



COVID-19 Committee

Corrected oral evidence: Life beyond COVID (legacy report)

Tuesday 7 September 2021

2 pm

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Members present: Baroness Lane-Fox of Soho (The Chair); Lord Alderdice; Baroness Benjamin; Lord Elder; Baroness Fraser of Craigmaddie; Lord Hain; Lord Harris of Haringey; Baroness Jay of Paddington; Lord Kamall; Baroness Morgan of Cotes; Lord Pickles.

Evidence Session No. 2

Virtual Proceeding

Questions 14 - 22

Witnesses

I: Dr Stephen Davies, Head of Education, Institute of Economic Affairs; Professor Lord Richard Layard, Community Wellbeing Programme Co-Director, Centre for Economic Performance, London School of Economics; Polly Mackenzie, Chief Executive, Demos; Professor Helen Margetts, Professor of Society and the Internet, University of Oxford.

Examination of Witnesses

Dr Stephen Davies, Lord Layard, Polly Mackenzie and Professor Helen Margetts.

Q14 **The Chair:** Good afternoon and welcome to the House of Lords Select Committee looking at the long-term implications of Covid. It is lovely to see some familiar faces again this afternoon. Thank you very much for taking the time to help us. I shall frame the conversation, which will inevitably be quite wide-ranging. As you know, we have been looking for just over a year at the long-term implications of Covid, trying to unpick trends that were happening anyway, trends that have dramatically accelerated, and completely new observations about our economy and society, always with the backdrop of how it is affecting the economic and social well-being of people in the UK. We did an exercise in which we asked the public what they thought. We then went into a long piece of work looking at the implications of technology acceleration. We did some work on parents and families and, most recently, looked at towns and cities.

In November, we will produce our so-called legacy report, looking at what we have learned over the last 18 months, and we would like this conversation to continue to inform that. All of you will also have learned many things over the last year or so, and we want to understand the major things that we and government should be thinking about, as that is how we will direct our work.

My colleagues have lots of questions from different angles, ranging from the UK's role in the world and governance to economic monetary systems. I will ask them to come in over the next hour and a half or so, but I will start with a question to each of you.

Perhaps when you answer you could begin by telling us where you are from. I would like to understand from your evidence which trends you think were inevitable and were happening anyway but have just shifted because of Covid, versus those that are completely new. It might just be the pace that is completely new, but we have been wrestling with understanding the underlying things that have not shifted but have changed in their pace versus those that are completely new. I would be interested to hear each of your takes on that from your areas of expertise. I will start with Lord Layard, who will be most familiar to colleagues.

Lord Layard: As well as the House, I am from the London School of Economics, where I run its programme on well-being. In a way, the biggest impact of Covid has been to make everybody think harder about or even rethink their priorities. That is true of individuals, in their private and work lives, but it should also be true of government. I hope that out of this comes a more systematic way of thinking about how to handle a situation—as has happened in Covid—in which there are claims that bear on saving lives, saving jobs, educating children and preserving mental health. There are all these claims, but how do you make a decision? You obviously cannot unless you have an overarching criterion that gives value to all these things. I think that should be the well-being of the

people. I love the way that was included in the terms of reference of your committee.

I hope that one thing that comes out of this is a commitment, by the Government, that the goal of their policies is the well-being of the people. That would be a wonderful new clarification of what we are trying to do in our public life. It would set the whole thing on a much more wholesome and evidence-based direction.

Take levelling up, for example: what do you want to level up? Surely we should be levelling up the well-being of people, not just their economic prosperity but all the other sources of their well-being. From studying the sources of well-being, particularly of ill-being and misery, I would say that they are varied.

The single most important one that comes out is mental health. Physical health also matters. Then there are relationships—in the family, at work, and in the community. These are at least as important to people as their economic situation, so we should be thinking about them when we think about public priorities. The science of well-being can now provide evidence to guide which things are most important and would make the most difference. Incidentally, the Treasury Green Book now has a supplement that authorises this way of proceeding, but it is, in effect, not being used.

Going down this route in our public life would require a major reorganisation of how government is conducted. It would be wonderful if, out of your committee, came a one-off, ad hoc Select Committee on the organisational and policy implications of adopting well-being as the goal of government. That would be a terrific result of your inquiry.

I think the Government have every reason to be interested in the results of such an exercise. One of the findings of our research on elections is that it is not actually “the economy, stupid” that determines their outcome. We have studied general elections in every European country since 1970, and the life satisfaction and well-being of the people have a bigger effect on their outcomes and whether the Government get re-elected than the state of the economy. That is what I would love to see coming out of this inquiry: a rethinking of priorities and a method of doing that systematically.

The Chair: I am interested in what you said about people reassessing their priorities, which I do not disagree with for one minute. I am interested in whether we have good data that backs that up and shows it to be true. That is something that I would like to understand more about.

Professor Helen Margetts: I am a professor of society and the internet at the University of Oxford, and I am director at the public policy programme at the Alan Turing Institute, where we think about how to develop new kinds of artificial intelligence that will help government, public policy-making and services. I have spent most of my research career looking at the relationship between digital technology, government and public policy-making, and at how technology can help. In that vein, I sent a submission focused on digital equality and digital resilience.

All sorts of useful things have come out of your committee. I very much enjoyed reading the report, which I thought contained all sorts of important and interesting findings about digital inequality. I want to offer an overarching way to think about things going forward, because, in answer to the question about whether things are new or reinforcing, the pandemic is reinforcing ways that do not really work, but it has also revealed ways in which we think about things that we have not explicitly thought about before. That is important, so we need to use the evidence of what has happened before it is too late, before we forget and snap back, as panic quickly turns to complacency.

I want to suggest a value-driven way of thinking about the sets of values that we embed when we use digital technology to do things. There are three basic sets of administrative values that we might apply to the way we use technology: economy, efficiency and saving money; resilience, robustness and adaptivity; and equality and fairness. Those are all things that you can promote. You cannot get them all equally, so you choose whether to prioritise one set.

The traditional way in which we have thought about technology, which was revealed in the pandemic, is in terms of economy, efficiency and saving money—getting computers to do things that people used to and thereby saving money. We need a value shift in the way we think about digital technology and the latest generation of data-intensive technologies towards tackling questions of inequality, in building digital equality that will mitigate some of the spiralling inequality that is coming out of the pandemic and in building resilience. I suggest that we need to turn our attention to those values. The policy suggestions in my submission were all about how we use technology to build resilience going forward.

The Chair: Helen, I would like to go a bit deeper into your answer, if you do not mind, and the trends that you think were inevitable versus those that were caused by the pandemic. I understand that there has been an acceleration, but have certain things happened only because of the pandemic?

Professor Helen Margetts: Do you mean realisations that we have had because of the pandemic only? We have had those in all sorts of areas. Did we really know how many children were without access to a decent appliance or the internet, and did not have the basic things you now need to do schoolwork? Did we know that before, the scale of it and the extent to which it needs tackling?

In terms of things that are new, I point to the huge rise in online harms, which I probably mentioned last time. The Online Safety Bill is coming, which I hope will tackle that. If we are to have an idea of digital rights, equality of access or ubiquitous access, we need to think about that too. We need to think about the right to be safe when you are online, which has come out of the pandemic. In general, people are spending more time online but, at the same time, are less safe because of this rise in all

sorts of harms. It is really important to tackle that and understand that it is also new. All sorts of inequalities have also been revealed.

One thing that surprised me about the pandemic was how well the digital infrastructure held up, to some extent. That is something to be excited about and build on. We should not forget the good things that have come out of it. We may learn to completely change the way we deliver primary care in not having lots of ill, potentially infectious people sitting in a room waiting to see somebody face to face. I am not saying that it is all bad at all, but there are plenty of inequalities.

The Chair: We will definitely come on to inequalities and particularly diversity.

