



Public Administration Select Committee

Oral evidence: [Whitehall: capacity to address future challenges](#), HC 669

Tuesday 4 November 2014

Ordered by the House of Commons to be published on 4 November 2014

[Watch the meeting](#)

Members present: [Mr Bernard Jenkin](#) (Chair), [Mr Nigel Evans](#), [Paul Flynn](#), [Kelvin Hopkins](#), and [Lindsay Roy](#)

Questions 1-120

Witnesses: **Professor Robert Hazell CBE**, Professor of British Politics and Government, and Director, University College London Constitution Unit, **James Lloyd**, Director, Strategic Society Centre, **Iain Gray CBE**, Chief Executive, Innovate UK, and **Robert Chote**, Chairman, Office for Budget Responsibility, gave evidence.

Q1 Chair: Can I welcome you to this first evidence session about future challenges facing the United Kingdom Government? We have a lot to get through with this very distinguished panel and the subsequent one. If we can keep our discourse crisp and brisk, that would be very helpful. I request my colleagues to ask short and crisp questions. Can I start on the constitutional question? I know that all of you have very separate disciplines—I must ask you to introduce yourselves—but I invite you to argue from your own perspectives about each other's specialties, because I think that is going to be part of the interest of this session. Can I ask you first to introduce yourselves for the record?

Professor Hazell: I am Professor Robert Hazell, and I am Director of the Constitution Unit in the School of Public Policy at University College London.

James Lloyd: I am James Lloyd, Director of a public policy think tank called the Strategic Society Centre, which is a registered educational charity.

Iain Gray: I am Iain Gray, Chief Executive of Innovate UK, formerly known as the Technology Strategy Board.

Robert Chote: I am Robert Chote, Chairman of the Office for Budget Responsibility.

Q2 Chair: Looking at the long-term constitutional future of the United Kingdom post referendum, what do you see on the landscape that poses a challenge to the way things are?

Professor Hazell: There are some big challenges in terms of future devolution to Scotland. We know there is the vow made by the leaders of the three unionist parties, now being given effect through interparty talks chaired by Lord Smith. We also know that the Prime Minister, at the same time that was announced, said he intended to introduce English votes on English laws, and a new Cabinet Committee chaired by the Leader of the House, William Hague, is looking into that. The Prime Minister's hope is that those two pieces of policy planning should operate on roughly the same time scale.

In terms of the next Parliament, depending on which party, or parties, forms a Government, there may be further very big constitutional changes, not least an in/out referendum on the EU, so there is big stuff on the horizon.

Q3 Chair: Why do you think, despite all the political parties wanting to strengthen local government, that the process of strengthening local government has been so slow?

Professor Hazell: Gosh, Chairman, that is a separate seminar in its own right. Primarily, there are two difficulties. As you will know, one is the well-known difficulty of Whitehall, when it comes to the crunch, in particular Whitehall Departments, letting go of individual responsibilities. The second, which Robert knows far more about than me, is the very well known, but politically very difficult to solve, issue of the funding of local government.

Q4 Chair: But how much of this is cultural to the machinery of government and the habits of thinking in the machinery of government—in the Treasury, DCLG and local government itself—rather than political? How capable is the machinery of government in coping with what are very strong demands from voters for more local autonomy and freedom?

Professor Hazell: It is both cultural, in a bureaucratic sense, and political. Let's take a real-life example under the previous Government when John Prescott, as the relevant Secretary of State, was trying to craft a policy for elected regional assemblies. He took his request bowl round Whitehall asking other Departments what powers they were willing to give up to create an effective regional tier of government. He got pretty much a nil return. That was not just Whitehall bureaucratic resistance; it was very strong political resistance from almost all his Cabinet colleagues. Therefore, the proposal ended up with only John Prescott's Department offering up some of its powers, and it was a pretty thin creature on offer as a result. Therefore, it is both cultural in terms of Whitehall bureaucracy—

Q5 Chair: That is a slightly unfair example, because there was no consensus in favour of regional government anyway.

Professor Hazell: But I predict that it would be exactly the same response if there were a genuine proposal to strengthen local government. The current Government have been very strong supporters through the Localism Bill. If they took the request bowl round to other Departments asking, "What are you willing to give up?", I think they would get the same very unenthusiastic response.

Q6 Chair: This is a kind of dysfunctionality in terms of the relationship between what people are aspiring to and what the political machinery is delivering.

Professor Hazell: Yes.

Q7 Chair: What is the consequence of this?

Professor Hazell: Forgive me, Chairman. I really do not want to dominate the responses, but I am struggling to see the relevance of this line of questioning to the inquiry.

Q8 Chair: I am interested in the capacity of Government to deal with what voters and politicians are demanding of it. It seems that all politicians have made speeches about localism and decentralisation and all political parties talk about it, but for some reason it just does not happen. I am trying to establish why. It seems to me there is a lack of capacity in Government to deliver what politicians and people say they want.

Professor Hazell: I really do not believe it is a lack of capacity on that particular issue.

Q9 Chair: Do you think it is a lack of political will?

Professor Hazell: Yes.

Q10 Chair: I will just point out that we managed it in Scotland and Wales. What was the difference there?

Professor Hazell: There was a referendum in Scotland and Wales before the legislation was introduced. It showed, by a small margin, that the people of Scotland and Wales wanted devolution, and that gave the Scotland and Wales Bills, introduced later in the first Session of the 1997 Government, a very fair wind.

Q11 Chair: How do you think the machinery of government coped with the potential of Scotland leaving the United Kingdom in the referendum this year?

Professor Hazell: We know that Whitehall did not feel able to engage in any contingency planning for the possible eventuality of a yes vote. Again, that was primarily for perfectly understandable political reasons. If there had been serious contingency planning, it could not have been kept completely quiet and it would have been an absolute gift to Alex Salmond if it had leaked that Whitehall was preparing for a yes vote.

Q12 Chair: However politically sensible it was, how sensible was it to have no contingency planning for the eventuality of a yes vote?

Professor Hazell: Clearly, it was not sensible, but you must understand—you have talked about the democratic legitimacy of the elected Government of the day—that the elected Government of the day has the right to set its own clear priorities and say to Whitehall, “There are certain subjects on which we don’t want you to do any work, or even any thinking.” Can I give you a small example from my own previous career? I was a civil servant in Whitehall; I was in the Home Office from 1975 to 1989. In the mid-1980s, I was awarded a travelling fellowship to study the introduction of freedom of information in Australia, Canada and New Zealand—countries that all legislated for FOI in 1982. At the

time, the Prime Minister, Margaret Thatcher, stoutly maintained that freedom of information was incompatible with the Westminster system of government. I thought it was worth exploring how three Westminster systems and well-functioning democracies had introduced FOI just three years before.

I approached the Cabinet Office, which was then the lead Department on the subject, to ask whether it would support my application for the fellowship, and I did so hesitantly. It was very supportive but explained to me, quite plainly, that the Prime Minister had ordered it not to do any work on FOI; not even to think about it. She was entirely within her right to set the priorities for her Government and to say to the Cabinet Office, “I don’t want you to waste any time on this; it is not part of my agenda.”

Q13 Lindsay Roy: Is Holyrood itself not resistant to decentralisation?

Professor Hazell: Indeed, but, forgive me, Chairman, surely we are straying beyond your inquiry, are we not?

Q14 Chair: I am the judge of that. I am going to invite in the other members of the panel.

Professor Hazell: Perhaps they could answer that question, because I really must not dominate the answers.

Q15 Chair: What do the other members of the panel think about this conversation about the desire in principle for decentralisation and the fact it does not happen?

Robert Chote: As an armchair observer—this is not related to my day job—in the past some of the difficulties here have been, on the one hand, a desire for decentralisation and the possibility therefore of local experimentation with people adopting different policies in different areas. From an ivory tower perspective, that looks like a jolly good way of testing whether different things are going to work or not. On the other hand, though, the difficulty for central Government is that when that sort of thing is undertaken, people anguish about a postcode lottery and the fact that central Government politicians are held responsible for regional variations, which you desire on the one hand but are nervous about when it comes up.

Q16 Chair: What analysis can anyone produce that suggests that the attempt by the man in Whitehall who knows best to even out and equalise outcomes across the country actually works? We have had local government redistribution since the 1860s, and the disparities between different local government areas are as wide as ever. Just take Kensington and Chelsea and Tower Hamlets. Why do we cling to the idea that Whitehall can guarantee there will be no postcode lottery?

James Lloyd: I can make an attempt on that. I will draw upon one interest of mine, which is social care. I absolutely agree with Robert that there are pros and cons to local variation and giving local government the power to innovate and vary services on offer locally. I have recently done some work looking at the performance of local authority care and support systems and comparing them with the performance of the disability benefits system, particularly attendance allowance. Attendance allowance is consistent across the country. It is non-means-tested; it has the same gateway across the country, and it also has

a far higher level of engagement and take-up than the local authority care and support system. One of the conclusions I have drawn is the fact that, because the attendance allowance system looks and feels the same everywhere, it achieves behavioural norms in the population. People pass knowledge from family to family about the attendance allowance system and far more people approach it, and it is far more effective at identifying people with social care need than the local authority social care system, which looks remarkably different in many different places.

Taking a step back, the social care system has probably done more innovation than any other area of public services over the last 10 years in developing things like personal budgets, direct payments and rethinking what services look like and why. That has been enabled by the fact that it is a very local system, but I think local authorities acknowledge that they struggle to identify all the people with disability and need. That encapsulates very neatly the trade-offs between having a consistent national system set by Whitehall over in Caxton Street and a very local system.

Q17 Chair: Which do you favour? Do you favour the development of more local choice, diversity and innovation or more centralisation and uniformity?

James Lloyd: On the particular project I am working on currently with social care, I am trying to find a way of integrating both, so that you somehow use the consistent universal gateway of the attendance allowance system, which looks and feels the same everywhere, as an entry point into a journey for people involving local government or the local authority, where there will be greater variation in terms of what sorts of services are on offer, taking account of the variations you identify, not just in terms of wealth differences but, frankly, the fact you have social care in a very urban context and a very rural context as well.

Q18 Chair: Is there another country that has succeeded in doing this?

James Lloyd: The UK, or certainly England, is generally considered fairly unique in terms of having these two parallel systems alongside each other. The disability benefits system, particularly attendance allowance, has evolved completely separately from the care and support system.

Q19 Chair: What do they do in France, Germany, Sweden or Denmark?

James Lloyd: I can start to give you an overview of different countries' social care, but you then get into a discussion about overall funding of the systems.

Q20 Chair: Do they have a decentralised system or a centralised model?

James Lloyd: Germany is obviously a highly federalised system, but there is also a national health and care insurance scheme, effectively. They operate an arm's length social insurance model with a stand-alone scheme funding health and social care, so there is transparency over what people pay in and consistency over what people get out, but that is also in the context of a highly devolved country.

Q21 Chair: So every system is a combination of central and local government.

James Lloyd: Yes.

Iain Gray: Perhaps I can give a slightly different example and different perspective. Innovate UK operates on a UK-wide basis. We are trying to support businesses that recognise global markets. Sometimes innovation happens locally; sometimes it is the critical mass of what the UK can offer that helps create the global market. Just to quote an example from the early 2000s, which is oft-quoted in technology terms, the UK identified nanotechnology as a key strategic priority. What happened was that every region in every city in England and Scotland wanted to create its own centre for nanotechnology. As a consequence, the UK invested very significant money, but it was disbursed in a manner that meant the UK lost competitive advantage. That is an example where a UK strategic priority could have benefited from a central approach.

