



## Democracy: the missing link in the devolution debate

Devolution in England could change the way we are governed and create a fairer dispersion of power, with more opportunities for people outside of Westminster to have a say. An overriding focus on economic growth currently threatens to de-rail devolution by encouraging local governments to promise economic outcomes they could struggle to deliver, outcomes which are not necessarily in the residents' best interests.

Presently the debate on devolution neglects the democratic transformations that could make devolution worthwhile. In this research, we map arguments in favour of devolution produced by central government, local government, think-tanks, and civil society groups between 2011 and 2015.

### Key findings

- Of the arguments made for devolution, 41.6% focus on achieving economic growth as the main justification for devolving power.
- Only 12.9% of arguments make the case for devolution in order to shift power, strengthen democracy, and increase citizen involvement in decision-making.
- Just 7.4% of arguments address inequalities in wealth and power between regions.

- Environmental sustainability is part of just 0.8% of arguments.
- Only 2.9% of arguments address the potential downsides and risks of devolution.
- Local governments in particular seldom consider the impact of devolution on democracy, discussing democratic outcomes less than central government or think-tanks.

### Introduction

Decentralising power from Westminster to regions is a debate with a long history, one in which numerous governments have engaged, offering various regional power structures for the devolution of government functions and decisions – not least in Scotland, Wales, and Northern Ireland. Following the 2014 Scottish independence referendum and the

2015 UK general election result, discussions of devolution now have a renewed sense of urgency. Momentum is growing behind local authorities joining to create combined authorities and negotiating with Whitehall over the devolution of powers in health, housing, planning, enterprise, employment, skills, and transport. New agreements for devolution are being announced on a regular basis. The Cities and Local Government Devolution Bill, which provides a legislative underpinning for making devolution agreements, is passing through parliament.

Voices in the debate are overwhelmingly positive about the prospect of devolution, which is seen as a ray of light in a decade of government spending cuts and political malaise, but the devolution agreements are not always as comprehensive as local government advocates hope.<sup>1</sup> Nor are they clear about the social, environmental, and democratic outcomes which devolution could achieve – tending to focus on important but limited economic outputs such as the creation of growth hubs and the development of transport networks.

In order for policy to be successful, policymakers must be clear about the outcomes, or in other words the change, they aim to achieve. New Economics Foundation (NEF) has demonstrated in our work with local and national government, that outcomes are best defined in partnership with the people to whom they are most relevant – the citizen, the end user, or the local stakeholder.<sup>2</sup> In its current form, the devolution debate is not creating space for a robust discussion of outcomes or for citizens to have a say. With the aim of supporting a more outcomes-focused and participatory approach to devolution, NEF worked with the Crick Centre at the University of Sheffield to map the outcomes being discussed in the devolution debate. We aim to show which outcomes are prioritised, to highlight gaps in the debate, and to make it possible for citizen stakeholders – locally and nationally – to have a stronger voice in promoting the outcomes that matter to them.

