



The **Constitution** Unit



# **Nations and Regions: The Dynamics of Devolution**

**Quarterly Monitoring Programme**

## **The English Regions**

**Quarterly Report  
August 2001**

**John Tomaney, Peter Hetherington and Lynne Humphrey**



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# **Monitoring the English Regions**

## **Report No. 4 (August 2001)**

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### **Key issues**

- The Government has promised a White Paper on English regional government
- Stephen Byers, the new Secretary of State for Transport, Local Government and the Regions, has predicted the Queen's Speech 2002 will contain legislation on regional government
- A major post-General Election reorganisation of Government departments has had significant implications for the governance of the English regions:
  - A new Office of the Deputy Prime Minister has been created in the Cabinet Office. Among its responsibilities are Government Offices and the Regional Co-ordination Unit
  - The Department of Environment, Transport and the Regions (DETR) has been broken up but not as thoroughly as predicted
  - A new Department of Transport Local Government and the Regions retains responsibility for the constitutional aspects of regional policy
  - The former DETR's environmental responsibilities have been transferred to a new Department of Environment, Food and Rural Affairs
  - Responsibility for RDAs has been transferred to the Department of Trade and Industry
- Further details have been announced concerning RDA performance outcomes
- The Government has confirmed that £15 millions will be available to Regional Chambers to support their scrutiny role
- The Government over-ruled the wishes the South East England Regional Assembly and South East England Regional Development Agency and rejected the case for two new bypasses at Hastings
- The Arts Council of England brought forward revised proposals for the future of arts provision in the regions. These still involve the demise of Regional Arts Boards
- The South West and West Midland's Constitutional Conventions saw their official launches
- The chairman of the ITC has called on ITV companies to make firmer commitments to regional programming
- A raft of ex-ministers, especially from the North East, liberated by the post-election reshuffle, made swift interventions in favour of action on regional government
- After a number of 'no' votes elsewhere, electors in Watford narrowly supported a directly elected mayor on a 24 per cent turnout
- Ken Livingstone made the case for more resources for London, sparking a reaction in the English regions

## **1 Introduction**

The outcome of the general election appears to have thrown up ambiguous implications for the governance of the English regions. The rising tide of regionalism we charted in previous reports has yet to reach the flood-mark. However, developments in the dying days of the election campaign (including the promise of a White Paper on English regional government) and subsequent changes, as a result of departmental restructuring, mean that the summer months have thrown up a number of important issues which are outlined below.

### **1.1 Two steps forward, one step back?**

Post-general election reorganisation of the Government machine, and the inevitable ministerial reshuffle, has considerably altered the Whitehall geometry, dividing responsibility for regional policy between at least three departments. This prompted speculation after the June 7<sup>th</sup> election that by accident, design or simple oversight, the regional dimension — from strengthening of Regional Development Agencies (RDAs) and regional chambers (or 'assemblies' as they are generally now known) to re-drawing or streamlining parts of the Whitehall machine to address the English question — had been sidelined. But ministers insist this is not the case. They have promised a White Paper on regionalism later this year, or early 2002, given the RDAs new, challenging targets on creating more jobs and businesses and up-skilling the workforce, while allocating an extra £15 millions over three years to strengthen the eight 'assemblies'

In our last report (Monitoring the English Regions, Report No 3, May 2001) we noted that the issue of English regional government appeared to be edging towards the forefront of the agenda for a second Labour term, with key ministers and advisers in the former Department of the Environment Transport and the Regions (DETR) hinting that the Government would move fairly rapidly with referendums in Labour's second term to test the mood for limited political devolution in several regions. The government has promised a White Paper on regional government, which for the moment seems enough to keep the devolutionists happy. But the picture is blurred, with no sign, as yet, of legislation necessary for referendums and indications that the Government wants existing institutions 'bedded down' and working effectively before moving onto a broader constitutional front. It also has to balance the regional agenda with moves to update civic governance; Watford recently became the first borough outside London — albeit by the narrowest of margins and on a low turnout — to opt for an elected executive mayor in a referendum and at least seven other councils, from Brighton and Hove to North Tyneside, may hold similar referendums this October with the likelihood of several mayoral contests next May.

At the same time Stephen Byers, the new Secretary of State for Transport, Local Government and the Regions (DTLR) has hinted at more devolution on the planning front (see Section 3.3 below), while a 'think-

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tank' regarded as close to Downing Street, the Institute of Public Policy Research (IPPR), has called for the merging of RDA strategies with planning guidance for a more democratic structure to counter 'civic disengagement.' There are also faint stirrings of dissent on the backbenches. Several MPs, all former ministers, have expressed concern at the absence of any mention of regionalism in the Queen's Speech. Significantly, leaders of the eight RDAs are also showing signs of assertiveness as their new sponsoring ministry, the Department of Trade and Industry (DTI), moves to impose tougher guidelines on their activities.

## 1.2 The new climate:

Some observers noted a contrast between the pre-election rhetoric of several senior ministers and the reality of the new Whitehall structure after June 7<sup>th</sup>. The lead-up to the election was marked by Gordon Brown underlining his position as a regional ally of John Prescott, the Deputy Prime Minister. The Chancellor, though, had always placed devolution in the context of better regional governance — improved, and better co-ordinated delivery on the ground — rather than elected regional government, although he has on occasion linked this to a broader agenda of 'civic renewal'. Brown's caution was apparent at a heavily-trailed Labour rally in Wakefield, a week before the election, when he heralded a

... new approach to regional economic strategy that gives new resources matched with new responsibilities to the RDAs as we achieve our aim of balanced economic growth ... there has to be local and regional accountability.

No such caution from John Prescott at Wakefield when he flagged-up regional devolution, underlined his party's commitment to directly-elected regional government, and declared: 'We believe that strong English regions will strengthen local government and strengthen the UK - not weaken it.' (Prescott, 2001). But his still remains a lone voice in Cabinet for the time being; no other senior minister is prepared to push the case for political devolution in England quite so strongly, although both Stephen Byers and the Local Government and Regions Minister, Nick Raynsford, say they will address the issue. In a newspaper interview Mr Byers suggested legislation could be brought forward in the 2002 Queen's Speech:

What I want to do is have a White Paper, then for colleagues to agree there should be a slot in the Queen's Speech next year. I will be pushing for that. I do think it's right that if local people want to have a regional assembly we have got to be prepared to act on that. We are working on the White Paper, we will make good progress, and certainly the plan is to do it within the next six months (*The Journal* [Newcastle] 13<sup>th</sup> July 2001).

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Briefly, confusion reigned after June 7<sup>th</sup>. As widely predicted, John Prescott's DETR was broken up (though not as thoroughly as many predicted) with environment going to the enlarged agriculture ministry, re-branded the Department of the Environment, Food and Rural Affairs (DEFRA) under Margaret Beckett, and responsibility for the RDAs moving to the Department of Trade and Industry (DTI) under Patricia Hewitt. A new Department of Transport, Local Government (DTLR) and the Regions emerged from the rump of the DETR under Stephen Byers. The latter retained responsibility for the constitutional side of regional policy, and planning (although, confusingly, no longer the environment and the much-vaunted 'sustainable' planning agenda) as well as a key role in writing a White Paper on the regions — which will be overseen by the Deputy Prime Minister John Prescott in his new life at the Cabinet Office. Mr Prescott also, significantly, chairs the nations and regions committee of the Cabinet (see section 6 below). But far from the dispersal of regional policy to three departments being part of a grand plan to derail the regional debate, all the signs point to a hasty re-organisation of two Whitehall departments to satisfy the demands of reshuffled ministers. Professor Brian Robson, of Manchester University, an urban and regional adviser to successive governments, noted dryly: 'The new geometry of departmental responsibilities has created what even a dog might spurn for breakfast!'