On the other hand, there are many good examples of local SMEs that develop great innovation in their local science park with their local university. A key challenge would be this. Take a company that is developing, for example, a health technology. Let's say it is faced with 400 NHS procurement offices and 150 local authorities. It may be a great example of a technology that can gain traction locally; we need to find ways and means of supporting that SME, but how do we give it the market opportunities in a UK-wide sense? Innovate UK is constantly facing the tension of centralisation versus decentralisation, and the answer is that we need to find ways of doing both.

Q22 Lindsay Roy: Gentlemen, we have a real conundrum here. On the one hand, we are saying that the barrier to decentralisation is lack of political will, and yet we have continuing rhetoric about empowerment, engagement and local accountability. Why is that? There is a mismatch here.

Iain Gray: The tension is: how do you establish a framework across the UK in which, certainly in my agenda, innovation can flourish while at the same time empowering local bodies to support what is happening on the ground? You need a mix of both.

Q23 Lindsay Roy: Why is it not happening with the political rhetoric we have today about engagement, empowerment and local accountability?

Iain Gray: I cannot comment on that.

Q24 Paul Flynn: The Government do not seem to have a firm grasp of the principle of democracy. Yesterday, they announced that Manchester was going to get a mayor that people voted against and will have the PCC that people voted for done away with. We have just heard this morning that Norman Baker has left the Government because he could not survive being caught in possession of an intelligent idea.

Mr Evans: Just the one?

Paul Flynn: Do you think that, now we have the emergence of English nationalism—it is a sleeping giant that has been there for a long time—with the demand for English votes for English laws, this is the inevitable slippery slope for division, Balkanisation and the break-up of the United Kingdom? Stronger English nationalism will strengthen nationalism in other parts of the United Kingdom.

Professor Hazell: Clearly, that is part of the planning to be done in connection with developing a workable policy for English votes on English laws. That is partly a technical question, first of all defining an English law and then deciding what procedures in this

House would be different in the passage of English legislation. You are quite right that a second issue to be addressed before that policy is introduced is the possible political consequences. Again, forgive me, Chairman, unless I have really misunderstood the purpose of this session, I did not think that you asked us here to discuss that.

Q25 Chair: I think I should be the judge of that.

Professor Hazell: Forgive me. Could you explain the purpose of this session? I may have come under a misunderstanding.

Chair: The purpose of this session is to explore how the capacity of Government is responding to the pressures upon it, including the long-term pressures. One of the pressures upon it is the consequences of devolution. How is our system of government going to deal with this? As Peter Hennessy remarked, the referendum in Scotland was meant to resolve something and it has created a vast political building site as a consequence, which is one of his more colourful and graphic phrases. The question is: how is Government going to deal with this? The institution of Government, in particular the Civil Service, is meant to be one of the stabilising institutions of our political set-up. How is it going to respond to this? In my view, at the moment, it looks like the Civil Service allowed its head to be put in the sand over a lot of this, not least the consequences of devolution itself. Plenty of us warned that devolution was going to create these strains in the United Kingdom constitution and we were ignored, and here we are. How are we going to go from here, unless we are happy to watch our country break up?

Q26 Mr Evans: In a similar vein, the West Lothian question was okay as long as nobody asked it. Post the Scottish referendum, people are now asking it and they want an answer. If we go to the logical conclusion, although clearly there are other avenues that a future Government, depending on its colour, could take, English votes for English laws is one of them. In policy terms, that is going to bring great challenges. What challenges do you foresee English votes for English laws having on the governance of the United Kingdom?

Professor Hazell: The possible risks are well known. The political risks are that there might emerge in this House two different classes of MP and that, in time, the House of Commons might develop what is called in shorthand a Parliament within a Parliament, and some would say that, in time, there would need to emerge a separate Government for England within Whitehall. All those risks are probably exaggerated, but we will not know for certain until English votes on English laws is rolled out. I hope that, if it is introduced, it will be done so initially on an experimental basis.

Q27 Mr Evans: How would you foresee that happening?

Professor Hazell: We wait for the Cabinet Committee, led by William Hague, to reach its conclusions. It is working very fast, and I expect some kind of announcement this autumn. Whether the Government is able to introduce anything in this session is unlikely because, as it happens, there are only two Bills that might have counted as English law and I understand they have already passed through their relevant stages in this House. It is too late to catch a bus, as it were—a legislative vehicle—to test it out in this Parliament.

Q28 Mr Evans: I am finding it difficult to see the piloting of this, because surely the pressure since the Scottish referendum is for the English bit to be corrected or addressed, and that will mean everything that is being devolved to Scotland and those further powers to be devolved to Wales being devolved, as you quite rightly suggest, and maybe the possibility of an English Grand Committee but a Parliament within a Parliament. Surely, it will have to be all those powers. I am just wondering how, in policy terms, you foresee the challenges of that facing a future Government post 2015. I think you are right; nothing much is going to happen before the general election, and we are only six months away.

Professor Hazell: It clearly depends on the complexion of that future Government and whether it still has the political will and interest to try to introduce English votes for English laws. Supposing that it does, I would expect it to make an announcement early in the next Parliament, but it may be that it will want to refer its plans to the Procedure Committee to check that the procedural experts in the House are content with what is being proposed. People tend to overestimate what proportion of Bills in each session are England-only. The last Session may or may not be typical, but, as I have said, there are only two English Bills.

Q29 Mr Evans: Can I ask the others what they feel the challenges will be for Government in the delivery of services if English votes for English laws come through? What do you think are the challenges for Government and indeed the public?

Iain Gray: From my perspective, Innovate UK's role in this is to promote economic growth through the support and stimulation of business-led innovation. The key challenge is that business is seeking international markets. We operate in a global market. The focus on localism is that it produces very fragmented markets. The key challenge from a business perspective in a local agenda is how you aggregate the UK market to create UK competitiveness such that business can create its place in a global market. The tension between how you support local growth versus how you create UK as a key anchor for business in a global sense is for me the challenge for our organisation.

Q30 Mr Evans: When I talk to people who want to set up or do business in Singapore, it is a one-stop shop, and it seems that everything works very quickly. Clearly, with the developments within the United Kingdom—if we accept Paul's example of Balkanisation—it is going to be far more difficult for business to be able to have a coherent approach to setting up businesses in the United Kingdom, isn't it?

Iain Gray: That is the tension. How do you draw out economic growth from small businesses that you want to support where the innovation is happening locally to create a platform where other parts of the world look on us as a single UK entity? We need to project ourselves in terms of the leverage of things that are happening across the country. I would see the role of Innovate UK very clearly to be one of making that link between a global market, a UK-wide market and innovation that happens locally.

Q31 Mr Evans: Do you think we are going to lose business again because of what is happening with the governance of the United Kingdom at the moment?

Iain Gray: It is really important that we have a joined-up approach.

Q32 Mr Evans: I know that. Answer the question, though, Iain. We are where we are. The reality post devolution is a hotchpotch of governance throughout the United Kingdom both at local and national level. Do you believe, because of that, we are likely to lose business to other parts of the European Union?

Iain Gray: My experience is that where the UK has done well in a global market is where it has been able to join up a UK national approach with a local approach.

Q33 Chair: Before we leave this, I appreciate that I may have tested the patience of one or two of you by pursuing this constitutional angle, but, looking at your own sphere of expertise in relation to these questions, what do you think of the quality and capacity of Whitehall officials who are available to grapple with these issues and advise Ministers on the options and consequences of policy in this area, briefly, on a scale of 1 to 10?

Professor Hazell: The officials are very able. I have known all the heads of the Constitution Directorate in the Cabinet Office as it now is and the Ministry of Justice as it was. They have been among the very best civil servants I have known. I think we are extraordinarily lucky.

The difficulty in terms of lack of capacity is one due to political decisions. Going back to the early days post devolution, several people made the case that there was no longer much sense in having three separate territorial Secretaries of State, each leading a small rather rump Department in Whitehall. Would it not be better, in the interests of joined-up thinking on devolution, and incidentally reducing the size of the Cabinet by two posts, to have a combined Secretary of State for the Union? Call the title what you will, but you understand the purpose. That advice was tendered by the then Cabinet Secretary to Tony Blair in 2001 when he formed his second Government. I think they tried once more in 2005, but I am less certain about that. It has always been rejected. That is one example of how it is not fair to blame the officials for the fact that at the moment Whitehall has a very fragmented institutional structure for coping with the consequences of devolution. It is the result of political decisions.

Q34 Chair: Nobody is blaming the officials. Looking at the other areas of expertise in front of us, what is the capacity of officials to deal with these problems and respond to the business questions you are raising, Mr Gray?

Iain Gray: I totally agree in terms of the capability of the officials. I would question whether they are being stretched. There are also two sides to this equation, in that you need to have a good dialogue with the people who are in place locally. You need strength both in Whitehall and around the Civil Service, but you need to have strength locally if there is this good mix between a national and a local agenda. We need to have a framework under which we operate. I think the capability of the civil servants is good.

Q35 Chair: Are there enough officials with this thinking in this area?

Iain Gray: I am saying that you need to look at it in an aggregate sense. You need to look at it in terms of both the officials in Whitehall—the civil servants—and the local officials with whom you are engaged. It needs a balanced capability.

James Lloyd: I have worked in a devolved area of policy, namely social care, for the best part of a decade and I have written endless reports on social care which have dealt with

England only. In one sense, maybe I am slightly more relaxed. A lot of Whitehall officials will perhaps find themselves potentially making policy for England only and not the UK; it is not going to prove too challenging for them. As Iain said, it is going to be a question of local capability in Edinburgh and Cardiff. I suspect that a lot of policy areas will be notionally devolved, particularly around regulatory institutions. If we do see greater devolution in future, I do not see Wales and Scotland wanting to set up a complete array of new institutions, whether it is the CQC, NICE and so forth. I think that in practice a lot of implicit policy-making out of regulatory institutions will continue to be UK-wide because of the time and effort involved in trying to set up devolved institutions.

Apart from that, if you think of the other issues around a highly devolved system, are we going to see tax competition between the different parts of the UK? That might be an issue. Would it be a problem? Is it a good thing? We will have to wait and see. I think of higher education and social care where we have bumbled along with devolved systems for quite a while and it has not proved too much of an issue for policy-makers in Westminster.

Q36 Chair: We seem to be very fearful of this compared with other countries. Robert Chote, supposing that at some date in the future Scotland did vote to leave the United Kingdom, has Whitehall the capacity to deal with the consequences of that, thinking of all the economic and spending issues?

Robert Chote: It would be an enormously complicated process. A whole variety of national institutions would have to be split up, and then there is the issue of replication. Take tax as an area you highlighted. That will be an issue as a result of the talks taking place consequent on the vow, even in the absence of full independence. Decisions will be made over a pretty short time horizon about the potential to devolve different degrees of design and control of tax and welfare that could have quite interesting unintended consequences. It is an issue not about the capability of the individuals but about the number and time they have to think about some of this is quite an important issue. The puzzle is that you do not know the degree to which the different parts of the UK will want to use their ability to vary tax rates and rules. For example, Scotland has had the ability to vary its tax rate. It has not done so. Therefore, the issue for us or other people in trying to work out what the behavioural response to that will be has not really arisen. If you end up in a situation where you have very different tax rates in different parts of the country on different areas where the factors of production, be it people, capital or profits, are mobile, you have a very complicated set of judgments to make about how much this is going to influence people.

A related issue, which you brought up, is that there is a different appetite in different parts of the UK if you go for devolution in terms of having separate institutions to organise this. On the tax side, my sense of the conversations I have had in Edinburgh and Cardiff is that having separate institutions is a more important issue in the minds of the people of Scotland than it tends to be in Wales, where the idea is that, if there were to be different powers, basically HMRC can still run all of it, and that limits some of the challenge.

Q37 Mr Evans: Robert, do you foresee a time when it could possibly happen that inheritance tax rates were doubled in England and yet stayed the same in Scotland under an independent or more devolved financial situation for the Scottish people?