Dr Stephen Davies: In a previous life, I was an academic historian at Manchester Metropolitan University and, in many ways, I approach the question of the pandemic's likely impact from a historical perspective, as I will indicate in a moment. I am now a freelance intellectual, you might say, but I work significantly for the Institute of Economic Affairs in Westminster.

To address the question about where the pandemic has accelerated change, where it may have precipitated change and where it has brought something genuinely new, there are several areas where it has quite clearly accelerated a process that was already under way, such as the move to more digital commerce, the move away from bricks-and-mortar retailing and things of that sort. There has been a change in the pattern of work and employment, with more working from home, and a change in residential patterns. All those things were happening anyway but have been given an enormous push by the pandemic. It has made something happen in two years that may otherwise have taken 10 or 15.

There are also a couple of areas where you might say it has triggered things; in other words, it has acted as a precipitant. In retrospect, I suspect that it will be seen as having triggered a crisis in the funding model of higher education in this country and a big discussion—I hope—about the purpose and point of higher education in a modern society. Personally, I think we have gone considerably down the wrong road and that there should be a rethink here.

It has also triggered a big discussion about welfare, because it has highlighted and revealed the structural weaknesses in the British welfare system. Not that this is news to many people, but all the studies make it more obvious to a large number of people, so there has been a sudden awareness on the part of many who, before, may not have been aware of the problems with things such as the predominantly means-tested benefit system we have and the weaknesses of things like Universal Credit.

On the other hand, some things are genuinely novel. This is where the historical perspective becomes quite useful, because major pandemics in the past, such as the great cholera pandemics of the 19th century, had a major impact on the way people thought and their attitudes at the time.

Your predecessors in the parliamentary committees of the 1850s, who dealt with the aftermath of the great pandemic of 1848-49 in London and the rest of Europe, and the subsequent one in the middle 1850s, used that as the starting point for an extensive discussion about the nature of the British constitution and state and where they wanted it to go.

That is one of the things that we will definitely see, as Lord Layard intimated. We are likely to see some far-ranging discussion and shifts in attitudes about the whole nature of the British political order, the state in particular and what we expect it to do, how we expect it to make decisions and on what basis it is effective for the jobs that we and the public want it to do. This is a conversation that we have not had for a long time and that in many ways will be similar to the one that took place in those middle and subsequent decades of the 19th century.

There have also been a number of re-evaluations. On this I again allude to Lord Layard's remarks and a reassessment of what people find most valuable. This has already had an obvious impact on the choices that people are making about employment and the kind of work that they do. One of the reasons why lots of employers are facing an exceptionally tight labour market at the moment is simply that a lot of people have decided to re-evaluate what economists rather pompously call their work-leisure trade-off, and they have basically decided that they are simply not prepared to do certain kinds of work that they find very unpleasant now for the kind of pay that is on offer. They would rather do something else, basically. This has led to this apparent, sudden, dramatic tightening in various sectors of the labour market. It reflects a deeper re-evaluation of things. As I said in my evidence, I also think there has been a major re-evaluation of mobility and the value placed upon mobility and travelling.

Further to the remarks we just heard, I think there has also been, and going forward will very much be, a re-evaluation of the importance of narrowly defined efficiency, which may sound strange for me to say, given where I am coming from. Actually, it has become pretty apparent that large parts of the world economy are overoptimised. In other words, in some sense they are too efficient. They are very efficient in using as few resources as possible to achieve certain ends, which is what a lot of economists think we should be doing all the time. But the pandemic has revealed the problems with that: the lack of resilience, the lack of redundancy and, in many cases, the lack of flexibility and an increased fragility.

For a long time, it looked as though the world's supply chains had coped remarkably well with the stress of the pandemic, but we are now beginning to see problems building up in that regard—in logistics, supply and the like—because of the way in which systems do not have quite enough resilience and redundancy built into them. There is going to be a major re-evaluation of just how much we value efficiency compared to other things, such as security. I think we will see changes in social attitude that would not have happened otherwise.

I suspect there has also been a change in social attitude within the family. This is very hard to detect and pick up unless you do major longitudinal surveys, but I suspect that, if we do those surveys soon, we will see a major change in attitudes on the part of parents in particular. Speaking as a grandparent, I have seen at first hand the impact the pandemic has had on family life. Children will get over it—they are amazingly resilient and adaptable—but a lot of parents have undergone a major reassessment. That will be quite hard to judge without a lot of research.

The Chair: I will stop you there. Thank you, Stephen. We can come back to many of those interesting points in more detail. I turn to Polly. You have completed work on the enormous survey—I am sorry if “survey” is the wrong word—talking to lots of different sources. I am interested in how you perceive this question about what is genuinely different because of the pandemic, versus underlying trends that were happening anyway. In particular, could you talk to us about diversity and inequalities, because we were all struck that that had not come out as much in the collective witnesses’ evidence, as it has been a huge theme for us throughout this?

Polly Mackenzie: Thank you. It is a privilege to go last, and I have heard the remarks of the other witnesses, the vast majority of which I agree with.

At Demos, we are tasked with involving the public in public policy-making and trying to bridge divisions in opinion, so many of which opened up and created lots of political toxicity around this debate.

I think one of the reasons why the committee is struggling to disentangle the question of what is new, what is accelerated and what has been precipitated is often because, whatever the trend, somebody somewhere was thinking about it.

On inequality, we have picked up in the consultation work that we have done that there has been a shift in the number of people who, because of the visibility of poverty, understand both the visibility of poverty and the suffering of poverty, particularly in relation to food or access to green space, which has enormous salience, and our reliance on often very low-paid service work, such as in social care, food delivery and supermarket delivery work.

That does not mean that it is entirely new for anybody to care about inequality or workers’ power at the bottom end of the economy. What has potentially changed, and this comes out in Professor Layard’s evidence, is the sense that maybe we have reached a point where minds have changed.

One thing that is completely distinct and has been triggered as a result of the pandemic, and is, bizarrely, worth reminding ourselves of, is a change in personal hygiene measures. The trends for washing hands were not going in the right direction. The Food Standards Agency will tell

you how much it has worried for a very long time about people not washing their hands. In a way, it feels frivolous, and yet that change happened genuinely only because there was a pandemic. Everything else is either the acceleration of a trend or something which a particular group, whether it is inequality campaigners, diversity campaigners, green space campaigners or trade flow campaigners, has been talking about.

The question is whether we have gone from a tipping point to the majority opinion. That is the key thing to understand when it comes to deciding whether political change will be triggered on some of those issues, particularly funding.

We also have to remember that the vast amounts of money that have been spent mean that there will be a shift in our approach to investment in public services. There is this huge backlog, which will have long-lasting implications potentially for decades to come. That will require us to have a shift in how we manage both fiscal policy and public service policy in general.

When it comes to diversity, again there is that sense that the visibility of racial and income inequality in our society has pushed things up the political agenda. I do not think we are yet at a tipping point where there is consensus for really radical change there. That is certainly not something that our researchers have suggested yet.

The Chair: Thank you, Polly. Before I move on to Baroness Jay, would anyone else like to come in on the important inequalities and diversity issue? We know that some communities have clearly felt this pandemic very differently.

Q15 **Baroness Benjamin:** Thank you very much to Polly and all our witnesses so far for some very interesting points. I just want to pick up on your diversity point, Polly, and whether we have got to a tipping point and need radical change, because it has been really evident that many people from diverse backgrounds, people of colour especially, have reached a point where they feel that there is a tipping point in their lives. They do not feel as if they are included. They do not feel that they are being thought of. They feel left behind. Lord Layard talked about happiness and well-being. Their happiness and well-being is really at the bottom. It is zero at the moment. So what do you think is needed for us to move forward and to make focusing on people who are at the very bottom of the pile a priority?

