Three into One Won't Go:

The Future of the

Territorial Secretaries of State

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Executive Summary

Devolution has left some loose ends at the centre. One is the continuation of three Secretaries of State for Scotland, Wales and Northern Ireland. Do we still need three separate Secretaries of State?

Federal systems manage with either a single Minister at the centre responsible for federal-state relations (as in Canada), or none (Australia).

The Scottish Secretary is

Future of the Territorial Secretaries of State
5. Before devolution Scotland, Wales and Northern Ireland were privileged in three respects. They were over-represented at ~estminster;~ they enjoyed significantly higher levels of public expenditure than ~ngland;~ and they

Secretaries of State are likely to be replaced in Whitehall with a single Minister responsible

Role of the Secretary of State for Scotland
DGN 3 describes the role of the Secretary of State for Scotland in the following terms:

3. The Secretary of State for Scotland will continue to represent Scottish interests in reserved matters within the UK Government, advising colleagues about any distinctive Scottish interests that arise for reasons other than the impact on devolved matters. He will support colleagues in presenting UK Government policies in Scotland. The Secretary of State for Scotland will remain a member of most of the Cabinet committees of which he was a member before 1 July [1999], and will expect to be consulted by colleagues on the Scottish aspects of their proposals.

4. The Secretary of State for Scotland will also wish to promote the devolution settlement provided by the Scotland Act 1998, by encouraging close working relations between the UK Departments and the Scottish Executive, and between the UK and Scottish Parliaments. This does not mean that he will act as a conduit for the necessary communication between the UK Government and the Scottish Executive. Normally Departments should deal with the Scottish Executive direct. But the Secretary of State will want to keep himself informed about sensitive issues which involve both reserved and devolved matters, and more generally about relations with the Scottish Executive ...

Role of the Secretary of State for Wales
DGN 4 describes the role of the Secretary of State for Wales in different terms which reflect the different nature of the devolution settlement in Wales:

2. The new role of the Secretary of State for Wales is:
to act as guardian of the devolution settlement in Wales
to ensure that the interests of Wales are fully taken into account by the UK Government in making decisions which will have effect in Wales
to represent the UK Government in Wales ...

Guardian of the devolution settlement

3. This does not mean that the Secretary of State is a channel of communication between the UK Government and the Assembly. Normally Departments should deal with the Assembly direct. The Secretary of State and his Department will:
give advice on the handling of business in the light of devolution
act as honest broker should there be any dispute between the Assembly and Whitehall or Westminster

explain the nature and consequences of devolution to the Assembly on behalf of the UK Government ...

Voice of Wales in the Cabinet
5. The Secretary of State for Wales will speak for Wales in the UK Cabinet and will ensure that decisions are taken with full regard to any matters where Wales has particular interests or concerns. He will not be a mouthpiece for the Assembly but he will need to know the views of the Assembly Cabinet before deciding his own line. This is particularly important in relation to proposals for primary legislation that affect Wales ...

8. None of this affects the Secretary of State's duty under the Government of Wales Act 1998 to consult the Assembly on the Government's legislative programme. This clearly means consultation with Assembly Members and will be carried out in a formal and public way ...

9. It will be the responsibility of the Secretary of State to steer through Parliament any clauses in legislation relating solely to Wales ...

'

Hague pledges to preserve the Scottish and Welsh Secretaries: or does he?

9, In his pre-election briefings with the Cabinet Secretary Sir Richard Wilson, William Hague has indicated that he would reduce the size of the Cabinet by three members.' He recognises that the role of Welsh Secretary is much reduced from when he held the post until 1997, and that it is now difficult to justify a full-time Cabinet post for the Scottish Secretary. He would achieve two of the reductions in his Cabinet by merging the Scottish Secretary and Welsh Secretary with other Cabinet posts. But in articles in the Scottish and Welsh press he presented the decision as preserving the separate office of the Secretary of State:

A crucial question is the future of the historic office of the Secretary of State for
Scotland ... It is now widely believed that Labour intend to abolish the office of Secretary of State and to create a new ministry led by a 'Secretary of State for the
Union' who would have responsibility in the Cabinet for Scotland, Wales and
the English regions. Such a change would be a serious mistake ..,

Conservatives believe that there are a number of reasons why there should continue to be a dedicated champion of Scottish interests in the British Cabinet. There will be the need for advice on the Scottish implications of new UK policies. The resources allocated by Westrninster to the Scottish Executive will be decided within the UK Cabinet. There needs to be effective liaison with the Scottish Executive.

