

Achieving Political Decentralisation

Lessons from 30 years of attempting to devolve political power in the UK

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Summary

In recent decades, UK parties of all political persuasions have made commitments to decentralise power. This is, in many ways, unsurprising. The UK is one of the most centralised countries of its size in the developed world, and English local government has the most circumscribed powers of any equivalent tier internationally. Academics and think-tanks regularly argue that decentralisation could boost economic growth; better reflect differences in local identities and preferences; and allow more local variation and innovation in public services. Meanwhile, there are strong pressures from communities and local politicians for increased control over the way their areas are governed. And Westminster's political elite are frustrated that weak local accountability leaves them periodically taking the blame for failings in policy areas over which they have little direct control.

While all parties have been good at making commitments to devolve power, governments have found it hard to implement decentralising reforms in practice. The post-1997 Labour governments successfully created devolved structures in London, Scotland, Wales and Northern Ireland, but plans to introduce regional assemblies and strong combined authorities in cities largely foundered. Similarly, while the current Government's 'city deals' have achieved some success in decentralising certain powers, plans for cities to adopt powerful elected mayors were not realised.

In light of this mixed record, many have become somewhat disillusioned with political promises, believing that national parties would prefer to keep hold of political power. It is easy to sympathise with this. It is, after all, hard to reconcile commitments to decentralise with central directives over bin collections, car-parking arrangements and council tax levels. But this analysis misses the fact that reforms that were watered down or not implemented foundered due to genuine obstacles to decentralisation in the UK political system – ones that are difficult to navigate even where there is considerable commitment to reform.

Drawing on a detailed analysis of seven past decentralising reforms, this paper argues that the overarching problem that those seeking to decentralise must tackle is at once obvious and knotty. In short, decentralising requires a major co-ordination effort. At least three main groups must either support or acquiesce to reforms: national politicians; local politicians; and, of course, the public. These groups often have different interests, are not internally cohesive, and have differing priorities and values – all factors which make securing sufficient support difficult. As important, all these groups have considerable (and not to be underestimated) power to block or undermine reforms they dislike.

Each of the 10 obstacles we identify is linked to one of these groups.

Resistance from national government

1. National government lacks trust in sub-national government competence and accountability for failure.
2. Those leading decentralising reforms are often unsuccessful at persuading other departments or ministers to give away powers.
3. Sub-national government can (and will) be reorganised at the whim of the executive.
4. National government resists devolving power to authorities that do not operate at the right geographic scale.

Resistance from local government

5. Taking powers from existing local politicians to give to a new sub-national government layer creates opposition.
6. Changing the boundaries of political units may jeopardise existing political composition and control.

Resistance from the public

7. The public are concerned about politics, but generally lack interest in sub-national government reform and tend (when asked) towards the status quo.
8. People only support a new institution when it is clear that it will make a difference to them.
9. The public are generally sceptical of the value of more politicians.
10. Concerns over identity and control can be a barrier to change.

This paper also draws on past decentralising reforms to understand how those designing future decentralisation reforms can succeed. As ever, creating a compelling case for change is important. But in the case of decentralisation it is particularly important to decide on the desired scale of change at the start and be clear about the political capital that will be spent on it.

Incremental reform may be preferred, but, if this is the case, overselling such reforms can later lead to damaging accusations of broken promises.

Any significant change will need to be compelling enough to all interest parties to overcome potential opposition – while being designed in ways that overcome some of the main historic barriers to reform. This paper is about how to decentralise, not what to decentralise. We argue any serious package is likely to include:

- devolution of a comprehensive set of powers, ideally granted upfront – or if not, on a clear timetable
- powers devolved to an entity of appropriate scale for these powers to be performed (often the ‘city-region’ level)
- strengthened local governance and accountability structures
- real choices offered to citizens on any changes, probably via a referendum before or after implementation.

Political parties must do more than this, however. A party with a genuine commitment to decentralisation must follow through with a set of considered and coherent actions. If parties are serious about decentralisation they will need to:

- demonstrate the commitment of their party leader
- put forward a detailed manifesto pledge, outlining the powers they propose to decentralise and giving a time-frame for doing so
- ensure that these decentralisation proposals are designed to overcome the obstacles above.

Party leaders must also be careful not to allow their colleagues to develop strong positions on policy areas they hope to decentralise. If this happens, leaders will soon find themselves

faced with the unappetising task of disappointing senior colleagues before even starting. And parties must consider how they make will a more decentralised system of governance work in practice, evolving approaches to policymaking and implementation that reflect the increased importance of local democratic entities.

How openly and honestly parties have made their choices in these areas will be the way to spot whether they are serious about decentralising. And it will determine whether their reforms tail off, like regional assemblies, or, like the London Mayor, successfully embed themselves as part of the government landscape.

Section 1: Introduction

For the last quarter-century in the UK governments of all persuasions have come to power committed to devolving political power and control. Although there have been serious reforms, many attempts to decentralise have foundered. As a consequence the UK remains by international standards an exceptionally centralised state. This paper explores this mixed record of delivery, identifying reasons for the success or failure of attempts to empower sub-national government. We then use this analysis to build an understanding of how a current or future government might create an effective strategy for decentralisation in England.

This question of how to decentralise is relevant to all the main political parties, who have all made commitments to decentralise further. And, as explained below, there are good reasons to think that this issue is not going to go away. For this reason, our focus here is on *how* rather than *why* we should decentralise, or precisely *which* powers should move.

Our research is based on detailed analysis of seven of the UK's main decentralising reforms since 1979. These were developed through literature reviews and then peer-reviewed by academic experts. The cases were then discussed during a roundtable workshop for experts in the area including ministers, advisers and officials involved at a high level in some of these cases. In addition to the case studies we have drawn on previous Institute work on political accountability and decentralisation.

Why is decentralisation important?

Unless significant decentralisation occurs, it seems unlikely that this issue will go away. In part this is due to the wide appeal of arguments commonly used to demand decentralisation: boosting economic growth¹; reflecting local identities and preferences; and fostering innovation in public services. The evidence for these arguments is often contested, and they are not universally accepted. However the balance of opinion in many influential groups – think-tanks, local government, and most academics – tends to support these views.

Calls for decentralisation will also continue to come from those attempting to govern locally who feel they could do more, or better, with greater control and influence over decisions in their areas. Local politicians will continue to raise these issues both within their own parties and in the wider public debate – particularly at times when they feel that national decisions are adversely affecting their areas, or negotiations with central government institutions are felt to be excessively burdensome and bureaucratic. National party leaders rely on the support and goodwill of local activists and councillors, so these voices will continue to be heard.

This issue recurs not just because of the potential benefits to the public and pressures from local level. There are also self-interested reasons for those in central government to support it. Accountability is a serious problem for central government in a state as centralised as the UK. Successive governments have found out to their cost that so long as local government remains disempowered, citizens will be sceptical of its importance. And without powerful and accountable local government, it is ministers and Whitehall who bear the brunt of the blame for local failures. Again this analysis is not universal: an alternative response, proposed by some, is to continue in the vein of past policy and centralise ever more control.²

Finally, it is not just the strength of local councillors' arguments that sustain decentralisation as a pressing issue for government, it is also their status. Locally-elected councillors have a dual role. On the one hand they are legitimate representatives of the demands of their communities for greater power. On the other, they are local representatives and ground troops of national political parties. This means that their demands (and, as we shall see later on, their objections) must be paid some attention by the parties nationally.

What do we mean by 'political decentralisation'?

Decentralisation can be broadly defined as the movement of power from central government to lower levels of aggregation. However it can take many forms, and at various times in recent decades there have been different emphases placed on both the *objects* of decentralisation and the *recipients* of decentralised power.

The focus of this report is *political* decentralisation – the decentralisation of authority and democratic accountability. This is distinct from power devolved to individual citizens or professions, or where it is given to more geographically dispersed arm's-length entities. For example we have seen recent reforms in health and education policy which have reorganised structures with the stated aim of giving professions more control and room for manoeuvre. However, what many of these reforms have given with one hand, they have taken away with another.

Take the current Government's education reforms. While free schools and academies may offer professions greater freedom and flexibility, national government has drawn upwards from local authorities the primary role in setting the rules of the game. What looks like decentralisation of one kind is also politically centralising, removing citizens' ability to set priorities through local democratic structures. Similarly, public service innovations that decentralise power to individuals, such as personal budgeting, can lead to highly personalised services but are disconnected from local democratic control.

These types of decentralisation are certainly compatible with increased local (and individual) choice, however they also tend to be less responsive to differences in local community preferences. Therefore, the primary difference between political decentralisation and other forms is about where agenda-setting powers reside. Central governments can work to achieve either (or neither) kind of decentralisation, but there is nevertheless an important distinction.

Section 2: What does successful decentralisation look like?

