



# Politics Informed

*what we see is what others miss*

## Shaking the House foundations

*The Lords and the Commons are set to change. Andy Fletcher assesses the implications.*

For many within Westminster, the latest attempts to modernise the political system may not represent a plague on both Houses, but something close to it. Plans to reform the Lords, in particular, have been interpreted by some as a move to dismantle the institutions that underpin the UK constitution. For others, the government's proposals are a damp squib, a missed opportunity for a comprehensive overhaul that neither strengthens democracy nor increases accountability.

### Substantive changes

Whatever your take, the proposals mark the most substantive changes to the parliamentary system in modern times. A white paper for Lords reform, published last November, paved the way for a slimmed down, part-elected, part-appointed second chamber. Controversially, it proposed that only 20% of the House would be elected and 60% made up of appointees selected by political parties, reflecting their share of the vote at the previous general election.

The government maintained the reforms would create a modern Upper House, with powers of scrutiny and delay, rather than veto. A directly elected chamber, ministers argued, would undermine the pre-eminence of the House of Commons in the

legislative process. For many, however, the white paper is the quintessential political fudge, perpetrated by a government seeking to strengthen its grip on the policy making process.

### Political patronage

When debated, the proposals were roundly criticised by peers and MPs alike. The Conservatives attacked the plans as "*shabby and inappropriate*" advocating instead an 80% elected chamber of 300 representatives, while Labour backbencher Bob Marshall-Andrews argued the new House will continue to rely on patronage, the "*curse of the British political system*" as he put it. Pressure groups such as Charter88 condemned the proposals for undermining democracy, arguing that only a directly elected second chamber can effectively keep the executive in check.

The government has now acknowledged the unpopularity of the proposals. Leader of the House Robin Cook conceded that a "*period of reflection*" was necessary to find "*a centre of gravity around which the reforms can gather*". This could delay the plans by another year.

Cook has also set about reforming the Commons. Turnout at the 2001 general election indicated an increasingly disengaged

*continued overleaf*

## Happy new year

As we go to press Politics International is delighted to announce the formation of an exclusive alliance with one of Scotland's foremost public affairs companies. Edinburgh-based Pagoda PR is the longest established of the indigenous Scottish public affairs consultancies, advising clients on policy at a national, regional and local level in Scotland.

This association is the natural progression to a series of successful projects where the two companies have worked together. Contact Amanda Cunningham on 020 7592 3814 for more information. Pagoda policy director, Keith Geddes, examines the challenges facing Scotland's new cabinet on page 6.

Corporate social responsibility (csr) is very much in the news at the moment. Following a successful seminar in December on the future of planning policy, we will be holding a seminar on csr in March. Please contact Sarah Gibson on 020 7592 3804 if you would like to attend. Speakers will range from think tanks to FTSE companies comparing experiences and views. Sarah writes about csr on page 3.

Politics International is a specialist public affairs agency providing political and strategic communications advice. For more information on our services contact [alc@politicsint.co.uk](mailto:alc@politicsint.co.uk) or visit [www.politicsint.com](http://www.politicsint.com).

# A directly elected chamber would, ministers argued, undermine the pre-eminence of the Commons in the legislative process

Continued from the front page

electorate which can be explained, at least in part, by an inability to relate to antiquated parliamentary procedures. Cook, as chair of the Modernisation Committee, released a consultation document last December which included proposals to revise sitting hours to encourage a more effective use of time. The long summer recess will be broken up, allowing MPs to return in September. Procedural changes will enable legislation to be carried over from one session to the next, ending the customary rush to push Bills through to meet the November deadline and enabling MPs to scrutinise legislation in appropriate detail. The Modernisation Committee will also shortly publish its report on the role, powers and configuration of select committees.

Critics who accuse New Labour of “control freakery” argue that the latest plans for constitutional reform are another example of its political chicanery. They argue that the government is giving the impression of devolving power with one hand and strengthening power at the centre with the other. However, UK constitutional reform is historically evolutionary rather than revolutionary. While it remains to be seen if reform will provide better scrutiny of the executive, the package of proposals should enable a more efficient use of parliamentary time. And while some view the lack of directly elected peers as disappointing, measures such as the abolition of the hereditary principle are clearly significant.