Surely it must be better to entrust these tasks to a

role of the Secretary of State for Wales - much reduced from when I held that position - I shall, as Prime Minister, give the incoming Secretary of State for Wales

interests in reserved matters within the UK Government', the Welsh Secretary 'speaking for Wales in the UK Cabinet', and the Northern Ireland Secretary 'representing Northern Ireland interests in all matters in the UK cabinet'. It is

16. The Secretary of State for Wales defended this role last

and Welsh Secretaries is to keep Scotland and Wales happily within the Union. The task of the Northern Ireland Secretary is more nuanced, because

announce good news in Scotland in relation to jobs, health or housing: those matters are now either devolved, or fall to other members of the UK government (eg DTI on inward il~vestment, MOD on defence contracts, Gordon Brown on increased public expenditure).

22. But far more important than trimming vestiges of the old role is to realise the unfulfilled potential of the new. The whole could be so much greater than the sum of the individual parts. 'Guardian of the devolution settlement' and 'promoting the Union' need not simply mean defending the status quo. Nor should the role be restricted to defending the interests of Scotland, Wales and Northern Ireland (which may themselves be in conflict). Devolution leaves major unresolved issues, in particular in relation to finance, representation at Westminster, and the English Question. No one in government leads on these issues. There is no strategic thinking around the future of the devolution settlement, because no Minister is responsible for looking at it in the round. A Secretary of State for the Union, responsible for the whole devolution settlement, could take a more strategic, forward looking and rounded view.

Devolution finance

23. The funding arrangements will be called increasingly into question as Scotland uses its higher levels of public expenditure to fund free long-term care, higher levels of teachers' pay, and free tuition fees. A Secretary of State for the Union would do more than just defend the Scottish block or the Welsh block, but would be responsible for the whole system of funding the devolution settlement, not just one part of it. This would entail seeking to ensure that the funding arrangements were equitable between all parts of the UK: between the devolved administrations inter se; and between Scotland, Wales and Northern Ireland on the one hand, and the regions of England on the other. The Barnett formula is not sustainable as a means of funding devolution in the long term, and will come under increasing pressure from the devolved governments themselves. When the time comes to review it, and to undertake a fresh needs assessment, the Treasury will be the lead department, but the Secretary of State for the Union could play an important guiding role; in particular in trying to ensure the legitimacy of the process.

24. Another funding anomaly which needs to be addressed is the top-slicing of the budgets for the Scotland, Wales and Northern Ireland Offices. These costs are deducted by Whitehall before the Scottish, Welsh and Northern Irish block is passed on to the devolved administrations. The historic reason for this is that devolution was to be implemented at nil net cost: the cost of the small headquarters staff remaining in London to service the Secretary of State were to be found from within the existing Scottish block, as were the much larger costs of the Scottish Parliament and the new Executive. But John Reid took a more expansive view of the Secretary of State's role, and wanted teams of his own officials to advise him on all policy areas rather than being dependent on advice from the Scottish Executive. When he succeeded Donald Dewar he inherited a staffing complement of 30-40

(60 including the legal staff working for the Advocate General). He commissioned a staffing review, and in autumn 1999 the Treasury approved new staffing levels which

26. Whether the office is given this wider role will be reflected in the title, which will convey a symbolic message as much as a substantive one. Titles just for the merged role of the Secretaries of State for Scotland, Wales and Northern Ireland could include:

perhaps be done in conjunction with the new Centre for Management and Policy Studies in the Cabinet Office.

Symbolism of the Secretaries of State
29. So far this discussion of merging the Secretaries of State and the potential of the combined office has presented the arguments in functional and rational terms. But the office is also intensely political; political in the best and highest sense, since the essence of the role is to safeguard the Union and ensure good relations between its constituent parts. But there are important elements of low politics as well, in terms of symbolism, patronage and places in the Cabinet. It is the symbolism which William Hague has played upon in promising that he would retain a separate Scottish Secretary and Welsh Secretary (see paras 9-10).

