The future of devolution

Event transcript




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Took place on March 13th, 2023

Centre

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Lord Kinnock

Former Leader of the Opposition and Labour Leader

Neil Kinnock was the Leader of the Labour Party and Leader of the Opposition for eight years. He was also Vice-President of the European Commission and a Member of Parliament.

Suzy Davies

Former Member of the Senedd and Shadow Minister

Suzy was a Conservative member of the Senedd for ten years. She was the first woman to run to be Welsh Conservative leader, held several Shadow Ministerial positions, and was a member of multiple Senedd committees.

Andrew George MP

Member of Parliament

Andrew is the Member of Parliament for St Ives.

Cllr Will Barber–Taylor

Former Deputy Director

Will was our Deputy Director and now serves as a Councillor. He hosts the Debated Podcast and the Not A Day For Soundbites Podcast. Will was previously the Digital Campaigns & Media Officer for Generation Rent.

About Centre

We are an independent non-profit foundation and cross-party think tank. Our mission is to rebuild the centre ground and to create a more centrist and moderate politics. We support better public services and a strong economy inspired by policies from the Nordic countries.

To achieve these goals, we work with people from across the UK and party politics. This includes engaging with politicians and our networks, which include academia, politics, and law.

Our work includes creating new conversations by hosting events and conducting interviews. We also produce new policy ideas to better inform debate, publish papers, and release articles. We aim to build consensus, shape public opinion, and work with policymakers to change policy.

Published by

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Event summary

This discussion focused on the future of devolution in the UK, examining whether devolved powers have benefited the nations and regions since their creation. Speakers reflected on the social and political gains of devolution but noted persistent economic underperformance and underfunding, particularly in Wales and Scotland. There was broad agreement that while devolved institutions have strengthened identity and local accountability, material outcomes remain limited without proper resources and constitutional reform.

Key themes included the tension between centralisation and regional autonomy, the need to modernise funding formulas such as Barnett, and the importance of cooperation between Westminster and devolved governments. Panellists highlighted the challenges exposed by Brexit, the shortcomings of existing mechanisms like the joint ministerial committees, and the failure to deliver on promises of "levelling up." The conversation also explored lessons from other countries, including Germany's federal system, as possible inspiration for a clearer and fairer distribution of powers.

Speakers agreed that successful devolution must be locally driven and designed to reflect regional identity and need. They emphasised that any future reforms should avoid "drawing lines on maps" from Westminster and instead empower communities genuinely to shape their governance.

Transcript

Will Barber-Taylor: Welcome to this event on the future of devolution. We will be discussing the future of devolution and a new paper that will be released by Centre Think Tank.

I am pleased to be able to announce that our panel includes Lord Kinnock, who served as Leader of the Opposition and Leader of the Labour Party from 1983 to 1992, Vice-President of the European Commission from 1999 to 2004, currently a Member of the House of Lords and one of the finest orators and politicians that this country has ever produced, probably more my opinion than necessarily ours as an organisation. We are also joined by Suzy Davies, a former member of the Senedd between 2011 and 2021. Suzy ran to be the leader of the Welsh Conservatives in 2018 and was the first woman to do so. We are also joined by Andrew George, who was a Member of Parliament for St Ives between 1997 and 2015; he is currently a councillor in Cornwall. And we are also joined, last but certainly not least, by Patrick English, the Associate Director in the Political and Social Research team at YouGov. And he was also their spokesperson on political research.

So with the introductions out of the way, let us get on with the questions. And the first question I would like to put to you, Neil, on balance, do you think devolution has benefited the UK?

Neil Kinnock: In one sense, I feel a bit like Zhou Enlai when he was asked what he thought the effect of the French Revolution was. He said it is too early to say. And I guess that after just less than a quarter of a century, it still is too early to say. In terms of identity, the development of identity, and in terms of some social policy developments, the answer is that there have been benefits to devolution.

However, it has to be said that in material terms, the people of Wales and Scotland, in terms of their living standards, opportunities and also in terms of the taunt of taxation powers, the answer has to be no, it has not benefited Scotland and Wales. There has been no significant advance in living standards or sense of material security.

In addition, of course, the idea of taxation powers, I know we are coming to that later, before the devolved parliaments, is superficial window dressing simply because neither country is going to put itself at a competitive disadvantage with the rest of the United Kingdom. And in any case, so far as Wales is concerned, there are not sufficient numbers of high incomes or high value assets to enable a higher level of taxation on those who can otherwise afford to pay.