Come the Queen's Speech on June 20<sup>th</sup> hopes were high in some quarters that the English regions would receive some acknowledgement; indeed the Prescott team had been cautiously confident that some commitment would be given for the necessary legislation on referendums (similar to Scottish, Welsh and Greater London referendum legislation in the last Parliament) to test the mood of at least some regions in this parliament. In the event, the issue did not warrant a mention. Several backbench MPs voiced their concern, prompting Stephen Byers to acknowledge that some would be 'disappointed'. He did promise a White Paper on regionalism later in the year. Not everyone was happy (see section 6 below).

A week after the Queen's Speech two former ministers, Joyce Quin (latterly Minister of State for Agriculture) and Peter Mandelson, the former Northern Ireland Secretary, urged Mr Byers, facing his first Commons questions, to move faster towards regional government. Indeed Peter Mandelson, underlining a speech to the Centre for Urban and Regional Development Studies at the University of Newcastle upon Tyne on June 22<sup>nd</sup> ('elected regional authorities, I suggest, are an important element in constructing a state that works better and improves policy and service delivery on the ground') went so far as to suggest a 'reasonable' timetable: White paper on the regions this autumn, with the first referendums in the autumn of 2003 and - voters permitting - the first assembly elections in 2004 (see Section 3.2 below).

Winding up, the new Regions and Local Government Minister, Nick Raynsford, who was responsible for the Greater London assembly and mayoral legislation, acknowledged, that while Mr Mandelson's timetable was 'perfectly reasonable' it would be 'premature' to give definitive dates.

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Significantly, he added: 'The Government has a proud record over the past four years in terms of moving along the devolution agenda. We don't see this as a process that has ended.' But where to go? Mr Raynsford is irritated by suggestions that the regional dimension has slipped off the Government's agenda, believing that a cautious approach - keeping more sceptical regions like the south east, and eastern on board while still appealing to more enthusiastic regions such as Yorkshire and the North East — underlines his quiet determination to reform regional structures; indeed, he has adopted the Euro-term 'flexible geometry' to indicate that some regions could move ahead faster than others. But the minister has to balance the regional agenda with the (once) much-vaunted plan to reform local councils with elected mayors. (See section 8 below for a fuller treatment of these issues)

Significantly, as an act of faith in regionalism, Mr Raynsford announced on July 17<sup>th</sup> that the eight regional chambers, or 'Assemblies', will get a further £15 millions, spread over three years, to strengthen and expand their role in representing the interests of the regions; this year, each has already been given £500,000 to develop a scrutiny role (see section 2.3 for a fuller account).

Already, some Assemblies are taking their role extremely seriously; the south east, for instance, has taken a lead in producing a strategic blueprint for the region, 'A Better Quality of Life in the South East', with the Government Office for the region, the RDA, the Environment Agency and the National Health Service. The blueprint outlines several themes from, social progress, to environmental protection and the maintenance of high and stable economic growth and employment. The chair of the region's Assembly, David Shakespeare, Conservative leader of Buckinghamshire, underlines a new spirit of regionalism transcending party loyalties in a foreword: 'Unless we plan and manage our region effectively we will not be able to sustain the quality of life it provides for most of us.'

On another front, new assertiveness has become apparent within the collective ranks of the Regional Development Agencies now that the DTI has become the RDA sponsoring department (see Section 2.2.3). A few eyebrows were clearly raised among RDA chairmen at a meeting with Patricia Hewitt on July 11<sup>th</sup> when she announced that she wanted the agencies to become "champions of delivery" and to agree targets for new businesses, job creation, skills and cleaning-up derelict land. Agencies, whose collective budgets are being increased by £500 millions to £1.7 billions by 2003-04, will be rewarded from a new £35 millions 'pot' if they achieve these targets.

Was this evidence of a new department bearing down with centrally determined targets in an attempt to bring the agencies to heel, or a sensible move towards a more coherent regional policy? Time will tell, although the move clearly follows the pre-election agenda outlined by Gordon Brown. Allan Willett, chairman of the South East RDA, speaking on behalf of the chairmen (we report in section 2.2.3 in greater detail on a subsequent meeting of the eight RDAs), said they were happy to agree

targets in return for extra cash and the greater financial freedom they had been promised to determine priorities.

But privately, as we report later, there are some misgivings among the RDA chairmen about the freedom they will be allowed to assert. Finally, it is clear that the new geometry of Whitehall has led to a lively debate among senior civil servants themselves, one of whom, in a personal capacity, e-mailed one of the authors questioning not only the new departmental structure but also the blurred responsibility between Government Offices in the regions (GORs) on the one hand and RDAs and regional Chambers on the other. He wrote:

As and when the (elected) regional assemblies are brought in, there will be a strong case for considering whether more central functions should be devolved to the Assemblies/RDAs as they have been in Scotland, Wales and Greater London. Some of these functions will be transferred from the GORs, along with the people doing them, as happened in London, which is probably the closest existing model. However, the GORs will still have a function in acting as the representatives of central departments in the regions...and as monitors of the performance of the Assemblies and the RDAs...

## **2. Regional Structures**

### **2.1 Government Offices**

The main development affecting Government Offices (GOs) since the General Election concerns the shift in responsibility for them, along with the Regional Co-ordination Unit, to the new Office of the Deputy Prime Minister in the Cabinet Office. The Deputy Prime Minister outlined the new arrangements

The Minister of State in the Deputy Prime Minister's Office, Barbara Roche, supports me across the full range of my duties. She will, in particular, oversee the work of the Regional Co-ordination Unit and the Government Offices in the Regions, reporting to me on the development of their role and on the work of the regional network of the COI. She will lead on projects arising out of the work of the Social Exclusion Unit, be responsible for the work of the Business Co-ordination Unit, and will be sponsor Minister for a number of PIU projects. She will also be a member of a number of Cabinet Committees, including those on the regions and social exclusion. The Parliamentary Secretary, Christopher Leslie will support Barbara Roche and me across the range of our duties. He will also support Lord Macdonald and will be the Minister answerable in the Commons for day-to-day decisions on the Civil Service under the Prime Minister as

Minister for the Civil Service. (Cabinet Office, Press Release CAB 131/01, 'Structure and responsibilities for office of Deputy Prime Minister and Cabinet Office', 11<sup>th</sup> July 2001).

## 2.2 Regional Development Agencies

Two major developments occurred in the post-election period as far as RDAs are concerned. As noted above, the Trade and Industry Secretary, Patricia Hewitt, announced new outcome targets for RDAs. At the same time, Ms Hewitt announced the reappointment of RDA chairs. There is evidence, moreover, that RDA chairs are pressing the government to give them more autonomy to tackle regional disparities, with arguments receiving support from a recently published study by the CBI.

### 2.2.1 *RDA outcome targets*

Regional outcome targets were originally announced by the Deputy Prime Minister and the Chancellor of the Exchequer in Middlesbrough on 9th March 2001 (see our report Number 3). (In the last Spending Review the Government announced extra resources and wide financial freedoms for RDAs in return for achieving the outcome targets.) Pronouncing the system of targets, to apply from April 2002, at a meeting of RDA Chairs on 10<sup>th</sup> July, Ms Hewitt added:

I am delighted that RDAs will now be working even more closely with DTI. Their top priority must be providing strategic leadership to promote economic development, enterprise and investment in their regions. Strong, sustainable economic development is based on the principle of opportunity for all. So a key part of the RDAs' role is ensuring that regeneration of our most disadvantaged communities is led by economic development, building people's skills and employability, promoting enterprise, and encouraging business growth and investment. (see DTI Press Release, P/2001/364, 'Hewitt announces plan for regional targets for new businesses, job opportunities, land use and skills', 10<sup>th</sup> July 2001).