## Methods

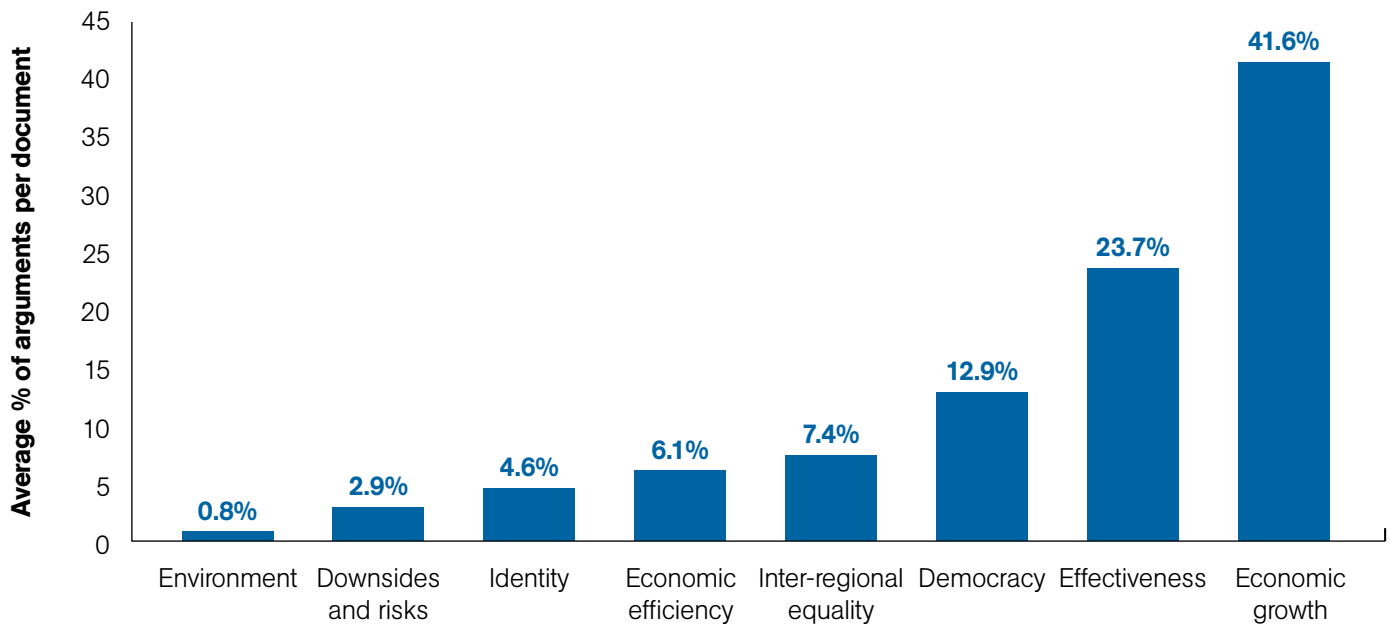
We mapped arguments in favour of devolution produced by central government, local government, think-tanks, and civil society groups using a sample of documents covering the period December 2011 to June 2015.<sup>3</sup> We coded documents for the outcomes referenced in each argument, covering economic, social, environmental, and democratic dimensions. We also coded for arguments which address potential downsides and risks of devolution including failures of local leadership, exacerbation of inter-regional inequalities, and increases in bureaucracy and central government control over local governments. The codes were initially developed on the basis of a literature review of academic research, and subsequently extended as themes emerged during coding.

Following coding, we analysed the arguments and evaluated the scope and content of the outcomes discussed, applying learning from NEF's work on community development and indicators of economic success, and the Crick Centre's work on democracy and participation, as well as other relevant academic research.

In this briefing we outline the shape of the devolution debate and highlight gaps in the sorts of outcomes considered. In particular we demonstrate that democratic outcomes are often sidelined in favour of narrow economic outcomes which have not usually been discussed with local people. This leads to a critique of the way in which devolution policy is being progressed, and to recommend ways to open up the debate to greater participation.

## Growth is discussed most

Figure 1 shows how the devolution debate breaks down, in terms of the arguments used and the aims discussed. The most common argument for devolution is that it will achieve greater economic growth, creating cities that will stimulate regional growth that contributes to the national purse. On average, this argument makes up 41.6% of arguments made in documents proposing devolution.

**Figure 1. Prominence of outcomes in the devolution debate**

After growth, the second most prominent argument is that devolution will improve the effectiveness of public service delivery by increasing the pace with which services can respond to local needs, supporting investment in housing and transport, and reducing duplication in local government activities. This makes up 23.7% of arguments.

Discussion of other potential aims of devolution is much more limited. Making the UK a more democratic country is discussed in a much smaller 12.9% of arguments and addressing inequalities in wealth and power between regions in only 7.4% of arguments. Despite the potential for devolving elements of environmental and energy policy, outcomes relating to environmental sustainability are addressed in just 0.8% of arguments. Groups writing in support of devolution seldom consider the potential downsides and the risks of devolution, focusing on its potential advantages and giving hardly any attention to the inhibiting impact of austerity cuts on what could be achieved, or the risk that devolution agreements could paradoxically increase central government's control over local governments. Discussion of downsides and risks make up only 2.9% of arguments.

### Democracy is neglected

Creating a more democratic country by reducing the extent to which power is retained at Westminster and by increasing the share of power exercised by voters, especially in England, is an outcome backed up by the results of surveys displaying dissatisfaction with the way England is currently governed through UK-wide institutions in Whitehall and Westminster. In 2014, the Future of England Survey asked a sample of 3,705 adults in England for their views on the governance of England and found that, no matter how the question was phrased, the status quo attracted support from no more than a quarter of those surveyed.<sup>4</sup> All options for changing governance – from a government minister for each region to an English parliament – attracted majority support, but without an obvious winner. The Chancellor appealed to this sentiment when he called the Greater Manchester devolution agreement 'a revolution in the way we govern England'.<sup>5</sup>

The aim of improving democracy is highly relevant to devolution and yet is not given much attention, being discussed on average in 1 of every 10 arguments (12.9%), compared to 4 in 10 for economic growth (41.6%).