So, political decentralisation is an issue that is likely to keep arising, but it is hard to achieve because of co-ordination problems that arise from between different interested parties. To understand what makes for successful or unsuccessful attempts at decentralisation we examined seven of the UK's main decentralising reforms since 1979. It is, however, hard to evaluate such reforms. Their aims were often unclear or poorly articulated, and decentralisation itself was rarely the primary aim. But previous attempts at decentralising power do provide us with a wealth of knowledge about what does and does not work. Our research revealed a good deal of consensus about what represents success, partial success, or failure. In this section then, we explore the characteristics of reforms that achieved these different levels of success.

As we are looking at both success and failure, the seven cases we include are reforms that initially aimed to decentralise some substantive power to sub-national institutions – even if they eventually failed to do so.

Each case study has been peer-reviewed by an academic who has published on the subject, or, for the more recent reforms, a practitioner who was involved with the policy.

Characteristics of successful reforms

The Institute for Government has previously defined successful policies as “ones which achieve or exceed their initial goals in such a way that they become embedded; able to survive a change of government; represent a starting point for subsequent policy development or remove the issue from the immediate policy agenda”.³

Of our case studies, the reforms best described by this definition are the creation of the devolved national assemblies in Scotland, Wales and Northern Ireland (here we focus in detail only on Scotland) and the Greater London Authority. These reforms (described in more detail in case studies 1 and 2) have changed the policy landscape: no one now seriously suggests their abolition, and they have become starting points for further development. The Scottish Parliament, for example, has been given additional tax-raising powers since 1999, and further powers have been granted for London and are planned for Wales.⁴

The above definition of success focuses largely on a policy surviving and becoming embedded. However, we suggest that there are three further markers of success that are specific (but not exclusive) to reforms that aim to increase political decentralisation: widespread support; robust accountability mechanisms; and meaningful transfers of power. Each of these contributes to policy impact and longevity.

Widespread support

For a reform to succeed it needs to garner relatively widespread support and consent. As many of these reforms alter the way that citizens participate in their democracy, they are likely to be subject to direct public veto through referendums. This means that public consent is highly important, but the support of other groups (particularly those in local and national politics) will also be vital to getting the reform embedded. Devolution to both London and Scotland, while not unopposed in either case, gained sufficient local and national political backing, and both gained majority support in referendums.

Robust accountability mechanisms

Previous Institute for Government work has examined the accountability challenge for central government that is presented by a localism agenda.⁵ One difference between political and other forms of decentralisation though, is that political decentralisation reforms often explicitly aim to reconfigure democratic accountability relationships. The key test for success is whether these relationships actually change to reflect the new distribution of powers and functions. Are decision-makers held to account for the policy areas for which they are responsible, and are they credited for their successes? In London, for example, this is demonstrated through public demands for mayoral responses on policing issues, the closure of fire stations and transportation failures. In the UK, local authority election results are heavily influenced by the record and commitments of the parties in Westminster at the

time of polling, rather than the performance or promises of local politicians. This is far less true in London Mayoral elections and, of course, in those for the Scottish Parliament.

Meaningful transfers of power

Successful political decentralisation implies that there has been a genuine transfer of power from higher to lower levels of aggregation. This doesn't necessarily mean that Whitehall departments cede functions directly to sub-national government. Instead many decentralising reforms focus on gathering together different bits of central government that may already be administered locally, and placing them under the direction of sub-national bodies. However for a reform to be classified as successful decentralisation, this really must be more than tinkering around the edges. The Scottish devolution process clearly passed this test, transferring many primary legislative and tax-varying powers. In London, while significant powers in areas such as finance were not decentralised, those that were (such as policing and transport) were highly salient to an urban population.

Case study one: Devolution to Scotland⁶

Genesis

In 1969, Harold Wilson set up the Kilbrandon Commission, partly in response to SNP victories in local elections, to consider a wide range of options for the future structure of UK government. The commission reported four years later and recommended a devolved assembly in Scotland, but the Heath government rejected this proposal. The discovery of North Sea oil and gas in the 1970s contributed to renewed support for the SNP, who came second in the popular vote in the 1974 general election.⁷ The Callaghan government then introduced a Scotland and Wales bill in 1977 but was forced to withdraw it due to lack of support. A further devolution bill for Scotland was introduced in the 1977-78 session, requiring a referendum to be held before devolution took place. A backbench amendment incorporated into the final bill required the support of 40% of the total electorate, in addition to a simple majority. The Scottish referendum, held in March 1979 produced a yes majority, but due to low turnout, these votes represented only 33% of the electorate.

The long period of Conservative government that followed, and the trialling of the Poll Tax in Scotland, created yet more appetite for devolution. In 1989, the Scottish Constitutional Convention (SCC) was established, bringing together Scots from across government, civil society and the economy to outline a package of devolutionary measures. The SNP refused to take part because independence was not being considered, but otherwise this process helped to create some consensus within Scotland and gave the final report an authority that made it hard to ignore in Westminster. The final report, *Scotland's Parliament, Scotland's Right*, was published in 1995.

Policy

Tony Blair was not passionate about devolution but accepted it as inevitable, and recast the idea as part of Labour's wider programme of shifting power to the regions. Although Blair was willing to adopt the majority of the SCC package, he did insist that devolution would be subject to a pre-legislative referendum in Scotland. This was partly designed to minimise controversy among unionists in the run-up to the 1997 general election.

Detailed preparatory work on the practicalities of the reform was carried out by researchers, many of them ex-civil servants, working at the Constitution Unit. Several tricky issues, such as the so called West Lothian question, were also left to one side to avoid controversy.⁸

Results

By the time the referendum was held in September 1979 the SNP were in favour of devolution, seeing it as a stepping stone to full independence. The Conservative party campaigned vigorously in opposition for the very same reason. Within Scotland there was a strong consensus in favour of devolution. The referendum saw 74.3% vote in favour of a parliament and, in a separate question as part of the same referendum, 63.5% vote in favour of allowing the Scottish Parliament to vary the UK basic income tax rate by 3p in the pound.⁹ Turnout was high at 60.4%. The Scotland Act 1978 gave the country its own parliament and devolved significant powers over health, education, local government, housing, roads, buses, police, environment and agriculture.

Since devolution the SNP have continually pushed for more powers for Scotland (upto and including full independence). The Calman Commission was established in 2008 by an opposition Labour motion in the Scottish Parliament (supported by the Lib Dems and Conservatives), to review the operation of the Scottish Parliament and make recommendations on constitutional changes that would allow it to "serve the people of Scotland better... improve [its] financial accountability and... secure the position of Scotland within the United Kingdom".¹⁰ The SNP minority government opposed the commission as counter-productive to independence.¹¹ The Commission recommended further devolution of revenue raising powers, and the Scotland Act 2012 obliged by granting the Scottish Parliament powers to set an additional income tax along with control over stamp duty, land, and landfill taxes.

Case study two: Creation of the Greater London Authority (GLA)

Background

London-wide government was reorganised four times between 1855 and 1986,¹² leading prominent scholars to label it a “recurring experiment”.¹³ The last of these reforms involved the complete abolition of the Greater London Council, at the same time as the six Metropolitan Counties. For the rest of the 20th century the capital was governed by a mishmash of co-operative arrangements between local authorities and single-function committees staffed by appointees. Labour and the Liberal Democrats adopted a policy of recreating the GLC as soon as it was abolished. Creeping dissatisfaction with arrangements in the Conservative government during the 1990s led to the creation of a cabinet sub-committee and then, in 1994, a dedicated minister with responsibility for London.¹⁴ The London boroughs also began working more closely together over this period, including publishing joint corporate documents.

Genesis

Professor Tony Travers emphasises that the “loony left” councils of the 1970s and 1980s had a profound impact on New Labour’s view of local government and influenced Blair’s personal zeal for modernising its institutions.¹⁵ Blair first floated the idea of a London Mayor in his John Smith memorial lecture of 1996 and later that year the Labour party manifesto promised a referendum to introduce a “strategic authority and a mayor” in London.¹⁶

Policy

The reform plans were drawn up at arm’s length from Whitehall in the Government Office of London. Though the original intention was to create a mayor with significant powers¹⁷, departments (and their ministers) objected to some of the content, and the Home Office and Department for Environment Transport and the Regions (DETR) both tried to get the policy watered down during the initial policy process. The Home Secretary successfully campaigned to retain the power to appoint the Metropolitan Police Commissioner.¹⁸ Blair’s personal backing for the policy provided political cover for the reforms however.¹⁹ The GLA that emerged featured what is known in governance jargon as a ‘strong mayor’ model: a directly-elected figure, relatively unconstrained by the London Assembly, but with relatively few areas of policy control – really only transport, police and fire.²⁰

Results

The campaign leading up to the referendum caused little excitement, and turnout was only 34.1%, but Londoners did deliver an overwhelming result, voting yes by a ratio of four to one. There was a notable absence of serious opposition from existing local politicians. This was partly due to the Conservative Party dropping its opposition to a pan-London authority soon after the 1997 election. More significantly, creating the GLA did not involve the abolition or significant reform of any pre-existing tiers of local government. Central government revealed something of its view of the GLA, however, by retaining the office of Minister for London, which was only eventually abolished in 2010.²¹

Although initially it had limited power, the GLA has slowly and steadily accrued more. In 2007, the Mayor was given some additional power in relation to waste, housing, skills, police, culture, planning, transport and housing²² and since the 2010 election the Mayor’s powers over housing, police and development have been further consolidated (including taking over the substantial London-based land holdings and budget from the Homes and Communities Agency).²³ A 2011 poll found that only 5% of Londoners wanted to abolish the Mayor and Assembly, when choosing from a list of possible reforms.²⁴

Characteristics of mixed successes

The recurring story in our research is one of ambitious and promising initiatives that ultimately delivered only mixed success. Of our case studies, we place directly-elected mayors, combined authorities, elected police and crime commissioners (PCCs) and city deals in this category. Of course these are subjective and contestable judgements, but we think each of these reforms has failed to live up to the definition of success we outlined above.

All four reforms have failed to become 'embedded' in the policy landscape (or it is too early to tell) but in different ways. PCCs have been implemented but as long as their survival remains questioned, they cannot be seen as embedded. Directly-elected mayors and combined authorities, meanwhile, do exist but have not been widely adopted. Where an evolutionary or 'opt-in' model of reform is adopted, uptake of the new arrangements is a clear test of whether the reform has successfully embedded. Directly-elected city mayors and combined authorities fall into the 'mixed success' category on this basis: to date only one combined authority has actually become operational and only one of the nine mayoral referendums held in 2012 (Bristol) resulted in a yes vote.

The remaining case study – city deals – sits somewhere between these two types of mixed success. By design, the powers devolved through city deals have been variable, and therefore when viewed nationally the impact of this reform appears patchy. But the powers granted through city deals are also not guaranteed to remain, and we have already seen one example of claims that central government has reneged on aspects of a city deal that had been agreed.²⁵

The three additional characteristics of success we identified earlier can also be used to pinpoint the reasons for other reforms to fall into this category. Again, after briefly examining these characteristics, we present the four case summaries to provide greater detail on the reforms.

Support

Gaining initial support – particularly from the public – is highly important to successful decentralisation. This is partly because many of these reforms create institutions requiring direct engagement from the public, either through referendums or elections. The lack of popular engagement at the outset has been a recurring problem for directly-elected mayors. Of the 53 votes to date, the average yes vote has been 45%, on an average turnout of only 29%. For the 2012 city mayor referendums these figures were even lower, at just 41% and 28% respectively. Lack of initial support and engagement is, of course, a potential risk for a reform's survival – as is demonstrated by current questions over the continuation of police and crime commissioners under a different government. But public support is not the only significant factor; the hostility aroused among local councillors towards elected mayors contributed to the severely-limited uptake of the model.

Accountability

Among our case studies there are no clear examples of accountability relationships going awry due to any one reform. However it would clearly be a threat to the survival of a reform for those in central government to feel that they continued to be held responsible for failures in areas for which they had devolved control.

Meaningful transfer of powers

A lack of meaningful powers has been one of the most common complaints about the decentralisation reforms we looked at. This is one reason that we have judged the city-deals process to be only a partial success. While some cities have benefitted from the decentralisation of substantial powers in the areas of transport, skills and infrastructure, many others do not go so far. For no city do the powers granted through this process go so far as to replicate the freedoms enjoyed by London.

Case study three: Police and crime commissioners

Background

The 1964 Police Act established police authorities, composed of councillors and magistrates, with responsibility for setting the budget for each police force and appointing the senior officers. These bodies formed part of the 'tripartite' police governance system alongside the Home Office (responsible for overall effectiveness and efficiency) and chief constables (responsible for all operational decisions).²⁶ During the 1990s and 2000s however, the Home Office began taking greater control of policing: setting national performance indicators; 'ministerial objectives' for police forces; and taking on a formal role in appointing some of the members of the police authority. By 2008 police forces were subject to 34 statutory performance indicators.²⁷

Genesis

During the later stages of the New Labour government a new consensus emerged that the police had become over-centralised and that a return to 'citizen-focused policing' was required.²⁸ By this point however, it was widely accepted that the enfeebled police authorities were no longer up to the job. Only 7% of respondents to a 2007 Cabinet Office survey²⁹ said they knew they should take complaints about the delivery of policing to the police authority and an influential academic branded them "invisible and irrelevant".³⁰ The Conservative Police Reform Taskforce cited similar evidence in its 2007 report, *Policing for the People*, in which it recommended that directly elected police commissioners should replace police authorities and "The role of the Home Secretary over local policing would be substantially reduced..."³¹ In 2008, there was an attempt by the Labour government to introduce an element of direct election to police governance as part of the Police and Crime Bill. The policy was however dropped after the Home Affairs Select Committee wrote to the Secretary of State expressing concern that it would politicise the police.³²

Policy

The Police Reform Taskforce had their proposal for a directly elected police commissioner included in the 2010 Conservative Manifesto and it was subsequently included in the Coalition's programme for government after the election. Nick Herbert, who led the Taskforce, became Minister of State for Policing and Criminal Justice and was instrumental in the introduction of the Police Reform and Social Responsibility Bill which introduced police and crime commissioners (PCCs). There was significant opposition to PCCs in the Lords, including among former senior police officers who also feared it would lead to politicisation of the police. The political wrangling that resulted led to the first round of elections being moved to November, putting them out of sync with local council elections.³³ Unlike elected mayors, the government did not require a referendum for the creation of PCCs.

Results

A combination of low public awareness and the fact that the poll was held in November contributed to a turnout of 15.1%, the lowest ever in a national poll.³⁴ Sixteen Conservative, thirteen Labour and twelve Independent candidates were elected. Two of the PCCs (in Gwent and in Avon and Somerset) have taken action leading to the resignation of their chief constables.³⁵

The institution of PCC does not appear to enjoy much public support. One poll in May 2013 found that the majority of the public (55%) want to see PCCs abolished, while only 15% want them to keep them.³⁶ The Labour Party has hinted that it might abolish PCCs if returned to power in 2015.

Case study four: City deals

Background

In the early years of the Coalition Government something of a consensus emerged that more needed to be done to help UK cities contribute to the economic prosperity of the UK. There was a sense that cities are ‘where growth happened’, but that a lack of power for city government was impeding their development. After the initial frustration with trying to persuade government departments to give powers to city mayors during 2011 – which was itself an echo of similar efforts during the establishment of the GLA and the North East Assembly (NEA) – it was clear that a new approach was required.

Genesis

In August of that year the Cities Policy Unit (CPU) was established to try and give cities the additional powers required to increase their rate of economic growth.³⁷ The CPU itself was deliberately made part of both the Department for Communities and Local Government (DCLG) and the Department for Business Innovation and Skills (BIS), while physically located in the Treasury. It was staffed by a collection of civil servants drawn from across Whitehall, local government and think-tanks. The Deputy Prime Minister chaired the committee it reported to in an attempt to provide some co-ordinating power around Whitehall. The thinking behind the new approach was that Whitehall’s concerns with capacity of local authorities to receive additional powers would need to be actively addressed if significant decentralisation was to be achieved.

Policy

The resulting city deals policy, outlined in the paper *Unlocking Growth in Cities*, emphasised that further decentralisation must be based on genuine give and take. “A deal is a two-way transaction – so cities will need to do things in return. Where cities want to take on significant new powers and funding, they will need to demonstrate strong, visible and accountable leadership and effective decision-making structures.”³⁸

Unlocking Growth in Cities outlined an ‘illustrative menu’ of powers which cities – represented by their local enterprise partnerships (LEPs) – could expect to receive.³⁹ The powers were generally focused around economic development and included things like tax increment financing powers and powers over suburban railways. Whether or not a city received these powers was made conditional on them passing, in the eyes of government, two tests:

- Does the relevant authority cover the right geography? A tightly constrained city-centre authority cannot run a local transport network, for example.
- Does the relevant authority have visible and accountable leadership? The government linked city deals with the upcoming mayoral referendums by stating that cities with mayors “will be well placed” to meet this second test.

The specific deal would then be brokered by the CPU to ensure that this built on, and reflected the strength of, the existing governance arrangements in each city.

Results

According to the Centre for Cities, the deals represent a “significant step towards devolving powers and resources to enable cities to better support economic growth in their area”.⁴⁰ Cities gained some additional substantive powers over revenue raising, pooling and retention, transport and infrastructure investment, and skills. The government also seems to have secured genuine change in local governance arrangements, with Liverpool persuaded to adopt a mayoral system and several areas planning to create combined authorities. Cities with either a city region authority or a mayor appear to have been the most successful in attracting new powers.⁴¹ A second wave of deals, for another 20 cities, was being negotiated throughout 2013.⁴²

Case study five: City-Region/Combined Authorities

Background

The 1983 *Streamlining the Cities* White Paper envisaged that after the abolition of the Metropolitan Counties, “responsibility for virtually all services will rest with a single authority”.⁴³ In reality, many of functions were transferred to a variety of sub-national joint boards and joint committees.⁴⁴ In the early 2000s the government planned to rationalise this by creating elected regional assemblies but the no vote in the North East forced Labour to go back to the drawing board on their plans for sub-national English governance.

Genesis

Initially there was no clear strategy for what would come in place of the elected regional assemblies.⁴⁵ A series of piecemeal reforms were introduced between 2004 and 2008 in an attempt to bolster the existing co-ordinative mechanisms including: city development companies; local area agreements, multi-area agreements;⁴⁶ regional funding allocations; regional ministers and regional select committees.⁴⁷ In general, this period was characterised by a lack of consensus⁴⁸ about the future of sub-national government, manifested in multiple and simultaneous high-profile reviews and reports including the Lyons Inquiry⁴⁹ and the Review of Sub-national Economic Development,⁵⁰ whose recommendations were mostly side-lined.

In 2006 the Treasury, the Department of Trade and Industry (DTI) and Office of the Deputy Prime Minister (ODPM) jointly published *Devolving Decision Making: Meeting the regional economic challenge: The importance of cities to regional growth*⁵¹ which began to really make the case for matching up governance units to functional economic areas (city regions).⁵² The tortured title of the document, as well as its contents, demonstrate that debate over the right spatial scale for sub-national government was still very live at the time. Cabinet reshuffles in 2006 and 2007 delayed the development of specific proposals on city-region authorities, as key ministerial proponents were moved out of the relevant departments.⁵³ A vaguely-worded proposal for city-region authorities eventually emerged around the 2008 pre-budget report.⁵⁴

Policy

In the pre-budget report the Treasury acknowledged “the increasingly vital role that... city-regions will play in driving regional and national prosperity” and announced the intention to establish at least two “forerunner” city-region authorities and devolve power to them on a “voluntary and tailored basis”.⁵⁵ Seven areas made bids to become forerunners, not knowing which powers they would receive, but in the end only Leeds and Manchester were awarded forerunner status (probably reflecting their superior track-record of collaborative working⁵⁶ and economic significance).⁵⁷ Combined authorities, as they are now known, can take on the power of integrated transport authorities (allowing them to set a levy and borrow money) and the economic development functions of their constituent authorities, as well as having a general power of competence.⁵⁸ The Localism Act also allows ministers to transfer to them, by statutory instrument, any other function.

Results

Greater Manchester became the first combined authority (CA) in 2011 (made up of exactly the same set of 10 authorities that made up the former Greater Manchester Metropolitan County). Five years after being announced as a “forerunner” however, the Greater Leeds region is yet to be formally established as a CA, despite still planning to do so.⁵⁹ Other proposed combined authorities (which are at various stages of development) are: the North East CA⁶⁰; South Yorkshire CA⁶¹; West Yorkshire CA⁶² and Merseyside CA.⁶³

Case study six: City mayors¹

Background

Elected mayors were first proposed for the UK by Michael Heseltine in 1991 amid concern about corruption and mismanagement in local government. Tony Blair was also an early proponent, viewing the idea as part of the wider New Labour 'modernising' agenda.⁶⁴ The 1997 Labour manifesto promised to introduce mayors in "London and other cities" to improve accountability and local decision making.⁶⁵ Due to intense opposition from Labour local government figures and MPs from the relevant cities however, their introduction was made subject to referendums. The Local Government Act 2000 required local authorities to choose between three separate executive models. Adopting either of the two mayoral options required a confirmatory referendum but did not come with any additional powers or responsibilities for mayoral councils. Thirty-eight referendums were held during Labour's period in office, of which 13 resulted in a yes vote.⁶⁶

Genesis

Shortly after becoming the Conservative Party leader in 2005, David Cameron commissioned Michael Heseltine to chair a cities taskforce. The taskforce recommended a shift of powers from quasi-autonomous non-governmental organisations (QUANGOs) to top-tier local authorities; the replacement of council leaders with executive mayors in those top-tier authorities; and 'pan-city' mayors in the biggest cities with broad powers over regeneration, skills, highway, police, etc.⁶⁷ David Cameron backed the idea of mayors in his 2007 party conference speech⁶⁸ and the 2010 Conservative manifesto promised referendums to "give people the chance to have a powerful, elected mayor in England's largest cities".⁶⁹

Policy

At the time of the 2010 general election it remained unclear whether these would be Heseltine-style 'pan-city' mayors or mayors for existing local authorities. In the event it was decided not to introduce pan-city mayors because this would have required redrawing political boundaries, which would have been controversial. There was also a period of ambiguity after the election in which the Government refused to confirm which powers mayors would have. Indeed, it soon became apparent that DCLG were not having much success in persuading other Whitehall departments to hand down powers to future mayors. Michael Heseltine, who had been advising the Government on the reforms, publicly expressed his frustration that departments were unwilling to give up powers, admitting: "Central government is not enormously inclined to giving away power. There is a huge battle going on [in Whitehall]."⁷⁰

Meanwhile, some of the measures in the Localism Bill were being subjected to intense scrutiny and opposition in the House of Lords, led by former local government leaders, many of whom sit in the second chamber. In particular, they objected to the proposals for 'shadow mayors', which would have made all council leaders into mayors following Royal Assent in Autumn 2011, before holding referendums in May 2012, and the first mayoral elections (in cities that voted yes) in May 2013.⁷¹ In June 2011 the Government agreed to abandon these proposals.

In an attempt to overcome the inertia, in November 2011 the DCLG produced a consultation paper *What Can a Mayor do for your City?* The Government claimed that the response to the consultation reinforced their view that different cities needed 'bespoke' sets of powers and, as a result, this would have to be determined after the votes took place. Meanwhile, Liverpool and Leicester had taken advantage of a change in the law and adopted the mayoral model through a vote of full council, without a referendum.

Results

The referendum campaigns did not create a great deal of public excitement or engagement in the cities. Local councillors, who largely saw mayors as taking power away from them, were almost universally opposed to them⁷², creating a naturally organised and powerful no campaign in each city. Of the 10 cities that eventually had referendums in April 2012, only Bristol voted yes. The other nine voted no, by margins varying between 3.2% (Manchester) and 13.6% (Coventry).⁷³

¹ The term 'city mayors' is used to distinguish the post-2010 mayor reforms from the pre-2010 elected mayors, many of which are in smaller towns and local authority areas.

Outright failures

Unlike the cases of partial success, some decentralising reforms never actually get off the ground. In other circumstances, if a poorly-thought-through policy is halted prior to implementation this is not always strictly a failure. However where significant time, money and effort has been expended before dropping the reform – as with regional assemblies – these can be accurately described as failed.

Another way reforms can fail to embed is when they are instituted then abolished, leaving a lasting legacy that itself forms part of the policy landscape and constrains future reform. Although we don't present it as a standalone case study, the abolition of the Metropolitan County Councils (MCCs) and the Greater London Council (GLC) in 1986 provides important context.⁷⁴ These bodies were created in 1974 (the GLC in 1965), covered whole city-region areas and possessed strategic powers over transport, planning, emergency and environmental services. However by the early 1980s these bodies lacked support on many fronts. There were severe political differences between the municipal socialist leaders of many of these bodies and Mrs Thatcher's government. The GLC and MCCs were also widely opposed by metropolitan borough councillors from all parties, who felt that these bodies had appropriated powers that were rightfully theirs. Not only was support lacking, but a series of conflicts led to powers being stripped away from these bodies. The GLC lost its housing powers and its status as a transport authority was also threatened.⁷⁵ The 1983 *Streamlining the Cities* white paper argued that these bodies had become essentially redundant, and proposed their outright abolition. This proposal was put into effect in 1986, following the Local Government Act 1985. Most functions were moved to districts/boroughs and those remaining at city-region level were taken on by a mixture of joint boards, committees and agencies.

The fate of these city-region government structures reinforces the notion that political support is an important characteristic for a reform's success or failure. Those proposing abolition relied on claims about MCCs' inefficiency despite a meagre evidence base⁷⁶ and CBI support for keeping them in place⁷⁷, indicating that the logic for abolition was primarily political. However Conservative ministers of the time have since written of their regret at abolishing the MCCs, and by the early 1990s some were privately acknowledging that the move had been a mistake, particularly in London.

Case study seven: Regional Assemblies

Genesis

The 1997 Labour manifesto pledged to hold referendums on establishing elected regional assemblies. It was not until the 2001 general election however, that this pledge was developed into a full policy.⁷⁸ The idea was primarily the brainchild of Deputy Prime Minister John Prescott, and enjoyed little active support among the rest of the cabinet. In 2002 Nick Raynsford, who had worked on the legislation that created the GLA, was put in charge of the policy within the Office of the Deputy Prime Minister. The stated rationale for the policy was to bring accountability and coherence to the network of regional development and skills QUANGOs⁷⁹ and allow regions, many of which had suffered structural economic decline, to address the particular challenges they faced.⁸⁰

Policy

The model that the government eventually proposed included a limited set of powers, drawn largely from central government (indeed from within the Office of the Deputy Prime Minister) and its agencies, rather than upwards from local government. Initial plans for a block grant from central government and a local precept were also watered down in the final stages of decision making, significantly weakening the financial autonomy and power of the proposed assemblies.⁸¹ To counter potential criticisms of creating another 'layer of bureaucracy', it was decided that all second-tier local authorities inside the area covered by the assembly would be abolished (leaving only unitary authorities beneath the regional authority.) The 2002 *Your Region, Your Choice* White Paper pledged to hold referendums in areas where government believed there to be "sufficient interest" while promising "at least one this parliament".⁸² In 2004, after an exercise designed to gauge interest, it was eventually determined that the North East would be the only place to vote on establishing an elected assembly in that parliament, probably because support and interest in the issue seemed highest there.⁸³

The price of persuading the Treasury to support the North East Assembly (NEA) was a commitment to greater central control of the assembly through targets, and dropping the proposal to allow the NEA to raise tax, reflecting the Treasury's marked preference for direct accountability to Parliament for spending.⁸⁴ The Assembly was eventually given a grab bag of powers, mostly transferred from unelected regional bodies, to make statutory strategies for the area.

Results

In the end 47.7% of voters turned out in the referendum to deliver an overwhelming (77.9%) no vote. No further referendums were held and the idea of elected regional government was subsequently dropped by the Labour party. The regional agencies, to which the assemblies were intended to bring coherence and accountability, have now largely been abolished by the Coalition Government.

Section 3: Obstacles to decentralisation

Our case studies provide a review of the historical record, but to understand how further decentralisation might be achieved in the future it is helpful to identify some more specific impediments that have been faced in the past. Many of these relate to enduring features of UK government, persistent aspects of public opinion, or the underlying political economy of such reforms. However they are also deeply linked to the different groups whose inevitable objections to any decentralising reform must either be satisfied or contained.

Participants

Although this issue is all but guaranteed to recur, and despite different groups having good reasons to support it, actually achieving decentralisation is surprisingly complex. The UK's centralised political system and unitary constitution means that the formal power to decentralise resides with central government. However, in reality decentralising reforms cannot just be 'enacted' by one interest group alone. Such reforms tend to fail where the views and interests of three groups do not align. Those in central government make up the first group – including ministers, civil servants, national political party figures and parliamentarians. The second group is local government – including councillors, non-political council staff, and local government representative bodies and interest groups. The final group is, of course, the voting public. There are four main issues that cause these groups to diverge.

First, these groups are clearly not internally cohesive. Different types of councillors, for example, are drawn from different parties, represent different areas and are members of different kinds of bodies. The views of unitary, district, county and metropolitan borough councillors are of course structured by the powers and incentives that are faced by those bodies. Similarly, support for decentralisation within the political elements of the central government 'group' can vary even within parties, across different departmental, select committee, parliamentary intake, front-bench-versus-back-bench divides.

Second, the three groups hold different values and preferences that condition their views of particular reform proposals. For example, members of these groups are likely to assign different levels of importance to considerations such as the cost effectiveness of government; the political representation of distinct cultural units; the equity of regional variations in governance arrangements or policies outcomes; and the appeal of uniformity.

Third, the three groups have different group and individual interests, often causing them to fiercely resist change when they feel these are being threatened. This can be seen particularly in the abolition of the MCCs, when metropolitan district councillors hostility towards these bodies split the national Labour opposition and gave a degree of cover to the government for their abolition. Similarly, it can be seen in some of the innate mistrust of sub-national government competence by ministers and civil servants at the centre.

And finally, in general the three groups tend to begin with different analyses of the problem, which are conditioned by somewhat predictable in-group and superiority biases. Those in **local government** tend to think that it is relatively easy for central government to simply give

them more power. This can lead them to view central government as two-faced and insincere when they talk of the value of decentralising with no real desire to make it a reality. Those in **central government** on the other hand often seem to view local government as highly demanding, but unaccountable and unwilling to demonstrate the competence that additional powers would require. Finally the **voting public** is sceptical of almost all elected politicians, and tends to view many decentralising efforts (particularly those that create new structures and politicians) with hostility.

Ten obstacles to decentralisation

For policymakers to plan effective reforms it is also helpful to identify some more specific, practical impediments that cause attempts to decentralise to slip down the scale of success to the 'mixed success' or 'failed' categories. We have identified 10 obstacles to satisfying the key groups that anyone seeking to decentralise power must navigate.

When these 10 obstacles are considered together it becomes apparent that the most logical and sensible ways around each in isolation are incompatible when put together into a single plan. So in effect what we think our case studies reveal is not a series of standalone obstacles, but a complex set of co-ordination and time-consistency problems that often ultimately undermine efforts to decentralise. However, to create a strategy to deal with this complex reality it is nevertheless helpful to break down and separate out the specific obstacles. Identifying these allows us to do two useful things. First, it gives us a set of questions that we can apply to any attempt to decentralise, to gauge its likelihood of success. Second, it points us towards certain elements that it might be desirable for any sustainable decentralisation 'package' to include.

For each obstacle below, we examine the evidence that has led us to conclude that the obstacle is important – drawing on the case studies, the academic literature, and our roundtable. We also identify some responses that are potentially attractive or have previously been employed to overcome that particular challenge in isolation.

Resistance from national government

Obstacle 1: Central government lacks trust in the accountability of sub-national government for failure, and fears that blame will 'default back' to ministers

Central government is often nervous about decentralising significant (or politically salient) powers due to the fear that ministers will be held accountable for local failures for which they no longer bear formal responsibility. This is compounded by the fact that ministers and civil servants simply do not trust sub-national government to competently exercise additional powers and – in the words of a former minister at our roundtable – constantly worry that they will “do something barmy”. The centralised political and media culture of the UK contributes to this obstacle.⁸⁵ Civil servants, whose instincts are to protect their ministers, will generally advise them not to risk devolving power without requisite accountability structures in place.⁸⁶

This problem is one reason that only limited powers were offered through city deals. Central government insisted that local areas involved in city deals must demonstrate 'strong governance' – a strong indication that negative perceptions of local accountability are a barrier to more comprehensive reform. Perceived competence also seems to have been important. Manchester's governance arrangements (it is the only operational combined

authority) and record on delivery have meant that it is seen as highly effective, enabling it to negotiate the most far-reaching city deal.⁸⁷

London is another exception. London's government accountability structures have proven effective, demonstrated through public demands for mayoral, rather than national, responses to problems under mayoral control. The power of an accountable leadership model to win power and respect from central government has been recognised by other cities – both Leicester and Liverpool adopted directly-elected mayors without even putting the decision to a referendum.

Central government's willingness to extend further powers to bodies that have proved effective and accountable in Manchester, London, Scotland and Wales reveals one way of overcoming this obstacle. Devolution to these institutions has proved to be a "process not an event."⁸⁸ That is, the initial reforms did not mark the end of the transfer of powers. Participants at our roundtable argued that this has been possible because they demonstrated their competence with the powers they already possessed. So this obstacle can be viewed as a time-consistency problem: central government doesn't trust sub-national government to perform additional functions, and fears being held accountable for failures. However trust is only earned through these functions being exercised competently over time. So, unless and until *some* decentralisation occurs, central government will continue to lack trust in sub-national government capabilities.

Strengthen accountability mechanisms

Many of the case studies were attempts to specifically address this problem. Strengthened accountability was the clear rationale behind the introduction of directly-elected mayors in 2000, the subsequent push for the 2012 mayoral referendums, and the introduction of PCCs. However a new, accountable, leadership model is not the same as decentralisation. The response that seems to be suggested by this analysis would be to *prioritise getting new governance arrangements in place instead of a rapid devolution of power*.

The lesson here is that sequencing matters; decentralisation is supported by laying good foundations and putting in place robust and accountable structures. These can then act as vessels for future powers, phased in over time as competence to exercise them is demonstrated.

Obstacle 2: Those leading decentralising reforms are often unsuccessful at persuading other departments or ministers to give away powers

A common reason for resistance from central government is that this group does not have a set of coherent interests, values and preferences. Co-ordinating between Whitehall departments is therefore one of the primary obstacles to decentralisation.

The main problem is that departments responsible for leading decentralisation efforts must resort to going 'cap in hand' around Whitehall. DCLG (and its predecessors DETR and ODPM), who often lead these efforts, has little institutional leverage over other departments – not least the Treasury – which must be key players in any meaningful decentralisation process.

This is only a problem where other departments have reasons to resist giving up powers. One, highlighted in our roundtable event, is that ministers often have pre-existing policy agendas that they are understandably unwilling to give up. This applies equally to ministers

in a new government, who often personally develop these policies well before the general election. Civil servants, as well as being personally invested in these policies, focus on delivering their minister's priorities. Their incentives are therefore to protect any and all powers that allow them to do this.

We can see this obstacle in the North East Assembly, the GLA and city mayors. Prior to the 2010 election, the shadow cabinet relied on an *esprit de corps*, assuming that shared 'localist' values would help co-ordinate departments into giving powers to elected mayors. Once in government however, this assumption proved unrealistic and key departments such as DfE, DWP and the Home Office were reluctant to simply hand over functions.⁸⁹

London, Scotland and PCCs are our exceptions. All three had powerful departmental champions with the ability to act almost unilaterally. Scottish devolution was possible because most devolved powers were already collected within the Scotland Office. Similarly, London could secure transport powers easily because these sat within John Prescott's massive Department of the Environment, Transport and the Regions. Although led by some of the same ministerial team, the North East Assembly plans failed in part because by this time transport powers lay in a separate department.

Create implementation teams

You cannot always decentralise powers away from just a single department. The Cities Policy Unit, created to negotiate city deals, was an attempt at getting around this. One response, therefore, is to create implementation teams with greater co-ordinating power.

However one contributor to our roundtable noted that inter-departmental tensions have been a recurring issue during the city deals process, perhaps because this mechanism can't override objecting ministers.

Use prime ministerial support

Another way through this co-ordination problem is to harness prime ministerial support for a scheme. Where this is successful, as in London, the centre of government can be used to maintain momentum and overrule objections from departments and ministers. However it is a problematic strategy. A prime minister must expend significant political capital to overcome such objections, and will rarely find decentralisation salient enough to think this worthwhile. In addition, any reform strategy requiring the prime minister's continual involvement and interest is weak by default. Waning prime ministerial interest by both Blair and Cameron left proposals for elected mayors to be watered down amid inter-departmental wrangling.

Co-ordinate pre-election policy commitments

An alternative method to solve the inter-departmental co-ordination problem would be to ensure that pre-election policy commitments include detailed proposals for decentralisation. A manifesto pledge would provide greater clarity for ministers (re)entering their departments after an election on what they can and can't expect from their colleagues. In this way a clearly specified manifesto commitment could force Whitehall departments to act in a coherent manner.

Obstacle 3: Due to the UK's constitutional arrangements, sub-national government can (and will) be reorganised at the whim of the executive

Resistance from central government is if not caused, then exacerbated by the UK's constitutional arrangements. Sub-national government in the UK has been reorganised

multiple time during the 19th, 20th and 21st centuries. London-wide government alone has been reorganised five times since 1855, and the governance of public services has been so continually rearranged that scholars have termed the phenomenon ‘redisorganisation’.⁹⁰ The problem is partly that the UK is a unitary state, with no formal constitutional protections for sub-national government. Coupling this with a winner-takes-all, oppositional parliamentary culture means that for any one government it is hard to find credible commitment mechanisms that will ensure that its reforms last.

This obstacle can be seen in the abolition of the GLC, which in the view of one academic commentator, “was a policy folly... [and] displayed signs of groupthink”.⁹¹ The lack of a developed rationale or evidence base for this move demonstrates how little justification central government requires to force through such changes. The serious questions over the survival of PCCs similarly exemplifies this problem.

Use referendums

The case studies do also provide exceptions. Institutions with high levels of public support or that have been given clear popular legitimacy through referendums do appear more stable than those just created by statute. We are yet to see central government abolish or disempower any of the devolved assemblies, for instance.

Referendums have been consciously used for the purpose of overcoming this obstacle. The constitutional scholar A.V. Dicey argued for their use precisely because they could act as “weapons of entrenchment”, and Professor Vernon Bogdanor has stressed that while referendums in the UK are technically only advisory in nature, “there can be no doubt that a clear outcome on a high turnout in practice binds both Parliament and government”.⁹² The clearest response to this obstacle therefore is to ‘lock’ any reforms in place through clear expression of public support in a referendum.

Obstacle 4: Whitehall departments resist devolving power to authorities that, in their view, do not operate at the right geographic scale

Another reason often given by those in central government for opposing decentralisation is that in their current form, many sub-national government structures (particularly in cities) do not operate at the right geographic scale. This was one of the major objections raised by Whitehall departments when the Government tried to secure new powers for elected mayors. The underlying logic is clear – you cannot give a tightly-bounded, city-centre authority control of the local rail network.

This obstacle primarily arises for reforms at a sub-regional level – Scotland, Wales and the North East naturally cover sufficient areas. For city-level decentralisation, London is one exception to this problem. One reason for London’s success in attracting significant powers over transportation, policing and other areas is that the GLA-area logically aligns with many of these functions. Since the abolition of MCCs and limited uptake of the combined authority model, this is not true of most other UK cities. The city deals process managed this problem, but didn’t eliminate it; the city’s ability to exercise additional powers across an ‘appropriate geography’ – aligned to the local functional economy – was an explicit requirement. Calls to eliminate the problem point to the need to redraw the boundaries of cities whose governance structures no longer match the functional urban area.⁹³

Devolve to appropriate units of power

So there are a number of ways to address this problem. These responses have one idea in common: *power should be devolved to technically appropriate units*. ‘Appropriateness’ typically relates to the policy objectives of the reform itself. For example, attempting to empower local areas to boost economic growth probably requires devolving power over economic enablers (e.g. skills funding, back-to-work programmes, transport and network infrastructure) to structures that span the functional economic geography of an area.

Resistance from local government

Obstacle 5: Taking powers from existing local politicians to give to a new sub-national government structure is a recipe for opposition

One reason for resistance from local government is that many decentralisation reforms threaten the position or power of incumbent local politicians. Local councillors are a powerful interest group, close to electors and able to exert considerable pressure from both within and outside political parties.

This was seen in the abolition of the MCCs, the failure of mayoral referendums and the NEA reforms. Metropolitan district councillors’ dissatisfaction at losing powers to MCCs provided political cover for their abolition. Similarly, the proposal to abolish all second-tier local authorities in the North-East-Assembly area created an influential opposition group. Councillors also stood to lose decision-making power to city mayors, largely explaining their near blanket opposition to the reform.⁹⁴

Devolution to Scotland, Wales and London appear to be exceptions. Wales and Scotland had undergone local government reforms in the mid-1990s, so only unitary councils were in place. Unlike the North East, this meant that there were relatively minor implications for existing local government. There was also a positive case: the devolved administrations’ powers were largely drawn downwards from central government, and new bodies offered prospects for local government voices to be heard after decades of perceived neglect.⁹⁵ Similarly, in London the reforms did not threaten pre-existing tiers of local government, and the boroughs largely supported the establishment of the GLA.⁹⁶

Create new layers of government

There have been other attempts to overcome this problem. The ‘governance test’ in the city deals process incentivises – but does not force – changes to existing structures. But the clearest way around the problem seems to be the Scotland and London method: *decentralise by creating a new layer of sub-national government as the vessel for decentralised powers*. Crucially, the creation of this layer should not be tied to the abolition of another, and powers should be transferred downwards from central government and its agencies, rather than upwards from existing sub-national political structures.

Obstacle 6: Changing the boundaries of political representation may jeopardise existing political composition and control

One reason for resistance from local government stems from the fact that decentralising reforms often involve changing the boundaries of pre-existing political units, or creating new layers of political representation. Changing political boundaries almost always creates opposition from incumbents who are well served by the status quo, and creating new layers can lead to different levels of government with conflicting political control. This has been a

problem in metropolitan government, where certain second-tier authorities are controlled by parties that would be in a minority across the city region as a whole. These authorities (and the communities they represent) often fear being subsumed into larger governance structures that would dilute or undermine their political make-up and control.

This problem is most striking when it reappears periodically, countering proposals to replace the two-tier system with unitary authorities.⁹⁷ In our cases it can be seen in the case of the Manchester Combined Authority. The boroughs that were most reluctant to join this body were the ones that were typically in the control of parties other than Labour.⁹⁸ A version of this problem was also seen in the abolition of the GLC. One trigger for the removal of powers from the Labour-controlled GLC was a bitter dispute between it and the (mostly Conservative controlled) outer London boroughs over its land acquisition strategy.⁹⁹

Several of our case studies attempted to manage this problem, but none confronted it directly. The decision for the 2012 city mayors to cover only pre-existing metropolitan borough authority areas, rather than rival London's city-region mayoral model, can be seen in this light. In some respects also the combined authority model – which is a 'collaborative' rather than 'integrated' model of metropolitan governance – represents an attempt to skirt this obstacle. As these cases show, there is no clear response to this problem other than to *preserve (some of) the political autonomy of minority-controlled political units.*

Resistance from the public

Obstacle 7: The public is not interested in sub-national government reform and will tend towards the status quo

Common features of decentralising reforms are public apathy, and when asked to vote, low turnout. This is not to say that such reforms have been insignificant, or that they have not mattered, but simply that they have rarely been made salient to the public at large.

This is most striking in the cases of the NEA, elected mayors and PCCs. In the NEA referendum turnout was only 48%, and 56% of residents said they didn't know what the issues were.¹⁰⁰ One month before the 2012 mayoral referendums in Leeds, Sheffield and Bradford, 62% of residents did not know the vote was occurring.¹⁰¹ In Bristol, where no other elections occurred that day, only 24% of the electorate voted. Similarly, the evidence indicates that the historically low national turnout in the first PCC elections (15.1%) was primarily caused by a lack of awareness about the vote.¹⁰²

The status quo bias in referendums is often referenced but hard to establish in fact, and often tied up with the issue of how the question is framed.¹⁰³ However we do know that people are subject to two cognitive biases that may well affect these decisions. The 'status quo bias' causes the costs of a change to be weighted more heavily than potential gains, particularly if the outcomes of the change are uncertain. The similar 'endowment effect' causes us to value what we already possess more highly, merely because of the fact that we already have it. In this light it is interesting to note that at the same time as the other mayoral referendums in 2012, in Doncaster 62% of voters opted to *retain* the pre-existing mayoral model, eleven years after it was first introduced.