Ms Hewitt also put forward a plan for RDAs to agree specific delivery 'milestones' for each of their regions, covering the creation and attraction of new businesses, increasing employment and educational opportunities, and the re-use of 'brownfield' ex-industrial land. The milestones will contribute to the achievement of the regional outcomes. Within this framework, each RDA will prepare a business plan, to come into effect in April 2002. Specific milestones will cover:

- business performance — RDAs will be asked to support the creation and attraction of an agreed number of new businesses in their area;
- employment opportunities — RDAs will be asked to support the creation or safeguarding of an agreed number of jobs in their area;
- education and skills — RDAs will be asked to enable an agreed number of people in their area to learn new skills; and,

- brownfield land — RDAs will be asked to remediate and/or recycle an agreed number of hectares of brownfield land in their area.

Each Development Agency will be asked to work strategically with other regional and local bodies to improve economic performance, and will agree additional milestones appropriate to circumstances in their region with the Government.

It is expected that details of the milestones for each RDA will be issued in the Autumn.

### 2.2.2 *Reappointment of RDA chairs*

In July 2001, Patricia Hewitt re-appointed the current Chairs of RDA's for periods of up to 3 years. Details for each region are as follows:

<b>RDA REGION</b>	<b>CHAIR</b>	<b>APPOINTMENT END</b>
East of England	Vincent Watts	13 December 2003
East Midlands	Derek Mapp	13 December 2004
North East	Dr John Bridge	13 December 2003
North West	Lord Terry Thomas	31 March 2002
South West	Sir Michael Lickliss	13 December 2003
South East	Allan Willett	13 December 2002
West Midlands	Alex Stephenson	13 December 2002
Yorkshire and Humberside	Graham Hall	13 December 2003

Source: DTI Press Release, P/2001/365, '*Patricia Hewitt Announces Re-Appointment of RDA Chairs*', 10<sup>th</sup> July 2001.

### 2.2.3 *RDAs: a new assertiveness?*

The July 10<sup>th</sup> meeting between Patricia Hewitt and the chairmen was cordial, according to insiders. As noted she told them their top priority was to provide strategic leadership to promote economic development, enterprise and regeneration in each region. Delivery targets are effectively tied to a public service agreement (PSA) between ministers and the agencies, which will commence next April; RDAs achieving their targets will be rewarded from a new £35 millions pot. A week later, the nine (including London) RDA chairmen and chief executives met in Manchester and Salford over two days to assess their expanded role and plot a way forward. For some, it was a revealing experience, putting a north-south divide into perspective; after a tour of run-down areas in the

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Manchester conurbation Alan Willett, chairman of the South East RDA (SEEDA) as well as chairman of the informal nine strong RDA group, said he was appalled by what he saw:

It's the scale...it was sobering. It suddenly puts the whole thing in perspective. I came away with the conclusion that Terry (Lord Thomas of Macclesfield, chairman of the North West RDA) has the problem and I will have the smaller budget! (Interview with Peter Hetherington, July, 2001).

Until then Alan Willett had been arguing that the South East had hidden problems of poverty on the scale of the North; but that shouldn't disguise the fact (as we report later) that he still believes the South East is being short-changed. Nevertheless, now, like other chairmen, he acknowledges that, collectively, they have to push the case for more balanced growth around England. He questions the wisdom, for instance, of having much of the country's international airport capacity in the South East and says airport 'hubs' have to be developed elsewhere.

We have to break the monopoly of the airports of the South controlling the airports of the country...the grip the South has on the air transport system in this country just will not work, added to which we have to accept the fact that we will atrophy in the south east. Even if they gave us the money what would we do? Build another motorway into Heathrow? Be realistic (Interview with Peter Hetherington, July 2001).

On another front, the chairmen have clearly had their differences with their old sponsoring department (DETR) and the new one (DTI) over centrally imposed performance targets, although Willett says they have now been ironed out. 'When I took over (as overall RDA chairman for six months) in April...I became very concerned that we were into some real micro-management (from the centre), but all that is behind.' He says they have not reached agreement with the DTI over final funding, with some dispute over the Department holding £150 millions due to them over three years in reserve. But he says they have agreed that the matter will be finalised by the end of September 2001.

The chairmen are also uneasy about the role of English Partnerships (EP), the national regeneration agency, which shed some of its regional functions to the RDAs when they were established in April 1999. Approaches are being made to ministers. Some appear to want the agency's functions wound-down and transferred to the RDAs.

#### 2.2.4 *CBI report on RDAs*

The concerns of RDA chairs were echoed in a major report published by the CBI. A 6-month inquiry by the CBI into RDAs has concluded that they are 'failing to deliver economic leadership because of government interference, uneven leadership and an unsustainable workload'. Business expectations continue to be thwarted by the overburdening of responsibilities placed on RDAs alongside 'too little independence'. This

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is perpetuated by what the CBI identifies as 'the confused structure of regional government, which is carried out by dozens of overlapping agencies and departments at national, regional and local level'. Whilst the recent financial flexibilities awarded to RDAs are viewed as a step in the right direction, the CBI wants a more radical shake-up of their remit, responsibilities and independence (CBI 2001).

In the report the CBI calls for an overhaul of the framework in which RDAs operate, so they can fulfil their potential as a force for economic change, and sets out a ten-point action plan that aims to give RDAs a new culture, image and teeth.

According to John Cridland, CBI Deputy Director-General:

The CBI welcomed the establishment of the RDAs. They provide a much-needed opportunity to give strategic direction and coherence to efforts to promote the economic development of the English regions. But while they have made progress, business is keen to see greater and more consistent signs that RDAs are achieving delivery on the ground. Business thought it was promised a lion but the initial reality was closer to a mouse. The obstacles that stand in the way of RDAs can, and must, be swept away (CBI Press Release, 'Free Regional Development Agencies to get on with the job — CBI report', 8<sup>th</sup> August 2001).

The report argues that RDAs must be empowered if they are to drive economic development. It sets out comprehensive recommendations that would give them the freedom to be more effective. It says that RDAs need to have:

- a strong focus on economic development

The business perception is that RDAs have been given or taken on too much. They need to be able to say "no" more often and to concentrate efforts where they have most impact on regional economic growth. Transport, planning and skills should be higher up the agenda.

- greater autonomy

The government must keep its promise to stay out of the day-to-day running of RDAs. RDAs need to be left to make their own decisions about how they act and spend their money. For example, they should be allowed the freedom to deal with issues such as appointments, salaries and contracts without constant reference to central government.

- stronger business leadership

Compared with the size of its regional economy, an RDA's budget is so tiny its leverage and influence depend on strong negotiating and alliance building skills. RDAs have to be truly businesslike in their approach and this will only result from greater business involvement with their staffing and activities. All RDA chairs and 60 per cent of board members should be from the business community - the current average is less than half.

- a moratorium on new regional bodies

The current proliferation of bodies at regional level leaves businesses confused about who is doing what. The RDAs' relationships with other bodies must be clear to avoid duplication and to enable RDAs to drive forward the economic and competitiveness agenda more effectively.

- precedence for regional economic strategies

Economic strategies produced by RDAs must be followed by bodies responsible for areas like transport, planning and skills — including Government Offices for the regions and regional Assemblies.

Yorkshire Forward was quick to welcome the CBI's call for greater freedom to be given to RDAs to deliver economic regeneration, saying it echoed its own efforts in securing greater powers. Its chairman Graham Hall said:

I welcome the report's findings which generally endorse and support the approach Yorkshire Forward has adopted. We are business-led in our approach and are working hard to ensure we have the support of businesses across the region in delivering the regional economic strategy. We look forward to working with the CBI in steering the continuing debate regarding our future role (Yorkshire Forward, Press Release, 8<sup>th</sup> August 2001).