Robert Chote: Clearly, under independence, they can set whatever inheritance tax rates they like.

Q38 Mr Evans: Do you see it happening, though?

Robert Chote: This is precisely what the Smith commission is looking at now. Inheritance tax is not one that you typically hear people talking about. There has been a lot more focus on what would happen with income tax rates. There is a difference between Scotland and Wales as to whether you want the devolution of income tax rates to include the ability to change the higher rate relative to the basic rate. That is perhaps a greater issue in Wales than it has been in Scotland and elsewhere. In Northern Ireland, people have long argued that you should have corporation tax because they have an eye to corporation tax rates in the Republic. You have an already complex, and potentially more complex, set of arrangements, which partly reflects the fact that the different components of the UK are different sizes and there are different views about how much day-to-day institutional devolution you want within the tax system, and also the preferences over different tax rates which may be different in 10 years' time from what they are today. I am not sure about the capability of individual officials, but it is a good point that what matters is not just the officials in London but whether, if Scotland is running its own land transactions tax, which it is, it has the people to do that.

Q39 Paul Flynn: Do you think our progress is impeded by the primitive understanding of science in the House of Commons? I heard one member of the Science and Technology Committee claim that surgeons do not operate when there is a full moon because blood does not congeal then. He did not explain what effect it had on werewolves either. We do have 800 scientists in the world who have announced that global warming is certainly coming, but we have 100 members of one party in a group who deny it. Do you think the dreadful lack of any scientific appraisal of almost all issues here is a great impediment to progressive government?

Chair: That is a yes or no.

Professor Hazell: You have the Parliamentary Office of Science and Technology.

Paul Flynn: We do indeed.

Professor Hazell: If the Members of this House do not make use of it, that is not a question for us to answer; that is for you to answer.

Q40 Lindsay Roy: To pick up another conundrum, the Scottish Government for some time have had powers to vary income tax. Why do you think they have not been used?

Robert Chote: You would have to ask them.

Lindsay Roy: I am asking for your opinion.

Robert Chote: On the politics of why they have chosen to do that, I am afraid I have to plead the fifth. I am afraid that is beyond my pay grade.

Q41 Mr Evans: Anybody who thinks that competitive tax rates do not have effects needs to look only at air passenger duty within the United Kingdom and the European Union. That clearly influences the way people fly. Do you agree with that?

Robert Chote: A whole variety of taxes influence the way in which people behave. Sometimes that is the objective of setting the tax in the way you do in the first place; sometimes the consequences are unintended.

Q42 Mr Evans: I assume that was the reason Northern Ireland was given the devolved ability to alter that particular tax.

Robert Chote: I presume so.

Q43 Mr Evans: As far as the economy and the challenges facing the United Kingdom on growth are concerned, what do you think is the impact of having more people retiring and more older people not able to work and, at the other end, not as many people coming into the work force?

Robert Chote: The demographics are going to affect overall growth rates. It is important to look not merely at the overall size of the economy but at what is happening to GDP per head as well. If you are having shifts in the age structure of the population, that can have effects that are not changing the amount of output per worker you are getting, but there are structures there.

One issue it raises is participation at different ages, and that is where you see policy challenges. You also have issues over pension design and decisions on the state pension age. Now the view has been taken that you really should have a more direct link between estimates of life expectancy and the setting of the state pension age, so those issues are all important as well. As you are well aware, a whole variety of issues go into determining economic growth, conduct of macro-economic policy, the quality of education, etc., and age structures are one of them.

Q44 Mr Evans: How do you see the challenges of what is happening in the world economy and its impact on the United Kingdom? I am thinking now of the eurozone countries, some of which are clearly basket cases within the European Union, and also the slowdown of growth in China? In trying to predict the future for the United Kingdom on income, expenditure and exports, how do you feel these events throughout the world and within the European Union affect the United Kingdom and its ability to predict the future?

Robert Chote: Every time you come to do an economic forecast, the external environment, in terms of what you can think of as a direct trade link—how strong the demand is going to be for our exports and their imports in different parts of the world—is an important consideration. We have had weaker news out of the eurozone relatively recently, and question marks over what happens in the United States as you go forward. As you rightly point out, some of the weakness in global growth recently you can put down to the previously very rapidly growing emerging market economies growing less well.

There is another set of ways in which the external environment can affect the UK, and that is via market conditions, not simply straightforward trade views but the health of banking systems, etc. If you look at the implications of the difficulties in the eurozone and

elsewhere in contributing to the difficulties in the banking system, and therefore the ability to get credit flowing to potentially rapidly growing UK firms, that can matter as well.

I have vowed never to use the phrase “now is a uniquely difficult time to do an economic forecast” because that is always an easy get-out for anybody trying to do it, but those international issues are always uncertainties you have to address every time you do it. There are domestic uncertainties as well, and the one that has confronted most economic forecasts to a greater degree than any other recently has been the weakness of productivity over the period of the economic recovery. It remains very hard for people to explain why it should have been as weak as it has been, the flipside of that being a relatively good employment performance despite weak GDP growth.

Q45 Mr Evans: Will there be any sort of recalculations following the mid-terms in the United States, if there is a change in congressional control?

Robert Chote: It will be interesting to see to what extent that affects US forecasters’ perceptions of growth. I suspect it depends on how dramatic the apparent policy changes are, but also people will have an eye to what the Fed is doing under whatever the outcome of those elections is. That is less directly affected.

Q46 Chair: Is there anything else on the economy?

James Lloyd: I was going to pick up on the population ageing question, because there are clearly productivity and GDP issues, which Robert has identified. In terms of people coming into the work force, a set of policy levers governs our ageing preparedness as a country. One is the state pension age and when we encourage people to retire; another is how much people are expected to contribute to their pensions as a proportion of income. I sense a palpable increase in interest among people who follow the ageing challenges for society in having a standalone, arm’s length commission to make recommendations on changes in the state pension age. The Chancellor has referenced this idea a couple of times in the House, but we have yet to see a formal institution set up to make recommendations about the state pension age, which has the advantage of depoliticising it, or making the increase in state pension age potentially more palatable to a population by having a neutral non-political voice telling it that the state pension age needs to increase. Now might be a good time for setting up such an institution to prepare ourselves for the next 20 years where, to make the books balance, we might have to increase the state pension age even faster and further.

Q47 Mr Evans: What you are saying is that the pain needs to be inflicted at some stage and no Government want to take the blame, so it shifts it on to some independent body.

James Lloyd: Traditionally, it has been a very difficult conversation, understandably, for politicians to have with the public. The last institution that did successfully have that conversation was the Pensions Commission led by Adair Turner which, over the course of several years, succeeded in shifting public attitudes to an increase in the state pension age. When they finished the work, most people accepted that the state pension age would have to increase, and it has done so, but now it looks increasingly like it will have to go even further. In the absence of the Turner Commission currently operating, there might be a role for another body.

Q48 Chair: The point of having a permanent and impartial Civil Service is that it should confront Ministers with the problems that need to be addressed. The questions of ageing and demographics were set out by the Public Service and Demographic Change Committee in the House of Lords two or three years ago now. How much advice do you think civil servants give Ministers on facing up to that? It has all gone rather quiet on that front, hasn't it?

James Lloyd: The Department for Work and Pensions has lead responsibility, I suppose, for an ageing society. There was a formal governmental response to the House of Lords Committee on ageing. Has it gone quiet? It is currently a rapidly-moving picture because, in the wake of this year's Budget changes to annuities, the principal component of preparing for an ageing society—just getting people to save—has suddenly been thrown into a huge amount of uncertainty. Nobody quite knows what these reforms will mean for future pensions policy. It has also raised questions or recommendations from some bodies on the need for an independent body to speak to the public about things like how much they really should be saving and when they can expect to retire; to be a trusted voice for that, more than politicians maybe.

Q49 Chair: We have just heard from NHS England's "Five Year Forward View" the effect that ageing will have on the demand for health care. That seems to be a rather good example of at least psychological preparedness for the ageing population. How well prepared is Whitehall as a whole, and how sensible is it to make the ageing population the responsibility of a single Department, i.e. every other Department can wash its hands of the consequences?

Iain Gray: I come at it on a slightly different tack. From Innovate UK's perspective, we are strongly engaged with Government in looking at how societal challenge can create potential economic benefit. Certainly, with independent living and assisted living, we have been very closely involved across Government Departments. Our assisted living innovation platform is a programme that engages public sector, private sector, third sector and academics to try to identify the economic opportunities that arise from an ageing population. In that respect, it very clearly is a cross-governmental issue.

One of the big challenges, not to reopen the first part of the conversation, is that, if you look at England and some of the economic opportunities arising around the ageing population, you are dealing with 400 NHS procurement offices and a significant number of local authority discussions. How can small companies developing the ideas that can help the societal challenge of an ageing population while creating economic benefit bring those ideas to the fore across the whole of England and the UK? That is the challenge we are facing.

As for the assisted living innovation platform, we have already run a demonstrator programme called DALLAS—Delivering Assisted Living Lifestyles at Scale—which is feeding into a cross-Department review of things that are going on. We see this as an area of significant economic opportunity as well as societal challenge.

James Lloyd: Another issue is that the principal components of ageing policy are spread around different Whitehall Departments. Having worked on ageing policy, I tend to take a holistic view of the state pension at one end and secondary care and hospitals at the other,

and the independence of public service design and spending across these. Ideally, you would be able to take a global view of all these different areas and how they interact and think about whether, if we are going to spend this much money on an ageing population in these different areas, it is joined up and co-ordinated and whether we can get better value for money.

Of two particular fissures I have identified, one is the fact that we have a very strange situation where, if you like, the Department of Health makes policy on social care, but that policy is enacted obviously by local government under the aegis of the Department for Communities and Local Government. I have worked on social care policy for years and still struggle to identify anyone in CLG who covers social care, or would even talk about it. I have always found that fascinating.

Similarly, in terms of DWP spend on the older population, there is an issue about some of the more emotive debates around DWP and ideas like the welfare cap. At the moment, I perceive that all disability benefits are to be included in the Chancellor's welfare cap—this notional limit on DWP expenditure—but there does not seem to have been a great deal of thought about what the implications of that might be, for example, for social care expenditure, because there would very likely be a direct correlation. If you press down particularly on attendance allowance and DLA as it is paid to older people, this will directly affect the finances of local government. Has that calculation been worked out across those different Departments? I am really not sure it has.

Q50 Chair: Finally, on infrastructure and transport, what is the capacity of Government to provide the infrastructure we need, and is it succeeding?

Mr Evans: Not if you travel on a Friday on the M6.

Iain Gray: We cited transport here, but if you look at the interaction in big cities of transport, energy and waste, the bit that is missing is the integration of systems of systems. There are individual issues in each of those areas where I can see some progress being made, but the integration of the systems of systems in big cities is an area where I think there needs to be more focus.

Q51 Chair: Robert Chote, looking at the simple benefit-cost ratios of investing in rail or roads, if we want economic growth, are we optimising the return on our investments by investing very heavily in rail at the expense of road?

Robert Chote: That is not an area in which I would remotely pretend any expertise, I am afraid. The Government has a national infrastructure plan. It is not part of our job to scrutinise that in great depth, but one of its virtues is that it seems to be taking a holistic view, looking not only at infrastructure that is publicly provided but at the private sector as well. In that sense, there is presumably some sort of overview of what the needs are and thinking not only about what you do with the amount of money available for capital spending within Government but about what you might want to do to try to leverage resources to ensure the private sector is there as well. I would not pretend to be an expert on the sectoral cost-benefit analysis of individual options.

Q52 Chair: On the question of house-building, we are building houses at about half the rate necessary to house the population. There seems to be no means of changing the rate of house-building. What effect is that going to have on the UK economy in the longer term?

