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Nations and Regions: The Dynamics of Devolution

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Key issues

The English regional question remained dominated by the implications of the Government's forthcoming White Paper on governance and the debates and conflicts surrounding it. A number of issues are worth reporting:

- Downing Street appeared to have agreed to the case for referendums for regional assemblies, but at the price of linking this to a move to single tier local government, although the precise formulation of any stipulation remained unclear at the time of writing.
- Some Whitehall departments continued to resist handing over powers to proposed regional assemblies in debates in Cabinet's Committee of Nations and Regions.
- On the other hand, the Treasury continued to develop its 'new regional policy', publishing a study of 'regional productivity' as part of the 2001 Pre-Budget report and, seemingly, offering a unexpected degree of financial flexibility to proposed elected assemblies.
- The CBI launched a strong attack on elected regional assemblies, mirroring arguments used by the DTI and RDA chairmen, and calling for RDAs to be left under control of government appointed 'business-led' boards.
- Ministers were in two minds about the publication date of the White Paper. The original March publication date appeared to be receding, with some ministers favouring a date in early May after the forthcoming local elections.

The Government published a Green Paper on planning, which, among other things, proposed transferring the planning powers of county councils to the regional level.

Regional Chambers were becoming more active around a wider range of issues. For instance, the South East regional assembly submitted proposals to the Government's inquiry on the future of the House of Lords, calling for regional elections.

The Conservatives announced a review of their policy on the regions. This seems likely to place themselves as the born again champions of England's 'historic' counties. The Conservatives proposals for an elected House of Lords advocate counties as constituencies.

As the publication of the White Paper approached, substantially increased attention was paid to the regions at Westminster. Notably, in questions and debates, Conservatives members rallied against regionalism, often in defence of the counties.

The wind appeared finally to leave the sails of the government's ambitions for elected mayors. Of seven referendums held between 7th December and 31st January, only one produced an affirmative vote.

1. Introduction

Is the constitutional ground in England about to move? Certainly, after years of lobbying, it is a question which supporters of elected Regional Assemblies would tentatively answer in the affirmative. More cautious — indeed hostile — elements in the Department of Trade and Industry (DTI), some of the eight Regional Development Agencies (RDAs), now under the DTI's wing, and the CBI would be far more cautious, arguing that, so far, there appears little active enthusiasm for full-blown regional government — even in regions, like the North East and Yorkshire, where campaigning is strongest. Far better, they argue, to let the two-year-old RDAs bed down before considering wider constitutional issues.

But with the Cabinet Office and the Department of Transport, Local Government and the Regions (DTLR), at the time of writing, putting the finishing touches to the long-awaited white paper on regional governance, it is clear that one-time sceptics — particularly local councils and their national organisations — now recognise that if the ground has yet to move, the constitutional geology below the surface is shifting. A political momentum in parts of Whitehall towards greater regionalism, which few would have predicted immediately after the general election, is palpable. Senior ministers cautiously predict that at least one referendum on English regional assemblies — in the North East, but also possibly Yorkshire and the Humber — could be held towards the end of this parliament.

At the same time, the DTLR and the Treasury were planning to commission what amounts to a 'needs assessment' study to determine how Government funds should be distributed fairly around an England of devolved regions¹. The project specification speaks of the Government needing to 'analyse the regional impact of a vast range of policies' and of the possible need for 'an integrated cross-departmental approach to address inter and intra-regional inequalities.' All of this further underlines the increasing seriousness with which the emerging devolution debate is now being taken in parts of Whitehall.

Meanwhile some departments, notably the Department for Trade and Industry (DTI) and the Department of Culture, Media and Sport (DCMS), remained lukewarm towards greater regionalism, apparently objecting even to a modest increase in the powers of regional 'chambers', as well as elected regional assemblies. However, there are growing indications that Downing Street's well known reservations (as we report later) appear to have been somewhat satisfied. Nevertheless, the Secretaries of State at the DTI and DCMS, Patricia Hewitt and Tessa Jowell respectively, have been fighting hard in the Cabinet's Committee of Nations and Regions, chaired by John Prescott, to retain central control

¹ Unpublished brief seen by one of the authors

over RDA's and regional arts funding². This classic inter-departmental Whitehall power struggle mirrors that which preceded the creation of RDAs in the last parliament. On the other hand, some ministers — notably Stephen Byers — accept that devolution means that they will have to give up some power at the centre. Mr. Byers told a fringe meeting at Labour's local government conference in Cardiff on February 2:

The most difficult thing for a Secretary of State to do is give up the powers we have. It is not easy for colleagues to give up powers, but we have to be prepared to do so (Author's notes of LGIU fringe meeting).

We begin this report by examining why the Cabinet's main devolution protagonists, John Prescott and Stephen Byers, believe a once-sceptical Downing Street has dropped its objections to holding referendums for elected Assemblies, record the growing unease in local government circles about the future of county councils — partly fuelled by a recent planning Green Paper — and report on the contents of proposed DTLR and Treasury research aimed at identifying Government and European spending in the eight regions. Finally, in an interview with the Shadow Transport, Local Government and Regions Secretary Theresa May, we also report on the Conservatives' reassessing their attitude to RDAs and, maybe, redefining their approach to regional policy.

1.1 Downing Street on board?

While the Prime Minister has never publicly opposed the concept of elected regional assemblies, he has clearly been sensitive to arguments from business as well as from the Opposition that another layer of administration, on top of two-tiers of local government, is politically unsustainable. This concern is heightened in a context of apparently declining voter faith in the political class. Privately Downing Street advisors make such concerns clear. Consequently, it is becoming clearer that in any referendum(s) — and the Government has to find time for referendum legislation in the next Queen's Speech — voters could well be told that support for devolution will lead to one tier of local government being abolished (see *The Guardian*, February 5).

This appeared implicit in remarks by Stephen Byers (December 12) when unveiling the planning green paper, on which we report later:

The important point to remember is that regional government is not going to be imposed on anybody. People are going to have to vote for it and people are going to have to know what they are voting for and people may say there is a better structure and it should be for local people to determine that.