When documents do discuss the potential of devolution to reinvigorate democracy, the focus is on three main ideas:

- It will increase the scope for decision-making by locally elected leaders who are physically ‘closer to home’<sup>6</sup> than MPs.
- Hence, it will make it easier for the electorate to ‘identify, find, interrogate and hold to account those elected to govern them’.<sup>7</sup>
- This will address discontent and alienation, reviving voter turnout and political trust.

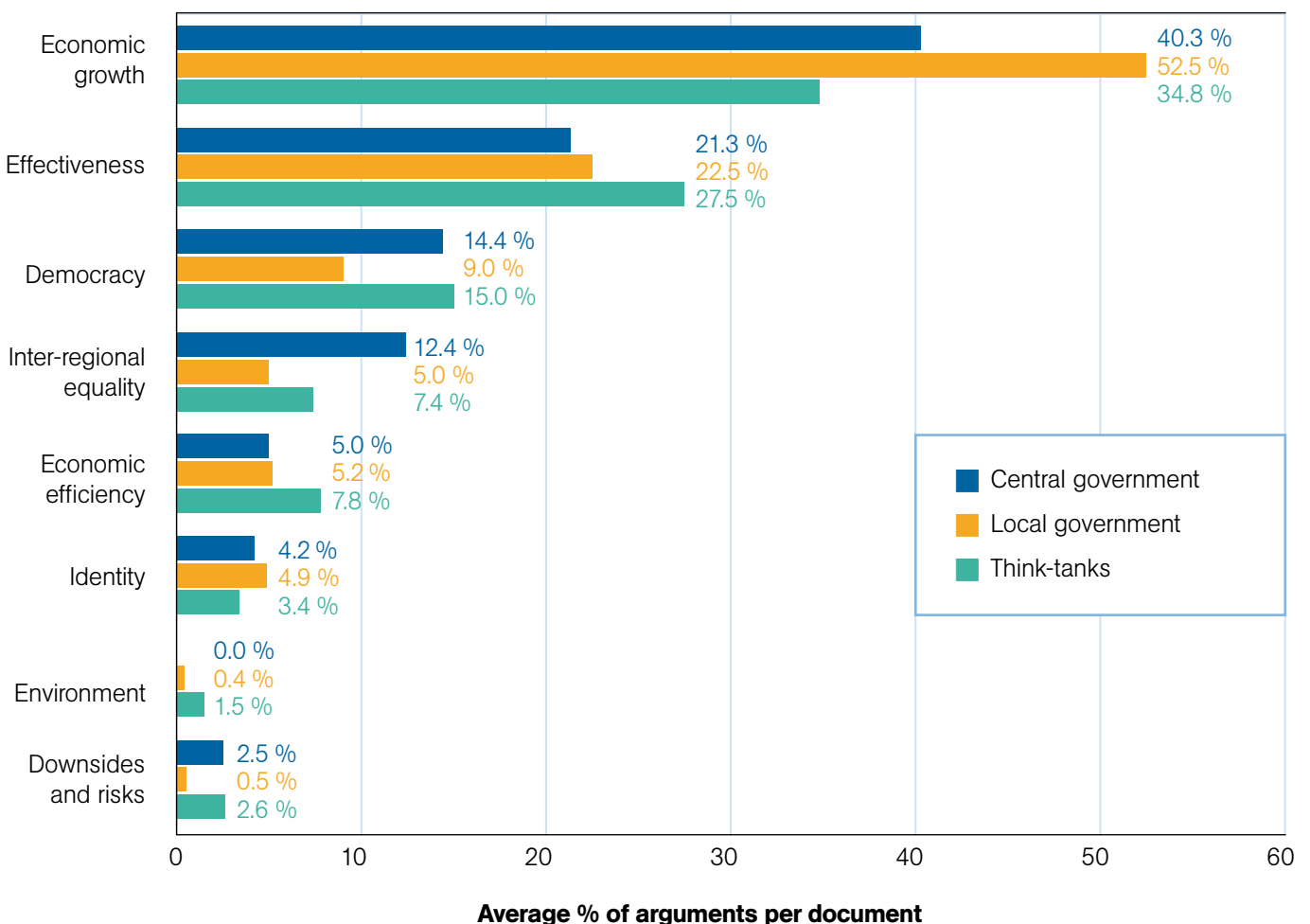
These are promising ambitions, but based on an assumption about local leaders, particularly elected mayors: that they will operate in inherently more democratic ways than government ministers because they are local.