Robert Chote: If you were to gather a number of average economists in a room, most would say that some liberalisation of the planning regime and the ability to make it easier to build more houses was probably a desirable thing. As you say, you do not see the rate of house-building that you would expect to see, given the change in the population, but most people would say planning was the main factor behind that.

Q53 Chair: So the Government are restraining future economic growth.

Robert Chote: You come back to another issue: local versus national. One can wield the idea that building a lot more houses would be lovely and, at the same time, local authorities are not always as keen on that if it is in their back yard.

James Lloyd: I would certainly agree with all of that. There is a potential failure to take account of the long-term cost of inadequate housing supply and declining rates of owner occupation on different areas of public policy and spending. An interesting question is that, if we do not build enough houses and houses become more expensive, people end up spending a greater proportion of their lifetime income and earnings on housing, as opposed to pension saving for example. I have done a lot of work on pension saving. Most people do not save adequately for a pension. Is that frankly because people have to put so much of their earnings into property or to pay for their accommodation, whether in the form of rent or of very large mortgages? One consequence of the inadequate house-building seems to be a declining rate of owner occupation. I am fascinated by the fact that nobody seems to consider this in a life-course perspective and the fact that, if we have a declining rate of owner occupation among pensioners, in 10, 20, 30 or 40 years there will simply be far more people reliant on the state to pay their rental costs, because very few people who rent in retirement can afford to pay their rent and most rely on the state for support. If we take current projections of 20-somethings today, about half of whom may be on the property ladder when they retire, the implications for public spending are significant. I am sure that Robert's successor at the OBR in 10, 20, 30 or 40 years will be calculating the cost of that. There seems to be an institutional inability to consider the wider costs of not building enough houses and maybe to plug that into evaluations and the cost-benefit analysis of different options to fix that.

Q54 Mr Evans: We have the BBC breaking the news that the employment tribunal has said that, when people do overtime, it should be counted in their holiday pay. That has implications for 5 million workers, and it could be backdated. Do you think, over in Whitehall, they are prepared for this? Do you think it is "keep calm and carry on" or "panic"?

Robert Chote: I have no idea about the degree of preparedness. I presume that this issue has been discussed for some time. It is not something that will have come completely out of the blue, and hopefully some thought has been given to how to respond to it, but it is not an area I can tell you about.

Q55 Kelvin Hopkins: On housing, we have seen the absolute failure of the market. Over the last 30 years, we have been driven into a market arrangement for housing. It does not work. Post-war, millions of council houses, new towns and whatever were built. Isn't the only answer to start thinking again about state involvement in housing provision in a really serious way?

Robert Chote: Again, you take me well outside my remit. In addition to overall housing trends, for example, we are looking at the welfare budget. That is another area where you see the cross-flows. One of the reasons the housing benefit bill has gone up is the availability of social housing. More people who receive housing benefit are in private rented accommodation, rather than social accommodation, where the rents tend to be higher, and that has a knock-on effect on how much you pay in housing benefit. It is just another example of a policy decision in one area where the relative availability of private and social rented accommodation affects a particular category of spending within the welfare cap, which may then affect something else because of decisions that have to be taken.

Q56 Kelvin Hopkins: In my own town, when I bought my home, house prices were three times average earnings; now they are 10 times average earnings. It is no wonder that owner occupation is starting to decline.

Iain Gray: On a slightly different tack, the question is outside my area of expertise, but, as well as having more houses, it is about making those houses we do build radically more efficient. It is about recognising that 80% of the houses that will be there in 2050 have already been built and we are already living in. How do we make them more efficient? One of the roles in terms of Innovate UK's Low Impact Buildings Innovation Platform is to look at how it can engage business and construction in that challenge and create economic opportunity out of it. The Low Impact Buildings Innovation Platform is looking at it from an emission perspective and how we create economic advantage there.

Q57 Lindsay Roy: In terms of social policy trends, understandably there has been focus on the age profile, health, housing and pensions. Are there any other trends that are a cause for concern; and, if so, what are they? What challenges do the Government face, for example, in child care?

Iain Gray: From our own organisation, I would table the key areas of challenge that we are focusing on. We have developed programmes around food, which is clearly one. Energy is another. We have covered the health care agenda in the sense of ageing, but there is a lot of talk about antibiotic and microbial resistance. Earlier this year, we identified the whole issue of stratified medicine as an area of challenge. We are also looking at urban living and resource efficiency as key areas of challenge.

Lindsay Roy: How well prepared is Government to address these?

Iain Gray: I think the fact that they are identified shows that they recognise them as challenges. Without replaying the whole conversation, it needs a holistic approach to look at these as challenges. Our perspective is to look at how we can help contribute to the societal challenge, while at the same time creating economic benefit from it.

James Lloyd: Apart from and related to ageing and social care, what keeps me awake at night is the potential decline in the long-term rate of growth. The private pension system, which has evolved and improved particularly since the Turner Commission, is predicated on the idea that you can put money aside and it will grow in value over your working life. If we are to enter a period of 20, 30 or 40 years of significantly below-trend growth—there are various hawkish figures who talk about global stagnation and so forth, and macro-economists will clearly argue about that—that will raise profound questions right across all areas of public spending and public policy. Are we prepared for it? I do not know.

Robert Chote: Rather than picking up a particular area, I will just mention the overarching medium-term strategic challenge. At the moment, we have a fiscal consolidation programme that implies that day-to-day spending on public services is falling to its lowest share of national income since the 1940s or 1930s. Beyond 2015-2016, we have no plans laid out Department by Department, but it would seem to me, if I had my old job at the IFS, in the run-up to the general election, I would be asking everybody how they intended to address that challenge. What you would want the public sector to be and to do consistent with those plans or whether you had different plans would be quite important.

Q58 Chair: I appreciate that this is an unusual inquiry, but I make no apology for asking open questions about future challenges facing the United Kingdom and how we are going to deal with them. I do not think there is any other Committee in Parliament that would conduct an inquiry like this. In that context, are there any things that we have not asked you about that you expected us to or think we should have asked you about?

Professor Hazell: There is one, Chairman, and it may explain my slight misunderstanding of the purpose of the inquiry. Forgive me, I had thought that we were in part going to be asked to address the difficulty in contingency planning in one Parliament and under one Government for a future Government and a future Parliament possibly of a different complexion. That is a real dilemma, to which there are not any easy answers. As I said in my little story about Mrs Thatcher and FOI not being one of her priorities, it is the prerogative of every Government to set its own priorities and say to Whitehall, “We don’t want you to work on anyone else’s agenda.” That is absolutely right.

In terms of contingency planning for future Parliaments and policies that might come up in those future Parliaments, an awful lot of the work has to be done outside Whitehall by research centres and think-tanks, like the organisations represented on our panel. I am, as it were, putting on for Robert his old hat when he was head of the IFS. The important thing for Whitehall is to maintain a dialogue with all those policy outfits doing work outside, and to be porous to their ideas, so that Whitehall is as prepared as it can be for any change of policy or future contingencies these organisations have been doing work on that Whitehall cannot.

Q59 Mr Evans: Do you think we are in four-party politics?

Professor Hazell: Clearly we are. We are six months away from an election.

Q60 Mr Evans: What impact do you think four-party politics, with UKIP having an influence, will have on the governance of the United Kingdom?

Professor Hazell: Forgive me, your guess is as good as mine.

Q61 Chair: I forgive you. We are grappling with the question of Civil Service impartiality and what constitutes impartiality and neutrality. We have raised the question whether this simply means the capacity of civil servants to work for one party in power and then another party in power, or whether in fact the point of that impartiality is that they are prepared for working in different scenarios. That would seem to address the question you are looking at. How do you think the question you are raising interfaces with the question of genuine impartiality in terms of the permanent Civil Service?

Professor Hazell: Can I refer you to the document issued by the Cabinet Office last month, on the Civil Service reform plan two years on, in which that question is addressed head on? I will just read out, if I may, three sentences: “The Civil Service is sometimes said to be ‘independent’ or ‘neutral’. It is neither. It is wholeheartedly committed to serving the elected Government of the day in devising and implementing its programme. What is internationally unusual and often envied is the service’s ability to preserve its impartiality so that it can transfer seamlessly its expertise, commitment and loyalty to a Government of a different political make-up tomorrow.” I think that captures it very well.

Chair: Do you think that is the correct definition of impartiality?

Professor Hazell: Yes. This is the important point to grasp: the Civil Service is not neutral; it serves the Government of the day wholeheartedly, but it retains the capacity wholeheartedly to serve a different Government after the next election.

James Lloyd: This Committee published an excellent report I think, in 2010, on, among other things, the capacity for strategic policy-making, particularly in Government. Having worked in the think-tank sector for pretty much 10 years now, I have observed what appears to be a decline in the strategic policy-making capability within Government. I noted with regret the loss of Cabinet Office Strategy Unit, which was a very valuable institution. My sense is that officials have less time to think and consider evidence. I am sure this is partly about resources and reductions in headcount, but I would proffer that, as we reach the end of the Parliament, we see that some policies, even with the best intentions, have come adrift because of a lack of strategic policy-making capability.

I also find it bizarre that, as a country, we do not invest some capacity in Opposition parties. I was working in a think tank before this Government came in, and I have worked throughout this Government, and both times I have seen the genuine difficulties that Opposition parties have in opposition. I find it bizarre that we do not second civil servants to the Opposition. It would only help development of policy-making by parties in opposition and directly affect what new Governments sit down with and present to their Civil Service on the day they take office.

Arguably, there is also a lack of strategic policy-making capability in the think-tank and charitable sector. There is always a great contrast with the United States, where there appears to be a plethora of extremely well funded think tanks. While we have a number of self-sufficient think tanks, such as the Institute for Government and the IFS, who do very

well in retaining independence, a lot of other organisations that would offer that strategic policy-making capability do struggle quite significantly with funding.

Chair: Thank you for that, and may I thank you all very much indeed for your time. You have been very generous. I apologise if there has been any misunderstanding about this inquiry. To some extent, it is an experimental inquiry; we are trying to go outside the box, so, if we are causing a few surprises, I make no apologies. We are most grateful to you.

Witnesses: **Professor Michael Clarke**, Director General, Royal United Services Institute for Defence and Security Studies, **Simon Gillespie**, Chief Executive, British Heart Foundation, and **Professor Dame Julia Slingo OBE**, Chief Scientist, The Met Office, gave evidence.

Q62 Chair: Thank you very much for joining us. Can I ask each of you to identify yourselves for the record?

Simon Gillespie: I am Simon Gillespie, Chief Executive of the British Heart Foundation and also President of the European Heart Network.

Professor Dame Julia Slingo: I am Julia Slingo, the Chief Scientist at the Met Office

Professor Clarke: I am Professor Michael Clarke, Director of the Royal United Services Institute.

Q63 Chair: Thank you very much for joining us. I have a mild interest to declare that Mr Gillespie and I were at university together. I cannot remember whether I actually got him to vote for me in any election I was standing in, but that is beside the point. On to the question of science and technology, which we touched upon in our previous session; it is one of the fastest changing environments in which Government operates, in both our understanding of the environment we are in and also the capabilities that are being generated, which change the nature of our society. As I look at the technology on our desks that did not exist half a generation ago, it is utterly astonishing. How well does the panel think that Government is keeping up with all this? Mr Gillespie, an arts graduate.

Simon Gillespie: With a scientific background as well. There are some encouraging signs. Like the curate's egg, it is good in parts and not so good in others. One of the things that we have welcomed in the life sciences area is the co-hosting of a ministerial post between two Departments: the Department of Health and one other. That is a welcome recognition that science pervades pretty much everything we do. However, I think it was the Duke of Wellington who said that a battle is a process that occurs at the boundaries between two maps. There is a danger that that type of approach may end up with the individual or theme concerned being loved by neither of the hosting Departments rather than loved by both.