## **2.3 Regional Chambers/Assemblies**

### **2.3.1 *Central government funding for Regional Chambers***

The government announced that regional Chambers would receive £15 millions to help them to strengthen and expand their role in representing the interests of the regions. Nick Raynsford said the Government had had a very positive response from all the major regional players to the Government's consultation on strengthening the regions, which the Deputy Prime Minister and the Chancellor launched in Middlesbrough in March. He continued:

I am therefore announcing today the go-ahead for the new £15 million fund for regional chambers — £5 million this year, and in each of the next two years. This will help them to enhance their role in providing regional input to, and scrutinising, the plans and work of the Regional Development Agencies, and to develop their position as the strategic focal point for the regions. The aim is to provide a stronger framework for representing the regions' views, not to impose burdensome new procedures on the RDAs or others (DTLR, *News Release 328*, 'Extra funding to strengthen regional chambers', 17<sup>th</sup> July 2001)

Mr Raynsford said that in 2001-02, £500,000 would be available for each Chamber to develop its scrutiny role, with a further £1 million set aside for initiatives, supported by the Chambers collectively, on setting up the

new regime. While the Government envisaged that bids would normally be for the first year only, it had not ruled out the possibility of bids for two, or even three, years' worth of funding, if that is what the chambers wanted. The deadline for receiving bids had been extended to 29<sup>th</sup> July. Details for allocating the funding in the following two years will be settled in the light of further discussions with the chambers. The future of the funding, beyond the current three-year period, would be a matter for the next spending review.

Although the government emphasised the consultation process had revealed strong support for its proposal, some business organisations raised opposing voices to the expanded scrutiny role. According to the Engineering Employer's Federation (EEF):

[...] the proposals for giving Regional Chambers greater power of scrutiny over RDAs risk further diluting the influence of the business community over RDAs and economic development as business is inadequately represented on both the RDAs and on Regional Chambers. It is for this reason that we cannot support the proposals as currently drafted (EEF, 2001).

Some business organisations also used the consultation process to emphasise their opposition to greater regional devolution. Both the British Chambers of Commerce (BCC, 2001) and the EEF (EEF, 2001) used the consultation process to express their opposition to democratically-elected regional assemblies.

The BCC remains unconvinced of the case for directly elected regional government in England. The overriding concern among BCC members is that this would lead to another layer of bureaucracy, increasing costs and decreasing transparency of decision making (BCC 2001).

[...] the EEF is strongly against the establishment of a new regional tier of government which business believes will be unjustifiably costly and bureaucratic, and will add little value (EEF, 2001).

Reportedly, Digby Jones, director-general of the CBI, 'has told government that business will not support elected regional government because of the bureaucracy and costs involved' ('Business fights plans for elected assemblies', *Financial Times*, June 7<sup>th</sup> 2001).

### 2.3.2 *Assemblies in action*

Meanwhile the chambers themselves are beginning to establish themselves as actors on the regional scene. The East Midlands Regional Assembly (EMRA) has launched its Integrated Regional Strategy (IRS). This is intended to provide a framework for the proliferation of regional strategies — in the fields of the economy, culture, environment, energy, spatial development, social inclusion, transport and housing — while placing a concern with sustainability at their heart. The principle underlying the IRS means that when the Assembly or Regional

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Development Agency considers an issue they do not do it in isolation to other areas of concern (EMRA Press Release, 'Assembly Strategy Launch Marks the Birth of a 'Joined-up Region', June 8<sup>th</sup> 2001)<sup>1</sup>. The IRS bears some similarities to the proposals made in a recent report from the Institute for Public Policy Research (see Section 3.3).

Assemblies are also beginning to confront inter-regional issues. The South East Regional Assembly (SERA) agreed a response to the Mayor of London following his publication of an initial discussion document on the spatial development strategy for London. The response followed a debate by the Planning Committee on 23<sup>rd</sup> May and a meeting of the Joint Advisory Forum for London, the South East and East of England on 15 June, at which deputy mayor Nicky Gavron presented the London strategy. SERA's response was broadly positive, although sceptical about London's ability to meet the aspirations of accommodating both economic and population growth within its own boundaries. Key issues concerned transport interconnections, strategic development corridors and waste disposal, all of which are expected to require close dialogue between London and the South East Regional Assembly. Executive Committee members voiced concern that the Assembly would need to push hard to ensure that the South East is not disadvantaged by the Mayor's strong 'domestic' agenda. Nevertheless, the success of London, alongside New York and Tokyo, as one of the three true 'world cities', is recognised as critical to the South East's continued economic prosperity<sup>2</sup>.

Assemblies are also gearing up to influence the debate around the Government's White Paper on regional government. The North East Regional Assembly has commissioned work from the Centre for Urban and Regional Development Studies at Newcastle University, which is aimed at producing the region's own 'White Paper'. The idea is to produce a position paper on regional government that as many groups as possible in the region can endorse.

### 2.3.3 *The battle of Hastings, 2001*

The South East Regional Assembly, along with the South East England Development Agency (SEEDA), was also drawn into a notable conflict with central government over the latter's decision to block plans for two proposed bypasses at Hastings on the Sussex/Kent border. The rejection was announced in a letter to Cllr David Shakespeare, leader of the Regional Assembly, in which the Secretary of State, Stephen Byers, maintained that the economic benefits of the proposed scheme did not outweigh the environmental costs. The bypasses would have damaged two sites of Special Scientific Interest and an Area of Outstanding Natural Beauty in the South Downs (DTLR, News Release 322 'Government announces transport package for Hastings but rejects bypasses', 12<sup>th</sup> July 2001).

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<sup>1</sup> <http://www.eastmidlandsassembly.org.uk/>.

<sup>2</sup> See [http://www.southeast-ra.gov.uk/reference\\_library/bulletins/2001/may.html](http://www.southeast-ra.gov.uk/reference_library/bulletins/2001/may.html)

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The bypasses had been a recommendation of a Government sponsored multi-modal transport study, aimed at assisting the regeneration of Hastings, a run-down seaside town. The bypass proposal had been incorporated into broader planning priorities for the area and adopted by the Assembly (which is responsible for Regional Planning Guidance), the RDA and local authorities. Environmental campaigners welcomed the announcement (see 'Greens' win battle of Hastings bypasses', *Financial Times*, 13<sup>th</sup> July 2001). However, the Regional Assembly 'expressed fears for the successful regeneration of Hastings and the South Coast' and questioned 'the Government's commitment to the delivery of urban renaissance in the region's coastal towns' (South East England Regional Assembly, News Release 'Regional Assembly expresses fears for south coast regeneration after government rejects Hastings bypasses recommendations', 12<sup>th</sup> July 2001).

The wider significance of the decision was raised by the *Financial Times*:

The Hastings decisions also raises questions about the government's commitment to English devolution. The Hastings plan had overwhelming local support and was backed by the South East Economic Development Agency, one of whose few powers is strategic planning ('Leader: Hastings halted', *Financial Times*, 13<sup>th</sup> July 2001)

This theme was subsequently picked up by Digby Jones director-general of the CBI:

If ministers are going to walk the walk on regional development [accepting SEEDA's advice] would have been a good sign that they mean what they say (quoted in the *Financial Times*, 16<sup>th</sup> July 2001).

A paradoxical effect of the decision may have been to stimulate regionalism among the business sector in the South East. The *FT* cites local business leaders as arguing that the scheme would have gone ahead if the decision had been delegated to an elected regional Assembly.

## **2.4 Other bodies**

### *2.4.1 Abolition of Regional Arts Boards*

With 8 of the 10 Regional Arts Boards (RABs) calling plans for their abolition 'moronic', the Arts Council has conceded to criticism by proposing the development of accountable regional councils with decision-making powers (see our Report Number 3). Also, regional offices and their councils will control the redistribution of money to national companies based in their areas. All such decisions were previously taken at Arts Council headquarters. The autonomous RABs will be replaced by regional offices of the Arts Council. While representing less than the demands of the Regional Arts Boards, the proposals represent a significant concession by the Arts Council.