² See for instance, 'Tenacious Tessa', *Financial Times*, 7th January 2002, for an account of DCMS resistance to regionalisation, which has the ring of plausibility.

But we'll be very clear in the proposals we bring forward ... so that people know precisely the functions and responsibilities of an elected regional body, they'll know the consequences of voting for it, and they will then determine whether or not that's something they wish to support. I happen to believe in certain parts of the country they will, but in others they may well not (Source: author's notes of press conference, 12th December 2001).

Asked specifically if, in a secondary referendum question, the issue of abolishing a tier of local government would be raised, Mr. Byers replied:

... clearly we would want people to be aware of the consequences of an elected regional government being established and it would be unfair ... to deny people that (Source: as above).

This inevitably raised questions over the future of Northumberland, Durham and North Yorkshire County Councils in areas likely to be in the forefront for referendums — the north east, or Yorkshire and the Humber, for instance. But the means of creating a single tier of local government, as in Scotland and Wales, is unlikely to be laid down in the White Paper; ministers insist they do not want another lengthy period of local government reform, with all the uncertainty that entails. Memories of the last reforms, when the Banham Commission created a string of unitary authorities in the early 90s, still linger. Sometimes bitterly contested — Berkshire County Council finally bit the dust after a legal battle — these reforms were seen by some as expensive and time-wasting.

Ideally, ministers appeared to prefer a scenario where regional politicians, ever protective of their authorities' status, reach an agreement on a new local authority structure. This might prove a tall order if the reaction of local politicians in the north east to a report *The Guardian* (February 5) is anything to go by³ (although in Yorkshire and the Humber, and elsewhere, regional campaigners appeared more circumspect). The threat of strong opposition from councils if a tier of local government is axed is based on an assumption that the two-tier structure is both popular and efficient. But, with around two-thirds to three-quarters of the population of the north east and Yorkshire covered by unitary authorities already (largely metropolitan districts), it is by no means certain that a referendum question putting the case for a single local authority tier below a regional assembly would be rejected.

In Whitehall, a little simple arithmetic has already alerted ministers to the fact that Birmingham, with a population of over a million, has 117 councillors; two-tier Durham (population 491,000) has 369 on eight councils. With the White Paper all but written by mid February, ministers were still unsure about when it should be published — mid-March or May, after local elections in the London boroughs, metropolitan and

³ See for instance, 'Sabotage claim on home rule', *The Journal* [Newcastle], 9th February.

English districts (as well as seven mayoral contests) on May 2? Some Labour Party strategists were pressing for a delay in publication, fearing that the White Paper could detract from the local election campaign with the Opposition exploiting the 'threat' to county councils. In fact, the White Paper will be much broader than simply addressing the arguments for elected regional assemblies and will concentrate, in part, on better regional governance within existing arrangements. This is an important distinction. If some ministers are pushing the case for referendums in regions where they believe there is strong demand for elected Assemblies, they also have to address regions like the South East and East of England where there is currently little appetite for political devolution.

To offer an element of 'greater regionalism', it is likely that regional chambers, (or 'assemblies') in these areas will be given greater powers to scrutinise the work of Government Offices (GORs) in the Regions as well as the RDAs. While the White Paper will offer the prospect of slim-line elected Assemblies of no more than 35 members in several regions, the question of how the running costs of the new bodies will be met also has to be addressed. It appeared likely that this would be achieved with a precept on local councils in a particular region — making the case for a single local government tier all the more politically essential — along the lines of the funding regime for the Greater London Assembly.

Stephen Byers, particularly, has put the case strongly for elected Assemblies absorbing functions from GORs, and their budgets while assuming strategic planning and transport functions. This has led to detailed talks in Whitehall, involving the Treasury, over the extent, and flexibility of putative Assembly budgets: will the money be channelled from Whitehall into hard concrete departmental silos — or will the structures be softer, allowing some cross-departmental transfer to reflect regional priorities? With Gordon Brown, the Chancellor, strongly committed to 'greater regionalism', there were signs of the Treasury showing some flexibility on this front. (The growing interest of the Treasury in regional policy was signalled by its publication of a report on 'regional productivity' as part of the Chancellor's pre-Budget report in November 2001, which we report on below).

In this context, a proposed joint DTLR/Treasury research project, 'Identifying the Flow of Domestic and European Expenditure into English Regions', is particularly relevant, providing first hand evidence of the seriousness with which Whitehall is addressing regional funding in a future England of devolved regions. This may prove to be the long-awaited needs-assessment study, which has been demanded in some English regions. The specification for the project notes the innovative nature of a study which would develop 'new methodologies for dis/aggregating expenditure data to the regional level and collate, for the first time, robust data on expenditure flows into the regions across the range of public sector activity.⁴

⁴ Unpublished brief seen by one of the authors.

It noted that comparable and consistent knowledge about the level of public resources going to individual regions, and the basis for those allocations, is a 'key requirement' of policy makers across government. Measuring the flow of spending was also a requirement 'for attempts to identify the relationship between inputs, outputs and outcomes at the regional level and the degree to which expenditure is correlated with need.' It concluded:

Further, within a devolutionary context, there is an emerging bottom-up focus by regional chambers, and others, upon notions of regional 'share' and, in the absence of reliable data, it is impossible to separate conjecture from evidence.

2. Regional Structures

2.1 Government Offices

The Whitehall mould appears to be breaking, with some recent appointments to senior positions in Government Offices placing more emphasis on the importance of regional knowledge, than civil service experience. A notable development came with the appointment a new director of Government Office North East. It was significant because the new Director comes from outside the civil service. The new director will be Jonathan Blackie, previously Director of Strategy at ONE NorthEast, the regional development agency. Before that, Mr Blackie worked in local government in the North East⁵. The appointment may signal a trend. Graham Garbutt, the director of Government Office West Midlands, appointed in 2000, was previously a local authority chief executive in the region.

2.2 Regional Development Agencies

2.2.1 RDA chiefs continue to resist regional assemblies

We noted in our last report that some RDA chairmen were more or less explicit in their opposition to RDAs coming under the control of regional assemblies. This opposition, if anything, intensified as the prospect of the White Paper's publication came closer. Some RDA chairs continued vigorously to lobby DTI ministers and officials, in a bid to ensure that RDAs were left as 'business-led' organisations. This theme of opposition was taken up by the CBI, which publicly articulated the views which were being pressed on ministers (see below).