As this quote typifies:

*“A vote for directly-elected mayors would help reanimate English democracy by opening up important new sites of power that are more in tune with local communities.”<sup>8</sup>*

The missing link is the cultivation of citizen participation and the development of structures and mechanisms for doing so, without which levels of accountability and alienation could be no better than before, for two reasons. First, citizens have to wait until the next mayoral election to make their voices heard just as they do with local and general elections. Secondly, people do not automatically feel more connected to local leaders because proximity is only one part of accessibility, which also involves visibility and approachability.

**Figure 2. Prominence of outcomes: comparison of groups**





As many local authorities have experience in working to involve citizens in politics and decision-making, they are well placed to describe the sorts of democratic and participatory structures that might work, but they are not voicing this in the debate. Figure 2 shows a comparison of arguments made by central government departments (including the Departments for Communities and Local Government, Transport, Business Innovation and Skills, and the Cabinet Office), local governments and think-tanks. Local government documents make far fewer arguments about democratic outcomes than the others – an average of 9.0% compared to 14.4% in central government documents and 15.0% in think-tank documents. Of the democratic arguments made by local government, only a handful mention citizens participating directly in making or informing decisions, despite the hope that ‘in time... local people will become more involved and interested in local issues and local decisions.’<sup>9</sup>

This paradoxical effect limits the potential of devolution to strengthen democracy and disperse power. While it is possible to argue that democratic structures could be developed after powers have been devolved, it makes more sense to set out ambitions for participation and accountability early on. These ambitions will affect which powers are needed and the governance arrangements of devolution agreements. For example, if the ambition is to use ‘pop-up parishes’<sup>10</sup> to design town-centre regeneration, then it may be necessary to devolve more power over planning and land use, and to ensure that proposals can be tabled by citizen groups and not just by members of the combined authority leadership.<sup>11</sup>

### Growth for the people?

Economic growth is by far the most prominent argument made in favour of devolution, but most commonly without explanation of:

- How devolution will create growth, in terms of overcoming structural problems affecting the UK economy.
- Whether it will deliver a more equitable distribution of the benefits of growth in the form of living standards.
- How devolution might lead to better conditions of employment in terms of pay and job security, as well as higher levels of employment.
- How it affects environmental sustainability.

Most growth arguments seem to overstate what can be achieved and consider the benefits primarily to the national purse.

The following statement by the Core Cities Group is fairly typical of the statements of intent by advocates of devolution:

*“Grow the whole of the UK economy, contributing to the elimination of the deficit, for example by generating the potential £222 billion and 1.16 million extra jobs across the eight English Core Cities alone by 2030, which independent forecasts demonstrate is possible with more devolution. That’s the equivalent of adding Denmark to our economy.”<sup>12</sup>*

There is neither realism about the growth outcomes of devolution nor much concern about generating particular benefits for local economic stakeholders, such as residents, local workers, and business owners. NEF’s work on local economies has shown that if cities are to ‘meet their full economic potential’<sup>13</sup> in terms of benefiting local economic stakeholders, this will involve:

- Supporting people to be financially strong individuals in terms of income-to-cost-of-living ratios and being able to have savings.
- Developing a strong local business sector with supply chains connecting small enterprise to big business.
- Making more efficient use of distribution of resources, with positive local circulation of money, low levels of wasted resources in local supply and production systems, a high level of staff retention in jobs, and falling levels of inequality and poverty.

In the documents, these sorts of economic outcome for local people are only rarely discussed. For example, reducing poverty is mentioned four times in a total of 1,129 arguments and cost of living is not mentioned at all. This is a gap in the debate. 'More jobs' is the overwhelming focus,<sup>14</sup> rather than 'better jobs and wages'.<sup>15</sup>

### Policy-making as deal-making

The potential downsides and risks of devolution are rarely addressed, making up only 2.9% of arguments. Nonetheless there are considerable risks. Local governments could experience what is sometimes called the boomerang effect, whereby power appears to be distributed but returns to the centre where it remains, often because too many of the mechanisms of oversight give control to central government. This effect is well-established in research on decentralisation,<sup>16,17</sup> but is raised only seven times in the documents analysed, and never by local government.