30. The symbolism can be understood by comparing the practice in Canada, where by convention the federal Cabinet is expected to contain representatives of all 10 Canadian 17 provinces. No such rule applies here, and the present Cabinet is severely unbalanced in terms of over-representation from Scotland and the North East of England. But Scotland, Wales and Northern Ireland have grown used to having 'their' voice in Cabinet. The Scots might be relaxed about losing their Secretary of State; but the Welsh might feel more slighted than released, especially when they still need a representative in Whitehall, because they do not have sufficient powers of their own.

31. The politics of identity can be appreciated in another way by asking the question, if the Scotland and Wales Offices are combined, from where should the new Secretary of State be found: from Scotland, from Wales, or from neither? And in future, when more front rank politicians in Scotland and Wales operate at the devolved level, how easy will it be to find Scottish and Welsh politicians of sufficient calibre at Westminster to fill the Secretary of State seats in the British Cabinet? This has been a problem for the Conservatives in the recent past, who have appointed a succession of English MPs to be Secretary of State for Wales; but in future it could be a problem for Labour governments as well.

Regional government in England
32. The second part of this paper considers adding responsibility for regional government in England to the merged offices of the Secretaries of State, creating a 'Department of Devolution and Decentralisationl. It begins by summarising the regional structures created in Whitehall in Labour's first term. In 1997 the new Labour government created a new Department of the Environment, Transport and the Regions (DETR). A Minister of State

l7 Graham White, 'The Canadian model of Cabinet: Lessons from Canada's Provinces and Territories', September 2000, gwhite@chass.utoronto.ca

was appointed to lead on regional government: first Richard Caborn, and since July 1999 Hilary Armstrong, Minister for Local Government and the Regions. Reporting to her is

35. Labour's next election manifesto will roll forward the policy from 1997. The final policy statement approved at party conference in 2000 states that 'Labour intends, as soon as practicable, to move to directly elected regional government where and when there is a clear demand for it1, and promises a Green or White Paper on regional governance. If the new government decides to introduce a policy of devolution on demand for the English regions, it will need first to decide the powers and functions of regional assemblies in England;the 0 Td (toEngland;the)Tj -in

Local government in England
37. A further suggestion has been made that responsibility for local government might be added to the 'Department for Devolution and Decentralisation'. This has little merit. There is no functional case for moving the lead responsibility from DETR (even if the department is split up, with transport being hived off). There may be a functional case for brigading together regional government and local government: so that if regional government is moved, it is worth asking whether local government should follow. But local government has strong functional links with other bits of DETR: environmental protection, housing, urban regeneration, roads. It is also a bigger function than regional government: 210 civil servants work in DETR's Local Government Directorate and Local Government Finance Directorate, compared with 100 in the Regional Policy Directorate and Regional Co-ordination Unit. Moving local government to follow regional government would be to allow the tail to wag the dog.

Responsibility for other constitutional reforms
38. There is little direct connection between devolution and decentralisation and the rest of , the constitutional reform agenda. The other items on the agenda for Labour's second term are Lords reform (stage two), the referendum on the Euro and the referendum on electoral reform. The Constitution Unit argued before the last election for a 'constitutional reform

'constitutional overlord' being appointed now." The lead will continue to lie with

Should the Department for Devolution be free-standing or based in the Cabinet Office?

42. The Cabinet Office has traditionally exercised a strong self-denying ordinance against developing its own empire. It has few staff of its own, with the majority on loan from line departments; it looks to departments to take the lead in developing government policy; its role is to co-ordinate and ensure collective approval of policy. Other parts of the Cabinet Office support the

by three junior Ministers, there would be a net reduction of just one junior Minister (the second junior Minister in NIO).

45. The final consideration in deciding whether the new Department should be free-standing or based in the Cabinet Office is whether it would be helpful to have another heavyweight Minister in the Cabinet Office. This links to wider concerns about the role of the centre, and how to deliver more n e th i

Annex A

Representation of Scotland Office, Wales Office and

Cabinet Committees without Scottish, Welsh or Northern Irish representation :

London Sub-committee
Rural Affairs Group
Civil Contingencies
Health Performance and Expenditure
Reform of House of Lords Sub-committee
Liberal Democrat Party
Joint Consultative Committee
Intelligence Services
Restructuring of European Aerospace and Defence Industry Group European Trade Issues Sub-committee
Public Services and Public Expenditure