⁵ Cabinet Office, News Release, 'Appointment of New Regional Director for Government Office for the North East', 21st December 2001.

2.2.2

Stuttering start for new venture capital funds

The implementation of new venture capital funds, a centrepiece of the Chancellor Gordon Brown's regional strategy got off to a stuttering start⁶. Late in January the Government launched nine funds, set up to provide riskier investment in small business, despite only two being ready to start operating. It could be months, for instance, before a fund planned for the East of England is operational after that region's RDA conceded it had failed to find a replacement for the venture capital company, Innvotec, which pulled out of delivering the fund several months' ago. The only two funds given initial approval are for the North East RDA, One NorthEast, which will make £15 millions available over the next five years, and for the East Midlands, where the RDA will run a £30 millions fund.

Derek Mapp, chairman of the East Midlands RDA, said that between 1995 and 1999 alone in his region three-quarters of sustained jobs were created from new ventures. 'Our aim is to increase and sustain a further 4,000 start-up enterprises by the year 2010.'⁷ The funds have a combined value of £225 millions and reflect Gordon Brown's admiration of the entrepreneurial culture of the United States and the centrality of venture capital to regional development and new firm formation there. He proposed the idea, funded by the DTI, the European Investment Bank and private backers such as Barclays Bank, Royal Bank of Scotland, and local council pension funds, to fill the equity gap for small companies. The DTI remains publicly sanguine about that the slow start, believing that most of the funds will be operating within a few months.

2.2.3

RDA's welcome new responsibilities

The RDA Chairmans' Group has welcomed the new responsibilities for RDA's, as part of a re-organised Department of Trade and Industry⁸. Input into two internal reviews carried out by the DTI in 2001 has led to the RDA's being given overall responsibility for Regional Selective Assistance — funds available to help companies develop and locate within certain regions — from April 2002.

2.2.4

New Appointments for RDA Boards

Alan Johnson, Trade and Industry, Minister of State (for Employment Relations and Regions), announced 39 new appointments to the RDA's in December 2001, beginning on 14 December for three years. The announcements were made separately in each region and current board memberships are generally available on RDA web-sites. Of those appointed to RDA boards:

⁶ See previous reports for accounts of the background to this policy.

⁷ *Regeneration and Renewal*, 1 February 2002

⁸ Yorkshire Forward Press Release, 22 November 2001

- 50% have current or recent business experience
- 35% are women
- 18% are from minority ethnic communities

2.2.5

Dissent over appointments to One NorthEast⁹

While board appointments were uncontroversial in most regions, in the North East representatives of business groups, trade unions and local MP's recorded their opposition to the government's choice of appointees to the Regional Development Agency, One NorthEast. In particular, the decision not to reappoint Hugh Morgan Williams, vice Chair of the CBI in the region, was viewed by some figures in the private sector as proof that the Board is insufficiently 'business-led'. Almost every North East MP signed a Commons early day motion in support of Mr Williams.

2.3

Regional Chambers/Assemblies

Regional Assemblies continue to find their feet and increasingly are seeking to influence broader debates about regional development and governance.

2.3.1

North East Assembly

The North East Assembly produced a document aimed at tackling regional economic and funding disparities¹⁰. 'Bridging the Gap', published in January, was submitted to ministers in an effort to secure more funding for the region. Amongst its proposals are calls for:

- a fast rail link between Newcastle and Middlesborough
- action to boost the hi-tech sector
- initiatives to expand the region's skills base

⁹ See *The Journal* [Newcastle], 6-8 December 2001, for coverage of this controversy.

¹⁰ North East Assembly, *Bridging the Gap: How to raise the North East's contribution to the UK*, available at: <http://www.northeastassembly.org.uk/publications/subpage/GAP.pdf>.

2.2.2

East Midlands Assembly

At a meeting in December, members of the East Midlands Assembly agreed the key principles they want to see in the government's White Paper on regional government.¹¹ These included:

- a model that would allow for a staged development from the current Assemblies through intermediate stages to fully elected Regional Assemblies
- a greater role in influencing the activities of Government Offices
- substantial additional roles offered to Assemblies in those regions that do not support elected Regional Assemblies, such as increased scrutiny of quangos and other regional bodies
- opposition to the presumption that elected Assemblies can only be created where there is a predominantly Unitary form of local government

At the same meeting, Assembly members discussed the RDA's Corporate Plan. The Assembly expressed concern that the government had required that nationally determined regional targets were included in the Plan without adequate consultation with the Assembly.

2.2.3

South East Regional Assembly

The South East Regional Assembly (SERA) made two notable interventions into the debate on regionalism. In an explicit foray into the debate about constitutional change SERA responded to the government's consultation on reform of the House of Lords¹². SERA argued that that proportion of elected members is too small under the government's proposals. Responding to an invitation to submit views on the reform proposals, Assembly members agreed that whatever the overall size of the second chamber, a majority of members should be elected.

Other observations were:

- elections to the second chamber should be on a regional basis, as for the European Parliament
- terms should be drawn to avoid coinciding with General Elections; therefore a seven or eight year term should be adopted, with a limit of two terms per member
- the balance of members should be appointed through nominations by the regional assemblies. This would assist in compensating for the

¹¹ East Midlands Regional Assembly, *Update*, December 2001, available at: www.eastmidlandsassembly.org.uk.

¹² See http://www.southeast-ra.gov.uk/reference_library/news_releases/2002/16jan02.html

loss of the current cadre of cross-party lords who are seen as pressing the interests of civil society and the voluntary sector in respect of proposed legislation

- the second chamber would not have the power to initiate legislation, only to amend
- the rules governing the chamber should be statutory, not voluntary
- it is essential that all members of the chamber be properly remunerated

The Assembly's response was made in a letter from Assembly Chair Cllr David Shakespeare to the House of Lords Reform Team in the Lord Chancellor's Department. Representatives of all party and partner groups in the Regional Assembly were consulted before formulating the Assembly's response to the reform proposals.

