



Devolution and Policy-making in Wales: Restructuring the System and Reinforcing Identity

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Executive Summary

1. Wales lacked a distinctive policy-making community before devolution, with an under-resourced Welsh Office generally applying policies made in Westminster without significant modification, and with major interest groups active in Wales seeking to influence policy in Westminster.
2. The establishment of the National Assembly for Wales has led to significant change. Assembly committees have an active policy development role and the civil service in Wales has significantly increased its capacity to inform distinctively Welsh policy debates. There is a new policy-making capacity in and for Wales.
3. Interest groups once used to pursuing their priorities for Wales at Westminster have refocused on Cardiff, where the Assembly is far more open and transparent, with high levels of access to ministers and civil servants (though some complain of ‘consultation overload’). New institutional forms, such as Partnership Councils, have provided effective structures for key partners such as local government to work with the Assembly.
4. It remains a disadvantage that primary legislation for Wales is enacted in Westminster, not least because some UK government departments appear ignorant of the need to consult the Assembly over issues which affect Wales. There are also concerns that the block grant the Assembly receives from Westminster is inadequate.
5. Though devolution did not lead to the large-scale abolition of quangos, most of the major quangos in Wales have become Assembly-sponsored bodies, resulting in greater openness and accountability than before devolution.
6. Organisations with interests in policy for Wales now have their primary focus on the National Assembly, though remain aware of Wales’ situation in a system of multi-level governance involving Cardiff, Westminster and Brussels. In comparison with Scotland there has been less engagement with EU policy-making, with Wales prioritising wider relationships focused on attracting foreign direct investment.

7. There appears to be a set of core values which link and mobilise the National Assembly with the wider Welsh policy community, including an appreciation of national symbols, especially the Welsh language, but also a sense of community and egalitarianism renewed by opposition to a Conservative UK government perceived to be hostile to those values in the period 1979-1997.

Introduction

Our question in this paper is: what difference do the new institutions in Wales make to Welsh policy and politics? Before 1998, Wales, through the Welsh Office, did possess a certain level of administrative autonomy. Most commentators, however, would have agreed that Welsh autonomy was quite limited when compared with the Scottish Office or even the Northern Ireland Office. When policy directives came from Whitehall, Welsh civil servants asked themselves how faithfully they could apply these to Wales while their Scottish equivalents asked how they could adapt them to Scotland. It is true that the smaller scale of the Welsh Office and the resulting lack of expertise meant that it was difficult for them to do much more.

Has the Welsh National Assembly and the revamping of the civil service changed this culture of dependence and allowed a more autonomous level of policy-making to emerge? If so, then one would expect that policy ‘stake-holders’ would gravitate to the new institutions. Would such stake-holders have to make significant changes to their organisational structures, strategies and activities?

To answer these questions we conducted a series of semi-structured interviews with policy actors in the public, private and voluntary sectors. In these interviews, we explored how far devolution had changed the relations between the Assembly and the civil service and ‘stake-holding’ civil society. We explored to what extent organisations had adapted to the new situation both institutionally and cognitively (their ‘frames of reference’).

Institutional changes at the political and policy levels

In the initial design of the Welsh Assembly, Ron Davies, and the National Assembly Advisory Group (NAAG) wished the new Assembly to be quite new, resembling neither the Westminster Parliament, nor traditional local government (Welsh Office, 1998). The Assembly would be a corporate body, with no distinction between government and opposition. Committees would be much more important playing the role of both executive and ‘backbench’. In practice, the Assembly has evolved into a more traditional separation between executive and assembly. The executive is now led by a Labour First Minister and, during the period of coalition with the Liberal Democrats, had a Deputy First Minister.

Our research shows that the new institutions, five years after their creation, have achieved a certain amount of success in achieving the original aims but nonetheless still have some way to go:

- First, the existence of the Assembly is now seen by almost all our interviewees, including those who were opposed to its establishment, to be irreversible. Politics and policy in Wales are now determined in large measure by the Assembly.
- Second, the committees, with their active policy development role, are unlike either parliamentary committees at Westminster or local government committees.
- Third, the role of the civil service in Wales has, in the words of one senior civil servant, undergone a “sea change”. Whereas, in the old Welsh Office days, civil servants conferred with only three ministers and saw their role as simply implementing Whitehall directives, they today have to relate to several ministers and their advisors, as well as to the new committees. They may also be publicly questioned by the committees (although the ambience of these sessions is quite different from Westminster parliamentary hearings).
- But the most important change in the Welsh civil service is that they are now expected to develop a stronger policy development role than was the case in the past and to be less reliant on Whitehall. Indeed, there is some evidence that at least some of the senior civil servants are keen to strike a distance between themselves and Whitehall.

There has also been a significant change in the relations between the political and administrative institutions in Cardiff and Welsh civil society generally and the different sectoral policy communities in particular. Although policy actors and particularly the business community did have close relations with the old Welsh Office, they recognised that real power lay in London and focused their lobbying efforts there, usually through UK national organisations such as the CBI and Institute of Directors. Similarly, the trade unions and local government were reliant on their national (British) organisations such as the TUC and the Local Government Association. Public and voluntary sector interests were largely excluded during the period of Conservative government, which preferred to cultivate links with business.

Since the setting up of the Assembly, these sets of relationships have significantly changed. Perhaps the most striking characteristic of the Assembly, as reported by a wide range of policy actors, is its openness and transparency. All sectors have now easy access to both politicians and civil servants. Some of the business organisations expressed concern that they were excluded but this was denied by the late Chairperson of the Economic Committee, Val Feld. More likely is that business groups are not excluded but simply no longer have the exclusive and privileged position they held in the past.

In fact, one current criticism is that the Assembly and civil service are almost *too* open and transparent and it is difficult to know exactly where to enter the system. Also, it was felt that the statutory obligation to consult had led to an overload of consultation documents cascading on busy policy actors. However, none of our interlocutors wished to return to the closed and secretive system of the past and all agreed that the new system, whatever its faults, was a vast improvement.

This is not to say that the present arrangements are entirely satisfactory. The original design of the institutions was an attempt to balance two conflicting imperatives: the creation of a new and innovative political system; and the need to assuage the fears of

those who were opposed to any form of devolution. Both aims were achieved but at the cost of a number of inadequacies:

- First, there is the question of the powers and resources of the Assembly. The Welsh Assembly, unlike the Scottish Parliament, does not have powers of primary legislation, which remain at Westminster. Although much Westminster legislation on Wales is routine and unproblematic, on a number of important issues the Welsh have to work hard to ensure that their interests are taken into account in the legislative process. It was reported to us that those drawing up the legislation in Whitehall often 'forgot' about Wales and assumed that, since Wales had a devolved Assembly, they were responsible for their own legislation. At times, legislation was at an advanced stage and being discussed in Cabinet when Ministers were reminded that the Welsh needed to be asked how it might affect Wales!
- Another problem for the functioning of the Assembly is the number of elected members. The original suggestion of 80 was reduced to 60 because of fears that public opinion might object to such a large number. It is now widely recognised that 60 AM's are not enough to carry out all the tasks demanded of the Assembly.
- A third and related issue concerns the civil service. Although there has been a sea change in the culture of the Welsh civil service, many civil servants have found it difficult to cope with the changes and the new expectations thrust upon them. There has also been some tension in that Welsh civil servants work for both the Assembly and the Executive. This has led at times to conflicting loyalties as the Executive has increasingly separated itself from the Assembly.
- This leads to a fourth issue - the breakdown of the corporate governance design in favour of a separation of the executive from the assembly, thus increasingly resembling Edinburgh and Westminster.
- Finally, although the Assembly has complete control over policy allocation with the block grant it receives from Westminster, it can do little to influence the size of this grant. This raises the question whether the financial base of the Assembly is sufficient for the tasks it has to carry out. Some argue that Wales should have some powers to raise financial resources of its own through some form of taxation as is the case in Scotland.

Since 1997, the Assembly has gone some way to establishing itself in Welsh society. However, the Assembly has so far had little impact among the general public, partly because of the lack of an indigenous Welsh media informing public opinion and debate. It is true that recent surveys suggest that a majority of Welsh people now accept the Assembly as the legitimate government of Wales. Some 62% in 2003 thought the Assembly should remain and 37% that it should be given greater powers, although a quarter still wished to return to the status quo ante. Still, despite this more positive attitude compared to the time of the referendum, the public is largely ignorant of the Assembly's workings.

In contrast to the lack of public awareness, all the policy actors we interviewed were strongly aware of the Assembly and the vast majority agreed that it was a positive development, including several figures who had been opposed to it during the referendum campaign. The institutions of the Assembly are now seen as the nexus of policy-making in Wales and are structuring the policy-making system.

There has not been a “bonfire of the quangos” as was promised by the Labour Party before the 1997 elections, but there has been a significant restructuring with forced amalgamations of the Welsh Development Agency and the Development Board for Rural Wales, and, more importantly, the bringing of these under the control of the Assembly as Assembly-Sponsored Bodies. This has led to a significant change in the operating culture and systems of accountability of these organisations, which are now under direct democratic control. Local government, too, has a new relationship with the Assembly through the Partnership Council. Other organisations such as Business Connect Wales and the Rural Partnership for Wales have been created. Finally, many individual organisations have made adjusted their structures and working practices in response to the setting up of the Assembly.

There is thus a new political, institutional and policy context within which policy communities operate in Wales. This new context has changed the nature of the policy communities themselves as well as their relationship with government. The principles of partnership and transparency are now prominent. Furthermore, to some extent, policy communities within Wales are now more aware of their counterparts in the other devolved territories and even within the English regions. In some sectors, such as rural affairs and education, both the devolved governments and the policy communities have sought to distinguish their own approaches from that of Westminster (for example, in attitudes to foot and mouth, or higher education fees).

Some of our interviewers suggested that, at times, there was a “Celtic coalition” against Westminster and Whitehall. To some extent these developments express what we might call “cultural affinities” between the Irish, Scots and Welsh and a desire to strike a distance from the South-East of England (there remains some sympathy for English regions outside that area). An interesting development has been the claim among some civil servants that, in some policy areas (for example, in rural affairs policy), there has been an inversion of the London-Cardiff dependency relationship with a greater willingness on the part of Whitehall to learn from Cardiff.

Frames of Reference

The arrival of a new policy-making system has changed the ‘frames of reference’ of policy actors. Cardiff has become the most important reference followed by Westminster or Brussels. This does not necessarily mean a more inward-looking attitude but rather recognition that decision-making power has indeed been devolved to Cardiff. Indeed, Welsh opportunities in ‘Europe’ were emphasised during the referendum campaign to sell the Assembly. Ironically, however, since it was set up, the Assembly has given less focus to the EU than did the Association of Welsh Counties (AWC), which, before devolution, had represented Wales in various European-wide organisations such as the Assembly of European Regions and the Conference of Peripheral Maritime Regions¹.

The Assembly’s European Committee has been less engaged with European issues than the Scottish Parliament’s Committee for European Affairs², although more than the

¹ In a research project carried out in 1995-1996, we discovered strong pro-European attitudes among Welsh elites.

² It is true that the role and functions of the Scottish Committee are rather different from its counterpart in Wales given that the Scottish Parliament transposes EU legislation directly into law whereas the Welsh Assembly leaves this to Westminster.

Northern Irish Committee of the Centre, responsible there for European matters³. This judgement should be qualified by noting that First Minister Rhodri Morgan has taken a more active European role than his predecessor Alun Michael. Nevertheless, it may be that with a Labour government in Westminster, the Welsh Assembly, also dominated by the Labour Party, feels it can connect to Europe more easily through Westminster channels than by an ‘independent’ paradiplomatic approach.

Lip service is widely paid to Wales’s international orientation, but in practice the main concern of most policy makers is to attract foreign direct investment to an economically troubled region rather than having a more activist approach in influencing policy at the European level, as is the case with Catalonia or Flanders. This economic pragmatism also underlies the frequent use of Ireland as a frame of reference: this is not simply for reasons of Celtic cousinhood but much more an interest in emulating the Celtic Tiger.