Polly Mackenzie: Just to be clear, I am not trying to talk through what I think should happen or what I think is right or just. It is simply whether the public consensus has got to that point. I think that is also part of your question.

We need to frame and understand better what we mean by fairness. Too often, a debate about fairness misunderstands that different people have different value-based interpretations of what that means. Does it mean equity of outcome, equity of opportunity, or people getting their just

desserts—hard work being rewarded? There is really interesting research on the contexts in which hard work ought to be rewarded. When people are surrounded by incredibly difficult circumstances, there is a really strong value proposition for a substantial part of the population which suggests that, no matter what the circumstances, in the end it is hard work that should be rewarded, and anything that suggests that people should be compensated or rewarded for being at the bottom of the pile often rubs people up the wrong way.

For me, the story that emerges from the pandemic that has the best chance of building a narrative that as many people as possible can get behind is about resilience. We called the final report of our commission on life after Covid *Build Back Stronger*, because I do not think that “fairness” works as a proposition. Certainly for me, what comes out of the pandemic is a much deeper understanding of our interdependency—the way the fragility of individual families and individual people, whether financially or in terms of health inequity, has a systemic effect on the costs for all of us, the health risks and the financial risks for all of us.

Whether it is building up social capital in poorer communities and areas through investment and levelling up or tackling well-being inequalities or broader physical health inequalities, we have the best chance of building a consensus for the often very expensive policies that will help us to do that if we talk about how it contributes to collective resilience. People are scared of the pandemic. This is an awful thing that happened to us, and there is a strong fear, especially if you talk about climate change risks as well, that bad stuff like this will become more frequent. This might have been the worst pandemic in the last 100 years, but will it be the worst in the next 100 years?

It is salience thing: after a disaster people expect more disasters. They might be wrong, but right at this moment that is the best story to tell if you want to tackle inequities, whether they be of race, socioeconomic class or disability. It is about the benefits of greater resilience to all of us as a collective when you tackle the fragility of those who are most vulnerable.

Baroness Benjamin: How do you make people understand that that is what we need to do?

Polly Mackenzie: There has been a bit of a shift in understanding during the pandemic. Again, that is why, in the messages that we tested, we used the story about resilience and understanding the way systems can collapse; the sense that not having health protections for the poorest can lead literally to disease spreading that then affects richer people, or richer people understanding that the resilience of the food system is dependent on low-income workers. Again, it is an insight that has shifted in public opinion, so that is the thing that we ought to be building on.

Dr Stephen Davies: I think that is completely right. That is what happened in the 1850s. Prior to then, the assumption was that outbreaks of disease like cholera happened because of the improvidence and dirty

lifestyles of the poor, who lived in the poor areas. Lots of people who clearly were not part of that subset of society died from cholera in 1853 and 1854, and with that experience John Snow's discovery of the actual cause of the illness, the infected water, led to a fundamental reset of thinking, which was that you had to create a system—ie the London sewer system, a major system of public health—that would protect the whole of society against major epidemic outbreaks like this.

It was awareness more of shared vulnerability on that occasion, but also of shared interest and particularly of a move away from explanations for phenomena that emphasise personal moral failings to those that emphasise institutional and structural factors. I think we are at a very similar point now to where we were in the 1850s, and that led to a major series of changes at that time.

- Q16 **Baroness Jay of Paddington:** Thank you all very much, because this has been enormously helpful to me in disentangling some of the issues that we have all tried to rationalise and think about, particularly this question of whether we are talking about things—I think Stephen Davies used the phrase “retrospective inevitability”—that would have happened anyway, or whether we are really looking at sea changes that are enormously significant themselves, as a result of the pandemic. What has come through to me from everything that all of you have said is that, if we are trying to look for an overarching theme, we need to have different ways of thinking about problems and approaching policies, whether they are on diversity, education or the internet.

I wonder if you accept that, because it seems that one of the problems that we then come to, and it is one that I have always been concerned about when we talk about well-being, even though I have listened to Richard Layard on this over a number of years, is how one measures this. I would be grateful if Richard could expand on this a little. He talked about how the Treasury Green Book already has a way of measuring well-being, although it is not applied, but he also talked fascinatingly in his evidence about how one could translate the concept of QALYs, as they are called in health management, into well-being policy.

Could you expand on that and explain how, for example, we could suggest this as a purely practical way of looking at policies more generally post the pandemic, which would embrace the issues you have all raised over the last few minutes?

Lord Layard: The way in which most of us measure well-being, which you first asked about, is in terms of life satisfaction. This is a question that the ONS has been asking as an official British statistic since 2011: overall, how satisfied are you with your life these days, from nought to 10? That gives you a metric, so you can look at the effect of everything on that. If that question is included in every experiment and survey, we will accumulate more and more knowledge about the effects of that basic satisfaction that people are getting from their lives.

The extension is exactly as you said: in health, the QALY concept is used, so the measure of benefit in health is the quality-adjusted life year of the treatment; the effect of all public policies could be measured as quality-adjusted life years. If you think about it, we currently have dozens of objectives. In the end, who prevails in a conflict between different objectives essentially depends on who knows the Prime Minister's wife or whatever. It is a matter of push and shove. There is no rational discussion on how you allocate money across the board, because existing cost-benefit criteria are applied to about a quarter of public expenditure only.

We know that law and order matters, because it affects the quality of people's lives, but we have to get a metric about how it affects the quality of people's lives. We are beginning to know this; we know a lot about how crime affects the life satisfaction of local residents and so on. We are accumulating this knowledge across the board.

Gus O'Donnell was helpful in developing the original ONS measurement. He set up the What Works Centre for Wellbeing, which has been educating civil servants on how to do this type of analysis, so there is a base there. But you would need a major restructuring in the Treasury, with a technical group entrusted with the analysis of policies in terms of their effects on well-being, which would have to educate departments on making proposals.

Baroness Jay of Paddington: I appreciate that this would be a huge exercise for the machinery of government, but what fascinated me from the point of view of policy concept, was that you, and all three of the other contributors this afternoon, have been asking for a different way of thinking about issues that have been accelerated and thrown up—Helen Margetts used the phrase “revealed”—during the pandemic. For example, could this be applied to the important issues that Baroness Benjamin was raising about those who feel they are enormously more marginalised because of their diverse characteristics?

Lord Layard: What is important is that this applies to all sources of misery, not just the economic ones.

Baroness Jay of Paddington: I understand that.

Lord Layard: They include ethnic background and mental health, which I have spent a lot of time trying to get more money devoted to. It is extraordinary, if we are talking about inequality that, ever since I started to be interested in this 20 years ago, people have said that we must increase the share of the NHS going to mental health. It has always been listed as one of the top three priorities, but it has not happened at all, ever. In this situation, if you have a physical illness you expect to get treated, but if you have a mental illness you expect not to get treated. Most of them are not treated. This is a source of many of our social problems.

Think of drugs, family conflict or even, to some extent, low income; mental health is crucial to these, but I would say that one of the main forms of discrimination in our society is against people with mental health problems. I am not talking about discrimination by employers or landlords but by the state. We are discriminating in the NHS. We have recommendations by NICE that are applied to physical health problems, but not to mental health problems. This is something that I hope Covid can play a role in rectifying, because it has highlighted the importance of mental health to people's lives.

Baroness Jay of Paddington: I would like to ask the other contributors if they disagree with the point that I asked about at the beginning, which is that we are searching for a completely different way of looking at the decisions that we make and the policies we choose. I am picking up in particular on Stephen Davies's historical analogies, but it comes through in what everybody has said. If anybody feels that I have got completely the wrong end of the stick, or slightly the wrong end of the stick, please say.