In addition, responding to the DCMS's 'Review of the Regional Cultural Consortiums'¹³, prompted by the White Paper on regional governance, the South East Assembly agreed argued that Cultural Consortiums need to have much stronger integration with their Regional Assemblies and RDAs for culture (i.e. sports, the arts, tourism, heritage) to get the recognition it deserves in regional policy¹⁴

Paul Bevan, Chief Executive, South East England Regional Assembly, said:

The Regional Cultural Consortium in the South East has succeeded in raising the profile of the cultural agenda in the South East. The Consortium is a distinct strategic policy body for culture which has developed a representative and inclusive cultural strategy that demonstrates considerable professional knowledge and understanding of the region's cultural assets and activities.

The task now is to ensure that the cultural strategy which they put in place is rolled out effectively. To that aim, the Executive Committee of the Assembly believes that greater integration with the Assembly and SEEDA would pay dividends by bringing culture into the mainstream of regional policy for the South East.¹⁵

¹³ See our November 2001 report.

¹⁴ See: http://www.southeast-ra.gov.uk/reference_library/news_releases/2001/20dec01.html

¹⁵ See previous footnote.

2.4

Other bodies

2.4.1

CBI rejects Regional Assemblies

As the prospect of the White Paper of regional governance drew closer the CBI Director General, Digby Jones, claimed that business is 'deeply sceptical about government plans for elected regional assemblies'¹⁶. Mr Jones based his claims on a 'two-month consultation with business representatives in all the English regions'. Indeed, according to Mr Jones, in light of the experience of Scottish and Welsh devolution, firms were unimpressed with devolution in general in terms of its benefits to business.

Mr Jones referred to the findings of the consultation exercise in a speech to business leaders in Birmingham. He claimed that Assemblies would be

just another tier of bureaucracy on top of a plethora of decision-making bodies. ... We have little confidence that elected assemblies would be best able to tackle the problems of economic growth and job creation or that they would attract good enough people to make a real difference.

He urged Ministers not to get distracted 'by other energy-consuming initiatives that are of questionable value' but to concentrate instead on:

- simplifying overly complex regional decision-making processes
- raising the performance of widely-supported regional development agencies
- pushing through proposals for speeding up the planning process
- sorting out problems with the UK's transport infrastructure urgently
- improving the skills base.

The CBI's intervention proved controversial. Some observers noted the similarity between the arguments of Mr Jones and those of the DTI and some RDA Chairs in defending RDAs from accountability to proposed Assemblies. Others saw the hand of Downing Street advisors at work in orchestrating an intervention by the CBI. Rather than a conspiracy, however, the CBI's intervention simply reflected a correspondence in outlook shared by some key interest groups about the idea of RDA boards being accountable to elected assemblies.

The controversy deepened when journalists from the regional press probed the basis of the consultation's findings. It transpired that there was no report of the consultation, nor were there any figures to substantiate Mr Jones' claims. According to a CBI spokesperson, 'regional CBI bodies had organised their own discussions and fed the general sceptical view,

¹⁶ CBI Press Release , 'CBI Declares Scepticism on Regional Assemblies', 31 January 2001. Available: <http://www.cbi.org.uk/news/index.html>.

which he said was unanimous, back to London. We haven't published the votes or who voted how ...¹⁷. In this context, CBI leaders in the North East subtly distanced themselves from Mr Jones' strident comments. Publicly, North East CBI vice-chairman, Hugh Morgan Williams claimed that whilst there was concern in the region, 'to say that businesses are deeply sceptical is too much'¹⁸. (Privately senior North East CBI figures were scathing about the manner and nature of the London HQ's intervention in the debate.¹⁹)

3 Regional Politics and Policies

3.1 Reform of planning policy

In December 2001 the government published its policies for the reform of the planning system (DTLR, 2001). The main provisions as far as the regions were contained were set out in paragraphs on regional planning policy. The government stated:

4.39 We believe that there is a continuing need for effective planning at the regional level.

Regionally-based policies are needed for issues such as planning the scale and distribution of provision for new housing, including setting a brownfield target and the growth of major urban areas. Additionally, there is a need for coastal planning, planning for regional transport and waste facilities, and for major inward investment sites and other aspects of the Regional Development Agencies' (RDAs') economic strategies. Regional planning policy provides a framework within which local authority development plans, local transport plans and other relevant plans and strategies can be prepared.

4.40 Last year, we set out revised guidance on the preparation of Regional Planning Guidance (PPG11 "Regional Planning"). It made clear that RPG should be more concise, avoid unnecessary repetition of national policy, address specific regional or sub-regional planning issues, be outcome-centred, focused on delivery mechanisms (of which the development plan and the local transport plan are the most important) and be subject to annual performance monitoring. It also introduced more open and transparent procedures for considering draft RPG.

4.41 Many of these objectives have yet to be achieved:

¹⁷ See, 'Views are divided in new home rule row', *The Journal*, 2 February 2002

¹⁸ See previous footnote.

¹⁹ Private information supplied to the authors.

- RPGs are still long and insufficiently strategic. Rather than setting clear, regional priorities, the documents continue to restate national policy or defend local interests;
- RPGs are insufficiently integrated or coordinated with other regional strategies (such as the Regional Development Agencies' strategies);
- there is overlap and duplication between regional and county plans. This reflects the increasing importance of sub-regional policies within RPG; and
- the process of preparation can lead to RPGs avoiding difficult decisions, for example in relation to the provision of an adequate supply of housing in the South East of England or the location of key growth areas.

[...]

4.42 We want to strengthen the arrangements for preparing regional strategies and ensure that they provide a strategic policy framework within which Local Development Frameworks and local transport plans can be prepared. We propose to:

- replace RPG with new Regional Spatial Strategies (RSSs);
- give the RSS statutory status. The Local Development Frameworks and local transport plans should be consistent with it, unless there is more recent national policy;
- make the content of RSS more focused. RSS should outline specific regional or sub-regional policies, address the broad location of major development proposals, set targets and indicators where necessary and cross-refer to, rather than repeat, national policy;
- ensure that each RSS reflects regional diversity and specific regional needs within the national planning framework;
- integrate the RSS more fully with other regional strategies. Each RSS should provide the longer term planning framework for the Regional Development Agencies' strategies and those of other stakeholders, and assist in their implementation. We will publish best practice advice on integration of strategies at the regional level; and
- promote the preparation of sub-regional strategies, where necessary, through the RSS process.

