

Chapter 5

Devolution and Wales – fiddling with spatial governance while the economy burns

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Localism in Wales

The impact of the Localism Act will be comparatively limited in Wales, as the majority of provisions stipulated will be relevant to England alone. Nevertheless, a number of significant clauses are applicable to both England and Wales, including legislation that will: require local authorities to publish senior pay policies; ensure that councillors take part in decisions where they have previously expressed views; enable local authorities to give discretionary business rates; and alter the way that local housing authorities can discharge their duties. In Wales, where local government is already devolved in many areas, the act will also give the Welsh government the freedom to decide the timing of council tax re-evaluations and provide a mechanism through which the Welsh government can facilitate local referendums on council tax rises.

With the intention of transferring power to councils and community groups, and with the promise of providing new mechanisms through which local public servants and individuals can dictate housing and planning decisions, the overarching philosophy of localism is one of decentralising and dispersing power across society. Certainly, through foregrounding the need for and means to achieve increased democratic engagement, the ethos of localism has been very much in evidence in the debates and associated processes that have established national administrations in the devolved UK. This does not mean, however, that the political implications of the Localism Bill – or rather a Westminster-driven decentralisation agenda more broadly – will sit easily or comfortably within the political context of contemporary Wales.

The drive for localism has come predominately from the political right, where it resides as part of an agenda to roll back the state, and in pursuance of a so-called “libertarian paternalism”. In this regard, people are set to assume a greater responsibility for their own personal, social and economic well-being, given conditions wherein they are informed and able to make appropriate choices in the course of their day-to-day lives.¹ Within Wales, however, where the dominant political ideology is left of centre, the Localism Act has prompted concern. In Wales its imposition has been taken as indicative of a desire to shirk the responsibilities of democratically accountable governments towards the electorate, and it is associated with the erosion of the public sector and a shift to free-market capitalism. This has to be seen in the broader context

¹ McAnulla, SD “Heirs to Blair’s Third Way? David Cameron’s Triangulating Conservatism” in *British Politics* vol 5, no 3 (2010), pp286-314

of the devolution agenda in Wales, which is the framing context for this contribution.

In this chapter we wish to make the argument that spatial governance, through the Wales Spatial Plan, has been a significant event for devolution and economic development in Wales, but this has not provided the necessary "spatial fix"² to allow an uplift in growth and prosperity. Governance, then, has been "fiddled with while the economy burns".³

Devolution and region building

The spatial framework of governance in Wales has undergone two major structural changes over the past 15 years. First, local government reorganisation in 1996 replaced a two-tiered structure comprised of eight county councils and 37 district councils with the present single tier of 22 unitary authorities. Second, the creation of the National Assembly for Wales in 1998 marked the official transformation of Wales into a semi-autonomous territory, and principal political reference shifted from Westminster to Cardiff Bay – at least in respect of the 20 devolved areas or "subjects" for which the National Assembly has the capacity to pass bills. Subsequently, the desire to challenge the status of Wales as an administrative province within the UK and Europe, and to recast Wales as a national space, provided the impetus to establish and implement intermediate Welsh regions between local and assembly levels. Aside from statecraft, the process of region building in Wales has also been driven forward with the understanding that the 1996 reorganisation of local government had resulted in a political landscape that was overly fragmented and, consequently, largely incapable of providing acceptable efficiencies in service delivery.⁴

The programme of regionalisation in Wales in the post-devolution era is in contrast to the "collapse" of England's regional policy under New Labour. Following the demise of regional development agencies and the failure to establish elected regional assemblies, there has been a move from "regions" to "city regions" in the policy rhetoric of the UK government over the past decade. As part and parcel of this process, the state is recasting its role as facilitator rather than regulator. In this way the state has stepped back from providing development frameworks, guidance and targets, and has tasked

2 Harvey, D *The Limits to Capital* (Blackwell, 1982)

3 Brenner, N "Metropolitan Institutional Reform and Rescaling of State Space in Contemporary Western Europe" in *European Journal of Urban and Regional Research* vol 10, no 4 (2003), pp97-324; Peck, J "Doing Regulation" in Clark, G, Feldman, M and Gertler, M (eds) *The Oxford Handbook of Economic Geography* (Oxford University Press, 2000), pp61-82

4 Pemberton, S "The 1996 Reorganization of Local Government in Wales: Issues, Process and Uneven Outcomes" in *Contemporary Wales* vol 12, no 5 (2000), pp77-106

itself with providing the conditions necessary for socioeconomic growth.⁵ This shift has been accompanied by a reduced emphasis on hierarchies and territorial control in policy discourse, where language is increasing couched in terms of connectivity, networks, flows, partnership and corridors of growth.