Dr Stephen Davies: I agree that there is nothing like a crisis—a war or a pandemic—to make people aware of needing to change the way they make decisions, not so much the policies but the way they are arrived at in the first place. I like Lord Layard's idea that we should extend the concept of equality to cover a wider range of public activity. The problem is the radical subjectivism of people's assessment of what improves their own quality of life. What might improve the quality of life for some might not improve it for others, or it might produce a big impact in increased quality for some people, but a minor or marginal impact for others. This is the nature of politics, because it is then your job—the politician's job—to trade off or work out some way of reconciling these policies. That is a good approach and a way to start thinking about it. You then get the tough bit of reconciling the different subjective evaluations.

Baroness Jay of Paddington: Yes. Helen, you said that the pandemic had revealed that we should be thinking about different ways of dealing with issues. Do you have anything to add to that?

Professor Helen Margetts: Yes. From listening to everyone, I guess that a lot of it is about revealing, but one thing makes me think that it is the moment to think like this. As Polly said, in the case of most things, someone has been thinking about it; it has come out of the trade press and into the national press, as it were—it has crossed over into being a general issue.

One of the things that has come out of situation is a new—or at least new for these times—appreciation of key workers, the state and public services. If you could ask the right question, I have the feeling that people would put more value on that and more contribution towards their well-being—if we could find a way to measure it, as Professor Layard suggests that we can—than before. That makes it a really important moment, because the things that I was talking about have really reinforced the difference between key workers, who had to go to work

during the pandemic, took on far greater risk of contracting Covid and do not have any of the spin-off advantages of the pandemic that we are all having right at this moment—sitting in our homes instead of getting on a hot train to London, if we are not there already.

That is why I would push back a bit on what Polly said about this not being the moment to tackle some issues. I think it is the moment to think about that, because as we come out of the pandemic people are thinking more about that very characteristic of being a key worker, being underpaid and having to have physical presence when you go to work. The difference is starker, because those are the people who cannot work at home. When we think about hybrid working, we have to think a bit more about how key workers can get a bit of that flexibility and adaptivity.

Some people are thinking that if everyone goes back to work, we will be more equal, but that is completely the wrong way of thinking about it. We have to extract what is good about this and what about this new-found desire to be at home and in our local environment could contribute to well-being, and give a bit more to everyone. Sorry, that was quite a long answer.

Q17 Lord Alderdice: One of the dilemmas for us—we see this in history, as Dr Davies pointed out in his very interesting paper—is that there are lots of things going on at the moment. We have Covid, and we are thinking about Covid, but we have major geopolitical and technological change, and we have a change in attitude to the notion of liberal democracy in many parts of the world. Is it possible to tease out at all the things that are to do with Covid, or is this such a matter of complex systems that it is not really possible to tease that out as something isolated from the other things that are going on?

The Chair: Is there someone you would like to direct that to?

Lord Alderdice: Not particularly, but I was struck by the fact that Dr Davies had mentioned some of these things. In fact, right at the start of his paper he used the term “emergent”, which we associate with complex adaptive systems. So I was interested in his thoughts on that, but all the others may well have something to say about it as well.

Dr Stephen Davies: Yes. That is exactly why I used that term. We are talking here about phenomena that are emerging; in some cases they are already very apparent, while in other cases we can see the first signs that they are emerging but they are not fully manifesting yet. If it is a complex system, the question of what part the pandemic has played in it is extremely difficult to answer, because you have the problem that, with all this other stuff going on, maybe that is what is really driving it. Maybe it is technology that is the real driver. Maybe the pandemic is accelerating, or increasing awareness of, something that is being driven by another confounding variable. Complex systems are by definition impossible to predict; you do not know what is going to happen, and

people who pretend that they do are basically deluding themselves, if they are not putting on a show.

On the other hand, there are other issues. We can say where there has been a change in awareness. Now, you then have to work out whether that is a matter of becoming aware of things that were already happening for other reasons or a matter of suddenly changing your value system, if you will.

What we can say about the pandemic, as we can with previous historical episodes, is that there is nothing like having a major biological disaster to make people reassess their values and what they think matters to them. This often leads to contradictory outcomes. Historically, major pandemics have tended to make some people focus on seriousness and reconcile with God, while other people decide to live for the day and become rampant hedonists—and sometimes they are the same people.

So we also see a change in evaluations, as I said in my paper. A lot of people, for example, are saying that they are not quite so keen on mobility as they used to be, which will have quite major effects, and I think that is genuinely novel. That is how I would try to tease out these five distinctions but, as you say, it is very difficult.

Lord Alderdice: Something you mentioned that I thought was important was the balance between capital and labour. That, of course, is what happened at the time of the Black Death, which led to the end of feudalism because there were not enough workers to go round. We are finding that now with HGV drivers and with people working in the hospitality industry. Do you feel that there will be a change in the balance of power between capital and labour? You seem to suggest that in your paper.

Dr Stephen Davies: I think there probably is. There is a widespread notion at the moment that a lot of people think that the labour shortages we are seeing—by the way, I do not think they are to do with Brexit; Brexit may be an exacerbatory factor, but it is not a primary one because we are seeing these all over the developed world at the moment—will be temporary, but I suspect that they are not, because in many cases they reflect a definite shift in the level of pay that people require to do certain kinds of work—a kind of reset, as I said, of their leisure/work trade-off.

That completely changes the nature of the labour market. It means that, for a whole number of occupations, if you are the employer you will find that employees will simply not do the work that you want them to unless you offer them significantly higher compensation, because they have decided that they do not like that kind of work.

Also, there is a shift to the digital economy and towards the gig economy, as it is often called. This is often seen as being about the exploitation of workers, but actually from another perspective it gives the worker, the labourer, much more power, because they now have more choice about what work they do, when they do it and under what conditions,

particularly if they can choose between different gigs. People talk about Uber drivers, but the problem there is that Uber is trying to have its cake and eat it; it is trying to be like a company with regular employers and sole use of labour contracts, but it claims that it is not, which is why it has come unstuck in the courts. When you have a genuine gig economy system, there is a great deal of flexibility and choice on the part of the labour force.

Employers are finding that, unbeknown to them, something that in this case has been massively exacerbated by the pandemic is a shift of power away from capital towards labour. I think that will work its way out over the next few years—probably, after a lot of toing and froing, with a shift in the share of the national income that goes to wages as opposed to distributed profit. I suspect that is what the outcome will be, but we are in interesting times now.

Lord Alderdice: I wonder if any other colleagues have any responses to add to those questions.

Lord Layard: My thought was that there is an underlying trend in western societies towards greater concern and an awareness of your own inner mental life. You have a big subculture that has been developing of people who were practising mindfulness and all these methods of achieving greater mental resilience. The word “resilience” has been used much more widely, but personal resilience is the thing that has been felt to be increasingly important. This is what Covid has accentuated. We have all felt that we had to cultivate a bit of personal resilience during the Covid period. This is a trend that is somewhat at odds with the just-accumulating-stuff set of values, which of course is also very strong in our society.

This distinction spills over into public policy. The evidence suggests that if we wanted to increase the well-being of the people, we would be focusing much more on what you might call the social infrastructure—health, education and community services, all that sort of thing—but the stuff-oriented philosophy is leading the present Government to concentrate on the physical infrastructure. We will be spending another £50 billion a year on capital investment, an extraordinary change in the direction of public policy, while at the same time many of our social structures—children’s centres, youth centres, old people’s centres—and our social care are in a state of terrible disrepair.

That is an unresolved conflict emerging from Covid. Covid is making people more aware of the importance of the social aspects of their life as compared to the material aspect, but we have not resolved that.

Polly Mackenzie: I understand, both from an academic perspective and from that of a committee set up to look at the impacts of Covid, that it might be intriguing to try to disentangle precisely what is to do with Covid and what is to do with other things. We will see—as we are already seeing in our politics—lots of motivated reasoning, with some saying,

“Everything bad is all to do with Brexit”, others saying, “Everything bad is all to do with Covid, because we have to have zero Covid”, and so on.