So socially and in some sense politically, yes, there have been benefits. In material terms, in economic terms, in terms of real exercise of powers, since both parliaments have been chronically underfunded, the answer is no.

In addition, of course, the idea of taxation powers, I know we are coming to that later, before the devolved parliaments, is superficial window dressing simply because neither country is going to put itself at a competitive disadvantage with the rest of the United Kingdom. And in any case, so far as Wales is concerned, there are not sufficient numbers of high incomes or high value assets to enable a higher level of taxation on those who can otherwise afford to pay.

So socially and in some sense politically, yes, there have been benefits. In material terms, in economic terms, in terms of real exercise of powers, since both parliaments have been chronically underfunded, the answer is no.

Will Barber-Taylor: The same question to you, Patrick. On balance, do you think devolution has benefited the UK?

Patrick English: I think the answer to our question depends, possibly, on the previous answer. What do we measure success on? Speaking with my YouGov hat on, should we look to see if the public is happy with their devolved powers in the areas where they have these? Mostly yes. If we look at the Scottish Parliament, there is generally a sense that the Scottish Parliament, amongst Scottish people, is a good thing that has done good things, and they are quite happy with the institution there.

We can also look at some examples of Metro Mayors, for example, Manchester, a very popular Metro Mayor there, in a general sense that that model of devolution has worked for the people of Greater Manchester, but sometimes not. Police and Crime Commissioners are an example of devolved power that people did not want and still do not like, and still do not turn out to vote for.

And also, we see very decreasing turnout rates. The more devolved you see the power, for example, regional parliaments do not get the same amount as a general election, local authority elections do not get the same amount as regional parliaments, and police and crime commissioners do not get any local turnouts either. So it depends on how you measure success, and it depends on how you measure what people are looking for and what things they are concerned about when they want devolution.

There is also a significant constituency of people, more so in Wales than in Scotland and Northern Ireland, who want their devolved parliaments abolished entirely. If older people, males, people with less political attention, tend to be leaning toward the idea that they should get rid of the parliaments entirely, and indeed there have been, let us say, semi-successful campaigns and parties in Wales who got elected to the Senedd to do exactly that.

So I certainly think that, overall, the public is seeing devolution and the instances of devolution across the United Kingdom as successful, but that is by no means uniform. I think there are different ways we can look at it and cut the cake. And then there is the question of whether devolution has been successful for the United Kingdom in terms of the Union. Well, the recent experience of Scotland might suggest perhaps you could make arguments to say that the devolution there, in the sense of giving the SNP more power, giving Scotland more authority, has kind of got rid of the idea that Scotland could not govern itself. You might make the argument from a unionist perspective that devolution has been harmful there. So, therefore, no surprises there to see a lot of pro-union support going behind parties or movements that might want to get rid of these institutions. That said, I think probably overall, if we were to ask the public, has devolution been successful? I think they probably would say yes.

Will Barber-Taylor: During the Brexit negotiations, we saw a large split between Westminster and devolved legislatures in their preferences for our relationship with the EU and how powers should be devolved. Are there any measures that can be put in place to prevent these issues from occurring in the future? Suzy, what do you think?

Suzy Davies: Yeah, it was an interesting time. And I happened to be in the Senedd when all that was going on. I think what it revealed during that period was the limit of structures, the danger of vacuums turning into party political opportunities and of course, the benefit of soft diplomacy, which was such an instrument in the European Union itself. There was an awful lot of work done based on people speaking to each other rather than institutions speaking to each other.

I think we missed an opportunity with the 2017 Wales Act. I suspect it was a deliberately missed opportunity, considering that this was after the 2016 referendum, to describe what reserve powers actually meant in regard to the European Union in the context of things like current affairs. And as a result of that, of course, it leaves plenty of space for parties and individuals to argue that there was a legislative intent that perhaps was not there. I think what was clear from that Act though, is that from the point of view of sovereignty, it did preserve the UK parliamentary sovereignty, but subsequent events have shown that it does not matter how much of a purist you are, we are not going to get devolution at any level working within the UK unless there is recognition of de facto shared sovereignty. That is why structures are still pretty important in how we might deal with that.

I am not one for reinventing the wheel. We can look at things like the joint ministerial committees, which did not function particularly well during the actual Brexit process, partly because of pressures all over the place. The speed at which people or institutions have been asked to deal with the unravelling of our membership in the European Union has caused huge problems. I think that was exacerbated by the slightly chaotic way that the UK government dealt with those agendas.