[...]

4.46 We shall expect the regional planning bodies charged with preparing RSSs to satisfy four main criteria:

- they should demonstrate that they are representative of key regional interests — groups comprised solely of local authorities will not be acceptable. The preparation of the new RSS will be a partnership process and we expect the steering group in charge of producing the RSS to include the Regional Development Agency and representatives of the public, business and voluntary sectors;
- the planning bodies should consult a broad range of regional stakeholders through focus groups or planning forums, as PPG11 advises;
- they should work closely with all groups to ensure delivery of the strategy; and
- they must be capable of taking a strategic regional view addressing, where necessary, difficult regional choices.

[...]

4.53 If directly elected assemblies are established it is envisaged that they, as democratically accountable bodies, would take over the regional planning role.

The government's proposals see county councils losing their 'structure planning' role, as a result of the shift to RSSs. The implications of this for local government are discussed in Section 8 below.

3.2 Treasury report on regional productivity

As part of the 2001 Pre-Budget Report the Treasury produced a study of regional productivity in the UK (HM Treasury, 2001). The report reviewed the evidence about regional disparities, noting the extent and persistence of regional imbalances compared to other industrial nations. It examined the factors that underpin the regional performance, drawing on the analytical framework outlined in a report on UK productivity, produced for the 2000 Pre-Budget report (HM Treasury, 2000). (This analysis identified the relatively poor productivity of the UK in comparative international terms and attributed this to failures in the operation of factor markets.) The report also outlined the framework for government policy aimed at tackling regional inequalities. A significant feature of the Treasury analysis is the importance it places on effective regional institutions in the delivery of successful regional policies. To wit:

4.13 Delivering economic growth and prosperity in every part of the country requires a strong institutional framework for delivery and formulation of regional and local economic policy. Effective regional and local institutions are essential to

building regions in which workers want to live, and invest in their skills, and where successful business can flourish, generating high levels of growth and employment.

4.14 Regional and local flexibility can help maximise the effectiveness of economic development policy by:

- allowing policies to draw on the expertise and knowledge of local and regional agents, including stakeholders from the local community, local businesses and non-profit organisations;
- improving the ability of Government to design locally differentiated solutions and better target policy delivery in every region and locality; and
- increasing the ability to benchmark regional and local performance — which improves monitoring of these agencies by the electorate and other parts of Government. This can improve incentives to increase efficiency of public service delivery and encourage the adoption of innovative policy solutions.

4.15 Greater regional and local flexibility and accountability can lead to better-tailored and informed policies, as well as improved service delivery and a higher responsiveness and motivation to local citizens.

The document explicitly links the achievement of a reduction of regional imbalances with the strengthening of regional institutions. It perhaps provides further evidence the Treasury's growing interest in greater regionalism, upon which we have reported previously.

3.3 Conservatives re-think regions?

A review of the Conservative Party's position on regional policy — whether to propose the scrapping RDAs as well as regional chambers — is under way with Conservative leaders still opposed to what they describe as 'another tier of bureaucracy' in the eight English regions. In an interview with one of the authors Theresa May, Shadow Transport, Local Government and Regions Secretary, made clear that while her party was taking regional soundings, its principal priority was to campaign for the retention of the remaining 34 county councils in England which, she believed, were threatened by the Government's review of planning structures and the move to create elected Regional Assemblies in some areas²⁰.

With the South East Regional Assembly (which embraces Theresa May's constituency of Maidenhead, Berkshire) arguably the most active of the eight regional chambers — and chaired by a leading Conservative — it is

²⁰ Interview with Peter Hetherington, February 2002.

a difficult balancing act for the shadow minister. While less strident on the issue than some of her predecessors, she said Conservatives were examining 'the functions which it makes sense to have undertaken at a level above the county.' She added:

The one concrete suggestion that has been put to me so far, and that was in relation to experience in the north east, (is the need for) coming together and bidding for European funding. But it seems to me that if that is the case, what is needed is an encouragement for authorities to work together when that makes sense rather than building in this great bureaucracy that then accrues powers to itself.

Asked about the position of Regional Development Agencies, which include businessmen as well as some Conservative supporters, she said:

That is part of the policy review process. We're having another look at these. My own experience of the RDAs is that I haven't seen an awful lot of positive advantage in having them. There are others who might think differently — anybody in a constituency who has had a particular project supported by a RDA, for example, might take a different view. Again I think my gut instinct...is to say what are the functions that need to be performed at that level...rather than saying because the RDAs are doing it they should stay doing it. My overall concern is to get decisions taken as close to people as possible and money not being spent on great bureaucracies, which means it isn't being spent on public services, economic regeneration or whatever is the ultimate aim.

She echoed the fears of some Labour county councillors in the north who believe their authorities will be threatened in the forthcoming White Paper, suggesting that the issue could feature in the campaign for the local elections in May 2002:

If the regions White Paper comes out before May, the issue of the counties will be topical in the run up to the council elections...in general terms they are fought on more local issues but I think this year they will be fought against the background of the regional issue...

She warned:

It is part of the agenda for the counties to go. When challenged in the House ministers say 'oh, we're not going to impose, we're not talking about...removing county councils — it will be a matter for local decision' — but I'm sure that what they intend to do is make it so attractive to appear to have regional government that effectively they encourage people to move in that way and we'll see the counties going.

Theresa May's fears were underlined by proposals in the recent planning Green Paper.

If you say you are removing counties' responsibility for structural plans then you are clearly saying in what is a very major issue — planning - you don't see the counties having any role and it's straight from a regional form of government down to the districts. I know a lot of people in county councils I have spoken to recently read that as a clear sign that the agenda is there for the clear demise of the counties ... it is by stealth ...