For me, from a policy perspective, as Stephen said, this is a complex system and all these things happened at once. That is really bad for social science and experimentation trying to discover exactly what caused what but, given that they did all happen at once, we have to identify ways to move forward as a result.

In a way, part of the lesson of the pandemic is not just about how we get better at decision-making about pandemics. Given the fragility of the whole economic system in some ways, and especially given the context of climate change, it is more about thinking about resilience to the potentially systemic shocks of all different kinds that scare us and pose existential risks to people. That means climate change and pandemics, but there is also AI. In fact, there is a whole list of them. We should focus on those lessons, because the reality is that you cannot guarantee that a pandemic will happen on its own without something like a trade crisis or a climate change shock at the same time.

The Chair: I am going to open up to some broader questions and try to draw some threads across different complex areas. I will ask Lord Kamall if he would like to go first. I know you have some wide-ranging questions, but you will also be able to tie them together into nice chunks.

Q18 **Lord Kamall:** No pressure, then. I should declare my potential conflicts. I also have a contract with the IEA and I teach in higher education.

I do have questions, but I ask other colleagues to jump in so that I do not hog all the time. I have specific questions for different people. Steve talked about the challenges to our welfare and higher education systems. Do the others agree? It is as simple as that. How do they see that challenge?

Polly, you talked about civil society. I have been looking for a long time at how we fill the gaps where there are low-level civil society projects and the state has also failed. I want to know where you think the Government have a role.

Lord Layard, you talked about satisfaction. Are there any binary observations or correlations that lead to changes in happiness? For example, given the shift of people about from rural to semi-rural areas that Stephen talked, do you expect to see an uptick in happiness as a result of that, or is it more complicated, depending on whether you are wealthy in the country as opposed to poor in the country?

I have a couple of questions for Helen. First, we have been worried about screen time for years, ever since I was a kid in the 1970s watching TV. Now it is computers and gaming consoles. Has everyone forgotten about screen time?

One last question is about the definition of key workers. I heard an interesting overview of the pandemic from someone who said: “The pandemic was when white privileged people hid in their homes to be

served stuff by the immigrant working class". Do we have a new definition of key workers? Is it still teachers, public servants and so on, or should we see some of these people who delivered essential food and products as part of that key-worker infrastructure?

I know there are lots of questions there. I do not want to hog the time, so I ask my colleagues to come in on that as well. Let us start with Stephen's views on higher education and the welfare state.

The Chair: I would like to reinforce my request to make answers as brief and effective as possible.

Polly Mackenzie: I agree with Stephen that there is a crisis. I probably would not agree with him on exactly what the policy outcomes ought to be, but that is for another day.

Professor Helen Margetts: I absolutely agree that for universities there is the question of where we go from here. It comes back to the question of hybrid working. Some things have worked and some have not. Where do you stop?

This is perhaps a controversial thing to say, and perhaps some of my students would not agree with me, but I think that PhD supervision works better online. I do not mean that you could not then go for a drink or that I do not value physical contact, but some aspects of PhD supervision really do work better, as do some aspects of online lectures. The question is how you work out the balance.

We really need innovation here. All the innovation seems to have gone into either being online or being physical instead of this mixed thing. The platforms are all supposed to be revealing their new hybrid ways of working, but speaking as someone who taught last term on Zoom, although it could have been something else, it was a nightmare. This particular seminar had gone really well the year before when it was all online, but when it was mixed working it was terrible.

We have to work out the way to get the best of all worlds, but we are not putting enough innovation into that. The platforms are hopeless. For example, you have the same size of box on screen whether there are 100 people in a room or one—simple things like that. We have to have innovation, and we have to get the public involved. This is also a huge question for schools, so that they can keep going. It is this question of resilience again, keeping going through things happening. That is what we have to focus on: working out good ways of hybrid working.

Lord Kamall: I have faced the same problems as a PhD supervisor; I have had difficulties with mixed working and hybrid. On the key worker question, should we re-evaluate what we consider a key worker, given the experience that we have been through? Clearly we all value doctors, nurses and other public servants, but if we think about the people who have delivered stuff to the homes of people who are hiding away, as it were, should they not be considered key workers as well?

Professor Helen Margetts: Totally. I co-wrote a blog post at the height of the pandemic about the people who also maintain the safety of the online sphere. At the beginning of the pandemic, Facebook's content moderators had to work at home without any of the tools to make that bearable, dealing with all the rubbish that there was online. People such as content moderators should be viewed as key workers, and I completely agree about delivery workers and so on. Yes, we will have to re-evaluate that.

Lord Kamall: Polly, on this whole idea of social capital and local civil society, I have been thinking for a long time about how you fill those gaps. In fact, the welfare state grew as a result of gaps in failing societies and so on. Does the state have a role to play? It has a pretty bad record in filling those gaps—or do you disagree? How do you feel about that?

Polly Mackenzie: You are certainly right that social capital, however precisely you choose to measure it—and there is a lot more we should be doing on that, in terms of both assets and transactions—is unevenly distributed. We saw that in the pandemic, as places that needed the most community resilience often did not have it, because they did not have established community businesses or organisations.

I direct the committee to the work of Power to Change, which has published some interesting analysis here. It would be great to see an infrastructural solution, such as the CDFIs, which they have in the US—something to which you can devolve more power. You cannot just devolve power to local government; it is a necessary but insufficient instrument.

We also need to think about community assets. There has been good work from the Government on community assets, and funding from Power to Change to grow those social assets, but it requires a period of time and patience. We also need to think about the financial pressures people are under or people who have mental health conditions. Building social relationships and meeting your neighbours again takes time and cognitive load. If you are under extraordinary financial and emotional pressure, it is much harder to do that. People need to stay in the same places and build those relationships.

Robert Putnam's work on groups, for example, and Elinor Ostrom's work on community management of assets and how you manage the commons comes back to key workers. Key workers started as a discourse on housing. Housing in this country is stupidly too expensive. It is a Ponzi scheme, but that is a matter for another day. As a result, lots of people cannot afford housing and are therefore dependent on state housing. Then we have not-bottom-quintile people, such as key workers, who are an essential part of making a public service ecosystem work, who then somehow need public sector, state-funded, subsidised housing in order to stay in places.

All of that comes from the fact that we have a mad housing system, and the only solution for that probably is social housing. We have to

understand that a huge part of this is low-income people not having access to sustainable, stable, good-quality housing, and that is a big part of the solution. The question whether somebody is a key worker is irrelevant, really. The point is whether they are treated well in the employment market, whether they can get a decent return for their labour and whether that can enable them to have a decent life. For me, that starts and finishes with housing.

Lord Kamall: Lord Layard, in his submission, and Steve talked about this move from urban centres to rural and semi-rural areas. You see the documentaries and reality shows on TV about people doing this, and they are all about a better-balanced life and happiness. Are there some obvious correlations or binary judgments you can make about happiness? Are people who move from one way to the other inherently happier than others? What other things can you identify?

Lord Layard: We know that access to green space is good for people's happiness, that living where there is a functioning community element is good for people's happiness, and that living in a crime-free area is good for people's happiness. These things do not happen only in the countryside, obviously; they can happen in the town.

My own take, but this is not really what we want to talk about today, is that we have to allow our towns to expand and not just have green belts, from which you can jump across into the countryside. We have to let our towns expand. There is no evidence that London is any less happy than it was when it was half its size.

Lord Kamall: Thank you very much for your comprehensive and succinct answers to my questions.

The Chair: That was even briefer than I was imagining, so is there anything else that you want to follow up on?

Lord Kamall: No, not particularly. I have hogged enough of the time, so I will let my expert colleagues on the committee come in.

Q19 **Lord Hain:** I will ask Stephen initially, but I would be interested in others' responses, as briefly as possible. You raised three questions on which I was especially interested, one of which has been touched on by Lord Kamall, which is the financing and future of higher education. The whole student fee system seems completely dysfunctional and unsustainable; half the fees are never paid back, for example, and billions of pounds of debt is piling up. Is a graduate tax a solution to the problem that you have identified, and could that be triggered by the pandemic?

Secondly, you referred to the monetary system since the Second World War being incredibly shaky and exacerbated by the huge public spending over the past 18 months or so. What is the alternative?

Thirdly, you said that the state and the system of governance in Britain will have to be reformed. I fundamentally agree with that, but do you mean more devolution? What do you mean by that? Could others

comment on those three points, if they want to?

Dr Stephen Davies: I completely agree with you that the system for financing HE, as we have it, is totally dysfunctional. It is an amazing achievement of the human mind that we have arrived at a system that does not really work for anybody. It does not work for the students, the institutions or the Treasury, which is quite an achievement when you think about it.

We have come to a point where the pandemic has forced us to think not only about the way we fund higher education—we can talk about whether we have a graduate tax or go for a different system—but about the entire purpose of higher education. The fundamental problem which the pandemic has highlighted, which was emerging anyway, is that higher education's real purpose, for most of the people who now go through it, is to provide certificates that provide access to high-paid and high-status jobs. I think that is a corruption of the real purpose and function of higher education.

My own view is that I am fine with 50% or more of the population going to university. I think is a good thing, actually. But I am opposed to the idea that 50% of 18 year-olds should go to university. I would rather make university education a consumption good than an investment good, as it is at the moment. If that were the case, you could think about funding it in all sorts of different ways. I would prefer moving to a hybrid system, but this is a case of a precipitant; it has precipitated a crisis of funding, not least because of the sudden disappearance of overseas students, particularly Chinese students but others as well, who are a major source of income for a lot of our institutions. It is going to be very difficult and a lot of thinking will have to go on.

On the monetary system, the problems are not so much with the system we have had since World War II as with the system we have had since 1971, after Bretton Woods collapsed—the system of floating exchange rates, central bank independence, more latterly, and inflation targeting as a major policy tool, but also in which the bulk of the money supply is created by the commercial banking system, under the supervision, control and ultimate support of the central banks.

Since 1997, we have increasingly had a policy of steadily lower interest rates and an increasing supply of money, with massive amounts being created and pumped into the world system. First since 2008 then after the pandemic struck, we have seen a massive acceleration of this. Governments might not admit it, but we have gone into the world of modern monetary theory, in which money is being printed in colossal amounts to fund necessary state action and basically to try to prop up asset markets around the world. In another couple of years, we will probably face a difficult choice between allowing inflation to become ingrained in the system or raising interest rates, reducing money supply and provoking a major debt crisis because of the enormously high levels of, in many cases, unsustainable private debt.

What is the alternative? I am not sure I know. That is a big question and I would not say that I have the answer to it. If I did, I would be a very wealthy man, or a very important one, but it is a conversation we need to have. The monetary system that we have had since Richard Nixon took the dollar off gold in 1971 has reached the end of its road. For a couple of decades, every time we have had economic growth it has required a major bubble in major countries, notably the US but also here. Each time that bubble has burst, it has done more damage than it did the previous time. Monetary stimulus is having diminishing marginal returns. I basically think that the pandemic has precipitated a crisis in the world monetary system. What we do to replace it is a big question and way beyond my pay grade.

Lord Hain: It is possibly beyond ours as well.

Dr Stephen Davies: Yes, I suspect it is. Also, on governance, the 19th-century pandemics, such as the great cholera epidemics, and the Crimean War led to a major reconstruction of the British state. We had another reconstruction at the end of the 19th/early 20th century when we moved to the system that we have now of large departments, which were modelled on the India Office. That was the original template that was then copied by other departments after World War I.

That system has been found wanting in the pandemic. The Government have done better than a lot of people think, but at the same time it has been pretty clear, without going the full Dominic Cummings route, that a lot of public administration has not been up to scratch. Yes, we need radical devolution. Maybe we need to go back in some ways to an upgraded version of the Victorian system of supervisory boards to enforce minimum national standards while allowing local authorities—counties, basically, I would argue—far greater autonomy and ability to do what they want as long as they adhere to the minimum national standards; permissive legislation, as it used to be called.

We also need within this a change in the tax system. The problem at the moment is that we have a system of local government with no adequate revenue base and a system of central government where the Treasury is more than a simple finance ministry that raises revenue; ever since the 1920s it has become the planning department. That also has to be called into question and I think will be.

Lord Hain: If you have any thoughts that you would like to put down on paper, it would be really useful to us. It would be incredibly interesting to read, at least.

Professor Helen Margetts: I have a couple of responses to the things that have been said. I totally agree on the financing point, but it is also linked to the things that we were talking about before. There could be all sorts of possibilities: getting away from the importance of place, or just the importance of place, and being able to have more overseas students. I am not saying that we should actually do that; it is definitely not the policy of my university, which is very much based on the idea of place. It

is open, as Stephen said at the beginning. We have to think about these things, because things are possible that were not possible before, such as the scope of change that you might achieve.

At the same time, going back to what I said before, we have to get away from the idea that if it is online, it is worse. That is an essential prerequisite to any kind of rethinking. There is a lot of that. You hear a lot of people saying, "I can't believe that my son is still paying his fees, because all his lectures have been online". My own son is at university at the moment, and I remember him saying that it takes him several hours to listen to a lecture properly and take all the notes. I told my colleague this, and she said, "Well, that's good, because that's how long it takes me to make one". It is not worse just because it is online, but some of the online provision is much worse and there is real concern about that, so there will need to be oversight and regulation here, because it could get much, much worse. I completely see that.

On the point about the reorganisation of the state, I agree absolutely. There has been a lot of talk about resilience in previous crises and equality. That always comes up after a pandemic, and this is my point. The author of a very good book about the Spanish flu pandemic says that panic so quickly turned into complacency and those things were forgotten.

I think it goes back to Professor Layard's point about infrastructure. We have this idea that we have to have a 'New Deal' and build stuff and have physical things. Much as I agree that we need community centres and things like that at the local level, how much of that infrastructure can actually be virtual? Can it be more social infrastructure than actual physical buildings or train lines or whatever? It is a question of innovation, really. It is a question of thinking about public services in a different way and being just as innovative as the private sector. That, again, is a bit of a shift in the way we think.

Polly Mackenzie: My point is more about the fiscal framework. Today, the Government have decided to bring forward a National Insurance rise rather than an income tax rise to fund health and social care, and they have done that, despite the fact that it is less equitable in all sorts of ways, because the story around National Insurance is more compelling to the public. From a technocratic perspective, we can pooh-pooh that and say that it is stupid or somehow a fraud on the public, that in the end all the tax goes into the same bucket and that the very concept of ring-fencing should be discouraged. That is what anybody who works at the Treasury will tell you.

My idea is slightly different. In fact, we have to engage with the reality. It is economic madness that people are willing to pay money into something called National Insurance and less to tax. There has to be some meaning there. There has to be something about identity that is conferred, some other kind of value that is accruing to people from participating in this system that feels like it has a solidaristic goal, a mutual benefit, that feels just to people.

For me, if we want to have solidarity for all the different things that we have to pay into the system for for the sake of one another and, dare I say it, for a strong demos, we can lean into the reality that as human beings we live in stories. The stories that we tell about tax and spending are incredibly important to buying legitimacy for it. That does not mean that we should just make stuff up and lie to people, of course.

