the trial of electric scooters with a view to decreasing pressure on public transport in a manner consistent with the Government's ambition on climate.

Sticking with the theme of green transport, the Prime Minister announced in November that the sale of diesel and petrol cars would be banned from 2030. This is a very ambitious target and will rely on industry being able to meet consumer demand for hybrid and electric vehicles, and government driving forward the creation of sufficient charging infrastructure.

2020 has seen both ambition and stagnation on transport policy. Major infrastructure projects remain undelivered but there does appear to be growing political will to drive the agenda forward. 2021 looks set to be a decisive year in the development of the UK's transport future.

Tech & Digital

Arts & Culture

This year, the creative industries, like so many sectors, has faced an unprecedented period of financial strain. Countless venues across the country closed their doors, many with little prospect of reopening. Those that work in the creative industries have been disproportionately affected by the social distancing restrictions imposed over the previous months.

The arts and culture sector is unique in its heavy reliance upon freelance work and self-employment. In normal times, freelancing has offered those in the performing arts the flexibility and opportunity to move from performance to performance. However, the pandemic demonstrated that flexibility can come at the expense of job security and risk of financial instability.

By September it was clear that even the UK's most famous and admired institutions may not be able to weather the pandemic. This was hardly surprising when social distancing measures had prevented the vast majority of performing arts groups from carrying out a single show.

The creative industries found innovative ways to keep afloat, from live streamed performances to pop up exhibitions. Other famous institutions volunteered their buildings and services to assist with the pandemic response. However, this was not sufficient to ensure the survival of the sector.

In August, Culture Secretary Oliver Dowden announced a £1.57bn financial package – the Cultural Recovery Fund –, one of the only industry specific support packages established in response to the pandemic. Announcing the support, Dowden said that “we are a global cultural powerhouse and I am determined it will remain the envy of the world”. Within two weeks of its launch, the fund had been distributed to thousands of groups, individuals and institutions with recipients being granted sums of between a few thousand and up to £1 million.

Nevertheless, this support – and the announcement that socially distanced performances may resume by Christmas – has not fully stabilised the creative industries and its scars will take among the longest to heal. However, it is possible that – as society returns to something approaching normality – people will grasp the opportunity to visit the venues they love once again.

Housing and Planning

Back in March, when the nation remained behind the veil of ignorance of what was to come, the Ministry of Housing, Communities and Local Government published the latest yearly housebuilding statistics. The industry had built 255,000 homes the preceding year, which was than double the housing supply delivered 5 years previously – but it still fell some way short of the government’s target of building 300,000 homes a year by the middle of the decade.

Then, of course, everything changed. While construction was one of the very few sectors exempt from the lockdown which brought the nation to an eery halt, many housebuilders opted to close down sites.

The statistics starkly detail the impact of lockdown on housing output; in the months April through June, the number of houses started on site fell by 52% compared to the previous quarter. The number of houses completed decreased by 62% in the same quarter and, according to the housing and homelessness charity, Shelter, house completions are projected to slump to 170,000 this year – a loss of around 80,000 new homes. Over the next five years, Shelter estimates that 218,000 fewer net additions

will be delivered: that is almost one in every seven new homes that would otherwise have been built.

The industry has seen this perfect storm before and will be determined to learn the lessons of the 2009 financial crisis. Demand will be hit by weak consumer sentiment and a growth in unemployment as the furlough scheme is tapered off in the New Year. Higher unemployment will make buyers worry about their job prospects and financial security, meaning fewer of them will want to take on new debt. Even for those who do want to take on the risk, saving for a deposit will be hampered for many by a loss of income. Meanwhile, mortgage lenders are already worried about significant job losses and their customers being unable to make repayments. Lenders will also be uncertain about house prices and what the homes they lend on are worth. This will mean lenders are more cautious, will lend less and ask for larger deposits, reducing access to mortgages even for those who want to buy.

Given this gloomy landscape, it is perhaps a little surprising, and encouraging, that Covid-19 appears to be an opportunity for the sector too. The Government’s attitude to housebuilding has remained unrelentingly positive; it has published a new Planning for the Future White Paper, proposing far-reaching reforms, and the Prime Minister signalled his support for the sector in his unambiguous ‘Build, Build, Build’ speech in June.