But then I think that was exacerbated itself by, well I am going to just characterise it as winging to be quite honest, here in Wales anyway, because so much political time was taken up in committees and the chamber of the Senedd, just everybody saying that the UK government was all bad, and I am sure the same was happening in Westminster, when effort should have been focused into finding the relationships that would have progressed the work in those particular committee structures.

The long and short of it is yes, use what we have got with the joint ministerial committees to make sure that that is better embedded in legislation. It needs to deal with the issue of the Sewel Convention, which I am guessing members on this call are familiar with. And to understand that personalities matter in this. And one of the difficulties, I guess, with devolution is that it creates quite a lot of small bodies of people. And if they are not willing to work together towards the common goal for political advantage in other directions, then devolution is not going to work. And as somebody who went out to campaign for it in 1979, I would be disappointed. I am a bit disappointed with it already, if I am honest, but I do not particularly want it to disappear down the plug hole either.

Will Barber-Taylor: The same question to you, Neil. Because of the split that occurred during the Brexit negotiations, do you think that any measures can be put in place to prevent the issues that were caused by those splits between the different legislatures from occurring in the future?

Neil Kinnock: In one sense, no, because we are not going to have another referendum, certainly not in similar circumstances. If the question were should instruments, policies, and activities should be put in place, I would say yes, and they could be, of course. I find myself in broad agreement with what Suzy just said, that there are mechanisms that theoretically exist for promoting greater cohesion in policy development and application between Westminster and the devolved parliaments. But of course, they are gathering dust. The joint ministerial committees meet about as often as I run a four-minute mile; the whole apparatus fell into near disuse.

Secondly, and vitally, there was a promise in 2019 in the Conservative general election manifesto. There was a manifesto promise and statements that Wales would get not a penny less as a consequence of movement out of the European Union, and of course, detachment from the Regional Development Fund and the Social Fund. The result that we see nearly four years later is that Wales has lost £560 million in the levelling up funding by comparison with what was budgeted specifically for the 2020 to 2025 European Union budget.

Whilst there could be a repair of a disused apparatus and while there could be a proper implementation of a solemn pledge made during an election, neither is happening yet. And if we are going to make devolution work, even just in Wales and Scotland, then centrally there must be an entirely different ideological and political attitude towards decentralisation and devolution. Until that happens, we are going to get continued divergence, not just on the issue of relationships with the European Union but on many other things between Scotland and Wales and Whitehall and Westminster.

Will Barber-Taylor: Absolutely. There are multiple areas within the UK, including Cornwall and Yorkshire, that have active campaigns calling for their assemblies. What do these campaigns need to do if they are to gain public support, or indeed gain more public support? Andrew, what are your thoughts on that question?

Andrew George: Certainly in Cornwall, the primary aim is to continue galvanising local support. I do not think there is an issue there. The issue is to do what we can to ensure that there is fertile ground in Westminster that properly understands that devolution is about letting go rather than clinging on to dear life, to powers in Westminster.

I remember the referendum in the north-east of England when that was being kind of hatched together by the then Labour government. I think there was a good intention, and on the back of the devolution to Wales and Scotland, there was a potential momentum there. The problem was that in the case of Scotland and Wales, that devolution emanated from those two nations and the problem with how the government then attempted to implement devolution in the north-east is that it was very much Westminster going up to the north-east and saying "Here you are, here is your boundaries, here is your power, here's the referendum now do you want this or not." There was no kind of sense in the dynamic of the way it was being put together that it was emanating from the place itself.

One of the biggest problems, I think, has been that there is a sense in government, Westminster always falls into this in a rather narrow view of how this should be done, that they draw lines on maps and they assume that in drawing those lines on the map, these then suddenly become regions, with their own internal integrity and sense of community, when in fact they are merely government zones. So when Cornwall was lumped into the government zone of the South West and the government ministers were referring to it as a region, I had to constantly say, "Well, it is not a region in the sense that it has internal integrity or any kind of sense; it has purely been created for administrative convenience. It is the government zone of the South West; it is not our zone." I have no disrespect to the other places within the so-called South West, but Cornwall does not have the same identity, and we have as much of an identity, relationship and favour with Yorkshire as we do with Gloucestershire. There is no sense that we are part of the same entity. So I think it is getting the Westminster end right. I think we know in Cornwall what we can do and why we are doing it, but the narrative just is not there at the other end. It is like a dialogue of the deaf, really, talking to people at the end, they do not understand.