I reflect on the decision to expand tuition fees and all of that. I agree with you, Lord Hain, that in the end we have something that is basically a graduate tax, and it might as well be, but if I were redesigning it I would have almost a ring-fenced graduate tax and pay it into a higher education endowment fund, and instead of telling people that we were asking them to pay it back for their education, I would ask them to pay it forward for the next generation's education.

Even though the pounds and pence are the same, the story confers value, meaning, identity and purpose to people, and that is part of what it means to live in a society. We should get the pounds and pence stuff right, but we should also invest more of our time and money in thinking about the stories that hold nations, societies and communities together, because that is the only way you can buy legitimacy for the investment in public services that we need, including higher education.

Lord Hain: Thanks, Polly.

Lord Layard: If we are talking about post-school education, the problem is not universities; it is the other 50%. That is what we should be talking about. We have one of the most successful university systems in the world due to the demand-led financial system. FE is completely different: it is capped. As it happens, the cap has been halved in nominal terms over the last 11 years. It is a system that depends on bureaucrats, and a person in an FE college who thinks that they could put on a wonderful course and lots of people would come cannot put it on because the money has not been provided in the budget for the FE college.

It is imperative that if we want to have a skilled manual working class—we do not have all these vacancies now, because we do not have the skills in the manual working class in Britain—we have to have a system of FE funding where the funding automatically follows students. We are, of course, pursuing this in the House at the moment in the skills Bill, but that is the problem. Do not let us spend our whole time talking about university groups. Let us talk about the underprivileged, extremely discriminated against other 50%.

Lord Hain: Thank you.

Q20 **Baroness Morgan of Cotes:** That last exchange was quite revealing, because it reveals the difficulty for this committee that was highlighted by the evidence submitted in advance, which is that we all have opinions about what we think is not working, but this committee is very much set up to look at that in the context of the pandemic. As Polly has said, it is difficult to unpick, and maybe we should not spend our time unpicking it.

The legacy report that we are going to come up with, although it may be of wider interest to many different people—think tanks, other parts of government and everything else—has to make recommendations to the Westminster Government on things that they will need to do, whether that is legislative change or policy work arising from the pandemic, which could be things that have been accelerated by that pandemic, as well as Helen's point about things that have been revealed by the pandemic.

I think Richard has been very clear that he would like to see the Government prioritising well-being in policy and economics, so my question is really to the other three witnesses—Stephen, Polly and Helen. If you had a Minister or the Prime Minister sitting in front of you, where would you be saying, “Right, out of the pandemic, this is what needs to change in government policy” or “These are things that you need to include in the next Queen’s Speech as new legislation which the pandemic has revealed is needed”?

In your submissions, Polly and Stephen, you talked particularly about property. Part of our inquiry has been about the future for towns and cities. Should the Government be intervening in the property sector and what is happening in our high streets, or should they be saying, “Yes, we see that things are changing. That’s not for us. We’re going to focus on public services”, or education, or whatever else it might be?

Polly, rather unfairly perhaps, I will start with you. I know that you are good at talking to Ministers and officials. About what couple of things can we say to the Government, “You really need to be prioritising this work now as a result of the pandemic”?

Polly Mackenzie: The first is the geospatial economic impact. That will have consequences for our public transport network. I know that most people will not change their working patterns at all as a result of the pandemic, but you only need about 10% or perhaps 20% of people to shift that pattern for it to have a pretty profound impact on rents, the service industry and the public transport network.

There is an opportunity there, which leads to the second top thing that I would ask for: in the city centres, potentially big planning, thinking through the other amenity uses of buildings and how you do redeployment. Please do not just convert everything into housing. That would be a disaster.

In smaller towns, the same is true. Some think tanks have been saying, “Oh, it’s fine, we’ll just convert all these shops. We don’t need retail any more”, but our work on post-pandemic places is clear that for people to get a sense that their place is thriving—that brings identity, value and meaning to themselves as well as to the community as a whole—they have to see shared communal spaces. We should not strip out assets of community value, such as a shop where you encounter strangers and interact with other people. We need to think about repurposing those high streets for all sorts of things, including public sector functions and community functions, and not just turn everything into housing and

assume that we are all atomised individuals who can live in boxes separate from one another.

That second point comes back to Lord Kamall's point about social infrastructure. We have seen the way in which hyperlocal, hyperpersonalised service delivery by community organisations can be not just more personal but more efficient. The new public management has told us for 30 or 40 years that standardisation and systematisation are the way to be more efficient in public service delivery. I think the pandemic has exposed the reality of a completely different way of thinking—that if you can personalise, you can be much more effective, particularly in tackling system-level problems such as people with complex needs; you can focus on place.

It is only in the relatively local, whether it is the hyperlocal or the local, that you can bring together budgets across services—whether social services, policing or green space—and actually solve problems, instead of our model of public services, which is just to watch demand going up and up and panic about how much money it is going to cost us to meet that demand, assuming a transactional model.

The pandemic has shown us that community development and relational public services have a profound ability to tackle need and demand and to give us a chance of actually having public services that can meet people's needs. So I would say that it is geospatial and it is community.

Dr Stephen Davies: The first thing I would say is, "Do not resist change". We have these emergent changes that I have identified in work patterns, use of the built environment and things of that sort. It is futile to try to put Humpty Dumpty back together again. That really is a recipe for wasting a lot of money and fighting a losing battle. So do not resist change.

The question then, which Polly raises, is: would I tell these Ministers to somehow direct the change? I would definitely say, "Don't try to plan things". We should leave it to the spontaneous order of civil society and markets to decide what is done with buildings that are no longer being used for retail, or how people are going to work, or how individual companies organise their office space and the way their employees work and are organised. Let them work it out in negotiations with their employees.

On the other hand, I think governments need to provide frameworks. They might need to get rid of certain regulations or change the regulatory framework for things like the use of buildings and how you change that use in the built environment. It is very hard to do that without providing a direction—unintentionally, in some cases, which can be worse than doing it deliberately.

So I would say, "Don't go for hands-on direction, but at the same time be very aware of how decisions you make about how, say, the regulatory environment that you create in order to make civil society's spontaneous

adaptation perhaps quicker and more flexible will in turn have some kind of effect". I agree completely with what Polly said: we must not have the idea that we can just turn all these branches of Debenhams into housing. We should think about what other uses there might be.

I think there has been a re-evaluation not just of the state but of collective action in general. That includes what Polly talked about—the civil society aspect. I would encourage the Minister to think much more, as she says, about a more decentralised, personalised and civil-society-driven way of addressing a lot of social problems. The problem with that is that if Governments think, "Oh well, we're going to help you," they can actually squash the growing plants, if you will. Again, it is more about providing a framework than about intervening directly.

I would urge Governments in many cases to go back to the idea of highly personalised casework, for example, in dealing with people who suffer from multiple structural disadvantages. Perhaps the Government should be thinking about how they can change the framework to reduce structural disadvantage and things of that sort as opposed to more hands-on things.

Those would be my two bits of advice: do not resist change, and go with the flow and do not try to direct it in too much of a hands-on way. We should encourage what has been revealed: the resilience and the power of civil society to address problems at a local and much more personal level.

Baroness Morgan of Cotes: Thank you, that is helpful. Helen, I ask you the same question, appreciating that your evidence focused very much on digital and digital inclusion. You may be aware that our first report was about the hybrid world, and in fact we wrote back to the Government and said that we were not terribly happy with the response we had, because it did not seem to capture or realise the extent of change that everyone else had been through—the hybrid world, the hybrid nature and everything else. If you had a Minister in front of you, what two things would you be saying to them about the digital policy that you think they have to embrace?

Professor Helen Margetts: I agree with your report. I would tell them that they should put the digital centre stage—it has never been there and we do not really know what happens when we put it there—and then I would give them three specific areas to work on. The first would be the question of digital rights. I would use a really wide definition of digital rights that included the right to have access, a usable device, and enough digital literacy to use it. That would apply particularly to children, but generally I would apply it to everyone.

