
**Changing for Good—
Devolution: The silent
revolution**

**The State of the Nations Annual Lecture
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Secretary of State for Wales**

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With the Welsh Assembly now in its second term, it's hard to believe that less than seven years ago, William Hague was Secretary of State for Wales, administering a Government Department with a budget of £7 billion, in a nation with just six Conservative MPs in Parliament.

A few months later he had risen to become Leader of a Conservative Party with no Welsh MPs and made the ringing declaration that “*one hundred per cent of the party is one hundred per cent against these disastrous ideas of having a Scottish Parliament and a Welsh Assembly*”.

Yet, as Robert Hazell wrote in last year's “State of the Nations” report:

“Devolution is here to stay. The passionate opposition of the Conservatives...already seems light years away. It has not led to the break-up of Britain...if anything, the loosening of the internal ties has led to a strengthening of the Union.”

It is perhaps because the transition has been so comparatively smooth that we forget the true extent of the constitutional reforms delivered by Labour.

Not only is there now devolution to Wales, Scotland, Northern Ireland and decentralisation to the GLA, but there will be referenda on establishing assemblies in three English regions.

In the House of Commons, we have seen remarkable reform given that change here is normally only slightly quicker than the shifting of the earth's tectonic plates.

More sensible sitting times, pre-legislative scrutiny, strengthened select committees and programming to stop business being blocked by filibuster have all improved Parliament.

The vast majority of hereditary peers no longer sit in the Lords—and the rest should go later this year.

A Human Rights Act, a Freedom of Information Act and this year's legislation to modernise our constitution by establishing a Supreme Court, are further examples of radical reform which will

be one of the Government's most important and enduring legacies.

Despite the extent of this change designed to rejuvenate and renew the political process, political trust continues to decline. The public, and particularly young people, now have less faith than ever in politicians, political parties or in the system of government to deliver outcomes.

It makes sense for different communities to seek their own unique solutions tailored to their different needs.

From the NHS to local government, to the new ideas now being canvassed on police reform, we must continue to let go and trust people to decide for themselves what they want and how to get it.

If we are to develop lasting solutions to the challenges we still face, such as health inequality, economic inactivity and crime, we need the active involvement of local communities so that they feel ownership of new policies.

Through this process Labour will have brought about change that is irreversible. Note that even the Tories have reversed their commitment to abolish the Welsh Assembly, and accept it is here to stay.

By devolving power we have brought decision-making closer to the people, and made government more efficient, more effective and more accountable.

But let us be clear that devolution and decentralisation go hand in hand with partnership, whether that is between different tiers of government or different local communities. It does not embrace, and never will do, separatism, isolation and independence.

Devolution is proving a success, because it is based on partnership with the British state, not on confrontation leading to breaking away from the British state. Significantly, Nationalist support has fallen in both Wales and Scotland since devolution.

In Wales partnership has been a help rather than a hindrance to a distinctive Welsh agenda.

This has included a radical reform of post-16 education and training system; ending mass testing at Key Stage 1; introducing free school milk for infants; providing free prescriptions for the under 25s, free bus travel for the over 60s and the disabled, free eye-tests for high-risk groups and free nursing care in nursing homes. All policies made in Wales and delivered only in Wales.

This year's Queen's Speech contained arguably the biggest transfer of power since devolution.

The Public Audit (Wales) Bill will help ensure that taxpayers' money is being spent to the best effect. This is the third all-Wales Bill since the establishment of the National Assembly and the second subject to pre-legislative scrutiny both by Parliament and the Assembly.

In addition, there are seven bills that have major Welsh only clauses including the Fire and Rescue Services Bill that will devolve the Fire Service to Wales; the Higher Education Bill which transfers student funding to Wales; and the Children Bill which will transfer additional powers enabling the most comprehensive ever child protection policy to be promoted in Wales.

For Wales, a legislative programme should not be judged solely on the basis of Wales-only bills. Recent Welsh Assembly Government requests for Wales Bills on Sunday Licensing, a Social Housing Ombudsman and Land Use Planning were all introduced as part of wider-ranging England and Wales Bills, achieving the Assembly's objectives by a different route.

Sandy Blair, the Director of the Welsh Local Government Association, recently referred to claims that the Queen's Speech should be judged on the basis of Wales-only Bills as "*arrant nonsense*". I also agreed with his view that:

"The Queen's Speech contained many items affecting the everyday lives of people in Wales, including housing, transport and children's services. The framework may be set at UK level, but the details will be settled not by MPs but by Welsh Ministers and AMs reflecting the particular circumstances of Wales."

So I don't accept that under the current settlement Wales has the "worst of both worlds", as some have suggested. Some of the unfavourable comparisons that have been made between the settlement in Wales and that applying in Scotland do not stand up to close examination.

For example, a recent Institute of Welsh Affairs report claimed that Wales was lagging behind Scotland on economic development because it doesn't have the same legislative and tax-varying powers as the Scottish Parliament.

But over the last few years Wales has actually been outperforming many other parts of the UK, with bigger rises in employment, economic activity rates and wealth per head.

In any case, the Assembly has similar economic powers to the Scottish Parliament.

This does not mean that the Scottish Parliament hasn't been a success. It has. It does not mean that the Scottish Executive hasn't been a success. It has. If I'd been a Scot I'd have voted YES YES in the 1997 referendum.

