Politics, Power and Devolution

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The chaotic response to the pandemic has exposed the weaknesses inherent in our top-heavy system of government. The disconnect between central and local government has created a litany of missteps, from a slow response to the unfolding crisis in care homes, to bypassing local public health expertise for contact tracing and an increasingly heavy-handed approach to local lockdowns.

In the last few months, the UK's uniquely centralised system has shifted from being a niche governance concern to being more widely understood as a serious threat to our national resilience. A virus that is passed through close personal contact and has different manifestations demographically, geographically and over time, requires an agile response capable of reacting to real time intelligence and based on local knowledge. It cannot be managed at arms-length from a Whitehall department, nor can its evolving demands fit perfectly into the stipulations of an outsourced contract managed by a non-specialist provider.

These qualities of the virus reflect the nature of many challenges we face in the UK at the start of the 2020s. Health and economic inequalities pervade: by definition they take different forms in different demographic groups and different parts of the country. The productivity puzzle, skills deficits and sector growth opportunities manifest in different ways in different areas – urban, suburban, rural, coastal, for example. The failure of successive governments to adequately tackle these deep-rooted socio-economic challenges is longer term, but reflective of a similar fallacy of government in the UK – that a lever in Whitehall can be pulled and the problem resolved.

There is an easy partisan diagnosis of the challenge – it is the "same old Tories" and their ideologically-driven decisions at the root of these failings. There are undoubtedly aspects of the pandemic response that Labour would have done differently – for example outsourcing NHS Test and Trace and picking a fight with Greater Manchester, are two obvious tactics it would be hard to envisage a Labour Government pursuing. But the problems run deeper than any one administration, of any party political colour – they are inherently to do with how central government defines and responds to the challenges it is met with. Our machinery of government is deeply rooted in our history and culture, embedded over decades of practice, and is increasingly ill-equipped to respond to the demands it is faced with.

There are three core challenges related to the centralisation of power, which each have consequences on three levels: governance, delivery and politics.

1. **Centralised power and resource creates a weaker system of governance.**
When it has been central government policy, devolution has been pursued as an isolated policy initiative – the preserve of a few individuals and departments - rather than a deeper governance shift across the system. As such, reforms like new mayoral combined authorities and devolution deals have been a bolt-on to traditional government practice, there has been no wider shift in the behaviour and culture at Whitehall. We see this in the heavy-handed approach to Greater Manchester over the issue of support to areas facing tougher

lockdowns – government does not expect or trust local leaderships to be capable of assessing and responding to their identified needs, and having a voice "up" the system.

Power hoarded at the centre, without the ability to respond to local intelligence, creates fragility at the local level. This fragility is not just due to the reducing **amount** of funding but also the **nature** of that funding: constrained local government finances with centrally mandated reductions or caps; with limited flexibility to independently raise finance and ad hoc ring fenced one-off funding injections tied to central priorities. This forces a hand to mouth existence for local areas and reinforces their dependence on the whims of central government administrations. This mode of governing is not sustainable: shows of strength at the centre, while weakening the ability of local bodies to fulfil commands inevitably results in failure. The inability of the system to respond in turn results in defensive behaviour from ministers and institutional energy focussed on shifting the blame rather than practice.

2. **Public services managed from the centre have diminishing returns in a complex age.**

The public service architecture established in the middle of last century is no longer fit for purpose: demographic, technology and behaviour changes all create very different challenges and opportunities for provision into the 2020s. There are two legacy facets of public services that dominate how they operate today – the state model and the market model[1]. The state model which has roots in the Post War period, is defined by a Whitehall department led-hierarchy of accountability for services that focus on separate aspects of people's lives such as health, housing and employment, and views service users as passive recipients. The market model developed alongside the traditional state approach over the last 40 years, and has led to an institutional reliance on big general contracts with specifications that reduce interactions with people as "customers" into a series of cost-able transactions.

Today public services operate in a state-market hybrid which is not capable of responding to the complex interplay of factors within people's lives. They tend towards single, simplistic solutions defined by professional remits and incentives to work with easier cases. They are not fundamentally capable of producing services that leverage the insight of people into their own challenges to create sustainable solutions. There is increasing recognition amongst practitioners that collaborative models of working across services and working in a more relational way to share decision-making power with communities themselves has the potential to create more impactful services. Yet the national political debate over public services has not yet caught up with this– it is stuck in a zero-sum wrangle over "state investment" vs "market efficiency", neither of which engage fully in the reality public service demands and how it is evolving on the ground in response.