Implement reform before or without a vote

There have been attempts to overcome the problem of the status quo bias by giving voters experience of a reform prior to a vote. One way is to implement a limited form of the policy

prior to the vote. For instance, it was originally proposed that existing local authority leaders could be converted into ‘shadow mayors’ in the run-up to the 2012 polls. A similar, but distinct way would be for a referendum to be held a period of time after the reform has been implemented.

However these methods would not deal with the problem of disengagement. Apathy or lack of information, combined with low-salience issues are likely to mean that the only people who can be relied on to turn out and vote in a referendum are those who feel strongly about it. Not only does this make the results unpredictable, it could also undermine the purpose of a referendum – to ‘lock in’ a reform through an unambiguous demonstration of public support. So another method to consider for overcoming this obstacle would be instead of offering a referendum, to simply implement reforms, albeit following principles of good policy making.

Obstacle 8: People will only support a new institution if it's clear that it will make a difference to them

A linked reason for public resistance to creating new sub-national institutions is the perception that they will be ‘talking shops’ or otherwise unimportant to people’s lives.

This can be seen in the NEA. Its powers had no real focus after the initially-proposed role in economic development was lost.¹⁰⁴ Yes campaigners struggled to come up with clear and compelling reasons to support it; bringing coherence to a series of spatial strategies was simply an insufficient offer. Polling evidence suggests it was rejected due to scepticism that it would make any difference to the fortunes of the area or give citizens any more say over how it was run.¹⁰⁵ Analysis of the mayoral referendums similarly links the lack of powers on offer to the general lack of public interest in the reform.¹⁰⁶

Devolution to London is an exception. The prospect of a mayor responsible for improving the daily commute was a tangible offer, a chance to improve something that Londoners really cared about.

Avoid referendums

The PCC reforms demonstrate one way of overcoming this problem: *don't hold a referendum and you don't require public support*. However the low turnout experienced in the PCC elections demonstrates that lack of public support and engagement threatens the survival of any political structure, not just those that are being actively tested through a referendum.

Devolve powers up front

An alternative method is to *ensure that any new structure is given significant, salient powers that it will exercise immediately*. An institution with power over local citizens’ lives is likely to attract their interest and be resilient to being characterised as a ‘talking shop’. Such a reform package would probably include additional financing powers (such as tax increment financing or revenue retention deals) in addition to more power over some, if not most, of the ‘big five’ local policy areas: policing, strategic planning, transport, skills, and housing.

Obstacle 9: The public is generally hostile towards the idea of more politicians

John Major is reported to have said, “If the answer is more politicians, you’re asking the wrong question.” Another common reason for public resistance to decentralisation is the fact that the British public appear to agree with this principle.

In the NEA referendum, low trust and satisfaction with government were closely correlated with voting no.¹⁰⁷ Four-fifths of those polled thought the Assembly would be a waste of money, reflecting “a pervasive antipathy to the prospect of more politicians”.¹⁰⁸ After the referendum, leaders of both campaigns agreed that the cost of more politicians had been a key issue in voters’ minds.¹⁰⁹ Similarly the costs of elected mayors, including unlikely claims about mayoral salaries, dominated the debate in the run-up to the 2012 referendums.¹¹⁰ No campaigns particularly focused on the character of prospective mayoral candidates, arguing that corruptible, ‘power freak’ personalities would be encouraged.¹¹¹ The anti-politics undertone of the debate implies a more general public scepticism towards any decentralisation attempt that seeks to create new political institutions.

The public can only veto additional political institutions if it is being offered a choice. The approach adopted for PCCs was not to offer a referendum but just to implement the reforms. Of course this risks losing the legitimacy and stability that referendums can confer (see Obstacle 5). This choice is a balancing act for which the survival of PCCs will be a good test.

However where it is decided that a referendum should be offered, an alternative way around the obstacle is *where possible, to reorganise or redistribute powers among existing institutions, rather than give them to newly-created ones.*

Obstacle 10: Concerns over identity and control can be significant barriers to change

The final common reason for the public’s resistance to decentralisation is that different areas with their own identities and histories are often reluctant to come together.¹¹²

We can see this obstacle in combined authorities, regional assemblies and the city-region mayor proposals. It is exemplified by the fact that five years after becoming a ‘forerunner’, South Yorkshire still hasn’t attained combined authority status. Similarly, the North East was chosen to hold the first regional assembly referendum precisely because it appeared to have the strongest sense of regional identity. But even there, people felt strong separate allegiances to distinct towns and cities (not to mention a commensurate sense of rivalry with others).

Identity issues often arise in geographically contiguous urban areas. In mono-centric city-regions, smaller towns may fear being ‘eaten up’ by the dominant central area.¹¹³ A separate problem occurs in bi-polar areas, where tensions surface over the location of the central administration. However places with histories of close economic integration or co-operative working, such as Greater Manchester or London, tend to be exceptions. Similarly, strong Welsh and Scottish national identities have aligned with devolved assemblies.

Generally other reform efforts have not attempted to overcome this problem, but have simply managed it. Such a choice can be seen in the decision for the 2012 city mayors to cover only pre-existing authority areas, rather than rival London’s city region-wide mayoral model. There aren’t any other simple responses to complex, identity-driven problems. It would be most logical to simply adopt a general principle that *wherever possible, power should be devolved to structures that align to distinct cultural units.*

Conflicts and tensions

Decentralisation is not just hard to do because there are a number of obstacles to doing it. We have given the most obvious examples of rational ways round each obstacle above.

However these individually rational responses conflict with one another, and they clearly can't be followed simply to overcome the obstacles one by one. Instead, decentralisation efforts are constrained by a complex web of 'double-binds' and conflicting priorities.

For example, there is a marked tension between the idea that power should be devolved to cultural units (obstacle 10), and that the power should be devolved to units appropriately sized to match policy objectives (obstacle 4). For reforms that attempt to better equip local areas to stimulate economic growth, powers such as skills funding, transport infrastructure, financing and investment are more appropriately aligned with economic rather than cultural geographies. However, culture is still likely to be an important factor in gaining popular approval and consent for any reform. In addition, reforms that maintain pre-existing structures that align with local identity are less likely to create additional politicians (obstacle 9). And even if it was decided that these problems could be bypassed simply by not holding a referendum on the reform, this would risk not 'locking' the reform in place, and leave it open to change by a future government (obstacle 3).

Table 1 below represents our best effort to highlight the primary, important conflicts that often emerge when trying to decentralise and overcome the obstacles we have identified.

Table 1

Obstacle	Response	Conflict(s)
<i>National Government</i>		
(1) No trust in sub-national government competence, and no trust that accountability for these failures won't 'default back' to central government	Create new governance structures / visible, accountable figures	Conflicts with (5) and (8)
	Phase in powers over time as competence is demonstrated	Conflicts with (8)
(2) Departments leading reform can't persuade others to give up powers	Use strong prime-ministerial support	
	Co-ordinate and commit to decentralisation plans pre-election	Conflicts with (1)
(3) Constitutional arrangements mean sub-national government can (and will) be reorganised at whim of executive	'Lock' reform in place through clear expression of public support in referendum	Conflicts with (7)
(4) Will resist devolving powers to authorities that do not operate at the right geographical scale	Devolve only to technically appropriate units	Conflicts with (6) and (10)
<i>Local Government</i>		
(5) Taking powers from existing local politicians to give to new layer creates opposition	Create new layer of sub-national government as vessel for decentralised powers	Conflicts with (9)
(6) Changing the boundaries of political representation threatens minority-controlled units	Preserve the political autonomy and boundaries of minority-controlled political units	Conflicts with (4)
<i>Public</i>		
(7) The public is not interested in reforms to sub-national government and will tend towards the status quo	Don't offer a referendum	Conflicts with (3)
	Use a post-implementation referendum	
(8) People only support a new institution that makes a difference to them	Craft an attractive package up front	Conflicts with (1)
(9) Public is sceptical of the value of 'more politicians'	Reorganise/redistribute power within existing sub-national government structures	Conflicts with (5)
(10) Concerns over identity and control can be significant barriers to change	Devolve to cultural units	Conflicts with (4)

In highlighting these complexities we are not trying to argue that decentralisation is just too difficult to attempt. On the contrary, by highlighting the main tensions involved in decentralisation, this analysis simplifies matters, allowing policy makers to pinpoint the strategic strengths and weaknesses of their proposed reforms.

Section 4: How to decentralise

The challenge presented by these obstacles is not as stark as it at first seems. We've presented the seven case studies along a scale of achievement that spans from absolute failure, to various kinds of mixed or partial success, to reforms that meet each of our characteristics of success. The decisions that are made by each group involved in decentralisation can help push a reform either up or down this scale. These decisions fit into a critical path, comprising three main sets of decisions that must be got right in order to decentralise.