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The Arts Council announced its revised proposals on 16<sup>th</sup> July (Arts Council of England, Press Release, 'Arts Council unveils blueprint for new arts funding organisation', 16<sup>th</sup> July 2001), stating:

The reforms will reduce costs substantially, leading to savings of between £8 million and £10 million a year from the £36 million operating costs. Savings will be redirected to the arts.

The new organisation will have nine powerful regional offices. Each region will have a council with increased decision making powers. Working in partnership with local authorities and other regional agencies, the regional offices will play a leadership role regionally and will have responsibility for all regularly funded arts organisations and for direct contact with artists in their area. More funding will be decided regionally than is now the case.

The organisation will have a national strategic office, with a staff of between 70 to 80 people. The national office will provide national co-ordination, overview and national leadership in the arts. It will work exclusively at a national level.

Cross-organisation services, such as IT and finance, will be grouped and may be based outside London. The chairs of the regional councils will sit on the national council of the new organisation. Local authority and regional government representation on the regional councils will be strengthened

The proposals are set out in detail in a prospectus (see ACE 2001). The RABs are now working with the new proposals, notwithstanding their remaining misgivings.

### **3 Regional Politics and Policies**

#### **3.1 White Paper on Regional Government**

The proposed White Paper on regional government is likely to occupy the attention of those interested in the future of the English regions in the coming months. It seems clear the Government does not intend to be rushed into the production of the White Paper and the timetable already appears to be slipping, with publication unlikely before 2002. The parameters of the proposals likely to be contained in the Paper remain unclear. At a meeting of the Regional Policy Forum (RPF) in the House of Commons on July 9<sup>th</sup> 2001, Nick Raynsford, the minister with initial responsibility for drafting the White Paper, suggested that 2-3 months work would need to be done before a White Paper could begin to be drafted. He spoke also of the need to draw upon the lessons of the existing devolved administrations and European examples in designing institutions fit for the English regions. In terms of the powers and functions of regional Assemblies he suggested that the RPF's own

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suggestions 'chime with the early thoughts of the government' (see Marquand and Tomaney, 2000). Mr Raynsford's reminded the meeting of his experience in designing the Greater London Authority Act and suggested the lessons of this are likely to figure prominently in DTLR's calculations (Authors' notes).

Feeding into the White Paper deliberations, the Constitution Unit has published a report into Regional Assemblies (Sandford and McQuail, 2001). The report examines issues surrounding the rationale, structure, and functions of elected regional government. It presents, and discusses, the implications of three alternative models of elected Assembly for the English regions:

1. Strategic assemblies, similar in scope to the Greater London Authority, with budgets of around £20 millions;
2. Assemblies with executive and budgetary powers over a range of existing regional bodies, with budgets of £1.1-2.5 billions;
3. Assemblies with a range of functions similar to those of the Welsh Assembly, with budgets of £6-14 billions.

The authors are sceptical about a purely 'strategic assembly', similar in scope to the Greater London Assembly, suggesting it would have insufficient powers and functions to be credible. Instead it favours a more substantial Assembly, with executive and budgetary responsibilities, as a more convincing model.

### **3.2 Mandelson speech**

Peter Mandelson reinforced his commitment to English regional government in a post-election speech to a seminar held at the Centre for Urban and Regional Development Studies, University of Newcastle (Mandelson 2001). In the speech, which developed themes he outlined in a speech before the election (see our Report No 3, May 2001), he emphasised 'my belief that support for regionalism in England will grow as the Government comes under greater pressure to address what has become known as "the English question"'. He also linked the need for constitutional reform to respond to public disenchantment with the political system, as reflected in the low turnout at the General Election.

In his Newcastle speech he went further:

I believe that if a second term Labour Government fails to act on regional devolution it will leave the constitutional settlement enacted by New Labour dangerously unbalanced. Indeed, it might lead some to question the legitimacy of those constitutional changes. More importantly, it will fail to address how we improve the capacity of the state to act.

Mr Mandelson, though, remains wedded to the idea of a partially elected assembly, with the balance of the membership being selected 'from representatives of the key players in the region from manufacturers, hi-tech and new technology industries, trade unions, educationalists, bankers and venture capitalists'. Asked how a partly appointed assembly would

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address disenchantment with politics, he replied that traditional political parties were not the best means of recruiting the talented into public service (source: authors' notes). A more pertinent point might also be that few regions are over-endowed with captains of hi-tech industry, let alone ones prepared to become part-time politicians. Bankers and venture capitalists, on the other hand, are conspicuous by their virtual absence.

### 3.3 A new planning regime?

At a conference organised by the Institute for Public Policy Research (IPPR) on July 26<sup>th</sup> 2001, Stephen Byers floated the idea of giving regions a bigger say in the planning system (Byers, 2001). In a wide-ranging, philosophical speech he trailed a green (discussion) paper to begin the task of giving the planning system a 'radical overhaul'. Asking how communities could become more engaged and connected with the process of government in an age of globalisation, he argued that a sensitive planning system could bring disaffected communities back into the mainstream. He also criticised highly-paid lawyers dominating public inquiries, which had become a 'banquet for barristers...starving local people of the opportunity of expressing their views.'

Noting that the number of damaging out of town developments had been curtailed through stronger planning guidelines, he asked whether the balance is right 'between the free market-economy and the role of Government regulating for the wider good.'

While acknowledging that a balance had to be struck between the needs of business, the environment and communities, he was adamant on one point: England's planning system must not 'ape the USA' with its seeming acres of spare land. There can be no question of allowing commercial interests to run roughshod over legitimate environmental concerns.

Although the speech received little publicity, it was nonetheless significant. As we noted in our Report No. 2 (February 2001), the Chancellor, Gordon Brown, has been keen to get the Treasury more involved in the planning system — particularly in determining projects deemed to be of national significance. While Stephen Byers acknowledges these need to be fast-tracked, he appears, nevertheless, to be putting down a marker that his department must be pre-eminent on the planning front. Significantly, he also asked whether it is necessary to 'prescribe everything at national level...is there a case for asking the region to play a bigger part (and) for getting planning down to the level at which the consequences will be most felt?'

At the same conference, the IPPR launched a report on sustainable development and the English regions (Hewitt, C 2001) that offered a radical analysis and prescription for change. The report argued that the English regions are characterised by 'institutional muddle' in the arena of sustainable development policy, which is reflected in a proliferation of strategies and targets. This both limits the possibility to achieve sustainable development outcomes and encourages 'civic disengagement'.

The report calls for the merging of Regional Economic Strategies, Regional Planning Guidance and Regional Sustainable Development Frameworks into a single document, so that economic, social and environmental objectives are considered in parallel rather than separately. The report goes further to argue:

...balancing economic social and environmental objectives is essentially a political process, not a bureaucratic one. Greater freedom to set priorities should be accompanied by stronger democratic accountability at the regional level. The Government should look at further options to strengthen democratic accountability at the regional level, including directly elected regional assemblies (Hewitt, C 2001: 2-3).

### 3.4 *Regional campaigns*

Regionalism continues to develop across large parts of England. In the North East, Rhodri Morgan, AM, the First Minister of Wales, attended the Durham Miner's Gala, speaking at a meeting of the **Campaign for a North East Assembly** (CNA). In an interview with the regional press he told people of the North East: 'Come on in. The water's fine' (*The Journal*, [Newcastle], 14<sup>th</sup> 2001). The CNA is maintaining a high profile campaign in the North East, winning regional and national media attention. At the Miner's Gala — still the region's largest annual political demonstration — the CNA paraded the flag of St Oswald.

The **North East Constitutional Convention** (NECC) is holding a meeting at Durham Castle in September 2001. The meeting will hear about work undertaken by a joint working party on regional government set up by the North East Regional Assembly and the NECC.