Comparative research looking at various forms of decentralisation and devolution in the UK finds that it matters not only *whether* powers have been devolved, but *how* they have been devolved.<sup>18</sup> To avoid the boomerang effect, power should be dispersed 'not down a pyramid' but to devolved governments which are treated as 'co-equals and partners' by national government.<sup>19</sup> In current devolution agreements power remains firmly in the hands of Westminster who can revoke devolved functions and budgets in future if it is dissatisfied with progress, without clear criteria defining success.<sup>20</sup> Westminster will retain a stick with which to beat localities if they are not achieving outcomes desired by central government, perhaps especially economic growth and cost savings. This could prove restrictive rather than liberating. A Voluntary and Community Sector worker from Liverpool, for example, raised the concern that a devolution agreement for the Liverpool area would 'cast a potentially narrow economic glow over our world' and that the local government would be unable to prioritise non-economic outcomes which also matter to local people.<sup>21</sup>

On top of this, discussions about devolution agreements take place in the backrooms

of Westminster rather than in parliament or the public sphere. This leaves little room for democratic debate. The vast majority of the most recent written requests for devolution, submitted to government in September 2015, were not made available to the public until an agreement had been reached with Westminster. The process is at the discretion of the Secretary of State for Communities and Local Government and there are no clear criteria for deciding which agreements to make and which not to make.<sup>22</sup> This is deal-making in place of policy-making and fails to meet both of NEF's criteria for successful policy: that the outcomes should be clearly and transparently defined, and that citizens should be involved in the process.<sup>23</sup>

### Opening up the debate

This briefing has shown that there are gaps in the devolution debate, as well as problems with the way it is conducted. New voices are needed to strengthen the content of the debate, covering issues of inter-regional equality, environmental sustainability, job quality, and the reduction of poverty and income inequality as important potential outcomes. Bringing in these voices requires a shift towards a more democratic way of working, which is the missing link in both the debate and in the local devolution agreements.

Constitutional conventions are being proposed as a mechanism for opening up a nationwide debate on devolution.<sup>24,25</sup> A constitutional convention is a process for involving members of the public in making decisions about the form and goals of governance in a country, region, nation, or state. It could be a productive means of opening up the debate. Members of the public are usually selected in order to give a representative sample of people from across an area in terms of age, gender, ethnicity, and other characteristics. During the convention there are opportunities to consider expert opinion and evidence, as well as time for personal reflection, deliberation, and discussion. Conventions conclude by making recommendations through consensus decision-making. Conventions on constitutional issues have been held in a number of countries including Ireland, Iceland, Canada, the Netherlands, and Scotland, where the Scottish

Constitutional Convention paved the way for the creation of the Scottish Parliament.<sup>26</sup> These deliberative processes have not only revealed the capacity of the public to understand and engage in complex issues, they have also strengthened the policy-making process by highlighting new opportunities and issues. A group of academics and civil society groups are currently piloting conventions in the North and South of England with the aim of testing and refining the model.<sup>27</sup> A UK-wide convention could aim to define the outcomes that matter most to people in the devolving of powers to regions and also make recommendations on democratic governance structures.

Local devolution agreements require mechanisms through which residents and citizens can hold government to account for its decisions and participate directly in decision-making. Providing accessible explanations of which level of government is responsible for what as a result of agreements would be a start in ensuring that devolved governments establish lines of accountability with citizens.<sup>28</sup> Citizen assemblies could be incorporated as part of devolution governance arrangements. Such assemblies have become popular ways of enabling the direct participation of local people in decision-making around the world, improving not only the democratic quality of decisions but also their cost-effectiveness.<sup>29</sup>

Clearer criteria for regional economic success which go beyond growth measures to consider real impacts on local stakeholders would also help improve accountability to citizens. Working with a range of organisations from business and civil society, NEF recently developed five headline indicators of national success for the UK as a whole. The indicators track outcomes – including wellbeing, good jobs, and fairness – which GDP fails to capture.<sup>30</sup> A similar exercise could be undertaken to improve the criteria on which devolution agreements are made and their progress evaluated, in order to make this process more transparent.

The devolution debate could go one of two ways. It could roll on in the backrooms of Westminster leading to opacity, confusion, and potentially falling public support for the policy.<sup>31</sup>

Or it could be brought into the open, where there will be space for criticism and consideration of the downsides of devolution, as well as discussion of its potential to transform and strengthen our towns, cities and democracy.

## Endnotes

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