First whoever is leading a reform effort must decide what it is they hope to achieve. The shape – in terms of powers, structures and geography – of a reform effort must be decided. Second, they must get the key external groups on board, planning for and either accommodating or bypassing the objections of other groups. And third they must get internal consent to proceed – the planning, timing and co-ordination of a reform effort must be realistic to overcome the obstacles identified. For each of these stages of the critical path, there are key tests that should be satisfied if the reform is to succeed.

Before discussing these three sets of decisions, it is important to note one thing: it is not the case that every one of these obstacles must be overcome to achieve *any* decentralisation. Dealing successfully with each separate obstacle will push a reform further up this scale, but others have achieved much without doing so. For example, we say that city deals have only achieved limited success, but this process has nevertheless shown that significant progress can be made, even if the powers devolved are somewhat limited and there are no public approval processes to lock the deals in place.

While it remains the case that attempts to achieve ambitious, systematic change should at least consider the ways to overcome each of these potentially destructive obstacles, the practical lesson here is that it is important to match the scale of ambition of a reform to the particular obstacles it is able to successfully navigate.

Deciding on the shape of a reform package

This paper attempts to deal with the 'how' and not the 'what' of decentralisation policy. However, as has become clear – and as the Institute has argued elsewhere – policy design must take account of the real world practicalities of implementation.¹¹⁴ The web of obstacles we have identified is a good guide to these practicalities, and it is clear that there is no single set of changes that could perfectly respond to each simultaneously. However our research does indicate that certain design features would be particularly conducive to meeting these obstacles and achieving decentralisation.

We suggest the following features for two reasons: either they simultaneously increase the salience of reform to all groups, or because they are essential for overcoming some of the most powerful obstacles to change. These include:

- *A comprehensive set of powers*, probably drawn from the 'big five' local policy areas (policing, strategic planning, transport, skills, and housing). These are areas in which there is already significant (and variable) local control, although groups such as Core Cities have recently made the case for greater control over many of these areas.¹¹⁵ Powers could also include significant revenue raising, and at least

financing freedoms such as tax increment financing and other revenue retention deals.¹¹⁶ Where possible, these should be granted up front, but it may be feasible to craft a convincing reform plan with a number of powers devolved initially, and detailed commitments to future decentralisation based on performance.

- *Powers devolved to an area that matches the scale required to perform these functions.* This might for example be achieved by extending and accelerating the combined authority model for city regions, or introducing new forms of elected government for areas of this scale.
- *Strengthened local governance and accountability structures.* The most obvious model here is a mayoral one, but there would need to be a clear (and attractive) role for existing councillors to minimise local political opposition.
- *Real choices offered to citizens on any changes.* This could take the form of a referendum, offered either before or after implementation of the reform.

This outline is of course insufficiently detailed as it stands, but a vital aspect of any reform is that the decentralisation 'offer' is a clearly-articulated, comprehensive package of measures. The obstacles we have identified for past reforms are mutually reinforcing, and failing to meet one is likely to lead to an increasingly-constrained set of possible outcomes. A recurring failure seen in the case studies is for piecemeal reforms to be watered down in the planning phase, and consequently to fail in their implementation. So, a well-thought-through package of measures is essential.

Thinking for new decentralisation reforms should not be constrained by the past. Overcoming a significant number of obstacles is not as hard as it may seem. There are ways to deal with more than one at a time. One interesting proposal, for example, is for directly-elected 'metro mayors' to be accountable to a 'senate' of local authority leaders – following a model similar to that used in the mayoral governance of Auckland, New Zealand. While not wholly unproblematic, this would address both the accountability and scale issues (obstacles 1 and 4), without stripping significant powers or prestige from existing local politicians (obstacle 5). Through imagination, planning and careful attention to the obstacles in the way, any number of convincing packages can be created.

Getting external interests on board

The obstacles to decentralisation do not exist in isolation, but are the product of the values and interests of different groups. There are many ways to negotiate these groups' consent – or even to prioritise different groups' interests – to secure sufficient support for reform. Take an example discussed earlier – the conflict between wanting to devolve powers to units that align with both cultural and functional boundaries. Generally speaking, cultural boundaries should become less salient the more a decentralisation package offers clear benefits to local people. It is not hard to imagine that people would respond favourably to a reform that cuts across a number of entrenched identity barriers, so long as the prospect of decentralisation meant tangible improvements to local services, and a real impact on the area's economy. So by prioritising different interests held by the same group, certain obstacles can be overcome.

Reformers could also bypass obstacles by appealing to one group over another. For example, for a reform led by central government, it seems likely that obstacle 5 (taking powers from existing local politicians creates a powerful interest group opposed to reform)

could be overridden by a strong appeal to the public, offering the transfer of meaningful powers to a new local institution.

Both these methods involve creating, and coping with, opposition to reform. Some opposition can doubtless be contained but reformers should be aware of where political capital must be spent, and the need for continued political support for reform. Over-riding local councillors' wishes by appealing directly to the public, for example, is likely to create issues within the governing party. These costs must be identified and absorbed if the change is to succeed.

Co-ordinating central government consent to proceed

Some of the obstacles we've identified cannot be overcome by bolting on powers, structures or consultation mechanisms to a reform package. The difficulty of actually building this package is the problem. Obstacles relating to inter-departmental co-operation (obstacle 2) and trust between groups (obstacle 1) are co-ordination problems, and as such they require a different approach. The nature of our system dictates that central government must be the prime mover at this stage. Overcoming these obstacles requires that the actions taken within central government to build the reform package are *coherent* and *planned*.

Creating an effective reform plan means preparation needs to start early. Judging by history, the best way to achieve sustainable decentralisation is to create a well-specified manifesto pledge, laying out as many terms of the deal as possible. Within each of the parties, relevant ministers, shadow ministers, policy leads and manifesto teams will need to work together to build up agreement on the set of powers to be distributed.

Policy review processes and party leaders also have a crucial role to play here. We have argued that relying on prime ministerial direction is an unrealistic strategy to push through a reform. However it is essential that the party leadership play an early role in co-ordinating relevant ministers, and ensuring colleagues do not develop strong policy positions or initiatives that are incompatible with the powers they hope to decentralise. If the leadership fails to play this role, they will soon find themselves faced with the unappetising task of having to disappoint senior colleagues before even starting. Beyond this co-ordination effort, parties must also consider how they will make a more decentralised system of governance work. Approaches to policy making and implementation will likely need to evolve to better reflect the increased importance of local democratic decision-makers.

This section has assumed that central government is leading a reform. However as the case studies show, reforms led by central government are likely to work only where local government is consulted, listened to, and (usually) accommodated. Not only is their buy-in and consent likely to be vital to achieving decentralisation, but there is a serious and positive case to be made for their involvement in the planning process: they will have valuable local insights and experience to draw on, and will help in anticipating any further obstacles.

The importance of a coherent and comprehensive planning process is also relevant for bottom-up demands for decentralisation. This section can act as something of a guide for what bottom-up reformers need to ensure happens at the centre. However recognising the scale of the organisational challenge at the top should inject a degree of realism into the demands for decentralisation from local government and civil society.

Section 5: Conclusion

Decentralisation is hard to do. This paper has attempted to take the mixed record of recent governments attempts to decentralise and distil from it three things.

- The criteria by which we can evaluate the success or failure of decentralisation policies
- Ten of the most pressing, practical obstacles that decentralising reforms have faced
- Three sets of decisions that can and must be got right to maximise the success of future reforms

It might be tempting to take away the lesson from this paper that decentralising reforms face a web of unnavigable obstacles and are simply too hard to achieve. We have responded in two ways to this challenge. Firstly we have highlighted the fact that this issue is not one that is going to simply fade away, and that there are good reasons, however tough, to support the principle of further decentralisation. Secondly we have argued that the challenges are not insurmountable, but that they should be planned for, rather than ignored.

A plan for decentralisation should primarily rely on a package of measures that respond to as many obstacles as possible. And where certain obstacles cannot be met head on, a realistic plan for decentralisation will map the interests of the groups involved, and contain a coherent set of actions that will accommodate, mitigate or override their objections.

At the time of writing, the Coalition Government is implementing 'Wave 2' of its decentralising city deals and is considering adapting its plans to decentralisation in light of its experience of city deals. Meanwhile the Shadow Secretary of State for Communities and Local Government has stated Labour's commitment to decentralisation through a new 'English deal' through which local authorities of all types could accrue additional powers by request.

A quick assessment of both of these approaches suggests that they do not adequately overcome all of the obstacles to decentralisation we identify – though both may be incrementally helpful and partially successful. If any political party is genuinely committed to serious political decentralisation it will need to rethink – or at least radically develop – its approach. When doing so, we advocate that parties acknowledge the barriers to decentralisation and seek to develop a reform package that includes actions that will overcome possible opposition from the groups who must consent to changes: central and local politicians and officials and the public.

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