Neil Kinnock: Andrew makes really valid points. And the central one is decentralisation, devolution, which must not be an act mentally or politically of condescension. You cannot reduce or reform, or modernise centralisation by having people at the centre, as Andrew puts it, drawing lines on maps. There has got to be some innate requirement for an improvement of governance, among which is a requirement for provincial, regional, and national representation and administration.

I think that demand exists, but it is incoherent. And the demand exists not so much to have flags over Cornwall, or Dorset, or Yorkshire, or Leicestershire. I think the demand exists in the form of resistance to and resentment against over-centralisation. And that is what has got to be focused on.

Britain is manifestly hugely over-centralised. And I made the argument back in 1979 that if devolution was a good idea for Scotland and Wales, it was a good idea for everybody because decentralisation in an over-centralised state recommends itself. And it is one of the reasons why I led the No campaign back in the 1979 referendum, but things have moved on, attitudes have developed, the argument for decentralisation is stronger, and the sentiment in favour of it is stronger. That is what Westminster and Whitehall have somehow got to get hold of; otherwise, we will see the fracturing of the UK and a hell of a lot of discontent and economic underperformance.

Will Barber-Taylor: Just to turn that same question to you, Patrick, I mean, what do you think that these campaigns need to do if they can gain more public support in Cornwall and Yorkshire and in other areas that seek a devolution settlement?

Patrick English: Well, with full respect to my esteemed fellow panellists, people are not too keen in general on politicians, and so any argument or any campaign whose goals are to tell people "what we think you need is more politicians" is going to start from quite a difficult base, I think, in terms of public opinion and gathering public support. That is not to say it cannot be successful, and we have had a lot of success stories that we can look at around the various parts of the UK. Perhaps movements interested in building such campaigns in their areas could learn from those. I think the two key things you look for across the common areas where devolution has been successful in winning public support are:

One is building a sense of identity. So we look at Scotland, Wales, Manchester, and London, clear instances where there is some kind of communal identity, something that you can build an electoral unit around. That seems to be a common story of success in areas where devolution seems to be working.

A second is, you have to convince the public that the trade-off between more politicians and more politics in your life, which most people will generally be quite against, is getting better decisions, getting more accountability, and is worth it. Examples in England might be Manchester and Tees Valley, where people can see concrete things happening and quite high-profile individuals going to Westminster and making the case for their people.

Looking at Metro Mayors, funding is another interesting element: if you can show local people that they are getting more politicians but more to spend on things they care about and that they can hold you accountable. If you can show people they are getting a good deal, then that trade-off becomes easier. Then you might see a swell of public support in areas seeking devolved settlements.

Will Barber-Taylor: I think we have touched on this: devolution within England and Cornwall is currently far behind devolution in the rest of the UK. Andrew, do you think that England is likely to see further devolution in the future? And do you feel that there is enough support to make it happen? Do you think it is going to take a while to build up that extra public support?

Andrew George: Well, I mean, first of all, I just wanted to say that I agree with what Patrick is saying. I am not suggesting people want more politicians or politics; they want their identities reflected and their lives improved. The example of Andy Burnham, the Manchester Metro Mayor, is a good example of where this is working, but I am not sure it is properly understood at the Whitehall-Westminster end. In Cornwall, for example, we have had a consultation on a so-called devolution deal. It is built on a misunderstanding of why the Metro Mayor model in Manchester is a success, the bringing together of several boroughs under a single unitary authority, because placing a mayor on top of a dysfunctional local authority risks adding a megalomaniac to the problem. It has been mis-sold with promises of decades of funding, figures conflated of £360 million, and now it has supposedly grown to £400 million, when no government can bind their successors.

Within the document itself, it is very clear that this is about central control. The so-called devolution deal is a devolution delusion: everything a local mayor wants must be signed off on or approved by ministers. It is not a devolution deal; it is a centralisation deal. It gives the local authority less say in their future.

The culture in Westminster just does not understand what devolution is about. If we are to build on successes like Wales, Scotland, and Manchester, we need to understand that devolution is about letting go rather than clinging to power in Westminster. Allowing communities, identities and territories like Cornwall, which sees itself as quite different from our own language, which, unfortunately, not many people speak, unlike in Wales. It is a place with distinctive identities, and we need to build on that to make devolution work.