The **West Midlands Constitutional Convention** held a briefing for regional stakeholders on 26<sup>th</sup> June 2001. The meeting brought together representatives of central and local government, voluntary organisations and the media; and heard speakers from within the region and from Scotland and the North East (for reports on the meeting see Dale [2001] and MacMillan [2001]). The first full convention meeting was held on 28<sup>th</sup> July at Aston Business School in Birmingham and was addressed by Kenyon Wright, former chair of the Scottish Constitutional Convention. Significantly, among the keynote speakers was a Conservative councillor, Sir William Lawrence, who called on Conservatives to engage constructively with regional debate. A report of the meeting is to be published shortly. In an interesting development, the convention chair Cllr Phil Davis (leader of Telford and Wrekin council) was recently elected chair of the West Midlands Regional Chamber.

The **South West Constitutional Convention** (SWCC) held its first meeting on 19<sup>th</sup> May in Exeter and it was attended by over 150 people. Among those who addressed the meeting was Stefaan de Rynck, from the EU's taskforce on multi-level governance. The meeting agreed a founding statement committing it to achieving 'accountable and representative regional government for the south-west'. The founding statement was

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amended to recognise the claims of Cornwall to a distinct identity. The Convention chair, the Rt. Rev Michael Langrish, Bishop of Exeter said: 'For those who fear another tier of bureaucracy, the reality is it already exists. However, it is not directly accountable to those it is there to serve' (quoted in *Local Government Chronicle*, 25<sup>th</sup> May 2001).

A common feature of the West Midlands and South West Constitutional Convention meetings was, in both cases, a large presence for the UK Independence Party (UKIP), a phenomenon not encountered in the northern English regions. In both cases UKIP members rehearsed identical arguments — namely, that the demand for English regional government is part of a European plot to undermine national identity. The presence of a high profile European Commission representative at the SWCC's Exeter meeting provided a focus for these arguments there.

The **North West Constitutional Convention** is continuing to hold consultative meetings around the region. A meeting in Liverpool on 20<sup>th</sup> July was addressed by Louise Ellman, MP (Lab), Cllr Les Byrom (Con) and Liverpool city council leader Mike Storey (Lib Dem).

#### 4 **Media**

Sir Robin Biggam, Chairman of the Independent Television Commission (ITC), said that the ITC is disappointed by ITV's failure to embrace the need for new and different commitments to regional services. While agreeing with much of ITV's overall submission to the Government on the White Paper on Communications, he would sum up ITV's comments on regionality in two words, 'Trust Us', while avoiding making any firm commitments to regional resources and services.

Speaking at an ITC dinner in Manchester Sir Robin said:

The history of commercial broadcasting in the UK is based on the overall economic benefits accruing to a public service broadcaster exceeding the financial penalty of providing services such as regional programmes which are clearly less profitable than networked programmes. Against this background I feel Government will require more than 'Trust Us' from ITV.

However, we are still at the discussion stage on the Bill with the possibility of a further year of debate in Parliament. Accordingly, the regulated and regulators still have time to work together and provide a framework for Government on the continuing provision of regional services.

I can make the offer tonight that we for our part are prepared to discuss with ITV a framework for the Nations and Regions of the UK in the belief that we could present to Government a proposal which would *be more acceptable to them* and would provide a guarantee to the Regions of quality programmes produced in the regions and based on continuing regional resources.

Sir Robin added that it was part of the role of the ITC to ensure that broadcasting reflects the richness and diversity of the UK. The public service broadcasters — BBC, ITV and Channel 4 — have a special responsibility and duty to make a firm and binding commitment to Government in return for the commitment from Government to endorse their position as Public Service Broadcasters

## **5 Public attitudes and identity**

Nothing to report

## **6 Relations with Westminster and Whitehall**

### *6.1 Whitehall restructuring and the regions*

As noted in Section 1 shortly after the General Election the Prime Minister made a number of major changes to the machinery of government, which have implications for the governance of the English regions (10 Downing Street, Press Release, 'Delivering effective Government', 8<sup>th</sup> June 2001). Among the relevant changes were:

**An Office of the Deputy Prime Minister** has been established in the Cabinet Office. The Deputy Prime Minister (DPM), John Prescott, will chair a number of key Cabinet Committees. The DPM will oversee the delivery of the manifesto pledges, as well as dealing with important cross-departmental issues, including social exclusion. The Regional Co-ordination Unit, the Government Offices in the Regions, along with the Social Exclusion Unit, now report to the DPM in the Cabinet Office. He will also represent the UK on the British Irish Council and retain a leading role in international climate change negotiations. The DPM will also retain final responsibility for the production of the White Paper on regional government.

**A new Department for the Environment, Food and Rural Affairs (DERA)** was created to promote green issues and the countryside. In addition to taking over responsibility for agriculture, the food industry and fisheries from MAFF, it has taken on the environment, rural development, countryside, wildlife and sustainable development responsibilities of the former Department of the Environment, Transport and the Regions (DETR). It sponsors the Environment Agency, the Countryside Agency and English Nature. It will also take on responsibility for animal welfare and hunting, previously a responsibility of the Home Office.

**A new Department for Transport, Local Government and the Regions (DTLR)** is designed to give sharper focus to the old DETR's responsibilities for transport, as well as local government, housing, planning, regeneration, urban and regional policy. It has assumed responsibility for the fire service and electoral law from the Home Office.

**The Department of Trade and Industry (DTI)** is now responsible for the Regional Development Agencies, where they will sit alongside the Department's regional economic responsibilities. The DTI also assumed

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sponsorship of the construction industry, which had hitherto rested with the DETR.

## 6.2 *Ministerial appointments*

Notwithstanding the changes just outlined, the DTLR remains the key department for the regions. The Prime Minister announced the complete ministerial line-up for the DTLR on 12<sup>th</sup> June (DTLR *News Release 281*, 'Department for Transport, Local Government and the Regions has new Ministers', 12<sup>th</sup> June):

- The Rt Hon **Stephen Byers** is the Secretary of State in the DTLR.
- **John Spellar** MP is the Minister for Transport. He is supported by **David Jamieson** MP, who becomes Parliamentary Under Secretary of State with responsibility for railways, roads, road safety, transport in London, Highways Agency and Driver and Vehicle Operators' Agencies, vehicle safety and environment, aviation, shipping and ports, Maritime and Coastguard Agency, freight, European policy and science and technology policy.
- Rt Hon **Nick Raynsford** MP becomes Minister for Local Government and the Regions. Mr Raynsford is also the Minister for London. His other responsibilities include electoral law, fire, health and safety. He is supported by Dr **Alan Whitehead** MP, the Parliamentary Under Secretary of State for local government, English regions, electoral law, modernising government, corporate responsibilities, regulatory reform, fire and health and safety, QE2 Conference Centre, Fire Service College.
- **Lord Falconer** of Thoroton is the Minister for Housing and Planning, with responsibility for urban policy, regeneration, neighbourhood renewal and Lords' business. He is supported by **Sally Keeble** MP, Parliamentary Under Secretary of State with responsibility for housing, planning, urban policy, regeneration, neighbourhood renewal, local transport, mobility and inclusion, diversity, DTLR Green Minister, public appointments, Rent Service, Planning Inspectorate and Ordnance Survey.

Other important ministerial appointments with implications for the regions include:

- **Alan Johnson**, Minister of State for the Regions and Employment Relations in the DTI. His responsibilities include regional policy (including Regional Development Agencies) as well as employment relations, the Advisory, Conciliation and Arbitration Service (ACAS) and the Low Pay Commission.
- As noted above **John Prescott** as Deputy Prime Minister will continue to retain responsibility for key aspects of the regional agenda. Notably, he will chair a new ministerial committee on the 'Nations and Regions', which among other things will develop policy on the English regions. **Barbara Roche**, Minister of State in the

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Cabinet Office will have special responsibility for Government Offices and the Regional Co-ordination Unit.