One can conclude, therefore, that devolution is causing a significant change in the frames of reference of Welsh policy-makers. Although Welsh policy-making elites are aware that they are part of a system of ‘multi-level governance’ that involves Cardiff, Westminster and Brussels and opens out to the wider world, they are becoming increasingly aware that they are primarily part of the Welsh nation. Devolution has strengthened this sense of national identity. Indeed, it is widely thought inevitable that the Assembly will gain powers comparable to those of the Scottish Parliament. However, there is a Catch-22 situation here: many feel that additional powers are dependent on the Assembly’s success in working with its current powers; but it cannot be as successful as these critics wish as its current powers are deemed inadequate.

Core Values

The strengthening of Welsh national identity by the new institutions is closely related to what we may call the ‘core values’ of this identity. There was among our interviewees a sense that Wales as a society does have distinct values although they found it difficult to describe these. On the positive side, many pointed to Welsh values of communitarianism and egalitarianism related to historical traditions such as religious non-conformity and the strength of the trade union movement. However, there was also a sense that these ‘traditional’ core values could be largely mythical, or even caricatures, and may even prevent the emergence of a dynamic, outward-looking image of Wales.

Some felt it was important that Wales should discard the ‘How Green is my Valley’ image. It was even suggested that the new Assembly could become the focus of a new image of a democratic and dynamic Welsh nation in Europe, with its own symbols - the flag, the anthem, and, especially, the language. The efforts to preserve and promote the Welsh language, including its compulsory teaching in schools, appear to be strongly supported despite some residual fears that it might be a source of discrimination in employment (less competent Welsh-speakers being appointed in preference to more competent non-Welsh-speakers). But even those who voice these fears were basically in favour of the language. It might be said, therefore, that the sting has been taken out of the language issue compared to the period of the 1979 referendum when there was a great deal of hostility to it.

³ See John Loughlin, “La Dimension Européenne de la Dévolution en Grande-Bretagne”, *Pouvoirs locaux*, Vol. 49, no. 11, juin 2001, pp. 115- 120

Concerning the Welsh/English relationship, in local government for example, the Welsh tend to view themselves as distinctively *Welsh* local government while the English think of themselves not as *English* but as *local government*. Nevertheless, differences lie between the South-East of England and the rest of the UK: Wales shares much in common with the North of England and, as in the North, the neo-liberal policy agenda has had difficulty in penetrating Wales from the Thatcher era onwards.

To some extent, this was a result of Wales's long association with the Labour Party but also because Welsh society tended to be more 'communitarian' and 'egalitarian' and less 'entrepreneurial' in the way Mrs Thatcher would have liked. These 'core values' of Welsh society derive largely from the nature of the Welsh economy with its preponderance of the heavy industries of coal and steel with the old mining communities as well as rural communities of small farmers living in closely-knit communities. Even if these communities have now changed with the collapse of the old economic base, the 'values' are still present.

Conclusions

Devolution is having a profound effect on previously existing policy communities and is strengthening the territorial dimension of these communities, although there are continuities with the past. The new institutions in Cardiff are becoming the hub of an emerging policy-making system. Although the Welsh National Assembly possesses fewer powers than the Scottish Parliament, it is beginning to play a central role in Welsh policy-making. There have been significant changes in the nature of Welsh policy communities and their relationship with policy-making system, not least in the positive involvement of the public and voluntary sectors and not just the business sector.

Devolution is now considered irreversible and Cardiff is increasingly central in the new 'frames of reference'. It is clear that a system of 'multilevel governance' is emerging within the devolving United Kingdom with quite complex sets of relationships. The new Welsh institutions, however, are mostly seen as inadequate to carry out the job entrusted to them and should eventually be upgraded to something like the Scottish Parliament.

There is little doubt that most policy-making elites think of Wales as a nation with definite characteristics although most found it hard to define what these were. The Welsh nation is, nevertheless, perceived to be different from England, or at least from the South-East of England. The possession of a distinct identity, language and national symbols is perceived to be a good thing, even from the point of view of economic development. However, the more negative features of Welsh identity need to be overcome and replaced with a more dynamic and positive image, some elements of which are already present.

The real test will come with a change of government at either level. This will challenge the understandings and conventions that have built up in the first parliamentary term and may force the Scottish Parliament to delineate more clearly its own legislative sphere.

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