Whether you view the plans as a constitutional heresy or a missed opportunity, our parliamentary institutions are set for considerable change.

## Raising the curtain on standards

*The new year has brought little respite to those hoping that the dying days of 2001 would see a death of parliamentary sleaze news stories, writes Lisa Poole.*

Instead, the new year has seen a rumbling-on of the row over the resignation of the watchdog on parliamentary standards, Elizabeth Filkin, and a report submitted by Mrs Filkin to the Standards and Privileges Committee containing further complaints against ex-minister Keith Vaz.

### Situations vacant

Mr Vaz has been investigated by Mrs Filkin before, as have other high-profile politicians including John Major, William Hague, former paymaster general Geoffrey Robinson and Northern Ireland secretary John Reid. Despite this apparent dogged enthusiasm for investigating allegations of parliamentary wrongdoing, Mrs Filkin was unexpectedly forced to reapply for her job when her current contract expires this February – something she has declined to do.

Mrs Filkin’s supporters claim that she has been pushed out; a result, they say, of her desire to bring teeth to her job. Opponents

claim she has undermined the standing of Parliament by encouraging the spread of unsubstantiated accusations across the country’s media. Not every accusation has been upheld, either by the watchdog or the Standards Committee to whom she reports.

### Aura of sleaze

Does any of this really matter outside the Westminster village? The answer may be found in the slipping approval ratings for the democratic process, whether measured in falling election turnout or opinion polls that expose the lack of credibility politicians have with the general public. The aura of sleaze over a few politicians, whether justified or not, eventually taints the entire democratic process, as John Major found to his cost. A strong and independent watchdog for standards is essential to counter that.

As Labour MP David Winnick commented: *“The message that will come across, intended or otherwise, is that there is a majority in parliament across all parties who don’t want to have someone as a watchdog who is very effective and moreover who looks into cases regardless of (an MP’s) seniority.”*

*Will the new watchdog have teeth?*





## The death of deference and the rise of corporate social responsibility

*Sarah Gibson writes about the "death of deference", the increased scrutiny companies face on aspects of their activities other than their commercial performance.*

Despite its numerous and vocal sceptics, corporate social responsibility (csr) seems to be here to stay. The recent proliferation of government-supported initiatives, ministerial speeches and European directives has enhanced its relevance.

Whilst there have been a number of high-profile forerunners who have led the way in addressing csr, they have generally been in industries whose actions have always been scrutinised closely, like chemical manufacturers or oil companies. For the majority of large and small businesses the notion of csr is still an enigma, a concept they feel they should be engaging with, but a concept which is unclarified and confused.

### Exposure in a changing world

So what is csr and what should companies be doing to satisfy the government's expectations? More importantly, can companies be sure the current interest in csr has the longevity to justify an investment? Is csr any more than a passing fancy of a government obsessed with presentation?

Firstly, although csr may have wide-ranging and variable implications, it is still relatively easy to define. It is a corporation's responsibility to society in general as opposed to its traditionally limited responsibility to shareholders.

Though the breadth with which you will need to focus your csr radar will vary, csr will generally include environmental auditing, employee, community and stakeholder relations and foreign investment.

### Everyone's under scrutiny

It is also worth recognising that the government is not the sole driver on csr. The media, increasingly active non-governmental organisations and better-informed, more discerning consumers will all hold businesses accountable.

Delivering on csr requires a systematic approach. Analysing your current status, identifying the relevant improvements you need to make, monitoring the progress you make against the background of your changing business and society's changing demands, will all benefit from the objective eye of an external consultant.

As for csr's longevity, the momentum behind csr is now so great that the process is unlikely to be reversed. What is less certain is whether that pressure will take the form of self-regulation or legislation. The government appears keen to persist with the voluntary approach, but this will depend on the business community embracing the csr agenda.

Businesses have a serious commercial incentive to take csr seriously. For if they only pay csr lip-service, the government is very likely to change tack. And the resulting regulation will be less flexible and business-friendly than the current voluntary approach.

## Keeping track, keeping ahead

Politics International offers a menu of corporate social responsibility services, which can be tailored according to your requirements.

### Audit

Corporate social responsibility covers a wide range of areas – human rights, the environment, ethical investment in foreign countries, community relations and ethical advertising to name just a few. An audit of all your relevant stakeholders will enable you to establish precisely how you are perceived. This detailed picture will ensure that any consequent message development and positioning is targeted and focused.

### Identifying and prioritising regulations and codes

We will navigate the maelstrom of regional, national and international regulations, legislation, voluntary codes, industry codes and NGO and pressure group recommendations, to help you understand and act on those that really matter to your business and your reputation. We will act as your safety net ensuring that you do not miss a key development, and will anticipate change.

### Campaigning and message delivery

Armed with the results of the audit, we will devise a tailored profile raising campaign to deliver the messages you want to the relevant people at the right time – policy makers, NGOs, the media, your community, your employees or your contractors and suppliers.

Contact Sarah Gibson on 020 7592 3804 or [sjg@politicsint.co.uk](mailto:sjg@politicsint.co.uk) for further information on our services.

## Underlying the debate remains the question of the best strategy for preventing further terrorist atrocities

### Who's who in the MoD

*Kate Symons sums up key players in UK defence policy.*

**Geoff Hoon MP:** secretary of state for defence. Lesser known amongst Labour ministers, he has risen swiftly through the ranks since Labour's 1997 victory and steered clear of much of the media attention focused on other ministers. He will not escape examination during the current security situation.

**Adam Ingram MP:** minister of state for the armed forces since June 2001. A tough minded, no-nonsense minister, his responsibilities include defence policy and planning, operations and service personnel policy. He is thought to be particularly well suited to the latter role, handling defence personnel well. He will be crucial in the current re-examination of defence policy.

**Sir Robert Walmsley:** chief of defence procurement since 1996. This role has seen him struggle with wider theoretical procurement issues, such as whether it is best to increase competition or procure from monopoly suppliers, and whether to maintain a protectionist British outlook or embrace global procurement. There is keen interest in his expected retirement, and the identity of a successor.

**Admiral Sir Michael Boyce:** chief of the defence staff since February 2001, following a highly decorated career in the Navy. He is known for his affinity with serving members of the forces and is seen as a "serviceman's man", with a position independent to that of the government.

### Changing defence priorities

*Much has changed in the aftermath of 11 September. Josh Arnold-Forster assesses the impact on the UK's defence priorities.*

The secretary of state for defence said recently that while the impact of 11 September has been considerable globally, "*in the defence field, there will be much that needs little or no change*". His words can be explained, at least in part, by the fact that the government has invested considerable political capital in its Strategic Defence Review, completed in 1998. It proposed enhancements to the flexibility and mobility of UK armed forces, giving it the capability to rapidly deploy forces to the most remote areas. As a result, it is argued that any re-evaluation of defence priorities must be set in the context of the Strategic Defence Review, rather than a wholesale rethink. This "additional chapter" is expected in spring next year.

#### Recruitment and retention

The government's opponents claim, however, that the new demands on UK armed forces can only accelerate the already existing problems experienced by the MoD, particularly with regard to recruitment and retention. One

of the main reasons for people leaving the armed forces is the amount of time spent away from their families. It is argued that the increased level of deployments anticipated as a consequence of 11 September is likely to precipitate the rate at which skilled personnel leave the forces. This issue is likely to be closely examined by the Defence Select Committee in the next few months.

#### Responding to terrorist threats

Underlying this debate remains the question of the best strategy for preventing further terrorist atrocities. The difficulty for western governments is how to put mechanisms in place to prevent attacks, without seriously restricting civil liberties and the freedom of movement to a degree that is unacceptable to the public.

The Defence Select Committee recently released a report on the threat of terrorism. It advocated a review of the relationship between the military and civil authorities in responding to potential threats as well as a rethink of the role of reservists in homeland defence. These additional capabilities will, the report concludes, require additional money. Whether this is forthcoming, however, remains to be seen.





## In an uncertain world, we'll keep you talking

*Lisa Poole outlines our one-stop communications philosophy.*

In the past many organisations have hired a raft of communications specialists to help keep them talking to their key audiences. This has sometimes meant employing different agencies to run, for example, public affairs, media relations, and internal communications programmes, and perhaps separate companies on an ad-hoc basis to help with more discrete projects including crisis management and corporate social responsibility work.

### Co-ordinating your key messages

Organisations are now realising the value of employing a one-stop communications agency that can implement a range of supporting communications programmes. This approach means key messages can be more easily standardised across all communications and ensures, for example, that a successful public affairs programme is not undermined by poor media relations or internal communications.

At Politics International we often help our clients co-ordinate their communications functions. Moreover, our clients increasingly ask us to undertake other aspects of public relations work ourselves. As a result, we have built up a wealth of experience in a range of services from internal communications to crisis management.

We understand the players, whether employees, shareholders, politicians or the media. More importantly, we understand how these players interact with each

other. Just as bad media coverage can undermine a public affairs campaign, for example, positive coverage can support it. Similarly, an organisation's employees can be its most powerful advocates.

### Original thinking, creativity and feel for strategy

Politics International's credibility and expertise is built on the traditional bedrock of public affairs, and we retain a core specialism in this area. Due to our growing involvement in other public relations functions, we have established a specialist *Communications Practice* to formalise our expertise. The Practice offers the full range of corporate communication services and is based on our traditional strengths. These strengths include our original thinking, creativity, and feel for strategy that have helped us to become one of the most successful public affairs companies operating in the UK today. And we never forget that the purpose of all communications is to support clients' key corporate objectives.

*The Communications Practice is headed by Lisa Poole, who holds a diploma in public relations and is a full member of the Institute of Public Relations.*

*If you would like more information about our corporate communication services, or a copy of our new corporate communications brochure, contact Lisa on 020 7592 3808 or [Imp@politicsint.co.uk](mailto:Imp@politicsint.co.uk). We are happy to discuss how we can enhance your existing corporate communication programmes.*

## Communications Practice services

Services can be provided on a discrete basis, or as part of a broader strategic communications programme that may include campaign management, corporate positioning, corporate reputation management and the development and implementation of a corporate social responsibility strategy.

**Issues and crisis management:** crisis management strategy development and implementation and full communications support during a crisis.

**Internal communications:** carrying out communications audits, development of corporate communication guidelines, design and implementation of internal communication programmes and strategic advice on change management.

**Media relations:** media perception audits, development and implementation of media programmes, and media training.

**Internet reputation management:** website design, internet monitoring and incorporating websites into broader communications strategies.

**Community relations:** local consultations and monitoring local groups.

**Copywriting:** writing, production and dissemination of speeches, articles, promotional material, corporate literature and newsletters.

Politics International also has links with partner organisations offering technical support services including media broadcast training, video production, press and internet monitoring, publishing and printing, photography and design, market research and events management.

## The Labour leadership has a fine line to tread, having welcomed defectors from the Tories in recent years

### It's my party

*And I'll cry if I want to. Andy Fletcher looks at some high profile defectors.*

Until recently, the defection of Paul Marsden from Labour to Lib Dem would probably have evoked one question outside Westminster – Paul who? But his profile has been raised considerably by his stance opposing the military action in Afghanistan. Leaving aside the Gang of Four's break away to form the SDP, Marsden's is the first defection from Labour to the Lib Dems/Liberals since 1974. And, just to blur the modern lines of political demarcation a little further, the Lib Dems also welcomed a number of pro-European Conservatives to the fold.

Swapping sides is, of course, nothing new. Both Emma Nicholson and Alan Howarth left the Tories in 1995. And who could forget the defection of Shaun Woodward from Tory to Labour? For some in the Labour party, his defection was a considerable scalp. For others, the enthusiasm to accept him was more an indictment of Labour's lack of political principle. Defections often spark a debate surrounding democratic legitimacy. Marsden has been criticised for ignoring the views of those constituents who voted Labour only eight months ago. But the Labour leadership has a fine line to tread on this issue, having welcomed defectors from the Tories in recent years.

Whatever Marsden's future, history suggests that not all defectors are remembered solely for switching allegiance. Winston Churchill served in both Liberal and Conservative cabinets, and it didn't harm his political career.



*Steep learning curve for new Scottish cabinet*

### Third time lucky

*Three first ministers in three years. Not the easiest of starts for Scotland's fledgling parliament. Keith Geddes, policy director at PagodaPR, Politics International's Scottish associate, explores the challenges facing the new cabinet.*

Jack McConnell's appointment following Henry McLeish's "officegate" resignation marks a fresh start. Unlike his predecessors McConnell has no Westminster background; his experience has been gained in Scotland as leader of Stirling Council and Labour's Scottish General Secretary.

#### Cabinet clearout

McConnell immediately broke with the past. Five of seven Labour members of the coalition cabinet were replaced by largely McConnell loyalists, four without ministerial experience. Retained was Wendy Alexander, thought at one stage to be certain to challenge McConnell for the top job. Her effectiveness may be impaired by the addition of the Transport portfolio to her Enterprise and Lifelong Learning brief.

Eyebrows were raised at the appointment of Campaign for

Socialism supporter Cathy Jamieson to the key post of education minister. She now has overall responsibility for implementing the biggest PPP investment in Scottish schools. Likewise new health minister, Malcolm Chisholm, known for his resignation as a Scottish Office minister over single parent benefit cuts, is expanding the role of the private sector in health service delivery.

#### Stormy weather ahead

McConnell faces the challenge of holding the Lab/Lib Dem coalition together. The crunch issue is PR for Scottish council elections. He has committed himself to opening discussions with his party before resuming dialogue with the Lib Dems. Expect a stormy Scottish Labour Party conference debate in February on the issue.

McConnell's biggest challenge is to restore the Parliament's reputation. Quoted as saying that the Parliament's performance so far has not matched people's hopes, he has sixteen months to turn that position around, or many believe a 50% electoral turnout may be optimistic. High stakes and a steep learning curve for the new cabinet members.



## Europe embraces the euro

*Stephen Edwards assesses the implications for the UK of the euro's introduction throughout continental Europe.*

The single European currency finally became a reality for 300 million citizens across the European Union on 1 January as euro notes and coins were launched. The national currencies of the twelve eurozone countries will now cease to exist on 28 February.

It is generally thought that the changeover was successfully handled, with one notable exception. The Italian government of Silvio Berlusconi has taken a noticeable euro-sceptic turn, resulting in the bizarre resignation of foreign minister Renato Ruggiero because of his pro-euro views. Mr Berlusconi has since found a more suitable foreign minister: himself.

### Magical change of opinion

So much for Italy, a country participating, albeit reluctantly. How will the physical appearance of the new notes and coins affect the euro debate in the three countries not currently participating in the currency, Sweden, Denmark, and, of course, Britain? One big argument is being pushed forward by the pro-euro camp, that of "euro-creep". According to this line of thought, British opinion of the euro will magically change as we start using the new currency on our European holidays, and observe our European friends using their shiny new coins in British shops and restaurants.

This is an over-stated argument. The launch of the notes and coins

is a red herring. UK holidaymakers have been travelling to America for many years and have been able to use the dollar in selected shops on their return, but have generally chosen not to. Spending euros in British stores has proved to be a very complicated business over the last few weeks, and is unlikely to become any easier. Using a currency on holiday is not the same as adopting that currency permanently.

### Politics overrules economic tests

Despite the euro launch, British voters will continue to have concerns about the political implications of joining, and European politicians have done little to dispel these fears. Joschka Fischer, Germany's foreign minister, recently referred to the creation of the euro as "a profoundly political act" and called for more integration. The UK government will have to tackle the political arguments if it is to fight and win a future referendum campaign.

Ministers still rehearse the five economic tests. However, as Gus O'Donnell, head of the Government Economics Service, hinted, the issue is as much about politics as economics.

The decision to join the euro is predicated on a positive referendum result, and the government is unlikely to call a referendum until they know it can be won.

The opinion polls are still giving mixed news to the government – and the appearance of the new notes and coins is unlikely to make much difference without a concerted campaigning effort.