Professor Dame Julia Slingo: You are absolutely right that the pace of change is very fast these days and getting faster. When I look at my own science, which is of course weather, climate and climate change, what I sense is that the complexity of the issues and the science is such that it is sometimes quite difficult for Parliament to understand what the message is and what the issues and challenges are for policy and Government in general. In particular, I look at the pervasiveness now of environmental risks, the sorts of things we

saw last winter and the sorts of things that were summarised very well in the IPCC Fifth Assessment Synthesis Report that was published at the weekend.

What one senses is that none of the risks, if we take climate change as an example, can be looked at in isolation from other big changes that are going on around not just the UK but the world, in terms of the exposure and vulnerability of populations. Often, those who do not like the message of climate change look back and talk about the medieval warm period or the little ice age. The point is that that was a completely different world. We need to look at these environmental risk problems in the context of rapidly growing populations, increasing urbanisation into large mega-cities, often on coasts, demographic change, which you talked about in the previous session, and limited natural resources. That means water, land to grow food, energy and so on.

We are dealing more and more with what one calls “complex problems”, and, even as a scientist myself, I struggle with how one deals with a complex problem like the weather and climate, but, if you add the other dimensions, it is very challenging. We have to find a way to look much more holistically at some of the big problems and think about how we integrate science and technology in a more effective way so that we as scientists can give you as Government the evidence base you require to make the decisions you need to make across all of government. In my field of environmental risks, this does not just apply to DEFRA or to DECC; it applies to every aspect of government. At the moment, that realisation is growing, but we need to do so much more to get that further into the heart of the decisions we make and how we spend money on infrastructure going forward.

Professor Clarke: The scientific and technological challenges have been quite well recognised by the security and defence community, partly because we have always taken our lead from the United States, so those challenges that they recognise, we recognise. The difference has been our ability to do anything about it at a level that would make a difference. In following the US lead, I am confident that they have understood what the Americans understand, but are finding it increasingly difficult to devote enough resources to meet those challenges.

There is another problem in relation to the United States, which is that the US is now on the verge of being able to, in their terms, “integrate the six domains of warfare”. Warfare occurs across six domains: space, cyber, land, sea, air, sub-surface. The United States can integrate across those domains in a way that only they can. The relationship between Britain and the United States as military partners is now changing for scientific and technological reasons in ways we cannot do very much about.

The other great problem is that, even if we take our lead from the United States, there is quite a lot of evidence, even in the last 10 years, the nature of warfare and militarised conflict is altering in ways that even the United States cannot do very much about. Science and technology is creating what is often referred to as hybrid warfare or unconventional challenges, which also relies on the greater urbanisation of peoples, the ability to communicate easily, the fact—as was recently reported by the new head of GCHQ this morning—that ISIS in Iraq is able to use social media simply for its battlefield communication systems. They do not need to codify it; they just announce it on social media and ISIS fighters are able to react to that, to go to places where they need to go. The very challenge that the traditional military powers have recognised is changing in ways we are struggling to understand.

Q64 Chair: What do Government need to do, in answer to all three of those questions, so it has greater capacity to understand complexity? The theory of complexity, if I am correct, is that eventually complexity overwhelms our capacity to grasp it. What capacity do Government need in order to keep up with the increasing complexity of everything?

Professor Clarke: I have a glib answer in the defence and security field, rather narrowly focused. The National Security Council, which is an evolutionary improvement on what was there before, is still only really a liaison organisation. It lacks a strategic brain; it lacks the ability to be more genuinely strategic, and I know that this Committee has looked at that in the past. The more holistic approach is being able to think of security across the broad spectrum of Government, because it involves energy security; it involves social resilience; it involves societal messages. If it were possible to try to develop that NSC machinery into a more forward-looking strategic brain, at least we would have a better grip on the holistic challenges that Dame Julia mentioned.

Q65 Chair: Is it structural and organisational, or is it about having the right kind of people? What kind of people do you need to do this?

Professor Clarke: Personally, I am sure it is both. Strategy is not a blueprint, it is a habit of thinking. We are looking to create a system that is more strategically literate, depending on what it is we want our strategies to achieve.

Q66 Chair: But I read English Literature. I do not think I have the right kind of imagination to deal with microbiological threats or nanotechnology. You need plasma physicists, brain surgeons, microbiologists and mathematicians to grasp the complexity of the systems we are trying to overlay on this.

Professor Clarke: Yes, Chairman, but then those insights, which only those specialists can give you, have to be translated into policy choices that can be understood across Government in ways that do not automatically stove-pipe them, because they are complex in themselves.

Simon Gillespie: Government can sometimes be a great example of the “not invented here” syndrome. I speak both as a former military officer and former senior civil servant in previous existences. There needs to be something much more about what the business of government is, then some clear decision-making about how that is done, because the important thing is, yes, you have emphasised the people, and during your questioning of the previous witnesses as well, but there is a lot here about the structures that is important. Far too much does fall between the cracks and then gets disregarded because it is not in that particular area of responsibility.

There is an awful lot about culture, which is the ability to accept and understand information and evidence. From my perspective, the blindness of Government, quite often, to evidence is concerning at best and deeply worrying at worst.

Professor Dame Julia Slingo: Complexity can be very daunting, but it does not necessarily mean that fundamental truths do not still exist. I will take an example from my own field of climate. The climate system is immensely complex. We see things happening. A complex system is one where interactions throw up completely unexpected

results. We should not look at those and think that the fundamental truths are compromised in any way. That, of course, is the game of the climate sceptics: to come up with things that run counter to a very simple paradigm of what climate change might look like and to try and undermine the fundamental truths of it. It is really important, when dealing with complexity, to have really good communicators—people who can work around a complex problem but understand where the fundamental truths are and when things are or are not compromised.

One of the challenges for all of us working in these areas, particularly my own of climate change and also dealing with natural hazards today, is the multidisciplinary of it. As scientists, we are not good at multidisciplinary yet. This is one of the ways in which it will come back to the science community to organise themselves much less in disciplinary silos, and much more in dealing with grand challenges. That comes back to how we resource science in this country.

The UK is incredibly well placed to tackle some of these problems, because, although I am being quite critical about our disciplinarity, we have made massive strides in looking at these multifaceted problems. For Government, it is essential that, within Government Departments, there is a level of scientific capability that people like myself can have dialogue with to convey the importance that we are not just dealing with a complex system, but there are some aspects of it that are quite certain. This comes into this whole business of uncertainty and how we work with risk and probabilities.

The other big opportunity here is this whole big data revolution that is going on. If you really look at communication, it is not about data; it is about information. One of the challenges we have is how we deal with what I call informatics: making data useful to everyone everywhere. We have started down that road with the investment in the Turing Institute, which is trying to take that multifaceted look at data. We have to do more in the area of the technology of big data, but also mashing data and extracting information and intelligence. It is not just information; sometimes it is the interpretation by the human being of that information. We have to really accelerate that, and we have to improve the dialogue across Government and between Departments, because that is when you will really get the full value and relevance of that information for different facets of Government.

We can be daunted by complexity, but we have an amazing opportunity in the UK, because we have such a strong science base, to be a world leader in getting ahead of this. At the end of the day, the countries that really understand their environmental risks and the global environmental risks that affect their business and how they operate within a global economy will do best.

Chair: It is a very attractive challenge for a country, isn't it?

Professor Dame Julia Slingo: It is, absolutely.

Q67 Chair: We have that propensity. We are going to come to energy and climate change in a moment. I have just one supplementary on what should be a less controversial topic. You do not even have to be an epidemiologist to understand that there must have been a lot of people who recognised that the Ebola epidemic in West Africa was going to

extrapolate in a certain way and that, if we could contain it earlier, it would cost much less and save a great many lives. Why do you think not just our Government but other Western Governments were so slow to respond until we had an absolute catastrophe on our hands? Why do you think Whitehall behaves in that way?

Simon Gillespie: I think it was not seen particularly as anybody's business. It is very complex and falls between all sorts of different cracks.

Q68 Chair: How could we possibly have not thought it was our business?

Simon Gillespie: There is an issue with time scales here, but I do not think, in either the short or long term, Whitehall is particularly good at horizon-scanning and coming up with a digest of what it sees as being the most grand challenges and what it sees as being the things that could flare up to put those off course. I just do not think that was recognised. Clearly, from all the reporting that is going on, there were those who were raising their voices to say, "There is a problem, it is arising now and you need to do something about it." The consequences of not being able to grasp that early enough are just coming home.

Q69 Chair: What should we learn from this episode?

Professor Clarke: I am quite impressed by the naming of challenges that goes on across horizon-scanning exercises in Whitehall and certainly in the military. They are quite good at naming challenges, but naming them and recognising them are two different things. It is easy to create an exercise where one lists all the possible challenges, and even puts levels of probability on them. That happens all the time. One of the problems for Whitehall is that it has too many people doing that, in a way; there are too many overlapping horizon-scanning documents. However, the recognition of the second-order effects of these things that are relatively easy to name is almost completely lacking.

Q70 Chair: So what one might call analysis and assessment of these challenges is what we need to find.

Professor Clarke: Yes, and a sense of what it would take for us to address those challenges; if it became a policy issue, what would we have to do? This is lacking until we get to a point of some crisis.

Q71 Chair: Was there anyone in RUSI clamouring for the Government to do something about Ebola?

Professor Clarke: We do our own analysis of that all the time.

Q72 Chair: But was there anyone in RUSI clamouring?

Professor Clarke: On Ebola, yes. We do serious infectious diseases. We have a meeting this week about it.

Q73 Chair: But before this became such a major problem.

Professor Clarke: Yes, we did. We recognised Ebola and we recognised cholera coming out of the Syrian civil war, but all we can do is talk about it. We only have the power of publicity.

Q74 Chair: Would you give us some examples of where you have provided early warning to Government and it has not been heeded? That would be very useful.

Professor Clarke: Certainly. I would be happy to do that.

Chair: Dame Julia.

Professor Dame Julia Slingo: I do not have much to add, except to say that generally our ability to recognise the potential for disasters is something we still need to do more work on. I go back to Lord Ashdown's report on humanitarian emergencies and the number of occasions where we had a heads-up quite early on that something was happening and yet we, as a country and as an international community, were often slow to act. I do not know whether it is information flow or whether it is a structural thing, but I think disaster risk reduction is now coming very, very high up the international agenda, and so it should.

Q75 Chair: How much is it structural and how much is it attitude and behaviour?

Professor Dame Julia Slingo: I think it is a combination of things. Some of it is structural, in a sense of do we really do enough about forewarning of risk? There is a very active community looking at mapping risk, which is great, and the insurance industry is heavily into that area of DRR. We are not really doing enough, I believe, on forewarning of impending risks, which we could do. Then I think there are a lot of issues around reaching the people in need, so it is the communication out of Government, often internationally, out to countries and down to the person who is being affected. We can do so much better. We heard examples of social media just now, but everybody has a mobile phone, virtually, so 21st century technology should enable us to be much, much more rapid in our response and more joined up, but we have not got there yet.

Professor Clarke: I have just one point on this question. Hanging around the bazaars of Whitehall for the last 20 years as an analyst, I am convinced that Whitehall is actually quite good at internal co-ordination; a lot of time, emotion and effort goes into co-ordination. We are certainly a lot better than many of our analogue and competitor states at co-ordination. The downside is that sometimes the policy is whatever we can co-ordinate on, and so sometimes we have policy that is genuinely well co-ordinated but is rather incoherent in itself. Coherence, so the output, and co-ordination internally are not at all the same thing, and sometimes we put so much effort into co-ordination that what we can co-ordinate about, by definition, becomes the policy.

Chair: So the co-ordination compromises the policy.

Professor Clarke: On occasion, yes.