All it means is that those who see Scottish type legislative powers as a panacea for Wales are wrong.

I believe that the devolution settlement set up under the Government of Wales Act 1998 is working well, and that the diverse nature of our devolution arrangements in the UK is one of their greatest strengths.

Nevertheless, no system is perfect, which is why the Assembly Government set up the Commission chaired by Lord Ivor Richard to examine areas for improvement or reform, including the option of extra powers for the Assembly. I hope that its report will contribute to the development of the Welsh devolution settlement. Like Rhodri Morgan, I would be sorry to see it be kicked into the long grass or placed on a dusty shelf.

But as I made clear in my evidence, given on behalf of the Government, the Commission must pose and also answer in any of its recommendations the most important question: "What practical benefits will this give to the people of Wales? How many more jobs will it create? How will it improve health care, education, transport?"

Any changes should be dependent on a positive answer to these practical delivery questions, rather than to satisfy an ambition for constitutional change for its own sake.

Clearly any change would also need to be measured against a yardstick of impact on other areas of responsibility—will it make it easier or more difficult to deliver a related public service in Wales? And what is the practicality of a proposal and what implications are there for resources?

The Welsh settlement is not set in concrete. Only this year, three major areas of policy—for fire services, student finance and children's rights are being devolved. As the Welsh settlement evolves, other changes will doubtless be necessary.

The Constitution Unit welcomed the change in June, to combine the posts of Secretary of State for Wales and Secretary of State for Scotland with other Cabinet posts.

For pay and rations purposes, the Wales and Scotland Offices were placed under the umbrella of the new Department of Constitutional Affairs.

Whilst it has been very much business as usual, this sensible change reflects how relations between the devolved administrations and the UK Government are maturing.

The hysterical over-reaction of some opponents at the time, which included the then Shadow Welsh Secretary parading up and down outside my office in Whitehall with a "For Sale" sign, was shown to be quite synthetic when, six months later, the new Conservative leader Michael Howard removed the Wales post from the Shadow Cabinet altogether.

In the future, change in the Assembly's electoral arrangements must be given serious consideration.

It is surely wrong, for example, that candidates who are defeated in the first past the post

As Rhodri Morgan has pointed out, the acquisition of Scottish Parliament-type powers by the Assembly should not be viewed as the only option that the Commission has to consider.

The Welsh settlement is working well. As always, the Government stands ready to be convinced by convincing arguments. But as I have already said, the case for change to the Welsh settlement has still to be made.

However, this evening for this audience, I don't mind indulging in a little speculation.

What about the Scots devolution settlement? It is not necessarily the right one for Wales which, unlike Scotland, has no separate legal system. We have a different background, tradition and institutions. On the other hand that is not to rule out a Scots option. We are speculating - nothing should be ruled out and, of course, nothing ruled in.

But if the case for change is made, there are a range of other options. First, we could maintain the current arrangements whereby functions can be transferred to the Assembly on a case-by-case basis, as is happening this year.

Since its inception in 1999, Welsh devolution has been an ongoing process of change rather than a fixed position. Second, we could give the Assembly wider secondary legislative powers. Third, Westminster and Cardiff could operate joint pre-legislative procedures, as suggested by the Select Committee on Welsh Affairs.

Fourth, Wales could adopt a Northern Ireland model under which the Assembly gained primary legislative powers in those areas (health, education etc) already devolved, with the potential for further powers being devolved by agreement.

When you start this kind of lateral thinking, it becomes obvious that there is a whole menu to choose from—including the current position which is delivering well for Wales.

But coming out of the realms of speculation, there is the question of a democratic mandate for any major change.

The existing settlement was triggered and legitimised by a referendum. It has quite properly been altered year by year with extra functions

transferred and major new powers granted. This was provided for under the settlement and nobody has suggested a referendum to legitimise this. On the other hand a full blown Scottish-style parliament with tax-varying powers would of course require a referendum because Scotland had a separate one on taxation.

The question of democratic legitimacy therefore depends to a large extent on how fundamentally any proposed changes deviate from the existing settlement.

The Richard Commission will presumably address these matters. I look forward to the publication of its report as the prelude to a considered and informed debate on the future of devolution in Wales.

However, that debate should be set in the context of a contemporary, post-devolution Wales. A nation that is moving toward full employment,

with the congestion charge has broken a taboo that could lead other cities to follow suit. The success of the Government decision to toll the Birmingham motorway relief road could pave the way for similar schemes in the nations and regions of Britain. Whether Wales' decision to abolish all prescription charges in fact removes a barrier to move from welfare to employment, as is the main motivation behind the policy, will doubtless be of wider interest too.

Not only has the government of Britain become a giant policy laboratory, unnoticed by the Westminster bubble, but there has been a silent revolution, also unnoticed, in which our political culture under Labour has become much more pluralistic. Far from Tony Blair being a 'control freak', that caricature is confounded by his continuing devolution of power.

Yet the media and all the political parties have hardly got to grips with the reality that differences can be healthy, indeed creative. The uniformity of Whitehall knows best may have been constitutionally buried with devolution, but politically that is not yet the case. Britain's political culture and our media still has to grow up and realise that devolution means not all differences are splits and not all policy divergences are clashes. A new politics has emerged and the Westminster bubble had better catch up with it soon.