The planning structure they're imposing depends on something at regional level, so if some voted for a Regional Assembly that would be an elected body, but in other areas...it would be quangos that we see at the moment...the planning process already is taking away the voice of local communities...if you hand power over to unelected people who have no responsibility to the electorate then you might get not only questionable decisions but also a reduction of local democracy.

Questioned further about the party's position, she added:

We have a policy review over most areas but on Regional Assemblies we have a fairly clear view that we want to defend the counties. They are a recognisable area, there is a culture, a history, people identify with a county, whereas they find it difficult to identify with the sorts of regions the government is talking about...in my own (Maidenhead) area what happens in the Thames Valley is quite different to the Kent coast...you don't have the concept of being together in one region.

She said an elected Assembly in the south east would cover a culturally, and geographically disparate area, with people having no natural affinity with a putative government of the south east.

I think it would be fair to say that I don't think the South East Assembly has become part of the fabric of the region. Very few people are aware that it exists...and this goes for other areas as well. A lot of people would be surprised that part of the money they pay to their local authorities is actually going to be paid on to support this Regional Assembly.

The Conservative leader, Iain Duncan Smith, in a speech in January, expressed his hostility to Regional Assemblies in strong terms.

The Government's bogus regional agenda seeks to replace what is organic and historical with something that is alien and unworkable.²¹

To date there have been few Conservatives who have sought to develop the case for a Conservative regionalism. One who has done so though is

²¹ 'Tories reject 'alien' regionalism', *The Journal* [Newcastle], 18 January 2002.

the former minister David Curry MP. In a recent speech he offered a philosophical critique of the Conservative rejection of regionalism.

There are two arguments in favour of regional government in England. The first is that it offers a way of decentralising power which takes account of the changed structures of public services in a country which has seen steady erosion of the role of local government. The second is that it can claim to be the best way of creating political institutions in England able to exist at ease with the devolution of power to Scotland and Wales.

They are linked arguments. Although Scottish and Welsh devolution are part of a wider trend towards decentralisation by what is, by modern advanced industrial standards, a heavily over-centralised state, the question of devolution and decentralisation in England remains un-addressed. The real question is how local communities as opposed to local interest groups can be empowered. One answer lies in rediscovering the value of representative democracy and relating it to the regional administrative structures rather than to historical local government structures.

The core question is whether our drive to decentralisation is to continue to focus on the idea of "consumer" opportunities or whether it should seek to rebuild "citizen" rights. There is much more of a case than we allowed in the 1980's for what has, after all, been the traditional Tory view that local representative bodies should be encouraged to take responsibility for local matters. The only way of restoring representative government in relation to a wide range of functions carried out by the central government is at the regional level.

[...]

But those who object [to regional government] must either affirm that there is no problem to solve or offer a better way of solving the problem they define. In its potential to restore some vigour to local democracy and to offer a constitutional settlement regional government deserves real consideration.

3.2 Regional Campaigns

Regional campaigners maintained their activity in three months in the February 2002. However, the eyes of campaigners remained focused on the prospective White Paper, upon which their ambitions continued to hang.

3.2.1

Campaign for the English Regions (CFER)

On 16th January the CFER held the latest in its series of meeting with Nick Raynsford, the Minister responsible for drawing up the Government's White Paper on Regional Governance. At the meeting Mr Raynsford stressed that some recent press reports on the White Paper had been misleading and that it should be published on time. He also emphasised that assemblies would have to have significant powers for them to be a success. On the same day the CFER officially launched its policy document, *Democratic Regions*, which outlined what the CFER hoped to see in the Government's White Paper on Regional Governance (CFER, 2002).

Jointly with the Local Government Information Unit, the CFER held a fringe meeting at the Labour Party's 'Spring Conference' in Cardiff on 2nd February. The meeting, titled, 'The English Regions: Lessons from Devolution', was chaired by Louise Ellman MP, with speakers including Barbara Roche MP, Minister of State at the Cabinet Office Minister.

3.2.2

Developments in the East of England

Moves were afoot at the beginning of 2002 to establish an East of England Constitutional Convention. Such a development would be highly significant in a region regarded by many as being completely devoid of regional identity. The moves were at an early stage but were being pushed by some parliamentarians, local government figures, trade unionists and, in deference to a now well-established principle, a Church of England bishop.

3.2.3

South West Constitutional Convention (SWCC)

On 19th November the South West Constitutional Convention held its first public meeting in Somerset, as part of a series of similar meetings to be held in each county of the South West, to discuss the work of the SWCC and how the South West as a region should respond to the forthcoming government White Paper. Earlier in the month the SWCC held a meeting to discuss a programme of work with a range of the region's local councillors, Chief Executives, MPs and MEPs, and representatives of the South West TUC and CBI.

3.2.4

Cornish Constitutional Convention (CCC)

On 12th December, a delegation of the CCC and Cornish MPs handed a declaration into Downing Street, signed by 50,000 people, calling for the establishment of a devolved Cornish Assembly. According to the Chair of the Convention, the South West, as designated, is 'too cumbersome, inefficient and incoherent', in which Cornwall continues to be

marginalised.²² A single South West Regional Assembly would not reverse this trend. The Convention claims strong support amongst Cornish people for the establishment of Cornwall as a democratic region in its own right. In a notable development delegates from the CCC met with Nick Raynsford on 4th February to present their case for a devolved Cornish Assembly.

3.2.5 *West Midlands Constitutional Convention (WMCC)*

The West Midlands Constitutional Convention launched the first stage of a research programme on the governance of the region, led by an independent group of public policy and governance experts drawn from the region's universities, and chaired by Professor Charlie Jeffery of Birmingham University. The WMCC also launched a web-site which is intended to provide a focus for its outputs²³.

3.2.6 *Yorkshire and the Humber*

Providing evidence of the widening debate about regional government in Yorkshire, in January, Kirklees Council voted to back the creation of an elected Assembly, in spite of opposition from Conservative councillors²⁴. The special resolution, introduced by Labour's lead council member on regeneration and regional issues in Kirklees, Peter McBride, pressed for 'a regional assembly to replace Government bodies, the development agency, Yorkshire Forward, the regional association of local authorities and the [current] regional assembly'. Councillor McBride denied that the issue was one of local government versus central government but one of allowing the region to have a 'major role in controlling its own destiny and to be a powerful voice at both national and European level'. This requires a coherent structure at regional level instead of the 'diluted form of unofficial and ad hoc regional government' already in place. Speaking against the resolution, Kirklees Conservative leader, Robert Light, claimed, 'We are dead against an elected assembly. It won't do anything else but increase the bureaucratic burden in the country'.