Short term uncertainty remains, but with low interest rates and strong underlying demand, the housing market is likely to be resilient in the medium term and industry remains confident, not least due to cuts in Stamp Duty and an extension of the popular Help to Buy programme, in its longer term outlook.

The underlying fundamentals to support a recovery for the industry are sound, with significant pent-up demand remaining, and possibly escalated by the Covid-19 lockdown changing consumers’ priorities for the types and locations of homes they want to live in. Mortgage availability and lending remain strong, unlike the last recession, with record low interest rates and significant government stimulus for the wider economy, and housebuilding specifically, in place.

The pandemic and the subsequent lockdowns of 2020 has affirmed that everyone should have a safe and secure home. There will inevitably be a significant fall in the number of homes delivered in 2020/21 due to Covid-19. However, industry has adapted – and the Government has supported – housebuilding to ensure that the post Covid-

19 recovery does not take as long as it did after the last recession.

Devolution and the Union

In a year dominated by the coronavirus pandemic and the ongoing Brexit saga, a highly significant constitutional issue continues to loom large in the background; that of Scottish independence.

These are heady days for supporters of Scottish independence. Fifteen polls in a row have shown net backing for independence among those likely to vote, with Ipsos Mori's latest survey for STV showing 56% of Scots keen to cut loose from the rest of the UK. Even in the midst of a global pandemic and Brexit-related volatility this surge has made those in the corridors of power in Westminster sit up and take notice.

There are a variety of factors causing the surge in support for Scottish independence, which has climbed slowly but steadily since the referendum in 2014. Widespread dislike of Brexit and its implementor-in-chief Boris Johnson is certainly a driving factor. Scotland voted to remain in the EU by a margin of approximately two to one and Johnson's status north of the border is not ideal for a man charged with saving the Union with 74% of Scots giving him a thumbs down in an October YouGov poll.

Coronavirus has undoubtedly played a role in widening the gap between the unionist and independence vote. While the death rate in Scotland does not appear markedly different to that of England's, Nicola Sturgeon, the Scottish National Party leader, has given a more consistent and effective message during the past nine months. It is easier for her to do so than it is for Johnson; it is not her government making the big decisions on economic support, purchase of vaccines and testing and tracing systems. All the same during the pandemic she has outclassed Johnson in communications and in winning and keeping that rarest of commodities, public trust.

Johnson's comments in mid-November telling a virtual meeting of Conservative MPs that devolution had been a "disaster" in Scotland were an own goal of vast proportions. The merits of devolution are certainly a topic of intense debate but the fact that a serving Prime Minister publicly professed his concerns played straight into the SNP's carefully constructed caricature of Johnson as an aloof Westminster focused politician with little time for Scotland or its issues.

With the Scottish elections barely six months away and polls showing the SNP still on course for an overall majority, it has never been more important for the unionist cause that the UK government demonstrates a sense of grip and builds a convincing narrative that clearly shows why Scotland and the rest of the UK are 'better together'.

Johnson has the opportunity to signal a recognition that devolution has been popular in Scotland, Wales and indeed in Northern Ireland, for all the complexities of power-sharing there. While imperfect as a system of shared governance it has respected a sense of national identity and pride and people's preference in many cases to be governed closer to home. That is not the same thing as fostering separatism – the thrust of his "disaster" remark.

In the months to come there will likely be a renewed assessment of the SNP's two decades of government where the record of public services in both health and education is poor. This will be supplemented by Johnson's team making a strong case for the things that the union can best do as a single country: defence, cyber security, combatting climate change and rebuilding the economy from the devastating impact of Covid-19.

First Minister Nicola Sturgeon has the same opportunity and can build on the clear majority of Scots who endorsed her regional approach to Covid restrictions rather than the blanket lockdown imposed on England in November despite the effect across much of Scotland being much the same.

However, her team will also have noted her approval rating slipped from the eight in ten who thought she was handling the crisis well in August to seven in ten now, and while alarm would be putting it too strongly, they won't want to see it drop further. That dip could be down to the problems which continue to dog the First Minister, including the denial of responsibility for care home deaths, the continued uncertainty over next year's Higher exams and the continued failure to hand over documents to the Salmond inquiry.