### 6.3 *Parliamentary debates on the regions*

The Queen's Speech debate provided an opportunity for a number of ex-ministers to raise the regional question. Among them was the former deputy Chief Whip, **Graham Allen** (Nottingham North), who addressed the question of declining voter turnout

What we need is a fitness programme to restore democracy to good health. That means that the present position, in which a muscle-bound Executive or Government kick sand in the face of the six-stone weakling called Parliament, local government and regional governance, must be restored to some sort of balance. Responsibility for that now rests with Government (House of Commons *Hansard*, 22<sup>nd</sup> June 2001, Col 359).

**Joyce Quin** (Gateshead East and Washington West) a former Minister of State said:

I want to say a few words about devolution as it relates to England. I speak from the viewpoint of my constituency and my part of England. I welcome the fact that enshrined in the manifesto on which my hon. Friends and I fought the election is an on-going commitment to make provision for directly elected regional government in regions where people support the idea in a referendum. I welcome also the fact that the manifesto for my part of the country, which was launched by my right hon. Friend the Member for North-West Durham (Ms Armstrong), now the Parliamentary Secretary to the Treasury, said that proposals for consultation on regional government would be made early in this Parliament. I hope and expect that that will be the case (House of Commons *Hansard*, 20<sup>th</sup> June 2001, Col 83).

**David Clelland** (Tyne Bridge) a former Government whip added:

I much regret the absence of any reference in the Queen's Speech to devolution, save for the curious statement:

"My Government maintains its commitment to devolution in Scotland and Wales."

I was not aware that there was any doubt about the Government's maintaining their commitment to devolution in Scotland and Wales. Why is it necessary to leave out any reference to England? That is a mystery that I hope will be cleared up soon. Is there any significance in the fact that no references are made to the Government's commitment to London or Northern Ireland? The inclusion of that sentence in the Gracious Speech leaves many questions unanswered.

It is the case, of course, that the Gracious Speech does not contain the entirety of the Government's intentions over the whole Parliament or even the whole Session, as my right hon. Friend the Prime Minister pointed out. Other speeches will be forthcoming and, as Her Majesty put it:

"Other measures will be laid before you."

However, some of us believe that there is now some urgency on the issue of regional government. Devolution is a process, not an event, and we will be pressing for clarification of the Government's intention on the continuation of the process.

Indeed, there is a need for much clarification on regional policy--not least the division of responsibilities between Ministers and Departments. If, as I hope, regional government remains on the Government's agenda, who will be in overall charge of taking it forward? Which Department will be responsible for which aspects of policy and policy development? We need early answers to those questions. The issue will not go away, and the regions of England will not be sidelined, and certainly will not be ignored (House of Commons *Hansard*, 20<sup>th</sup> June 2001: Col 108)

Backbenchers maintained the pressure at the first DTLR questions of the new parliament fielded by the Regions minister Nick Raynsford (House of Commons, *Hansard* 3<sup>rd</sup> July 2001: Cols 131-33).

**Joyce Quin (Gateshead, East and Washington, West):** I welcome the fact that my right hon. Friend is to be dealing with this matter. May I press him on the timing of the White Paper: when does he expect it to be published? [...]

**Mr. Raynsford:** My right hon. Friend makes an extremely valid point, and I shall make two points in response. First, in the White Paper, we shall of course examine carefully the benefits of a regional tier of government and set out the important factors she mentions in connection with regional economic development, as well as all the other factors that will bring advantage to those in the regions who want a regional assembly. Secondly, we are working hard on the matter, but, as she will understand, there are complex issues. We shall publish the White Paper at the earliest opportunity, but at this point — a mere three weeks into a new Government — it would be premature to give a definitive date for publication.

[...]

**Mr. David Clelland (Tyne Bridge):** Will he confirm that the Government's continuation of the devolution process will be based on its value to good government and our democracy, and that regional government is the natural next step along that road?

**Mr. Raynsford:** My hon. Friend makes an extremely valid point. The Government have a proud record over the past four years of developing a devolution agenda and extending to the people of the United Kingdom greater opportunities to play an effective role in the government of their nations and regions. We do not see that as a process that has ended; we shall continue to explore options to improve the quality of our democracy and extend opportunities along the lines indicated by my hon. Friend. Of course, we are concerned with value, rather than just cost.

[...]

**Mr. Peter Mandelson (Hartlepool):** Does my right hon. Friend agree that a reasonable timetable would be a White Paper this autumn, followed by legislation in the 2002-03 Session, with a view to regional assembly elections taking place in regions that want them in 2004, to coincide conveniently with the European parliamentary elections that year?

**Mr. Raynsford:** My right hon. Friend has set out a perfectly reasonable timetable; we shall consider it and other representations before reaching our conclusions. I am sure that he will accept that, at this stage, it would be premature to give a definitive date for the introduction of the White Paper before the necessary work has been done to ensure that it covers the important range of issues that must be covered.

The leading role of North East actors is the notable feature of these interventions.

Interestingly the prospects for English regional government were also discussed in the House of Lords debate on the Queen's Speech.

**Lord Morgan** said:

The Labour Party's manifesto contained a very strong statement about ascertaining the popular will about regional government. [...] However, as things stand, we have regional experiments by way of the RDAs, and so on, which are appointive and undemocratic. They are part of the quango regime about which other noble Lords have spoken. We still await, perhaps hopefully, the fruition of the speeches made prior to the election. I have in mind particularly the speech of Mr Gordon Brown, the Chancellor of the Exchequer, given in Manchester on 29th January which, if the words meant anything at all, suggested that there would be a much stronger regional presence in England and that it would be democratic. Mr Prescott observed during the campaign that those regional assemblies,

"should be about democracy and not about bureaucracy".

We very much hope that this will be carried forward. There have been many tests of local opinion, especially in the North East. There was a very striking vote in the famous constituency of Sedgefield which showed that 70 per cent of the voters there wanted some form of regional assembly in the area planning its development (House of Lords *Hansard*, 21<sup>st</sup> June 2001: Col: 75).

The **Bishop of Bristol** added his weight to the calls for regional government:

There is a need for a locally rooted elected assembly that can reflect the aspirations of the people of the region and the strategies that will make it a more effective place. Some may ask why Bishops are interested in regional democracy. In part, it is because a number of us are involved in it and believe that it is profoundly important for our society. That interest also stems from what we believe about the dignity and worth of human beings (House of Lords *Hansard*, 21<sup>st</sup> June 2001, Col: 82).

**Lord Waddington** provided a dissenting voice:

The right reverend Prelate the Bishop of Bristol talked about bringing decision-making closer to the people. For the most part, when power is devolved, not to existing local authorities but to regional bodies, it will not mean giving power to local people but taking it from them. For most of England it will not bring government closer to the people but precisely the reverse (House of Lords *Hansard*, 21<sup>st</sup> June 2001, Col 244).

## 7 EU issues

A recent report for Advantage West Midlands raises doubts over the viability of the 'direct development scheme' that allows Regional Development Agencies (RDAs) to buy up land for development. Replacing the banned Partnership Investment Programme (PIP), the report claimed that more than half the projects currently backed by public money, under PIP, would not qualify for the new funding system. This, it concludes, could threaten the delivery of RDA economic strategies since they are partly based on assumptions made about the amount of land they would bring into use through PIP. As such, RDAs may 'experience severe difficulties in reaching their strategic targets under the new guidelines' (*Regeneration & Renewal*, 20<sup>th</sup> July 2001)

The PIP, a gap funding system enabling the development of contaminated or brownfield sites normally considered by developers to be financially unrealistic, was banned in 2000 by the European Commission (EC) after it was found to breach EC rules on state aid. Under this scheme the Government directly subsidised private sector developers to undertake difficult renewal projects. EC approval of five schemes, designed to

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partially replace PIP, was announced to Parliament in April 2001. These schemes are:

- a direct development scheme
- two gap funding schemes
- a scheme for community regeneration scheme
- a scheme for environmental regeneration

(Source: *Hansard* Written Answer, 30<sup>th</sup> April 2001)

Under PIP, funding could be offered to firms of any size. The new Government programmes are restricted to areas where GDP falls below the average for the European Union and to small and medium-sized enterprises and community groups. (Although different rules will apply to areas eligible for Regional Selective Assistance, allowing larger firms to participate) This is viewed as more restrictive. As stated by a representative of One NorthEast, these schemes 'are not as flexible as PIP' and he urged Government and the EC "to look beyond these schemes to see how they can work effectively with the private sector' (Regeneration & Renewal, May 2001).

## 8 Local government

With a whimper rather than a bang, the first voters outside London have finally approved the concept of a US-style elected executive mayor. But only 24.3 per cent of 60,000 electors in Watford, Hertfordshire, turned out in a referendum on July 12 — and of those, just 51.7 per cent supported the mayoral idea. Hitherto, three localities voted firmly against elected Mayors: Berwick, which voted on June 7<sup>th</sup>, Gloucester and Cheltenham on Thursday June 28<sup>th</sup><sup>3</sup>. In each case the majority against was in the region of 2:1. A string of other similar polls — perhaps as many as 10 — will now be held in new cities like Sunderland and Brighton and Hove (the most high-profile so far) and boroughs and towns from Lewisham and Middlesbrough to Plymouth and North Tyneside on October 18<sup>th</sup>, with the possibility of full-blown mayoral elections (subject to voter approval) in May 2002.

For some campaigners, such as the New Local Government Network (NLGN), a pressure group once labelled 'Blairite' which receives some backing from business, the issue of mayoral civic governance is of far

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<sup>3</sup> The result for Gloucester can be downloaded at <http://194.205.243.123/libraries/templates/page.asp?URN=672>; the result for Cheltenham can be downloaded at: <http://www.cheltenham.gov.uk/libraries/templates/options.asp?URN=403&FolderID=0>.

greater importance than the regional debate. Some regard this as an academic distraction, while others see 'city regions' — more akin to the former metropolitan counties — as more achievable than regional government. Interestingly, however, Gerry Stoker, chair of the private sector lobby group, the New Local Government Network, and one associated with the argument that mayors and regional assemblies are incompatible, has recently argued that they than co-exist (Stoker, 2001).

Nick Raynsford, has the task of balancing both debates, steering a steady course between cities (and mayors) and regions (and political devolution). But while addressing the latter is clearly an issue he can put on hold until publication of a White Paper, the former is clearly more immediate. 'I would be surprised if, by the end of this parliament, there are not a number of elected mayors in place,' he says (quoted in *The Guardian*, Analysis, July 6<sup>th</sup> 2001). This is the minister who successfully drove through ballots on councils estates in which hundreds of thousands of tenants, against expectations, voted to transfer ownership of their homes to housing associations and other new social landlords. The first ballots went against him. Then the tide reversed. He sees similar parallels on the mayoral front and has made clear that he can intervene to force reluctant councils to hold referendums if they try to stall. This he might have to do because, so far, no big city has yet volunteered to hold a referendum.

Indeed Albert Bore, leader of Birmingham City Council, fears (*Public Finance*, August 3<sup>rd</sup> 2001) that ministers may have to impose a mayoral referendum on the city to side-step continual opposition by councillors. While Bore wants an elected mayor, many in his Labour group are resolutely opposed to the concept; it is a similar picture in Liberal Democrat-controlled Liverpool (and elsewhere). Here the Liberal Democrat leader, Mike Storey, also wants an elected mayor. But other influential Lib-Dem councillors do not. Significantly, at the Local Government Association's annual conference, a large fringe meeting was held, organised by the NLGN and *The Guardian*, on the question of cities versus regions. One of the keynote speakers, Peter Mandelson MP, said he saw no contradiction in having both strong cities and strong regions. In the debate, divisions did not appear as wide as some predicted.

At the same time, ministers indicated, at a meeting of the Local Government Association, that they are planning a further White Paper on local government reform. It is reported that it will encompass the proposed White Paper on local government finance, but extend to issues such as streamlining the inspection regime and expanding the role of public service agreements (*Local Government Chronicle*, June 6<sup>th</sup> 2001).

## 9 Finance

### London and the regions:

At the end of June 2001, Ken Livingstone set the metropolitan cat among the provincial pigeons by asking the Government to give Londoners some of their money back. As *The Guardian* reported ('Analysis: The English Question', June 28<sup>th</sup> 2001) 'with a dollop of hype and a little cheek' the

Mayor of London argued that as the engine of the UK economy, the capital must be allowed to keep more of the £20 billions it generates for the UK annually — and between £4 and £6 billions would be an immediate goal to help improve transport, provide more affordable housing, and fund more police officers. Noting calculations from the Centre for Economics and Business Research that for every £1 spent by the Government in London the capital's taxpayers pay between £1.25 and £1.50, Tony Travers, head of the Greater London group at the London School of Economics, said the time may soon come when Londoners have to fight rather harder to get proper control of their own destiny. Writing in the *Evening Standard* (June 27<sup>th</sup> 2001), he said:

Taxation policy could be repatriated from the imperial government in Whitehall. Unless the capital is given more freedom — this argument applies also to the English regions — there could be a real risk to the integrity of our system of government. Evidence abounds that controlling everything from the core of central government cannot work.

Inevitably, Livingstone's statement provoked an outcry in some quarters of the English regions and in Scotland and Wales. The Campaign for the English Regions, for instance, noted that he had floated a new fiscal principle in the distribution of UK funding — namely that money should be kept by those who earn it. Significantly, however, Livingstone faced strong criticism from the South East next door — on the grounds that it was more important than London! At the annual meeting of the South East Regional Assembly (July 12<sup>th</sup> 2001) Alan Willett, chairman of the South East Development Agency, gave an indication of battles ahead when he said:

London claims it is paying for the rest of the country, which just goes to show how a single statistic can distort reality. London does pay the largest amount of tax to the Exchequer, but it is also one of the largest recipients. It is the net figure that counts and the net contribution from our region is £17 billion a year, by far the largest of any region and far more than London (Willet, 2001).

Noting that the South East's GDP for 2001, estimated at £130 billions, was 'more akin to a country than a region' he reminded the Government that last year it invested £3,734 per head in the South East against an English average of £4,283. While the South East had the strongest economy of any region, it also faced serious problems of unemployment and poverty. To ensure continued growth, he said the region would have to receive more of its £17 billions. That meant people of the region, 'including MPs from all parties', co-operating more closely and presenting a united front to the Government.

## The political parties

As noted in Section 1.2, major event prior to the General Election was a meeting in Wakefield designed to launch Labour's 'manifesto for the region' (Labour Party 2001). Launching the manifesto, the Deputy Prime Minister, John Prescott, outlined his expectations for Labour's second term:

In our first term we concentrated on bridging the economic deficit. The RDAs are key to that. But we now need to move the agenda forward and address the democratic deficit. We have devolved power to Scotland and Wales. We have restored democracy to London. No region has been forced to have a Regional Chamber – but every English region has chosen to have one. In our manifesto we make clear that Labour will offer those English regions that want it a new political voice.

[...]

In our manifesto, we make clear that provision should be made for directly elected regional government to go ahead in regions where people decided in a referendum to support it, and where predominantly unitary local government is established. After the election we will issue a White Paper setting out the way forward. We believe that, if people choose to have elected assemblies, they should be about democracy not bureaucracy (Prescott 2001)

In an interesting development, reflecting a growing concern with regional sensibilities, Labour launched 'regional manifestos', in the North East and North West. Although these did little more than reheat aspects of the main manifesto, they represented a departure from Labour's approach in 1997.

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