4

Media

Regional government and related issues are being taken up with increasing frequency in the regional press. The level of interest has always been high in the North East, with the main regional newspapers

²² Letter from Chair of the Cornwall Constitutional Convention, *Western Morning News*, 30 December 2001.

²³ See: www.wmccweb.org.uk.

²⁴ Alexandra Buller, 'We need regional assembly pressure', *Yorkshire Post*, 8 January 2002

(*The Journal* and the *Northern Echo*) having an editorial position in favour of regional government. However, the issues that are fodder for the regional press in the North East are beginning to be picked up in other regions. A good example of this trend was the front page treatment in the *Birmingham Post* of the publication of a Centre for Reform pamphlet which 'showed' that the West Midlands is losing £5.6 billions a year from 'unfair' government funding ('Mids 'missing out on £5.6 billion', *Birmingham Post*, 10th December 2002). The Post's coverage of the issue increased noticeably in 2001, but editorially it still opposes regional assemblies. The same can be said of the *Yorkshire Post*, which now covers the debate around regional assemblies regularly, but which still publishes editorials against the concept.

The prospect of the White Paper publication is focusing the BBC's attention with plans for special programming, planned for March 2002, and aimed at the northern regions of England to discuss the prospects for elected assemblies.

5

Public attitudes and identity

There were no polls of attitudes to regional government in the last quarter.

MORI, however, examined regional differences in attitudes to political issues (Mortimore 2002). It analysed responses to MORI's monthly question on 'the most important issues facing Britain today', drawing on the combined responses from five monthly surveys following the 2001 election. Although the analysis emphasises the similarities in many regional attitudes, there are some striking regional differences. However, where significant regional differences exist, MORI does not find them to be statistically significant or sees them as artefacts of underlying social and economic conditions. For instance, the proportions identifying unemployment as one of the most important issues facing the country is 20% in Scotland and 21% in the North East compared to only 6% in the South East. It attributes this to the fact that 'unemployment is more on the minds of people in Scotland, where unemployment is highest'. But there may be more complex process at work here. For instance, only 13% of people in London rate unemployment as among the most important issues in London, even though its official (ILO) unemployment rate is higher than that of Scotland (although not the North East)²⁵.

²⁵ Unemployment rate as measured in National Statistics (2002) *Labour Market Statistics February 2002*, Table 18 (<http://www.statistics.gov.uk/pdffdir/lmsuk0202.pdf>)

6**Relations with Westminster and Whitehall****6.1****The regions at Westminster**

English regional politics are being increasingly addressed within Parliament, especially in light of the forthcoming White Paper. Given the increased amount of debate our account of regionalism at Westminster is necessarily more selective than in previous reports. Our coverage is designed to focus on emerging issues. The table below provides a more complete digest of the main occasions on which the English regions figured in the deliberations of the Commons and Lords. Two occasion which we do not report on in details in which the claims of the English regions figured were the debates on the reform of the House Lords (in the Commons and Lords on 9-10th January 2002), which we have excluded for reasons of space, and the cross examination, on 18th January 2002, of Stephen Byers and Sir Richard Mottram by the Select Committee on Transport, Local Government and the Regions, which, at the time, of writing was available only as uncorrected evidence.

The regions at Westminster

SOURCE	DATE	SUBJECT	RAISED BY
Commons	4 December 2001	Barnett Formula	David Taylor (North West Leicestershire, Labour)
Westminster Hall	12 December	Regional Government (South-West)	Hugo Swire (East Devon, Conservative)
Written Answers	12 December	Questions to be raised with the Standing Committee on Regional Affairs	Andrew George (St Ives, Lib Dem)
Written Answers	12 December	Regional Government – consultation with National Assembly for Wales in preparation of the White Paper	Wayne David (Caerphilly, Labour)
Written Answers	12 December	New appointments to the RDA's	Helen Jackson (Sheffield, Labour)
Written Answers	13 December	Barnett Formula	Hugo Swire (East Devon, Conservative)
Written Answers	17 December	South West Regional Assembly	John Butterfill (Bournemouth west, Conservative)
Westminster Hall	18 December	Barnett Formula	Derek Wyatt (Sittingbourne and Sheppey, Labour)
Regional Affairs Committee	18 December	Regional Governance in England	Barbara Roche, Minister of State, Cabinet Office
Written Answers	19 December	Regional Arts Boards	Tim Yeo (South Suffolk, Conservative)
Written Answers	19 December	Arts Funding	Tim Yeo (South Suffolk, Conservative)
Written Answers	19 December	Art Subsidies	Paul Flynn (Newport West, Labour)
Written Answers	19 December	South West RDA	Hugo Swire (East Devon, Conservative)
Lords	9 and 10 January 2002	House of Lords Reform	Lord Chancellor
Commons	10 January	House of Lords Reform	Robin Cook, President of the Council and Leader of the House of Commons
Written Answers	11 January 2002	South East Regional Air Services Study	Tim Loughton (East Worthing and Shoreham, Conservative)

Written Answers	11 January	Highways (Southern England)	Andrew Turner (Isle of Wight, Conservative)
Written Answers	14 January	Highways (Southern England)	Andrew Turne (Isle of Wight, Conservative)r
Commons	15 January	Barnett Formula	Nicholas Winterton (Macclesfield, Conservative)
Written Answers	15 January	'Planning: Delivering A Fundamental Change'	Oliver Heald (North East Hertfordshire, Conservative)
Written Answers	15 January	England Rural Development Programme	David Heath (Somerton and Frome, Lib Dem)
Commons	23 January	National Heritage Bill (Lords)	Dr Kim Howells, Parliamentary Under-Secretary for Culture, Media and Sport
Written Answers	23 January	English Partnerships	John Mann (Bassetlaw, Labour)
Written Answers	24 January	Written representations received in support of Regional Assemblies	Theresa May (Maidenhead, Conservative)
Written Answers	24 January	Regional Planning Guidance	Judy Mallaber (Amber Valley, Labour)
Written Answers	24 January	RDA's (Partnership)	John Mann (Bassetlaw, Labour)
Written Answers	28 January	English Nature	Malcolm Bruce (Gordon, Lib Dem)
Commons	29 January	Local Government Reform	Stephen O'Brien (Eddisbury, Conservative)
Written Answer	6 February	White Paper on Regional Government	Andrew George (St Ives, Lib Dem) Lawrie Quinn (Scarborough and Whitby, Labour)
Westminster Hall	12 February 2002	Regional Development Agencies	Ian Liddell-Grainger (Bridgwater)

Sources: Commons and Lords Hansard.