Will Barber-Taylor: The same question to you, Patrick. Do you think that England is likely to see further devolution in the future, and is there enough support to make it happen?

Patrick English: In short, not if it requires public consent. We track support for devolution in England very regularly, and our most recent poll found only 29 % in favour of an English parliament; 45 % said “do not know.” It is not at the top of the political agenda. When they think about the trade-offs offs the public would rather see money in their pockets to pay bills rather than they would a devolution settlement.

We can also look at some recent examples. In 2012, nine cities rejected directly elected mayors in referenda. However, broadly speaking, decisions made more locally and closer to the people are a popular concept, especially when accountability is clear and results improve. If devolution is framed as bringing money and better outcomes locally, you will see the picture change. For now, though, a lot of the public and a lot of the arguments seem to be about having more politics in your life, which is not hugely popular with the average voter. I think it is more likely we will see deals between local authorities and central government for more powers and funding, often involving more accountability mechanisms, perhaps more metro mayors eventually evolving into something similar to the London Assembly, are more likely than entirely new institutions with public backing in the short term.

Neil Kinnock: Well, simply to say that how metro mayors have developed anarchically has lacked any real cogency. The Metro Mayors can run head-on into the real idea of effective and meaningful devolution and decentralisation, because in some respects, as has already been pointed out, they are centralising influences. The consequence is that you can get more government without better government, and more powers without the money to make them meaningful. So I am arguing for a proper constitutional strategy for decentralisation of governance, so that the regions and nations of the United Kingdom are more able to get proximity and accountability of governance, which should increase efficiency and transparency.

All we have to do is look at comparable models of countries at a similar stage of development and ask, “Are they better governed than we are?” The answer is yes.

Will Barber-Taylor: On that issue of accountability, the Welsh and Scottish parliaments have only limited powers to change income tax rates. Neil, do you think that Westminster should expand the taxation powers of the devolved bodies? And is there any public support for this?

Neil Kinnock: It is meaningless. I mean, the powers exist, and some people celebrated when they were extended to Wales a few years ago. But the reality is that neither Wales nor Scotland is going to put themselves deliberately at a competitive disadvantage with the rest of the UK, that is the first thing. They are being given a power they cannot exercise to any significant extent.

Secondly, while things are slightly different in Scotland in terms of income distribution, in Wales, there simply are not enough high incomes or wealthy assets to make for an effective higher tax base. Taxation powers, in current circumstances, are a taunt. Council tax itself is another issue: there has been no revaluation since the early 1990s, while house prices have been transformed.

So this is further evidence of hypocrisy at the centre, false celebration in Scotland and Wales, and a source of chronic underfunding in England and the industrial transition areas. The whole thing is a bloody mess that needs sorting with substantial constitutional reform. Taxation powers in current circumstances do not mean a damn.

Will Barber-Taylor: The same question to you, Suzie. Do you think that Westminster should expand the taxation powers of the devolved bodies?

Suzie Davies: Well, your question was originally about income tax powers, and I have some sympathy with what Neil was saying, Turkeys for Christmas and all that. Scotland has a slightly higher rate of income tax, which does not seem to have been detrimental to competitiveness. So it is a question of small margins on that. But I think “income tax” is a term everyone understands, and there is real peril for the Labour Party in particular, because their voters do not want extra taxes. It could create tensions between Keir Starmer, who says no to new taxes, and Mark Drakeford, who says yes to them. Even though no one intends large income tax rises.

Instead, other taxation powers are being used with some success, particularly in sectors like tourism, where there is no particular peril for the Labour Party. I have a background in tourism, which is well up for being scraped out of any profitability at the moment.

And again, that is happening with very limited scrutiny because we have this cooperation agreement in Wales at the moment, where tourism is up for grabs as far as both parties are concerned. So it is not just talk. It can have an impact. Tax-varying powers only tax rates and power.

But just to speak specifically about income tax, I have got two major objections. One is that the Barnett formula needs reform at the moment.

We have had an enormous amount of European money over the last 20 years or so, ourselves and Cornwall, of course. There are other post-industrial areas of the UK that either have not had that money or have had it and then did not get it because they were improving. I think this is going to be the major objection to any kind of proper tax-raising powers in Wales because if Wales after 20-odd years of having all that extra European Union money is still at the bottom of all the major indicators, as Neil mentioned in the opening question really, there is going to be no confidence that this particular government is going to be able to spend any taxation well.