Chair: Professor Gillespie, then Mr Flynn.

Simon Gillespie: I have been upgraded to professorship now, so thank you. If I could just briefly come back to the time scale issue, clearly there are the shorter time scale crises, such as the Ebola crisis, but there are longer-term and slow-motion car crashes that we have the evidence are going to happen, and in all cases prevention is far better than cure. The ill-health epidemic that is facing the UK at the moment is there and is real, and we know all too well what the consequences of that will be further down the line.

You were touching on, in the earlier evidence session, the implications of an ageing population. It would make far more sense for that ageing population to be healthy in their old

age than unhealthy, and we need to be able to face up to and deal with that now. Even with the welcome steps forward in the “Five Year Forward View” for the NHS in England, for example, that is only five years. We have to think much longer term in terms of prevention and risk reduction in the health environment because of the enormous cost to individuals of ill health but also the huge cost to the state of a variety of other issues.

Q76 Paul Flynn: The flooding that you mentioned, Dame Julia, is a good example of how this place sadly does not work efficiently. Part of my constituency includes the Gwent Levels, which are exactly the same in geography and topography as the Somerset Levels, and they did not flood. The hills from which the waters rise are still densely wooded in Gwent. The Quantocks and the Mendips have lost a great deal of their woods, and they have also got crops on them that allow water to flow off. That seems to be a very powerful reason why the flooding happened there, but the debate went into what was convenient for politicians to take up: they had people to kick around; they had someone to blame. They would not take on the farmers because they are too powerful a lobby.

Dredging is a two-way street. This place flooded in 1924 because of dredging; water can flow out and come back in quickly. We had a debate that was based on raw politics of lobbying and who was making the case, who was shouting the loudest.

Chair: Can you ask a question?

Paul Flynn: What happens when pure science comes up against impure politics?

Professor Dame Julia Slingo: That is a very good question. Just on the flooding, it was an exceptional winter by any measure. The point you are making is the point I made right at the beginning that environmental risk—that flooding was really an environmental hazard—requires us to understand our changing exposure and vulnerability as a result of, in your example, what we have done to the landscape. If you are living in an urban environment, the impact of a severe thunderstorm will be very different from the impact if you are living in a rural environment, so it is now moving much more from the hazard to the impact and understanding how our behaviour and what we do with our environment affects the impact that we feel from natural hazards.

That is very much a journey that we in the Met Office have gone on. We now do not issue warnings based on the hazard; we issue them based on impact, by understanding the exposure and vulnerability of a particular region. With the Somerset Levels, I have to say, there were a number of other competing factors. It is tidally very altered. One should also not forget, of course, sea level rise, which is one of the longer-term risks that we will see. It is this horizon-scanning; sea level rise will become increasingly an issue for parts of the country like that.

Q77 Chair: Professor Hazell was suggesting that the Civil Service does what Ministers want them to do and then relies on the think tanks like RUSI, British Heart Foundation and maybe other people to do this out-of-the-box thinking and the challenge. How well do you think that works?

Professor Clarke: From our point of view, there is no problem intellectually in out-of-the-box thinking. Of course, ours is a matter of resources. We have to have a customer for most of our research because we have no core funding, and that is good because that keeps us independent. I would not have it any other way.

Q78 Chair: If you were shouting at the Government about Ebola before they did anything, and nobody heard you in Government, would it not be better if they had that challenge within the system of Government rather than relying on it coming from outside?

Professor Clarke: Indeed, it would be better if there were a freer interchange of ideas between think tanks and Government, and there is; it does take place, but it is rather fitful, depending on personalities in Government who think they might want to know something.

Q79 Chair: So Professor Hazell's model works; the impartial, neutral Civil Service supporting the Government of the day can rely on challenge coming from outside the system.

Professor Clarke: The challenge is usually there if the Civil Service really wants to hear it. Sometimes, we are invited into these things more as the cabaret than as the discussant for the sake of form. Other times, the Government genuinely want to know, but even then it is quite difficult for external views to gain real purchase within a system that is rather well worked.

Q80 Chair: Dame Julia, how does the fragmentation of this thinking amongst a variety of external agencies help the coherence of Government thinking at the centre?

Professor Dame Julia Slingo: One of the things we have done in the Met Office over the last few years is really to say, "We accept this fragmentation, but let's try and deal with it ourselves". In terms of innovation and thinking outside the box, we do that as part of our business, as a leading science agency. An important role that the public sector research establishments can sometimes play is that, yes, they are very close to Government and policy, but, if they play their role correctly, they can also be a great integrator and facilitator of science and the academic community.

I came from academia as the Chief Scientist and, over the last five or six years, we have built a very strong science partnership programme with the Research Councils and leading universities. For me, it is about utilising the best science wherever it is done, so, when I am thinking about what Government need, I do not just look at what I have been contracted to do in the Met Office; I look at what I believe are the big science opportunities and where the innovation is in science that I can bring forward and operationalise into better services.

It is really important that there are good links then with the civil servants in the various Departments who understand the role of organisations like the Met Office with a strong science and innovation base, but tailor everything they do to serving Government needs, whether it is in the public weather service or policy advice on climate change.

Q81 Mr Evans: I am just wondering whether, in the democracy we have got, it is difficult to deal with some of the issues that we can predict for the future. Simon, you have mentioned the ageing population. The number one thing that stares out at everybody is the obesity ticking time bomb. Is it a factor? Yes, we can predict it. Yes, we know it is going to be a disaster. However, the solution is so unpalatable in a democracy that it is very difficult for Government to tackle it properly.

Simon Gillespie: I am certainly not advocating a change to democracy or the democratic basis of our Government, but it does present huge problems. The obesity crisis—and it is getting worse, not better—is going to cause significant problems in the future, but you can move out to a whole series of other health challenges as well. They are building up a tidal wave of avoidable ill health. This is one of the things that is very difficult to deal with, because those sort of issues need all of us to change some of the things that we do on a

day-to-day basis. Those changes can be more extensive at some times than others. This is where we suffer sometimes from the five-year terms of Parliament and the like, when we are dealing with a 15, 20, 25, or 30-year problem. That is the time scale that we need to look at.

For us at the BHF, our research agenda means that we fund the vast majority of academic cardiovascular disease research in the UK. We are not just the icing on the cake; we are quite a lot of the cake as well. We are looking at that 20 to 25-year horizon. That is very difficult against the backdrop of Governments which could change, notwithstanding previous comments about the Civil Service seamlessly moving into supporting a Government of a different political complexion. I do not think it works quite like that.

Q82 Mr Evans: You have just said that there is a tidal wave of ill health.

Simon Gillespie: We have a tidal wave of ill health building up for the next 10 to 15 years, which will cost millions of individuals their health, which will be a huge burden on their families and communities and an enormous burden on the taxpayer in all sorts of direct and indirect ways. One of the key things to come out from all of the people giving evidence today has been the complex interrelationships. We are not just talking about direct cost to the NHS; we are talking about people having to give up work and become economically inactive to look after somebody; we are talking about welfare benefits; we are talking about housing. Most of our housing currently—let alone anything new we are building—is not adequately prepared for people who may be wheelchair-users, for example. It could not take a stair lift, if that was needed.

Q83 Mr Evans: What is the journey, then, that needs to happen to ensure that we tackle these problems that are predictable, that we see coming, and yet that we are doing nothing about, or not doing enough about, anyway? We talk about it: exercise a bit more, eat a bit less and all that stuff, but clearly it is not having an impact. What is the journey we need to take in Government?

Simon Gillespie: It is a very complex one. There will be a report launched on Thursday by the Richmond Group of Charities, of which the British Heart Foundation is a member, identifying this problem and looking for a cross-governmental approach, which is absolutely imperative, so it is housing, health, work and pensions; it is everything.

Q84 Chair: Does that report contain some quantitative data as well?

Simon Gillespie: It will do, yes, but it is stage one of the report. We will come back with a further report late next spring, so just after the election. It needs leadership as well, and leadership at all sorts of different levels. I go back to an earlier point that was coming out in the previous discussion, around how much is devolved to local authorities in this context. That is an awful lot now in terms of the public health agenda in England, but there is a mismatch between accountability and responsibility and a lack of understanding of what the various roles of the political leadership are, for all parties, irrespective of party allegiances, and what Government's responsibilities are, at all levels of government, national through to local. Then, of course, it is about individuals, because ultimately it is individuals who will have to change something.

Chair: This is fascinating.

Simon Gillespie: It is a very complex issue that needs a lot of further development but needs some strong determination. It will challenge people, because politicians will almost have to compete to say, “We are going to have to do some difficult things and we need to do those together”.

Chair: That is what the point of this inquiry is: to challenge the politicians to do difficult things.

Q85 Kelvin Hopkins: My question is about energy and climate change, but it applies to other things as well. Isn't this complexity argument massively overdone? Is it just the failure of Governments to act?

Professor Dame Julia Slingo: I was just listening to Simon Gillespie's comments on obesity and all of that. We know what we are facing, and yet, because it is 10, 15, 20 years away, and for a while it looked like an end-of-the-century problem, we think, “Well, I have got time. I can wait and I will do something about this tomorrow”. Of course, what the latest report says is that it is here and now, and we have to do something; we cannot wait any longer. The longer we wait, the more committed we are to very long-term damaging effects, and not just on human systems.

Q86 Mr Evans: Julia, what should we be doing, then, about the obesity time bomb? What should the Government be doing that they are not doing?

Professor Dame Julia Slingo: Actually, the UK Government have led the world, in a way, on saying that climate change relates to how much carbon dioxide we emit into the atmosphere and in being very clear that they accept that. It is a bit like the obesity thing. To actually do something about it is very tricky, because it affects the way people live their lives and so forth.

Q87 Kelvin Hopkins: If I continue with my question, I must say that I do not buy this complexity argument. We, as a country, have been the most right-wing and reactionary country of all the nations in Europe when it comes to climate change. We are perhaps trying to catch up now, but isn't it the case that we were second-last only to Malta when it came to renewables, for example? We are now on a bit of a catch-up. Is that not to do with Government, Government decisions and Government failure?

Professor Dame Julia Slingo: I am a scientist. I am not going to comment on what policies the Government have or have not pursued. What I will say is that, again, the mitigation problem, which is what we are talking about, is many-faceted. There are many ways of tackling this. I was very interested by the comments in the previous session about our housing stock. This is not necessarily just about changing our energy supply; it is also about making more efficient use of our energy. Again, it is a multifaceted approach to what is a very difficult political message.

Q88 Kelvin Hopkins: I do not think it is difficult, personally. Would it not be a simple job for the Government to decide to insulate every building in the country, to put solar panels on every building in the country, and to have solar farms? It would solve a lot of problems, but it means Government decisions and interventions, rather than leaving it to the market, which does not work.

Professor Dame Julia Slingo: That is an interesting debate. Nick Stern said this very well in his report: there are many actions that we can take that will be publicly more palatable than what we tend to talk about. More and more, it will be a mix of solutions.

Q89 Kelvin Hopkins: All three of you have to skirt round political issues. You said “palatable”, but palatable to whom? Is it not the case that the population are fine with these things, but those in Governments have been driven by a particular ideology for the last 40 years that is about the market, and diminishing the role of the state in everything?

Professor Dame Julia Slingo: The obesity one is another example where you cannot leave it up to choice and things like that. If you are really going to achieve the sort of changes that we need, there will have to be a role for Government. The climate change one is interesting because it is a global problem. Whilst we can make our own decisions, we also have to work internationally. One of the really important things that the UK Government can do, because they have arguably the best climate change science in the world, is to go out and do the diplomacy.