3. **People feel governing institutions are remote and that they are shut out of decisions that affect them.**

Fuelled by the consequences of a weak statecraft that over-promises and under-delivers, and public services increasingly incapable of resolving people's problems in the long term, there is a growing alienation of people from the public institutions that represent them. We

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[1] For more on this analysis, see The Community Paradigm, published by New Local here: http://www.newlocal.org.uk/publications/the-community-paradigm-why-public-services-need-radical-change-and-how-it-can-be-achieved/

see manifestations of this in the rise of populist politics offering easy answers and scapegoats, and the "take back control" mantra that seemed to resonate with many. Traditional representative democracy treats engagement with people as a one-off event – an election day or a consultation response – rather than an ongoing process. Direct democratic methods such as referenda impose a simplified binary choice to a complex issue, and become a frame for a wider collection of issues that characterise the political landscape long after the vote.

These primary methods of how we "do" democracy create a transactional relationship with voters and arguably foment a deeper sense of alienation when simplistic answers prove fallible. Divisions and alienation from each other, and from stigmatised "other" groups such as minorities, immigrants etc, call for opportunities to promote engagement and dialogue between people. Such participation is best done face to face around shared communities and neighbourhoods than at an abstract national level.

Given the above three challenges, there are a number of ways in which a new policy, political and governing agenda could address the problems caused by over-centralisation and begin to herald a new way of sharing power with communities themselves. Some suggestions, which in order broadly correlate with the three problems set out above, include:

1. Community-driven devolution

For devolution to genuinely change how power is distributed in our country, and to take the initiative closer to people themselves, it should be pursued as an all-encompassing shift in governance. This means an audit or similar process of understanding all powers and where they are best exercised for the greatest impact. Principles for devolving power and resource should be devised and adhered to, a transparent exercise that is consistent in all parts of the country.

Rather than focussing on governance structures and the central-local interface, devolution should be driven by people. So not creating new institutions, but opening out existing institutions. New forms of deliberative and participatory democracy could be embedded to promote sustained dialogue locally, focussed on building shared consensus not fomenting divisions.

2. Place-based financing

Not just more funding for local areas, but *better* funding which builds long term resilience, encourages long term investment planning and releases the hand-to-mouth dependency of local services on central government for finance and investment. Revisiting the promise of Total Place to understand funding flows in local areas could begin a more ambitious approach to creating place-based budgets. These would top-slice and devolve funding streams from across Whitehall departments, so that local public service partners can build shared investment strategies and invest in prevention. This would begin to counter vertical siloed accountability to Whitehall, and support horizontal accountability across partners in a place: including local authorities, health bodies, police, education and skills agencies and employment support.

This could be supported further with more powers for local areas to directly raise and retain revenues, which can very easily be combined with equalisation measures to ensure

distribution: over the longer term it could build local financial self-sufficiency, creating local economic virtuous cycles of investment and reward. At present the Treasury hives off most revenue return from job creation and productive economic activity through VAT and income/employment taxes.

3. Enshrining a Community Rights Act

To guarantee communities a degree of protection, a Community Rights Act could for the first time codify community rights. In an echo of how we understand human rights, this would create powerful legal protection for communities against a centralised government that operates on whims to take decision which might damage their environment, degrade their public services, exploit their resources, weaken their local economies or simply deny them some basic measure of self-determination[2].

Such a measure has the potential to revolutionise the way decisions are taken, and how our society and economy is structured. It would make the centralisation of power in Westminster and Whitehall unsustainable and subject to legal challenge, and it would similarly undermine the concentration of decision-making power within local institutions which refuse to engage with the communities they claim to represent. Ultimately, we would see government decisions and public service delivery reshaped over time to place community engagement, community priorities and community collaboration at their heart.

Given the above three proposals, the role of the centre is certainly not redundant, but it is transformed. In such a landscape of emerging local 'ecosystems' of provision, more capable of flexing and responding to socio-economic issues that manifest differently in different areas, the role of the centre is more focussed, and thereby more impactful. Central government wouldn't micro-manage or prescribe the nature of each intervention in each service in each area. Instead it would oversee and encourage areas to reach clear strategic, cross-cutting outcomes. New Zealand's Treasury-led Living Standards Framework is an interesting example of a government setting clear intent throughout the system, which is tangible to people's lives[3].

This all imagines a different way of governing throughout the system – leadership at the centre being enabling and permissive rather than infantilising and paternalistic. Local institutions empowered to act collectively to respond as a system to the needs of the area. And most importantly, people and communities at the heart of this, having their voice heard and playing an active, empowered role in their own future.

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[2] See https://www.newlocal.org.uk/articles/community-rights/ for a more detailed discussion on this.
[3] See https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework.