

## europa inside out

Despite the Brexit Secretary's lack of enthusiasm, IAs could help the government to make informed, transparent decisions about policy choices, say **Olivier Sykes** and **Thomas Fischer**

# impact assessments? what impact assessments? is anybody actually planning to leave the EU?



In his 1980 book *Great Planning Disasters*,<sup>1</sup> Peter Hall argued that there are two 'rather different but related' meanings of planning. Firstly, it might 'refer to a set of processes whereby decision-makers engage in logical foresight before committing themselves' – processes which are 'common to the planning of many public activities: defence, economic development, education, public order and welfare' and indeed by 'large private corporations'. Secondly, the word planning 'can refer to processes that result in a physical plan showing the distribution of activities and their related structures (houses, factories, offices, schools) in geographical space', the kind of planning often described as 'physical planning, or town and country planning, or urban and regional planning' (or environmental, or spatial planning).

One of the startling things, among many, about the period leading up to and since the UK's 2016 EU referendum has been the revelation that departments of UK government did not apparently engage in any kind of planning for the eventuality of a vote to leave the EU.<sup>2</sup>

Planning for a possible UK exit from the EU might have most obviously implied a requirement for the first kind of planning identified by Hall, as a process of 'logical foresight' – for example, planning for impacts on different sectors of the economy.<sup>3</sup> And while it would be unlikely to involve planning in the second sense mentioned above, there would have been scope to consider the effects on different places ('in geographical space', to use Hall's terms) – not least as the territorial effects of leaving the EU are expected to be varied. However, it seems

that there was little appreciation at the heart of the UK state of William McDonough's satisfyingly circular dictum that 'planning is most effective when it is practiced in advance'!

But it is never too late to start planning! After all, the UK has not actually left the EU yet, and the Article 50 process allows plenty of time to conduct preparatory work – the undertaking of impact assessments (IAs) perhaps? The preparation of the latter has become customary practice as part of 'processes whereby decision-makers engage in logical foresight before committing themselves' (to use Hall's words).

So despite the false start around anticipating and planning for the impacts of the UK leaving the EU, it has been very reassuring to hear David Davis, the UK government's 'Secretary of State for Exiting the European Union', state repeatedly for over a year that his 'Department for Exiting the European Union' (DExEU) has been preparing 50-60 studies on the implications of the UK leaving the EU for different sectors, and that these contained 'excruciating detail'.<sup>4</sup>

Oddly, however, Davis also displayed a marked reluctance to share these documents with Parliament, business, and the British people, until a Labour Party parliamentary motion was passed, asking him to release the studies to the Exiting the European Union Select Committee. Subsequently, on 6 December 2017, in giving evidence before this committee, he finally admitted that that 'no such systematic IAs<sup>5</sup> had been carried out'.<sup>6</sup> Leaving aside the issue of why Davis might have sought to convey an impression over many months that such studies were being prepared when apparently they do not exist, his admission was extraordinary.

The kinds of analyses at the heart of the ongoing controversy around the UK leaving the EU are routinely prepared in the context of drafting government policies and were until recently called regulatory impact assessments. The government



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**Sensor City Liverpool's new EU-supported facility for sensor technology development: changes in the funding landscape for regional development are among the more obvious examples of how the UK leaving the EU could impact different territories**

template which provides a list outlining the purpose and focus of an impact assessment states that these should include:

- a description of the problem under consideration;
- the rationale for the intervention;
- the (overall) policy objective;
- a description of options considered (including the status quo);
- the monetised and non-monetised costs and benefits of each option (including the administrative burden);
- the rationale and evidence that justify the level of analysis used in the IA (proportionality approach);
- risks and assumptions;
- direct costs and benefits to business calculations; and
- what is referred to as 'wider impacts'.

With regards to wider impacts, reference is made to an IA toolkit, which was released by the Department for Business, Innovation and Skills in 2011. This document reveals that the approach used

is broadly in line with an internationally accepted understanding of what IAs should look like. They are participatory, transparent and open decision support procedures, consisting of various (logical) steps. The assessment of different options is at the heart of such IAs, focusing on various economic and other impact areas.

The ubiquity of IAs as part of government's processes of 'logical foresight' perhaps explains why Davis sought to circumnavigate some of the select committee's questions and criticisms by stating 'You use the word impact assessment. I've been using the word sectoral analysis. They are different, right?' He added that 'People seem to assume an impact assessment consists of a quantitative forecast' and that issues such as whether the UK should leave the EU customs union were also based on 'a judgment made on qualitative things, but not a quantitative one'. IAs are indeed distinctive from purely quantitatively based tools such as cost/benefit analyses (CBAs) used in various forms since the mid-19th century in justifying investment decisions. They emerged in the 1970s and were initially associated with environmental impact assessments (EIAs) before being applied in a multitude of other fields, including health, social impact studies and sustainable development.<sup>7</sup>

So if DEXEU has not been doing solely quantitative economic assessments – not least perhaps as Davis stated he is 'not a fan of economic models because they have all proven wrong'<sup>8</sup> – then which other analyses had been undertaken (in keeping with standard government practice)? His semantical side-stepping around 'assessments' and 'analyses' could not obfuscate the fact that, as the committee chair Hilary Benn MP suggested, it was strange when 'the government undertakes impact assessments on all sorts of things all of the time that on the most fundamental change that we are facing as a country you've just told us that the Government hasn't undertaken any impact assessments at all'.<sup>5</sup>

Davis's position, however, was that the usefulness of any such assessments would be 'near zero' in the context of the scale of change likely to be unleashed by the UK leaving the EU. So when things get very complicated, is any attempt at logical foresight futile, and should we just hope for the best? A further insight into the Secretary of State's attitude was provided by his subsequent statement: 'What's the requirement of my job? I don't have to be very clever, I don't have to know that much, I do just have to be calm.'<sup>9</sup> So there we have it – the 'exiting of the EU and the victory of the know-nothing school'!<sup>10</sup>

Yet given usual practice, and in keeping with the spirit of 'logical foresight' evoked by Peter Hall, might not comprehensive and participatory IAs help government to make informed and transparent decisions about future policy choices, considering not just the sectoral, but the wider economic, societal, environmental and spatial impacts of different options? (Of course, they might also reveal some awkward truths.)

One issue they might address is the potentially differential regional effects of leaving the EU – given that for some regions economic and other consequences are likely to be more severe than for others.<sup>11</sup> In this context, the 'territorial impact assessment' (TIA)<sup>12</sup> instruments originally developed in order to help understand the potential impacts of EU policies (for example directives and funding programmes) on different European regions could play a role.

## **'Might we dare to hope that more awareness of the potential impacts and trade-offs of leaving the EU may contribute to creating better-informed decision-makers and citizens, and in this ultimately enhances the democratic quality of ongoing deliberation about choices and outcomes?'**

In the EU context their rationale is connected to the Treaty objective of promoting territorial cohesion and the aspiration of fostering every region within the EU in realising its full potential for long-term sustainable development. But methodologically TIA could also be used to assess the impacts on places of leaving the EU. For example, from a regional policy perspective, as Kevin Morgan notes, 'Brexit raises an issue that dwarfs all others and it is this: will London provide the same level of support after 2020 that is currently on offer from Brussels?'.<sup>13,14</sup>

But aside from changes in regional funding allocations, another impact on places may be the opportunity costs of diverting scarce resources and attention from authentic national policy challenges such as housing, social care and health. These costs may be high and are likely to impact disproportionately 'in geographical space' on those places and

communities that can least afford to bear them. Given that TIA considers social, economic and administrative impacts, it may help in assessing such differential economic, social, environmental, UK-wide and regional effects of leaving the EU. It might even help decision-makers and citizens anticipate with 'logical foresight' the impacts and consequences, to try plan to mitigate these as best they can, and to develop their resilience in the face of an uncertain future.<sup>15</sup>

### **Conclusion**

Peter Hall defined a planning disaster as 'any planning process that is perceived by many people to have gone wrong'. It is certainly sobering to consider the governmental handling of the EU referendum and its aftermath from this perspective. Hall also noted that, in some of the cases covered in *Great Planning Disasters*, even if the 'outcome might not have been very different', better planning may have meant that 'in all, the decision would have been taken more consciously, more rationally, with greater knowledge of likely consequences, and in the last resort more democratically'.

However, Taylor and Hurley also note the human 'propensity to unconsciously reimagine information to fit our own theories and existing worldviews' and how 'when we lack information, we default to these views', adding that 'even if the implications of new information challenge an existing idea, it will be reimagined or discarded'.<sup>15</sup>

The cognitive bias of decision-makers and populations may thus mean that more knowledge of the impacts of leaving the EU may not shift opinions. Despite this, might we dare to hope that more awareness of the potential impacts and trade-offs of leaving the EU may contribute to creating better-informed decision-makers and citizens, and in this ultimately enhances the democratic quality of ongoing deliberation about choices and outcomes? After all, David Davis has stated: 'If a democracy cannot change its mind, it ceases to be a democracy.'

Yet given the manner in which the prospect of leaving the EU has been planned for, those such as Davis who have willed this fate on the nation would do well to remember Peter Hall's closing words in 1980: 'There may be some excuses for great planning disasters, but there are not nearly as many as we think'.