I am sorry; it is a rather rambling answer, but the problem with climate change is that we have not sold it in the right way. “Selling” it is not the right word, but we need narratives. We need to really get politicians properly engaged in this. If you talk about a two degrees Celsius warmer world, most people have no idea what that means. If you go and look at what is happening around the world in the context of disaster risk reduction and the impacts already on many people around the world, this is a very compelling story and it requires action. I went to the UN Climate Summit and heard some of the other countries talking about what is happening to them—their individual problems.

Q90 Chair: What analysis have you done of how the public react to certain types of information? I can give examples. Ocean acidification, for example, is absolutely provable because the pH of the oceans is changing. I find that a very compelling argument. I am rather sceptical that a) we are going to be able to reduce our carbon emissions by 80% by the target date, or b) that will make much impression on climate change or ocean acidification, because I do not see the rest of the world achieving the same reduction in carbon emissions, and cannot see how we are going to afford an energy policy that achieves that reduction. So there are different things that happen in the debate; some are much more convincing than others.

Professor Dame Julia Slingo: That is the challenge.

Q91 Chair: What analysis have you or the Government done about what is explainable to the public, and what it would be better to leave without trying to explain because it just falls on deaf ears or, indeed, creates resistance?

Professor Dame Julia Slingo: This is an area where Government needs to do more. We have talked quite a lot with DECC about this. Of course, there was an inquiry about the communication of climate change science in Government recently. We need to really develop this public narrative, and we need to have an authoritative voice on this, because you get all sorts of disinformation. Those of us who understand the science and know that the science is correct are not sufficiently joined up. We are not good at countering those

who would try to discredit the science or say that the economic consequences of what the science is saying are completely and utterly unacceptable.

Q92 Chair: Just to give you another example—and sorry to press this—I sat next to a very eminent scientist, mathematician and statistician at a wedding. We had just had the very large tidal surge on the east coast of England, and I asked him, “What does this say about the probability of future events?” He looked at me furiously and said, “Nothing whatsoever at all—nothing.” I said, “Well, then, why do people keep talking about severe weather events as though they proved something about climate change?” He said, “They do not, because, on a statistical basis, they are just events. They do not actually prove anything. They create an impression but statistically they do not prove anything.” This was his assertion. It is this kind of tension. Endlessly, we see it reported that a severe weather event proves, or is due to, climate change, but that is not actually correct. I have had the same conversation with a former Government Chief Scientist, who admitted that, as such, it discredits the science of global warming when these events are used in this way.

Professor Dame Julia Slingo: We have to be very careful with the language we use and communication.

Q93 Chair: Can you have a word with the BBC?

Professor Dame Julia Slingo: I frequently have words with the BBC, but we will not go there. The language we have used over the last decade or so on climate change has not always been helpful in communicating what is really going on. Nothing is ever due solely to climate change. When I spoke about the flooding this last winter, I was very clear that there is pretty strong evidence that it had a role to play, and it always has a role to play, because the weather will always do what the weather will do. We will always have extreme winds and extreme rainfall. The point is that there is a little bit extra that comes from climate change that makes the impacts far worse. The other words that we have used too much are “uncertainty” and “error”; we have said that we have errors in our climate models. The models do not have errors; they are incomplete, because our understanding is incomplete. “Uncertainty” suggests you do not know, whereas those of us who work in the field of uncertainty know that it is about probabilities when looking at risks.

Q94 Chair: Would it help the debate if those who believed in global warming did not treat a discussion with those who were asking questions about global warming like an argument between the Pope and Galileo, particularly in politics? Politicians are meant to challenge and ask questions.

Professor Dame Julia Slingo: Yes, absolutely. There is where I come back to what I was saying very early on. The climate is a complex system, but there are fundamental truths. Somebody who represents the scientific basis but can engage with politicians and also the public needs the mandate to communicate on these issues. There is certainly an argument: “If the UK takes the lead on cutting emissions, is it going to make any difference when China is rapidly growing its emissions?” However, actually, China is looking at this as well. Again, we need to be very clear that, whilst, yes, they have to have that economic growth, they are actually dealing with it.

Q95 Kelvin Hopkins: But they are using state power to do it, not just leaving it to the market.

Professor Dame Julia Slingo: Precisely, yes.

Kelvin Hopkins: If I can intervene, it turned out that the Pope was wrong and Galileo was right, but I have no doubt that the Pope employed dubious scientists to try to prove that Galileo was wrong. That is surely what is happening now.

Q96 Chair: I am not anxious to have a rerun of the debate. Finally, on the question of energy, we are now down to a 4% generating margin this winter. When I was shadow Energy Minister 10 years ago, it was denied that we were going to be in this position, yet here we are. What has gone wrong with the capacity of Government to deal with this particular question? Why has Whitehall so failed to provide secure and affordable energy supplies?

Paul Flynn: Because they believed in an unreliable source: nuclear power, which is slow to build and only works 80% of the time. That is the main problem.

Chair: That is one answer. Can I ask the panel to answer the question? We can put our thoughts in the report.

Professor Clarke: One of my beliefs is that it is partly due to the structure of the industry as it now is, with private suppliers making their own investment decisions. Because of their need to maximise their shareholder value, they go nearer to the margins that they think they can live with. We have to add to that some political uncertainties about energy supplies in Europe, which are not as bad as we thought they were going to be, as a result of our relations with Russia, but are still not where we thought they would be five years ago, let alone 10 years ago. There are different elements in that mix. The possibility of brown-outs and black-outs has hovered over Whitehall for a long time. It is not that it has been ignored, but it has been regarded as risk management.

Q97 Chair: Dame Julia, what are you most disappointed with about the last 10 years of energy policy and why it has happened?

Professor Dame Julia Slingo: It would have to be a personal opinion, not as Chief Scientist.

Chair: We can require you to answer.

Professor Dame Julia Slingo: Again, it is the lack of a long-term perspective here and public opinion swaying what Government decide to do. I agree with what Professor Michael Clarke said just now. He is absolutely right about the privatisation of the energy market.

Chair: There is a mismatch between the capital—

Professor Dame Julia Slingo: Coming back to the climate change issue, if we were looking really long term, we would see the absolute necessity for nuclear power, because renewables will not get us there. By their nature, renewables often come from things to do with the weather, and therefore there are vagaries in that supply. We will need an underpinning supply. If we are going to move away from coal and gas, we have to think about nuclear, and the lead time for nuclear is very long. Again, it is short-termism, the

five-year Government, what is palatable and not palatable. We are now looking at so many big, multi-decadal challenges that we have to deal with.

Chair: That is why we are having this inquiry.

Q98 Kelvin Hopkins: Whatever particular policy mix we have for the future, Professor Clarke has delicately touched on the point on privatisation, which was the point I was making. The fact is that 60% of our energy sector is now foreign-owned—not just private, but foreign-owned. Some of it is owned by foreign Governments. They are clearly being driven by the profit motive; that is what private companies do. You spoke about public opinion. Isn't public opinion now strongly in favour of public ownership of energy? Bring it back into public ownership and make it publicly accountable, through Parliament, to the electorate.

Professor Dame Julia Slingo: Yes. When I said “public opinion”, I meant that there has been a pushback on nuclear and events like Fukushima. Fortunately, we did not follow the German response.

Chair: I am not going to give you my opinion. I will move on to defence and security.

Paul Flynn: Fukushima did cost \$250 billion.

Chair: Nobody died.

Q99 Paul Flynn: Anyway, I will not go too far. Professor Clarke, I read your opinion piece in *The Guardian*. You are critical of the strategy of the Afghan war. Are you now in favour of an inquiry, in order to inform ourselves of what happened and to avoid similar mistakes in future?

Professor Clarke: Yes. There are so many competing views about Afghanistan, from 2001 and then again from 2006, that I personally would favour a formal inquiry from next year that would put as much as can reasonably be known into the public domain.

Q100 Paul Flynn: Do you think it should concentrate on the decision to go into Helmand?

Professor Clarke: I think the Helmand decision in 2006 has got to be seen in light of the events from 2001 onwards, because both the military and political establishment faced a dilemma more than a choice in 2004. They had a strategy in Afghanistan that was clearly failing. It was an American strategy and it was failing because of American action in Iraq. The issue they faced was whether they could rescue that strategy by greater engagement, or whether they should live with the strategic failure. The 2006 decision has to be seen in light of what had gone before.

Q101 Paul Flynn: Given the last 20 years, do you think that punching above our weight militarily has meant dying beyond our responsibilities?

Professor Clarke: That is a political question as to where our responsibilities lie.

Q102 Paul Flynn: Are you in favour of an independent foreign policy, not necessarily linked to American foreign policy, like the one we had in the Vietnam War?

Professor Clarke: With respect, I think we do have an independent foreign policy, but America is our most important ally, so we line up with that when it suits us. Remember, though, that, over the present Iraq crisis, we did not line up with the United States when President Obama announced his campaign against ISIS. We have gone into that campaign with a national caveat that we will not go into Syria. We would not be doing that unless we considered that we had our own distinctive foreign policy objectives. It seems to me that it is not a binary choice that we either line up with America or have an independent foreign policy that is somehow detached from it; the policy we have is what we consider to be in our best interests.

Q103 Paul Flynn: Take the policies of Canada and Holland, which made massive contributions in Afghanistan, and in Canada's case lost a huge percentage of their soldiers. They pulled out years ago. We lost only two soldiers in combat up to 2006, but we have now lost 453. We do not seem to be following an independent policy, but you think we are.

Professor Clarke: I am satisfied that the Afghan policy was an answer to a strategic dilemma that the Government faced. Could it have been tactically better? Yes, it could. Personally, I would defend the strategic thinking behind that commitment as it has run through up to the withdrawal now, but these things are never easy and it will be controversial. I have not much time for the strategy behind the Iraq war in 2003, but I am much more personally persuaded by the strategic decisions that were made over Afghanistan from 2001 onwards.

Q104 Paul Flynn: I recently reread the debate that took place in 2006 on going into Helmand. You recall what was said at the time. One of the main missions was to get rid of the poppy crop. It is worse now. Nothing has been achieved on that. There is more, in fact, being produced. The other reasons were that it was there to do a bit of construction and supervise it, and the hope was that not a shot would be fired. Is it not fair to describe this as one of the worst single military blunders since the charge of the Light Brigade?

Professor Clarke: I would not describe it like that. You are absolutely right that—

Q105 Paul Flynn: How could it be more wrong: no shots fired?

Chair: Let him answer the question.

Professor Clarke: The prospectus that was thought through in 2005, prior to the 2006 engagement, was ridiculously optimistic, and that was a prospectus that came out of all of the NATO nations, for a range of reasons that I and others have written about. It was absurd to say that an involvement would achieve those things, and it was rather foolish of the United Kingdom to take responsibility for narcotics when we could do so little about it.

That said, this has been Britain's fourth Afghan war, as I said in the piece you quoted in *The Guardian*. The question as to whether it is a strategic success or failure has partly got to be measured in longer-term trends. There is a counterfactual here. If the western

powers had not stayed in Afghanistan in December 2011, it is entirely plausible that Afghanistan would have split up and created a much greater crisis across the Durand line in Pakistan. We may have been looking at an even more unstable South Asia now as a result of it. It seems to me not unreasonable to argue that the actions of western powers, unsatisfactory though they were, based on a ridiculously optimistic premise as they were, have nevertheless had an effect of containing what would have been a worse crisis.

Q106 Paul Flynn: Does RUSI accept the profound change that has taken place that was reflected in the vote on 29 August last year where, for the first time for more than a century, a Prime Minister came here, anxious to go into war, and the good sense of Parliament turned him down, reflecting public opinion? People see that we should not be involving ourselves in foreign wars where our interests are not threatened and we stand to lose a disproportionate number of our soldiers.