I suspect that will be an impression across parties because it would be lovely to think we could be Scandinavia, where we have high taxation and greater equality, effectively. But I think it might be Patrick who mentioned it: people like to get their own house in order before they become generous with whatever money they have left over. I do not know whether that is because of the life experience of people or whether it is a deep culture that we have here in Wales. Switching us to become Scandinavian, I think, is going to take generations. And what we have had in the period of devolution has not encouraged us to take those risks when we see governments of all flavours wasting money hand over fist without any apparent advantage, specifically in Wales.

Will Barber-Taylor: Now we are going to come on to the Question and Answer section of the discussion. We have got a question here from Alexander Rose. Alexander asks, “How should the government check that public money is being administered properly by devolved bodies? And what should the sanction be where sums are not spent in line with the relevant laws? Should money be recovered by the central government?” Who would like to respond to that question first?

Neil Kinnock: Well, in both cases, in Scotland and Wales, and indeed across the United Kingdom, there is a National Audit Office. The problem with the National Audit Office is not its expertise or independence, both of which are excellent. But by definition, the fact that they investigate after the event, more than during the expenditure, and their conclusions can be partially implemented or neglected. So we need a strengthening of the audit function on a national basis, but also in terms of local government, as well as devolution. That is the best way to do it. I introduced an auditing system in the European Commission, and the result is much greater efficiency. It has been 18 or 19 years since there was the merest whiff of scandal, simply because there is an effective means now of measuring every input and every output in expenditure terms. When we can modernise that operation in the United Kingdom, we have the expertise, then we will see more efficiency, as well as accountability and better management in the use of public money.

Will Barber-Taylor: Andrew, what is your response to the question?

Andrew George: Well, I think it is kind of contrary to the whole principles of devolution. I will give you an example: I have always said that local authorities are not local authorities; they are agents of the central government. This is because some of their latitude for making any kind of meaningful decision-making is so restricted that it is almost laughable. Certainly, taking a Cornish example, we have handed out, acting as agents of central government, £385 million in money from taxpayers into the pockets of second-home and holiday-home owners through the business rate system and COVID aid. This is as a result of something which I blew the whistle on back in 2012, just over 10 years ago, which was this new system whereby a second-home owner could switch to describe it as a holiday let, apply for small business rate relief, and then pay nothing at all. That then has to be funded by the taxpayer, and it is the local authorities whose responsibility it is to administer both that and Covid aid, which went to those who were entitled to small business rate relief. We have spent twice as much subsidising second-home owners and holiday lets as we have put into social housing in Cornwall over that same period.

I would turn the tables on the central government and say that Cornwall, for example, should be able to say to the central government: No, we are not going to do that. We are going to take that money and we are going to put that into social housing, not into second homes, because that is contributing to the very problem that is causing the enormous housing crisis in Cornwall. So I think the power should be turned the other way around: not if the locality misbehaves with money, but if the central government's template for policy implementation does not work in an area like ours, it is extremely damaging; that locality should be able to blow the whistle and challenge the central government and reverse the process.

Will Barber-Taylor: Absolutely. Torrin asks, "How can we reform the funding agreements for the Welsh and Scottish parliaments to take into account the varying financial and health needs of those areas?" Who would like to respond to that?

Suzy Davies: I mentioned the Barnett formula earlier. I mean, Lord Barnett himself says it is out of date now and needs changing.

Neil Kinnock: Three weeks from introducing it, by the way. You are right.

Suzie Davies: Well, I think everyone is fooled by it in manifestos and then runs away from it when they are actually in power. I think there is an understanding that any change should be based on the need to a greater extent. But that then begs a different question about why certain parts of the UK continue to have the levels of need that they do. That is what I referred to a little while back when I said that all that European Union money has not made a huge difference in Wales. So I suppose it is a question of where you start.

One of the things the Welsh Government was successful with was negotiating the Barnett formula floor, recognising extra need in Wales, pending someone else picking it up in the future. Now, this goes back to the question of how brave devolved administrations should be with the taxation powers they do have. Andrew mentioned using money for different purposes than it was earmarked for, which is something we are very used to in Wales. Our block grant comes from certain pots; there is no compulsion to spend it on those pots, but we are still looking for extra money, potentially through either taxation powers or complaining that they did not get, quite justifiably, the manifesto promise from 2019 of no loss of funds.