While there are differences between the evolving regional models being employed in England and in Wales, both are symptomatic of the steady unravelling of long-standing "nested" hierarchies of scale and the move towards multi-scalar governance. This trend is characterised by the vertical redistribution (or hollowing out) of state functions, upwards to supranational forms and downwards to subnational regimes, along with a corresponding horizontal reworking (or filling in) of the state as new scales of governance are employed and fashioned in this vacuum.⁶ Furthermore, commentators such as Amin⁷ connect the refashioning of scalar governance in policy and practice with the conditions of an increasingly networked society.

Such a view, note Haughton and Allemendinger, "highlights the need to explore the ways in which policy processes develop and how policy actors seek to communicate, debate, and work together more effectively not simply within a given policy sector but across sectors and across scales"⁸ In the context of spatial planning, they highlight the differing combinations of national, regional and subregional formations at play in the UK, and also the varied promotion of alternative scales of intervention; particularly the use of "soft spaces" and "fuzzy boundaries". Notable examples of these devices include the Northern Way, which incorporates the Tees-Tyneside, Preston-Liverpool-Manchester and Hull-Leeds-Sheffield city regions, and the Wales Spatial Plan.

'Making the connections' – the Wales Spatial Plan and fuzziness

From its inception, one of the key aspects of the Welsh government's reform agenda has been the enhancement of service delivery in Wales through greater integration and co-ordination of public, third-sector and private agencies across sectors and territories. This challenge was set out in *Making the Connections*,⁹ which put forward a requirement to:

5 Harrison, J "Life after Regions? The Evolution of City-regionalism in England" in *Regional Studies* (2012, forthcoming)

6 Jones, R, Goodwin, M, Jones, M and Pett, K "'Filling In" the State: Economic Governance and the Evolution of Devolution in Wales" in *Environment and Planning C* vol 23, no 3 (2005), pp337-360

7 Amin, A "Spatialities of Globalisation" in *Environment and Planning A* vol 34, no 3 (2002), p619

8 Allmendinger, P and Haughton, G "Soft Spaces, Fuzzy Boundaries and Metagovernance: The New Spatial Planning in the Thames Gateway" in *Environment and Planning A* vol 41 (2009), pp617-633

9 Welsh Assembly Government *Making the Connections: Delivering Better Services for Wales – the Welsh Assembly Government's Vision for Public Services* (2004)

- provide citizens with a locally set statement of standards regarding the levels of services they should expect;
- improve public engagement and accountability;
- establish local service boards in each local authority for the purpose of bringing together budgets, staff and facilities;
- instigate regional and national delivery frameworks where this will bring about higher-quality services and better use of resources;
- institute waste delivery partnerships, regional consortiums of health boards and housing associations; and
- strengthen the regional transport consortiums.

This drive for collaboration and strategic regional alliances was further emphasised under the auspices of the Wales Spatial Plan, published in 2004 and revised in 2008.¹⁰

A 20-year agenda for sustainable development in Wales, the overarching principles of the Wales Spatial Plan are defined as:

- ensuring that the decision-making process adequately accounts for impact beyond immediate administrative and sector boundaries;
- influencing the allocation of resources through better understanding of the functions and connections between different places in Wales;
- providing a clear and rigorous evidence base for service delivery policy and implementation; and
- providing a platform for sustainable planning practice at the community level.

The delivery of this agenda is premised on distinct "area visions", based on appreciation of and in consequent response to regional differences. These area visions identify the roles and functions of settlements within each region, and provide a spatial context for the application of policies across multiple sectors. It divides Wales into six areas, in each of which local authority, private- and third-sector, and Welsh government representatives come together in spatial plan area groups to pursue targets as informed by community strategies, local development plans and the objectives of local service boards. The extent of these areas is determined by "fuzzy" – as opposed to hard – boundaries and this, it is suggested, helps partners to devise a flexible response to the variety of connections involved in everyday life, and to overcome problems associated with limited local expertise and capacity.