It also might apply to the question of keeping people safe in an online world, which would imply regulation, so get that Online Safety Bill out as soon as possible. That would be part of it.

It could also include some of the questions about being able to work digitally. I know you cannot nurse people digitally, for example, but perhaps some aspects can be done in a more digital way. Perhaps we can learn some lessons from those big platforms of the digital economy such as flexible rostering and so on. There might be ways to lessen that new inequality in ways of working that has come with the pandemic.

I would make a point about data-centric policy-making, making sure that we do not forget what we have learned. We learned that there were all sorts of data flows that we did not have when the pandemic started. For example, we did not know how many people had died until quite a long time after they had. We will need all those kinds of things in the next existential crisis, whatever it is. Do not forget. Do not say, "We don't need to measure Covid-19 any more, because it is not really a thing, so we can forget about all that". Work out what data flows we really need to understand a changed world.

Thirdly, prioritise and think about digital services in the wake of what has been a massive natural experiment. Some things have gone online suddenly that were not before. There are all kinds of statistical analyses that you can do with any measures of that shift, so let us learn the lessons—learn what worked and what did not work; learn where it worsened and where it reduced inequality, because it did sometimes. We must do that before it is too late, before everyone has forgotten, before we snap back and say, "Look, back to work, everyone. It's really much easier if you all come in". Those would be my three: digital rights, data-centric policy-making, and learning the lessons of digital services.

Q21 Lord Pickles: Mine is a fairly simple question: are the Government howling at the moon in trying to get people back into offices? I think Stephen has answered that: yes, they are. I just wonder whether the trends we have seen have been wholly beneficial. Is there anything that the Government should seek to reverse, if they can? Given that they will probably get it wrong when trying to accelerate a change, are there changes that it would be worth accelerating?

Dr Stephen Davies: That is a very good question. Yes, I do indeed think they would be howling at the moon by trying to get everyone to go back to offices. What will go on is a process where people work out what is best for them, at a firm level. It is clear that people want to be in the office some of the time; they just do not want to be in the office all the time. They would rather have two days a week, maybe three days every other week or that kind of thing. The thing is to leave firms and workers to work this out on their own basis.

Are there effects of the pandemic that have been bad, which the Government should look to reverse? The impact on family life during the pandemic was wholly bad, but there is no need for the Government to reverse it, because it will spontaneously reverse itself. The lack of contact between family members and the pressure on young children in particular over the pandemic will correct itself over time.

The Government might think that they would be better off reversing what they expect to see—I might be wrong about this—which is a decline in mobility. In other words, people will simply not make as many trips, of certain kinds, as they used to. You might think it is good for people to move around more, and maybe they should not look to reverse that. They should allow it.

A lot of people think about too much time spent online. Lord Kamall mentioned people worrying about screen time. Maybe the Government should be thinking more about the risks that people are exposed to online, as has been mentioned. Think about trying to encourage people to spend less time staring at their mobile phones and screens, like we all are at the moment, and more time getting outdoors and talking face to face. It is hard to see how they could do that, even if you think that an advisable way to go. That is an interesting question.

Lord Pickles: Do other colleagues have any other things that the Government should die in a ditch to stop or to encourage?

Polly Mackenzie: My first thought is about teacher assessments. Teachers have done an admirable job in extraordinary circumstances. A dialogue has emerged, including from the interim chair of Ofqual, saying that teachers said “this more personalised and it is a better reflection of student performance.” Universities are talking about setting their own entrance exams because of grade inflation. We have to find a way to start and end with this. The Prime Minister may joke about the best results in history, but it is a weird problem and an equity problem as well. People being able to perform, including in exams, is important and a relatively distinctive issue.

A trend the Government should accelerate is communities and volunteering. We saw an extraordinary demand for opportunities to volunteer during the pandemic when they were opened up, far more than we could immediately deal with. Again, it is about meeting a demand for public service in ways that help to minimise demand over time through community and relationship development. It is about opening up the doors for volunteering in all our public services.

We have far too much of a divide between the professional service user and the other member of the community, who is also invested in making things better but is treated as an outsider. We need service users, amateurs and professionals, to be part of systems of public service. We are doing some work on this and I know that a coalition of charities is pushing for mass volunteering in public service, as part of the lessons that we have learned from the pandemic.

Lord Layard: There are two things that we would like to decelerate. One is the tremendously disturbing effect of social media on many young people, and the other is the tendency for our schools to become exam factories more and more. The only way I can think of to deal with this in public policy—we know that fashions can change and trends can be reversed, which is important—is for well-being to become an explicit goal

of every school. That involves weekly lessons in life skills based on good evidence-based materials. There are some good programmes that we know can improve people's well-being enormously if they are followed through with properly trained teachers using evidence-based materials.

We have to change the direction of education towards education for life, rather than education for earning a living. This is a top priority that to some extent has been illustrated by Covid. It shows the enormous sensitivity of young people to the context within which they are able to operate and the incentives they are offered.

We have to produce a better culture for young people, and the schools can lead it. Our research has shown the huge impact that schools have on the well-being of their children, mainly through the emotional side. They have a big effect even without thinking about it. They should be doing that in a much more explicit and well-informed way, and that should become another major purpose of our educational system.

Q22 Lord Pickles: Helen, I was a bit surprised by the point you were making about digital rights. They seem to be all about access, but I will just put this to you. It is pointless having lots of availability of digital unless the people you are going to, whether government, doctors or insurance companies, have a point at which they will receive digital information. Do you think that part of digital rights should be a right to be heard and to be able to contact places of authority and of service?

Professor Helen Margetts: Absolutely. I think I made that point when I came before the committee. There should be the right to access public services online and to be able to do things digitally. It is not just about it being compulsory to do things digitally; it should be the other way around as well. So yes, I agree. That is why I was arguing for digital rights. I was even hesitant to use the phrase, because I think it has come to be determined rather narrowly, and it should be incredibly broad.

I want to come back to one other point, because I realise that I never answered Lord Kamall's question—it was just referred to again—about social media, well-being, mental health and so on. There is a growing body of rigorous, and I believe important, research suggesting that the dangers are not as huge as the media would have us believe.

Obviously I am an academic and I am going to say that more research is needed, but there is already beginning to be quite a bit of evidence about the effect of things like gaming and the use of social media platforms. I am not saying that it is not incredibly important that you regulate and moderate them and make sure that they are safe spaces to be in, but they have benefits as well as drawbacks and there is no evidence that they are turning our young people into terrible people, as they are sometimes regarded.

Lord Pickles: So what are the benefits?

Professor Helen Margetts: There are the beginnings of evidence—I do not have it in front of me, so I am a little tentative about citing it; I would

have to find it—that suggest that that was the way young people kept in touch, like all of us during the pandemic, when they could not see each other, they were not in the playground and they were not seeing each other physically. That is how they were keeping in touch with their friends. They had no other way to do that, like all of us. We all turned to one platform or another to keep in touch with distant families and friends when there was absolutely no other way to do it. We got benefits from that, and that applies to children too.

Lord Pickles: Thank you.

The Chair: I am not sure that I am going to do an effective job at all of wrapping this up and trying to draw themes out of all this, but that will be the job of our committee and colleagues in discussion. Thank you so much for your time this afternoon. We have had really helpful thoughts and ways of thinking about framing some of the things that we are looking at, particularly in challenging us about how we are trying to unpick, and whether we should even be attempting to unpick, what is Covid related and what is not, how decisions are made and some of the very clear recommendations that you have helped us with in these last moments.

Thank you for your time. If there is anything else that you would like to say to us, please submit it to us in writing. I think that a couple of Members asked for a few more details on things. That would be fantastic. I wish you a very good and somewhat hot and sunny afternoon.