Ultimately, it comes down to who should have control of most of the money, and there is a difference between who should raise it and who should spend it. At that point, I am going to chicken out of the conversation because I just want to finish where I started: it is time to scrap Barnett and ask those questions about if there is need, why we still have need, and who should be responsible for fixing need before that becomes a criterion by which we judge how much should come from the central pot in the future.

Neil Kinnock: That is right on. The fundamental requirement is objectively assessed, needs-related allocations. There is a fundamental flaw in the block grant system. I made this argument 46 years ago, and Joel Barnett made the same argument at the same time, though he was Chief Secretary to the Treasury and I was a rebellious backbencher. The reality is that the need to continue partly because they are not effectively assessed, and allocations are not spent on exactly what was examined as being required.

I will give an instance: morbidity and illness rates in Wales are higher than in most of the rest of the UK, comparable with the Northeast of England, and that is one of the major reasons for chronic pressures on the NHS. A devolved government faced with school books, social care, and health service expenditure is going to try to meet all those demands, meaning, at the margins, more is spent on school books than on illness needs.

Those are the dilemmas set up by the Barnett formula. What we have to do, not as an act of centralisation but as an objective measurement of proven need, is ensure that allocations are spent on those areas. That is the fundamental reform that the Barnett formula needs. Within that, there must be an effective system of representation and management to guard against shortchanging, which has been manifest in the last 12 or 13 years, leaving Scotland and Wales chronically underfunded despite the Barnett formula.

Suzy Davies: Can I just add something to that because it relates to the previous question about prioritisation? If you are going to argue that a part of the UK is shortchanged, and I am not saying that is inaccurate, then you would expect the government in charge to prioritise properly and focus on expenditure that relates precisely to those needs.
The reason money was passported across, and I am not sure the NAO follows those routes, is that devolved administrations have the freedom, under all our settlements, to spend that money on anything. There is no reining in by saying, "You have a Barnett formula for particular purposes." That is not accepted by any devolved administration; they view it as coming with philosophical, rather than moral, strings.

Neil Kinnock: We are in substantial agreement because the elephant is in the room. The problem is that in the public sector, private sector and family economics, underfunding leads to inefficiency; you can only get real efficiency with adequate investment or grants. If you have chronic underfunding, and this is not an excuse, it is an arithmetical reality, you will get less efficiency than with adequate funding. That is the problem with accumulative underfunding.

Suzy Davies: Yeah, I do not disagree. But there is a responsibility in all governments of all flavours not to make that worse.

Will Barber-Taylor: We have a question from Jack. Jack asks, Suzy mentioned Scandinavia and the difficulty of becoming like Scandinavia. Does the panel think it is more realistic to pursue a government style closer to Germany, a social market economy, a federal democratic republic, fair competition rules and so on? Who would like to respond to that?

Neil Kinnock: I mean, Germany is not paradise, but it is extraordinary that their constitution and pattern of governance was determined in the wake of a devastating and cruel war, largely by United Kingdom officials who were trying to plan from the base, recognized the distinctiveness of what are now the Länder of the Federal Republic because they would always existed as principalities and duchies and countries, within what became greater Prussia and later the first Reich.

They recognised that pattern with comparisons and disparities, the industrial and economic base or agricultural base, the geographical location, the subtleties of language and accent, and they organised West Germany first and now the whole of Germany accordingly. And they recognised too that to ensure against domination by the capital and whoever ran it. The capital was in a nearby village, like Bonn. After the unification, it moved to Berlin. But they also made sure that the Länder had substantial powers over each Land, with democratic parliamentary government, with two chambers, and representation directly at the national level, again in two chambers. If somebody were given a clean sheet of paper and asked to organise the UK government now, they would come up with something like the same answer.

Will Barber-Taylor: I think that is a perfect answer to that question. We have a question from Jasneet. "Is there a situation where any of the panel members believe we should raise income tax? What metric would you use to argue that an income tax raise should be justified?" Who would like to respond to that?

Neil Kinnock: Well, first thing to do is tax assets at rates that begin to bear comparison with taxes on income. If you did that, you could probably reduce various forms of income tax. But what is evident in Britain, even though it is an unpleasant political fact, is that because of the constant auction over tax promises, the net result is underinvestment in physical infrastructure, intellectual infrastructure, and public services.

Unless we face up to the reality of having to introduce fair taxation, which includes assets that have soared in value by comparison with incomes in the last 40 years, then we are not going to be able to pay the bills. Nothing is for nothing. Nothing is free. It has got to be paid for.