¹⁰ Welsh Assembly Government *People, Places, Futures: The Wales Spatial Plan (2004)*; Welsh Assembly Government *People, Places, Futures – The Wales Spatial Plan 2008 Update (2008)*

Both *Making Connections* and the Wales Spatial Plan are flagship policies for the Welsh government, and much stock is pinned on their long-term success. However, the extent of their collective accomplishments seven years on is open to debate. In 2006, the findings of the Welsh Assembly-issued independent Beecham review¹¹ of service provision in Wales highlighted the strength of the collaboration-not-competition agenda, but also indicated a widespread failure to translate policy into action. Of principal concern was a complexity in governance and an ongoing silo mentality among local and national government agencies which had led to a fragmentation of service delivery. In response, the Welsh government subsequently published *Making the Connections: Delivering Beyond Boundaries*,¹² which aimed at accelerating the pace of transformation, and promoted a "a public sector ethos that is limited to particular professional or service boundaries to a public service ethos based on promoting quality and equality".¹³

In 2010, a further independent review of public service delivery was commissioned by the local government minister, which focused on the workings of Wales' local authorities. Published in 2011, a central tenet of the Simpson report¹⁴ was that a one-size-fits-all geography was an unsuitable template for delivering services, and that the uniform territorialisation of strategies would not serve the purposes of collaboration and efficiency for multiple sectors – fuzzy or not. Calling for a distinctly multi-scalar approach to service delivery in Wales, the recommendations of the Simpson report have come as a challenge to the Welsh government's region-building programme.

Hardening the boundaries

In response to Simpson review, the Welsh government has asserted that, while existing collaborations should be allowed to continue and develop where appropriate, an approach wherein different policy sectors are given free rein to develop their own regional structures would bring about an overly complex landscape of governance, and have the effect of undermining public accountability and joint service provisions. On this basis the Welsh government has reasoned¹⁵ that a regional framework with coterminous boundaries is the most effective way of ensuring capacity, efficiency, stability and confidence, while also recognising that the benefits of standardised regions are balanced against certain risks; the foremost being that the potential for cross-boundary working is necessarily diminished through the hardening of regional

11 Welsh Assembly Government *Beyond Boundaries: Citizen-centred Local Services for Wales* (2006)

12 Welsh Assembly Government *Making the Connections – Delivering Beyond Boundaries: Transforming Public Services in Wales* (2006)

13 *Ibid*, p8

14 Welsh Government *Local, National, Regional: What Services Are Best Delivered Where?* (2011)

15 Welsh Government *Public Service Reform: Promoting Regional Coherence*, Cabinet paper (11-12), p33 (2011)

boundaries. Judging that the benefits of standardised regions more than offset this disadvantage, the Welsh government has made the case for six regions based on current local health board boundaries.

The contemporary picture of spatial governance is, as elsewhere in the UK, a complex one and is undergoing considerable change. On the one hand, the Welsh government has embraced the dual concepts of soft spaces and fuzzy boundaries, and remains sympathetic to the specific needs of different policy areas and their varied geographical contexts. For example, there currently exist regional transport consortiums, local health boards and spatial plan areas, each with unique and overlapping sets of territorial divisions. On the other hand, and in part as a response to the circuitous regional patchwork that has emerged out of this multi-scalar approach, there have been recent efforts to harden up boundaries and to impose top-down, coterminous regional frameworks for the purpose of better facilitating service integration.

There is, then, a distinct reassertion of the importance of geographic boundaries in Wales, and support for this among those at the coalface of service delivery has been documented by recent work undertaken by the Welsh Institute of Social & Economic Research, Data & Methods (WISERD).¹⁶ Here data gathered through an extensive interview programme involving local authority, third-sector and government agency workers in North, Mid and South Wales indicates a strong level of support for loose territorial arrangements, but also draws attention to an ongoing need for firm administrative boundaries on functional and political grounds. Thus, a number of stakeholders talked about the inability of soft spaces to adequately allocate resources (particularly financial) and responsibility, and that fuzzy boundaries may serve to cloud professional and public understanding of which organisation is ultimately responsible for delivering a service in a given place.

At the time of writing, political discussions are under way within the Welsh government to replace the Wales Spatial Plan with a network of city regions. We would argue that this displaces and switches the policy co-ordination and economic governance problem into new territorial projects, in and through which the state can justify modes of intervention and legitimacy.

Coda: the economy, stupid

As indicated in the ministerial foreword to the 2008 update of the Wales Spatial Plan, this governance framework was to provide conditions for:

¹⁶ Heley, J "Soft Spaces, Fuzzy Boundaries and Spatial Governance in Post-devolution Wales" in *International Journal of Urban and Regional Research* (forthcoming)

- economic development and the long-term goal of full employment at a rate of 80%;
- regeneration programmes in various parts of Wales;
- improving skill levels in the workforce; and
- helping to shape our capital investment.