While the two sides continue to build up their rhetorical armoury ahead of the May elections it is looking increasingly likely that 2021 will be a pivotal year in the independence debate and for the constitutional future of the United Kingdom.

Energy and Environment

While progress on energy and climate, as with most other areas of public policy, stalled due to the impact of the coronavirus pandemic, 2020 has nonetheless been a year in which UK ambitions on energy and climate policy and the transition to net zero have ratcheted up. In tackling the crisis, the Prime Minister has talked up the prospect of a 'green recovery'.

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The first period of national lockdown saw energy demand fall significantly, which helped to hasten the further phase out of coal from the UK's power sector (and a resulting drop in emissions), with the country witnessing 67 days of coal free power – the longest period since the industrial revolution. The collapse in the international oil price brought significant pressure to bear on producer countries and has left the industry in a precarious and uncertain situation, including in the UK. On the international stage, the most high-profile 2020 climate casualty was the COP26 climate conference, due to be hosted by the UK, which will now take place in November 2021.

The consequence of this unprecedented year has meant that politically, this has been a year of establishing lofty ambitions in the energy and climate space, but with less of the necessary detail over how these will be achieved. The recent announcement by the Committee on Climate Change, advising the government to increase its emissions reduction target to 78% of 1990 levels by 2035, whilst it is simultaneously off track to meet its fourth and fifth climate budgets, demonstrates this gap between destination and delivery.

More generally, the energy transition has become something of a unifying feature of British politics across 2020. While disagreements exist over the pace and nature of the transition, there is broad political consensus that the UK needs to take significant steps to meet its net zero 2050 commitment.

With this in mind, Boris Johnson has sought to make climate action a key tenet of his Government's policy platform, despite the strain on the Government's bandwidth. The Prime Minister, with an eye on his promise to 'level-up' the UK, focused on a green recovery and the energy transition during his 2020 party conference speech, confirming the ambitious target to power every UK home from offshore wind power by 2030. Johnson knows that areas key to delivering the green recovery – the North, Teesside, Scotland, Wales and coastal communities – also hold the keys to 10 Downing Street at the next election.

The cornerstone of the Government's energy and climate ambition was delivered in November, with the publication of the Prime Minister's '10-Point Plan for a Green Industrial Revolution'. This represented a significant statement of intent – a kick starter for a raft of energy and climate ambitions alongside proposals to support a range of future energy technologies.

December saw the publication of the long-awaited Energy White Paper, which represents the first serious step in putting meat onto the bones of the government's energy ambitions. The paper aims to 'build back greener' by supporting the development of the UK's green energy system, as well as supporting 220,000 jobs and creating a 'fair deal' for consumers. Proposals also included: increased ambition in the delivery of four low-carbon industrial clusters by 2030; the facilitation of carbon capture, usage and storage (CCUS) and hydrogen technologies; the ramp up of electric heat pump installations; the development of the first 'Energy Data Strategy'; commitments to a new UK Emissions Trading System and the aim to bring at least one large-scale nuclear project to the point of Final Investment Decision by 2024. A number of market and regulatory proposals we're also announced, covering consumers, buildings and steps to support a 'North Sea Transition Deal' for the oil and gas sector.

Nuclear power had seen another uncertain year, dogged by concerns around cost and prospective investment difficulties, including the issue of Chinese involvement. The December Energy White Paper is however a positive sign for the sector, indicating the government's willingness to commit to the technology in the long term, both politically and financially.

A key area of policy progress has been around the government's efforts to facilitate future renewable power deployment, with proposals to increase the available capacity at future CfD auctions and a commitment to restart auctions for 'Pot1' technologies, including solar and onshore wind. Future auctions will also seek to provide support for 'floating' offshore wind technology, which looks set to expand the amount of the UK's waters available to generate green electricity.