Professor Clarke: I felt the shades of Bagehot inhabit the whole parliamentary building that day in August last year. It was the House rejecting the recommendation of the Executive on a matter on which it had not resolved itself. Whether that was the right or wrong decision for the House to take, it was taken on the basis that the strategy being offered by the Government and the American Government was simply not credible. Whether it was right or wrong to reject that strategy is again a matter of political judgment, but I agree; I think it was a very important moment in the constitutional evolution of our national attitude to defence.

Q107 Paul Flynn: I believe you said at the time that Assad would definitely fall. I do not know if that is still your view. We were going in last year in August to attack Assad. We have now been asked to go in to attack an enemy of Assad, who we are likely to be attacking perhaps in a year's time. Does this not undermine confidence in the political people here, who consistently conceal the truth? I used the word "lie" in the House and I would stick by it. The politicians consistently lied about what was going on in Afghanistan, what the challenge was for the soldiers, and the politicians lied; the soldiers died, as in all wars. Has it not changed, and was it not probably Afghanistan: the lion's last roar?

Professor Clarke: I would not agree with that. I would not accept the proposition that politicians lied about Afghanistan. There was some very imprecise thinking.

Paul Flynn: But do you think—

Chair: Order.

Professor Clarke: I would not accept that politicians lied about Afghanistan, but I do accept that we are in a different constitutional era now, partly as a result of the Syria vote in August last year to which you referred. At the time, we wondered as analysts whether this was a blip in our thinking or the beginning of a tilt, and I think the decisions that have been made recently indicate that it may be a tilt more than a blip. We are into new territory in terms of our willingness to engage in foreign operations.

Q108 Paul Flynn: After 2002, when it was the Taliban left in Afghanistan—Osama bin Laden had gone; he was over the hills and far away—consistently, British Ministers told

soldiers, “You are going to Afghanistan to stop terrorism on our streets in Britain”? In fact, the result of it was to multiply terrorism by spreading the areas where terrorism can operate to about a dozen other countries, but there was never any threat by the Taliban to blow up our streets. They were killing British soldiers because we were in their country. Wasn’t that a lie, and wasn’t it used as a deception in order to persuade our young soldiers to lay down their lives in vain?

Professor Clarke: No, Mr Flynn, it was not a lie, because, when the Taliban had control of Afghanistan, they allowed it to be hijacked, in effect, by Osama bin Laden and al-Qaeda, who were able to launch attacks from there. The Taliban never directly attacked Britain in terrorist terms, but they created a permissive environment in which others could plan terrorism. I do not see that that was an inconsistent thing to want to do.

Paul Flynn: But they had gone in 2002.

Q109 Chair: Can I just ask a couple of questions on this theme? We have this Chilcot inquiry, which we are waiting for and are impatient for. Do you expect anything significant to be learned from this inquiry that we do not actually already know?

Professor Clarke: Those of us in the analysis business, I think, know pretty well everything we need to know about it.

Q110 Chair: What is the benefit of the inquiry?

Professor Clarke: The benefit of Chilcot is that it will establish, in ways that people like me writing cannot establish, what an official truth is. Chilcot has had the benefit of writing what should be the most authoritative official history ever, because they have had complete access to the documents and to the people not long after the events while they are still alive and before they have gone gaga. They should have the best range of sources that anyone has ever had to write an official history. If they do it properly, and I have some confidence that they will, it will establish, beyond any reasonable doubt, what the official history should tell us.

Q111 Chair: I hope you are right. I shrink at the term “official truth”. What would be the prime benefit of an inquiry into Afghanistan and the deployment to Helmand?

Professor Clarke: For me, it would be the same thing. If it were possible to have a detailed inquiry that would establish for the public all of the best information that can be obtained, those of us who spend some time looking at this will be interested.

Q112 Chair: Should it be established on the same basis as the Iraq inquiry?

Professor Clarke: Yes, it could.

Q113 Chair: Would you expect it to take so long and be as expensive?

Professor Clarke: I do not think it needs to take so long, no. Some of the Chilcot inquiry reflects on Afghanistan in 2006, because the two operations were clearly linked in terms of policymaking, so quite a lot of what has been created by Chilcot is already very relevant to the sorts of things that Mr Flynn has been talking about.

Chair: The predecessor to this Committee was instrumental in helping provoke the Chilcot inquiry. We take what you have offered us today extremely seriously.

Q114 Paul Flynn: Can I ask about asymmetric warfare, which is another situation where we say repeatedly that the world tension increases so we must spend more money? We are in a position where the people we are likely to be in conflict with are terrorists. They do not need a nuclear weapon; they can bring down the Twin Towers with 25 people with fanatical views. A man with a knife on the streets of London can commit a terrible deed. A few bags of fertiliser can blow up a train or a bus. Are we in a situation where we should be not looking to win wars with our clever, sophisticated and more expensive weapons, but concentrating on winning hearts and minds and not doing what we did in Iraq, which was deepen the divide between the Christian western world and the Muslim eastern world? Would it not be far better to try to build bridges across that and not to continue believing that we can win hearts and minds through bombs and bullets?

Professor Clarke: I agree. The strategic defence review of 2010, the national security assessment of that year, actually laid out that aspiration when it said that what we are trying to defend in the UK is not necessarily the territory of the United Kingdom but the ability of British citizens to go about their business freely and with confidence. Those are the key words: the ability of British citizens to “go about their business freely and with confidence”, by implication both in the United Kingdom and abroad. That was an easy tagline to create and I think a very good tagline.

How we do that is very, very different. That relies on understanding the inter-relationship between military policy, foreign policy, intelligence, Home Office policy, counter-terrorism. Defence and security is a continuum; I think that is well understood. As I said at the beginning of my remarks, understanding the nature of the challenge is not so much of the problem; it is knowing what to do about it. Stating the challenge is comparatively easy, and I think the Government have done that, cognisant of the fact that we do face more asymmetric threats, not just from terrorists but also from big powers.

The sort of challenges that President Putin is posing to the West are as much asymmetric as anything else. They rely on cyber offensives; they partly rely on strategic communications offensives; they blackmail over energy supplies and all sorts of things. It is that asymmetry of technique that we need to understand better. The Government have articulated the problem quite efficiently, but we are not very far ahead in gearing up to do it in a more holistic way.

Q115 Chair: This requires the capacity at the National Security Council that you were talking about earlier.

Professor Clarke: I would argue that that would be a good starting point. The NSC is dominated by crises, by the next crisis and having to concentrate on particular issues. Again, it mentions some of these other questions that lie on the horizon, but NSC members admit fairly clearly in private, it seems to me, that they can talk about them but they cannot do any work on them; they cannot really get ahead of them.

Q116 Chair: We are going to visit the Development, Concepts and Doctrine Centre as part of our futures study. Why doesn't that body fulfil at least part of that function?

Professor Clarke: The DCDC does some very distinguished work in horizon-scanning of the sort I mentioned before. One of the frustrations is that that horizon-scanning does not then come down to the policy level. It goes through a couple of other documents that filter it, on the future character of conflict or future challenges, but there is still a big gap between that horizon-scanning and policy choices that are made down at the NSC level.

Q117 Chair: Is there a problem of a distinction between imagination about the possibilities and just following trends? What is the difference between trend analysis and genuine scenario-planning?

Professor Clarke: The problem I think officials have is being able to create enough time in their working days to really get to grips with what they understand are the problems. We all know that, in the dinners that take place around this area every night of the week, intelligent people are talking about these issues; Ministers do and officials do, but they only ever get to really think them through over dinner. In their normal 12-hour working days, they cannot spend enough time on them.

Q118 Chair: Our other two witnesses have been extremely patient while this discourse has been in progress. Please feel free to add something as an afterthought.

Simon Gillespie: As a defence planner in my previous existence, I recognise entirely what Professor Clarke is saying about the time and space available to look at the broader concepts. Translating grand strategic thinking into the practicalities of how you influence and promote equipment procurement, for example, is very difficult and very complex, and we still have not got it right. I left the navy 14 years ago, so it is a perennial problem, one might argue.

Professor Dame Julia Slingo: One of the very interesting things that are gradually emerging is indeed the impacts of environment pressures and climate change on security around the world. Particularly, one could argue, some of the issues in the Middle East can almost be traced back to the failure of Russian wheat harvest during the wildfires and very high temperatures. That affected the price of bread and so on. It is also vitally important that we factor that into how we look at security issues around the world. Indeed, there is a group at the Met Office that works very closely with the Ministry of Defence, looking at exactly those sorts of issues.

Professor Clarke: A very small point on what Dame Julia mentioned is that, at RUSI, we look at quite a lot of environmental issues, and the exam question we ask ourselves is: is there a transmission mechanism by which this stress could become a security problem? If so, it is in our area; it is a security matter. We look at issues across the Middle East; we look at energy security; we look at Himalayan glaciers. 1.4 billion people take their water from the Himalayan glaciers, so if that water source diminishes to some significant degree then some of those people will be subjected to constant floods followed by endless drought. If that begins to emerge, presumably those people will start to move in great numbers. That would be a security problem.

Professor Dame Julia Slingo: Bangladesh would be a similar example.

Professor Clarke: We spend a lot of time thinking about the transmission mechanisms between a phenomenon in world politics, whether it is cyber, space travel, space technologies or environment stress, and security.

Q119 Chair: Your main point is that this kind of thinking does not actually get through to the decision-making bodies at the centre of Government.

Professor Clarke: The problem is the conceptual transmission mechanisms, say between Himalayan glaciers and people moving in East Asia, are relatively long-term, and so policy makers can afford to put them to the back of their minds, because they have more immediate things to worry about. It is in the awareness of those transmission mechanisms and how strong they are that we are failing to make those points to Government.

Simon Gillespie: It clearly is your role to sum up the discussion, but it seems to me, from the previous session and this session, there are some common themes coming out. One of them is about the ability to horizon-scan and work out what some of these complex inter-linkages are in a rapidly changing world, but then to provide them with a focus in Government to do something about them. That does not work particularly well, dealing with some of these complexities.

Chair: Very useful, thank you.

Q120 Paul Flynn: Do you think it is a legitimate tactic to disguise the true effects of war? If I went down to the Chamber now and started to read out the names of the fallen, which I have done in the past, I would be stopped because the rules have been changed to stop that being done. The fallen came back through Brize Norton because there was an embarrassment about coming through Wootton Bassett.

There is a deliberate policy to disguise the fact that the people who sacrificed their lives are sadly not victors, as we would like to believe, but victims. It is Government trying to play that down. There will be no parades after Afghanistan, as you rightly say, but it has been a deliberate attempt to present warfare as something that is successful and desirable in order to prepare us, presumably, for the next war. Isn't it right that the glorious tribute to the fallen in the first world war at the Tower of London is the way to remember a war, rather than vainglorious celebrations and fooling ourselves that successes have been achieved, which have not been?

Professor Clarke: I absolutely agree that the art installation at the Tower of London is very moving and has struck a chord with the British public, those who have seen it and those who have seen photographs of it. I cannot accept that the shift to bringing the deceased troops back through Brize Norton was a piece of deliberate Government propaganda. The fact is, Lyneham, where they were brought to, which meant that they had to go through Wootton Bassett to get onto the motorway system to take the coffins home, was being closed for entirely sensible operational reasons. That was a move.

I would not deny that the military had an ambiguous attitude towards the Wootton Bassett effect, because it made all the servicemen look like victims of Government policy, not instruments of Government policy. All service personnel want to be clear that they are instruments of Government policy. There was some ambiguity about that, but the shift to

Brize had nothing to do with some sort of propaganda campaign; it was an operational closure of one base and the shift of the transport fleet to the other.

Chair: We have had a very, very interesting session. Both witness sessions have been fascinating and challenging for us to work out how to make sense of some of this very large-scale longitudinal information and present it in a way that will be useful in challenging Whitehall to improve what it does and challenging the politicians as well. We are very grateful to both our panels. Thank you very much indeed.