## Key euro players

**Wim Duisenberg:** As president of the European Central Bank, Dutchman Wim Duisenberg plays a central role in setting interest rates for the eurozone and determining the general strategy for the new currency. He had a distinguished career in finance and politics as president of the Dutch Central Bank, and Dutch minister of finance.

In recent years, he has become better known for ill-timed statements on the currency, which were often followed by new exchange rate lows, and wranglings with Bank of France chairman Jean-Claude Trichet over the ECB succession.

**Pedro Solbes:** The Spanish European commissioner for economic and monetary affairs, Solbes is the nearest thing Europe has to a "Mr Euro." The Economic and Monetary Affairs Directorate of the Commission is responsible for overseeing a smooth transition to the euro throughout the EU, and has so far played a quiet yet effective part. Solbes himself has spent the last twelve months preparing for the worst and has often briefed the press on the problems Europe could expect when switching to the single currency.

**Jacques Delors:** Often seen as the man responsible for the single currency, Jacques Delors was president of the European Commission from 1985 to 1995. Delors presided over successive waves of European integration, and became a figure of hate for the British Eurosceptic right.

His report of 1989 on economic and monetary union proposed a three stage plan for currency integration, and was incorporated into the 1992 Maastricht Treaty.

# Planning for radical reform

*Politics International's seminar on the future of the planning regime heralded the publication last December of the planning green paper. This was billed by minister for housing, planning and regeneration, Lord Falconer, as "the most radical reform of the planning system in fifty years". Jo Burgess looks at the detail.*

The key proposals set out in the green paper brought no real surprises; the main aim of the reforms is to increase the speed and efficiency with which planning applications and appeals are handled, whilst enabling the views of local communities to be taken on board. Stephen Byers MP, secretary of state for transport, local government and the regions, states that *"instead of being led by plans we will be led by people"*.

## Business versus environment

The Confederation for British Industry called the green paper *"a sensible package"*. But whilst commercial developers are encouraged by the financial implications and increased certainty of a speeded up system, Friends of the Earth, for one, have been vocal in expressing their dismay at the recommended reforms. They feel that the proposed changes *"would lead to the biggest removal of rights ever seen in the British planning system"*, particularly due to the failure to address third party right of appeal. They have also called for sustainable development to be placed at the heart of planning.

Byers is proposing that the current, inflexible system of structure (county) and local

(district) plans are replaced by a single neighbourhood or village plan, whilst regional plans are maintained, consistent with national planning policy. With this new hierarchy of plans, he is encouraging community engagement and hoping to dispel the myth that only those prepared to put their money where their mouth is can have their say. Byers also introduces a new long-term action plan to be implemented through community strategies prepared by the local authority in consultation with industry and community sector organisations.

## Excessive time and cost

Planning appeals can be complicated and costly. In 2000-01, the three per cent of all planning applications that went to appeal had an average decision time of 17-34 weeks, whether made by written representations, informal hearings or public inquiries. With the recent Heathrow Terminal 5 decision

*Heathrow's T5 inquiry lasted 4 years*



creating a new record for the longest public inquiry on a planning case at a staggering 3 years and 10 months, it is self-evident that some simplification of the system is long overdue.

Byers outlines steps to speed up the appeals process, starting with halving the time allowed for an organisation to make the decision to appeal and tightening targets for time taken to reach a decision. Also under scrutiny in the green paper is the question of decisions *"called in"* or recovered by the secretary of state, with the aim of encouraging increased efficiency in the decision-making process and, once again, improving community participation.

## The long haul

Following the planning green paper, the DTLR also published consultation papers on planning obligations and new parliamentary procedures on planning for major infrastructure projects. The new Transport, Local Government and the Regions Committee took oral evidence from Lord Falconer on the green paper last December and has announced its intention to hold an inquiry on planning reform early this year. Views on the green paper are due by mid-March, but with further public consultation and debate within parliament, it will be at least another 18 months before the proposals are transposed into legislation.

The planning system and related issues will be under close scrutiny in the coming months and the outcome of these debates has wide-ranging implications for many industry sectors.