Hydrogen has experienced something of a breakthrough year politically, with a raft of countries publishing hydrogen strategies. The UK will have to wait until 2021 for the publication of the government's own strategy however Boris Johnson has signalled his ambition to make the UK a world leader in these fields. Whilst existing funding commitments by the UK are so far dwarfed by the €9 billion and €7.2 billion committed by Germany and France respectively, plans to create a 'Hydrogen Town' by 2030, and associated production targets of 5GW by 2030 match those of Germany in ambition.

The sector now awaits the next raft of policy documents due in 2021, including the Hydrogen Strategy and associated business models, the Transport Decarbonisation Plan, the Heat and Buildings Strategy, the Industrial Decarbonisation Strategy as well as the Treasury's 'Net Zero Review' and the Government's 'Net Zero Strategy' ahead of COP26.

On the international stage, whilst the delay to COP26 was unfortunate, it provided the Government with more time to make a success of the conference. Climate diplomacy is seen within Downing Street as a potential avenue to recover relationships that may have been damaged by Brexit and signal the arrival of "Global Britain". Joe Biden's election and President Xi's commitment for China to achieve net zero by 2060 both provide significant diplomatic tailwinds ahead of the summit. A successful conference would provide a diplomatic coup for the Government and help instigate positive global action on the climate agenda, with the Government conscious that it must lead by example at home.

Following the climate protests and wake-up calls delivered by the scientific community across 2019, this

once unglamorous issue of public policy is in political vogue, with this trend looking set to continue into 2021 and beyond.

US Politics

2020 has been a turbulent year in politics for our American friends, having faced a presidential election, a devastating pandemic, deep social unrest, and a trade war with China.

Unsurprisingly, the election dominated the November global news cycle. Despite confirmation from state officials of a Joe Biden win with 306 electoral college votes to Donald Trump's 232, the President has refused to concede his loss, making baseless accusations of voter fraud and electoral malpractice.

Such actions present just one of many obstacles for the year ahead. With Democratic officials growing increasingly concerned that Trump will prevent a peaceful transition of power, his stubborn denial of a legitimate Biden win embodies deeper, pervasive rumblings at the heart of American democracy.

As the most prominent politician in the Republican Party, Trump has moulded the modern-day GOP around his image, captivating a loyal support base. His actions will likely have an impact on the persuasion of Republican officials in the 117th Congress – a challenge Biden will have to mitigate if he is to govern in line with his ambitions of consensus and cooperation.

This hinges on the most immediate focus for the Biden administration: two special election Senate races in Georgia. With the Democratic Party controlling the White House and House of Representatives, winning both Senate seats in January would leave the Upper House split across the aisle. The Vice-President, Kamala Harris, would then be able to cast a tiebreaking vote.

Given that this would create the possibility of Biden advancing a more progressive federal policy, with Republicans unable to obstruct a united Democratic front, these races will define the future of Biden's Presidency. A Republican win in either race, however, may see a President who increasingly utilises executive orders. The effectiveness of Biden's administration would then depend on the direction of current Republican Senate Majority Leader, Mitch McConnell. Optimists note their past working experience together, despite concerns that McConnell only recently acknowledged Biden's win.

A clear site of policy divergence between Trump and Biden lies in their approach to the pandemic. With more than 278,000 deaths in the United States, Trump's handling of the virus has been a strategy of denial. Labelling it as a hoax and blaming China for its spread, the President has shown little initiative to lead a federal response.

Biden, in contrast, has demonstrated clear ambitions to tackle Covid-19. He was quick in setting up a coronavirus taskforce of qualified professionals, focused on bolstering testing capacity and strategizing vaccine distribution, and has also called for stronger financial support packages.

While Trump will no longer sit in the Oval Office, Biden faces the potential hurdle of his impact as a source of disinformation and an invigorator of the brewing anti-vaccine movement. There are signs Biden is already anticipating this, with the President-elect stating that he would not support a mandate for Americans to take a vaccine.

Congress is just a fraction of the problems Biden faces, as he inherits a bitterly divided country. This year, the murder of George Floyd ignited swathes of Black Lives Matter protests, sparking conversations on social injustice and police brutality across the globe. In response, Biden will hope to become a healing President who speaks to issues his predecessor side-lined. Harris, the very first woman and woman of colour to serve as Vice President, has been tipped to play a key role in this.


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