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Notes

- 1 P Hall: *Great Planning Disasters*. Weidenfeld & Nicolson, 1980
- 2 G Tetlow: 'Treasury made no plans for Brexit, says new head Tom Scholar'. *Financial Times*, 7 Jul. 2017. [www.ft.com/content/f5797e2a-444d-11e6-b22f-79eb4891c97d](http://www.ft.com/content/f5797e2a-444d-11e6-b22f-79eb4891c97d)
- 3 The evidence of the economic impacts of leaving the EU is continuing to mount. See C Giles: 'The real price of Brexit begins to emerge'. *Financial Times*, 18 Dec. 2017. [www.ft.com/content/e3b29230-db5f-11e7-a039-c64b1c09b482](http://www.ft.com/content/e3b29230-db5f-11e7-a039-c64b1c09b482)
- 4 D Roberts and S Clarke: 'What the Brexit impact papers may – or may not – reveal'. *The Guardian*, 2 Nov. 2017. [www.theguardian.com/politics/2017/nov/02/what-the-brexit-impact-papers-may-or-may-not-reveal](http://www.theguardian.com/politics/2017/nov/02/what-the-brexit-impact-papers-may-or-may-not-reveal)
- 5 N Morris: 'Davis: value of Brexit impact assessments 'near zero''. *i News*, 6 Dec. 2017. <https://inews.co.uk/news/politics/david-davis-faces-anger-admits-no-brexit-impact-assessments/>
- 6 In contrast, other bodies have undertaken IAs of the impacts of the UK leaving the EU and have made the results publicly available. The European Parliament's IA has been available since March 2017 (at [www.europarl.europa.eu/unitedkingdom/en/ukevents/brexit/brexitstudies.html](http://www.europarl.europa.eu/unitedkingdom/en/ukevents/brexit/brexitstudies.html)), while the US think-tank the RAND Corporation's IA on the implications for the US, the EU and the UK was published in December 2017 – the latter soberly highlighting that the 'key question for the UK is how much worse-off it will be' after leaving the EU (see [www.rand.org/pubs/research\\_reports/RR2200.html](http://www.rand.org/pubs/research_reports/RR2200.html))
- 7 TB Fischer and O Sykes: 'Impact Assessments: What Impact Assessments? And what is an Impact Assessment?'. News webpage. University of Liverpool, 8 Dec. 2017. <https://news.liverpool.ac.uk/2017/12/08/impact-assessments-what-impact-assessments-and-what-is-an-impact-assessment/>
- 8 J Watts: 'David Davis admits UK Government has not done Brexit impact assessments for different economic sectors'. *The Independent*, 6 Dec. 2017. [www.independent.co.uk/news/uk/politics/david-davis-brexit-impact-assessments-uk-economy-sectors-industry-eu-withdrawal-mps-select-committee-a8094481.html](http://www.independent.co.uk/news/uk/politics/david-davis-brexit-impact-assessments-uk-economy-sectors-industry-eu-withdrawal-mps-select-committee-a8094481.html)
- 9 T Peck: 'David Davis: I don't have to be clever to do my job'. *The Independent*, 11 Dec. 2017. [www.independent.co.uk/news/uk/politics/david-davis-brexit-secretary-dont-have-to-be-clever-ireland-a8103151.html](http://www.independent.co.uk/news/uk/politics/david-davis-brexit-secretary-dont-have-to-be-clever-ireland-a8103151.html)
- 10 To allude to the title of Michael Breheny and Peter Hall's paper on the demise of strategic planning in the 1980s – M Breheny and P Hall: 'The strange death of strategic planning and the victory of the know-nothing school'. *Built Environment*, 1984, Vol. 10 (2), 95-99
- 11 J Springford, P McCann, B Los and M Thissen: 'Brexiting yourself in the foot: why Britain's Eurosceptic regions have most to lose from EU withdrawal'. Webpage. Centre for European Reform, 13 Jun. 2016. [www.cer.eu/insights/brexiting-yourself-foot-why-britains-eurosceptic-regions-have-most-lose-eu-withdrawal](http://www.cer.eu/insights/brexiting-yourself-foot-why-britains-eurosceptic-regions-have-most-lose-eu-withdrawal)
- 12 TB Fischer, T Gore, M Golobic, P Pinho, O Sykes, N Marot and B Waterhout: 'Territorial Impact Assessment (TIA) of European draft directives – the emergence of a new policy assessment instrument'. *European Planning Studies*, 2015, Vol. 23 (3), 433-51. [www.tandfonline.com/doi/abs/10.1080/09654313.2013.868292](http://www.tandfonline.com/doi/abs/10.1080/09654313.2013.868292)
- 13 K Morgan: 'Re-inventing regional policy for post-Brexit Britain'. Cardiff University Welsh Brexit Blog, 26 Apr. 2017. <https://blogs.cardiff.ac.uk/brexit/2017/04/26/re-inventing-regional-policy-for-post-brexit-britain/>
- 14 Planning for a so-called future UK Shared Prosperity Fund is apparently continuing to take place, but details and guarantees about future levels of support are hard to come by at present. See the replies from Lord Henley, Parliamentary Under Secretary of State in the Department for Business, Energy and Industrial Strategy, to questioning on European Structural and Investment Funds – *Hansard*, 12 Dec. 2017. <https://hansard.parliament.uk/Lords/2017-12-12/debates/02B00000-02E4-49B8-BE0D-93CD46515DD8/EuropeanStructuralAndInvestmentFunds>
- 15 EJ Taylor and J Hurley: 'Not a lot of people read the stuff': Australian urban research in planning practice'. *Urban Policy & Research*, 2015, Vol. 34 (2), 116-31