The capacity of the Welsh (Assembly) government and the apparatus of the Wales Spatial Plan to take these goals forward, though, has been limited and cast into severe doubt following the brutal downturn in the global economy. However, it should be noted that there were strong indications of this downturn at least six months prior to the publication of the 2008 update – if not before. Certainly, the credit crisis in the US sub-prime mortgage business had come to worldwide attention in April 2007 and, closer to home, the run on Northern Rock took place through that September. By July 2008, the onset of recession had become a reality, with organisations such as the British Chamber of Commerce offering grim forecasts of a long-term period of hardship and austerity.

On this basis, the foreword to the 2008 Wales Spatial Plan update would appear to be considerably behind the curve, or – given the limited impact the 2004 plan had achieved to date in shifting socioeconomic policy, governance and delivery¹⁷ – somewhat naive and/or disingenuous. In this sense the 2008 update could certainly be perceived as a case of “fiddling while Rome burns”, even if the 2004 version is seen in a more positive light and in keeping with the buoyant outlook of a greatly enhanced legislative body in an era of relative prosperity. In any case, the shifting fiscal climate has served to downgrade the Wales Spatial Plan agenda and propelled a shift in political emphasis from long-term planning to economic firefighting, as embodied in such policies as “proact” and “react”. The statistical evidence for our assumptions is as follows.

The number of job seeker’s allowance claimants has nearly doubled in Wales since 2008. Set against figures for the UK as a whole, the number of claimants as a proportion of the working population has increased by a greater degree. Wales continues to lag significantly in contrast to the Great Britain average on selected Office for National Statistics figures on job density (referring to the ratio of jobs to population aged 16–64). For private-sector-led employment, rates of growth have been slower in Wales than in many parts of England, and this can be attributed to

¹⁷ Heley, op cit; Heley, J and Moles, K “Partnership Working in Regions: Reflections on Local Government Collaboration in Wales” in *Regional Science, Policy and Practice* (forthcoming)

both long-standing structural issues and, arguably, a comparatively weaker regime of regional economic development.

As a crude basis for determining general trends in public-sector employment, it is useful to reflect on ONS workforce data. Specifically, statistics for employment in public administration and defence, education, and human health and social work serve as useful proxies. Selected data cuts for different points in time are as shown in the following table:

Table 1: Changes in employment in public administration in Wales

Numerically and as a percentage of the working population, compared with GB overall

Date	No. employed	Percentage	(Comparable GB percentage)
<i>Public administration and defence</i>			
Mar 1996	79,800	6.6%	(5.7%)
Dec 2004	95,500	7%	(5.6%)
Jun 2008	96,700	6.9%	(5.3%)
Sep 2011	85,900	6.3%	(5.1%)
<i>Education</i>			
Mar 1996	97,200	8.1%	(7.3%)
Dec 2004	121,700	8.9%	(8.0%)
Jun 2008	129,400	9.2%	(8.1%)
Sep 2011	144,900	10.7%	(8.4%)
<i>Human health and social work</i>			
Mar 1996	151,600	12.6%	(10.4%)
Dec 2004	188,800	13.8%	(11.3%)
Jun 2008	194,600	13.9%	(11.6%)
Sep 2011	215,000	15.9%	(12.9%)

Source: ONS Workforce Survey

The combined picture over the past 15 years is of rising employment in the public sector in Wales, both numerically and as a proportion of total jobs. This is commensurate with trends for Great Britain as a whole, although the growth of public-sector employment in Wales has (in percentage terms) exceeded the GB average. This is particularly so in education, and in human health and social work.

Using the data generated by the Annual Population Survey, and more specifically the share of residents aged 16-64 who say they are employed in the public or private sector, there are also regional disparities across Wales. While no local authorities in Wales have a public-sector employment rate above 26% (as of 2010), there are no authorities with a rate lower than 12%. Local authorities that have the lower public-sector employment rate of 12-19% are in the minority and are situated in Mid or South Wales: These are: Pembrokeshire (16.2%); Powys (18.6%); Neath Port Talbot (18.8%); Blaenau Gwent (18.9%); Caerphilly (15.6%); and Newport (18.6%). It is also important to bear in mind that these fractions are all significantly higher when all employees are taken into account (including those in part-time employment and those outside the 16-64 age range). The impact of a pending double-dip recession will, of course, have to grapple with this and its geographical consequences.