Andrew George: I would agree. We need a more progressive approach to taxation. But I think we are kind of going away from the purpose of this discussion. But yeah, if we were having a debate on fair taxation, I would entirely agree with Neil. If we are trying to break down the inequalities in our society, then finding a way to tax wealth rather than enterprise would be a fairer way of proceeding. And of course, closing down the massive loopholes, one of which I mentioned earlier. But as my studies have shown, there are whole sets of industrial-sized tax loopholes available to property investors at the moment.

Will Barber-Taylor: Just to point out about the last question, I have just been sent a clarification that it was about devolved taxation rather than just a generalised raising of income tax. We do have a final question from Colin. Colin asks, is there a case for London devolution to transform more towards the Scottish model in terms of both political structures and the scope of devolved powers?

Suzy Davies: I was thinking about this earlier when Andrew was talking about Metro Mayors. A little bit of me says you cannot transfer that model to what are effectively the Shires, not least within the Welsh environment. One of the difficulties when we discuss devolution in the UK is that there are so many versions of it, and none of them are equal or the same. Trying to turn London into Wales, or Scotland into Manchester, I do not see how that works. We are already in a position where imposing urban design policies on bits of rural Wales is causing havoc. And I am sure it would be the same the other way around. So you cannot just transfer one model to another; it has to be designed from the bottom up to meet local demand and will often require a bespoke model.

Andrew George: I agree with Suzy. In the case of London, that is for London to determine how it should be governed and what additional powers it needs. A core principle amongst devolutionists is that devolution is not a single event; it is a process. London is involved in an ongoing process itself, and there is no doubt that as it goes forward, it will identify which additional capacities it is seeking to acquire to improve the way it governs itself. If it wants to follow some elements of Welsh or Scottish devolution, there is no doubt it will articulate that.

Neil Kinnock: That is right, there is a basic rule of what an organisation should do. Structure should be a function of purpose. You decide what you need, a bit of organisation to do, and then you decide how it should be done. If that attitude applied across the UK, you would have distinct governance functions for London, Yorkshire, Wales and Scotland, each with structures tailored to their needs. We are so far from that, it almost feels like rocket science, and I am certainly not qualified to give a definitive judgment.

Will Barber-Taylor: We are coming towards the end of the discussion now. We have one final question from Rowan: "Do we think that more devolution could have a negative effect as well as a positive effect, in that it could make the political system seem more complicated and perhaps alienate some people who might not be as engaged with multiple layers of administration and government?" Who would like to respond?

Neil Kinnock: Well, what we have got is not working, not only because it is ridiculously and inefficiently over-centralised, but because where there have been departures from centralisation, it is incoherent. We need public understanding and consent to go back to the drawing board. In my view, there should be a royal commission on a written constitution for the United Kingdom, not only because of decentralisation of powers, but for a host of other reasons, like replacing the House of Lords, the voting system, the use of analytics in political activity, and more. One day, the fragility of our current system will be so evident that there will be a broad sentiment in favour of change, even in a country that traditionally dislikes written rules, despite inventing most international sports by drawing up rules. The day will come when people want to look at how we are governed, because our current system is not fit for purpose.

Suzie Davies: I think there is also a more human element, whether it is complex or simple. One advantage of the American system is that you vote Blue or you vote Red for your president. At a local level, you vote on amendments, local constitutions, and grass cutting in your street. Part of the issue is that for the last hundred years or so, voting meant you handed decisions to someone else, and then enjoyed moaning about their choices. There is no "skin in the game" in our voting system, especially at the local authority level, where decisions you make daily are affected. I am not sure a big new constitution would sort that out; I think it is more about better "little-p" political education in schools, teaching young people they have responsibilities to make real decisions when they vote, not just stick an X in a box.

Will Barber-Taylor: I think that is a great note to end on. Torrin would now just like to say a short thank you.

Torrin Wilkins: Thank you to everyone for coming along today. It has been very interesting to hear the points of view discussed here, and a surprisingly agreeable discussion, given we had Labour, Liberal Democrats and Conservatives all in the same room. We will be producing a summary paper of this event and a larger paper at the beginning of next month, including some polling. Thank you so much to everyone for coming today and for sharing your thoughts with us.

Note: This event has been edited for grammar, clarity, and flow. The original recording is the final and definitive version.

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Transcript uploaded

October 19th, 2025

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