6.1.2 Westminster Hall: Barnett

Debate about the Barnett Formula fails to disappear. The issue was taken up in a debate in Westminster Hall, on 18 December. **Derek Wyatt** (Sittingbourne and Sheppey) saw the reform of Barnett as increasingly necessary in the run up to the introduction of Regional Assemblies.

I am sure that there will be elected regional assemblies by 2005, certainly in the north-east, perhaps in the north-west, and possibly in the south-west if we can agree the boundaries.
... As the regional assemblies develop in England, they will all want to have a say and to change the way in which the formula is decided (*HC Debates*, 18 December 2001, Col23WH).

Several English MPs joined in the debate agreeing that as proposals for democratic devolution in England gather pace so it was only right that concerns for regional equity in England were coming to the fore, while Scots intervened to defend Barnett. However, at least one Scottish voice saw merit in the case put forward by English MPs:

[...] some English regions suffer similar levels of deprivation to those found in many communities in Scotland, Wales and Northern Ireland, [and they] should receive similar financial assistance. If there is a failure in the formula or a breakdown

in the mechanisms that weigh the vital indicators of need, we should take them in hand and put them right quickly' (**Iain Duke**, Dundee East, *HC Debates*, 18 December 2001 column 32WH)

In response to a question from Alex Salmond, quoting from an article in *The Guardian*, stating that 'Ministers are moving towards a full review of Whitehall spending throughout the UK', the Treasury Minister, **Ruth Kelly**, did not refute the substance of the article, but stated:

We have neither a commitment nor any plans to review the Barnett formula, and there is no tension between that position and the fact that the Barnett formula is not set in stone. We have to review it in the run-up to spending reviews and it changes according to population shifts, so reviewing the detail is an on-going process. ... The Barnett formula has served us reasonably well, but we will continue to listen to various representations (*HC Debates*, 18th December 2001, cols 43-45WH)

6.1.3 *Westminster Hall: Regional Government (South West)*

The Conservatives rallied against regionalism in a debate in Westminster Hall on 12th December. The debate was called by the Tory MP, **Hugo Swire**, in order to 'expose the seemingly inexorable creep towards regional assemblies in general and for the south-west of England in particular ...', he concluded:

The Government's drive for regional assemblies, and for the south-west regional assembly in particular, is illogical, unnecessary, unpopular and a distraction from the real needs affecting the counties of the south-west. Regional assemblies would be artificial creations, would foster no sense of common identity and would do nothing to re-engage voters with the political process. They would centralise rather than decentralise power, facilitate the creation of a Europe of the regions, would do little to address the constitutional imbalance of the United Kingdom and would be costly, diverting resources away from more important areas of spending (*HC Debates*, 12th December 2001, cols 247-270WH).

Throughout the debate Mr Swire and others placed specific emphasis on the impact of future Assemblies on existing counties, whilst using the demands for a separate Cornwall as proof that people in the south west do not identify with the region but their locality. According to **Robert Key** (Salisbury):

[The South West is] a region, but it does not have an identity of its own; it never has had one, and it cannot have one. Cornwall is proud of its traditions, but it is ungovernable in

traditional terms. It should have an assembly, of some sort; Trelawny knew all about that, and we should take note.

Devon, like Gaul, is divided into three parts, and it should look to its country council for salvation, rather than Bristol, a city state in the west midlands. Bristol was born out of the need to have a focus for colonial trade. If a regional assembly were to be established in Bristol, the history of the city would inform how its inhabitants would think of the rest of the south-west (*HC Debates*, 12th December 2001 column 263WH.)

Mr Swire suspected a plot was being hatched by government. He continued:

If the government were more serious about achieving a genuine decentralisation of power, should there be a wide debate on strengthening the power of existing local government institutions? Perhaps we have stumbled on to something else altogether. ... Perhaps the agenda is tied up with the Government's European ambitions. Could the real agenda be to create a Europe of the regions in which the national level of government is all but abolished, following the ceding of some powers upwards to a centralised European Government and others to a regional tier of government? (*HC Debates*, 12 December 2001 col 252WH).

Inevitably in a debate on the South West, the claims of Cornwall were aired by **Andrew George** (St Ives)

Size is an issue that concerns many hon. Members. Cornwall is a small area, but there are many small regions in Europe and in other parts of the world. ... those regions in the country that may seek variation, with regard to size, should express their views. Variable geometry and variable speed should be the principles that inform the way in which this important Government policy is developed in the coming years (*HC Debates*, 12 December 2001 cols 262-263WH)

Responding on behalf of the government, **Alan Whitehead** (Parliamentary Under Secretary) while leaving open the question of local government reform, spoke strongly in favour of devolution to the English regions.

Over and above the issues of devolution, there remains a missing link; the English regions. Why should what is good for Scotland, Wales and London be denied to the English regions, especially those that say that they, too, want more democratic accountability and greater influence over policy making at regional level? It should not. That is why our manifesto commits us to providing for directly elected regional assemblies in those regions where popular support is demonstrated through referendums and where there is

predominantly unitary government (*HC Debates*, 12 December 2001, col. 268WH).

And, in response to the repeated demands to confirm the position of county councils:

I emphasise ... that the regions will be strategic. ... The idea of regions is to devolve powers and functions from the centre, not to suck up power from the services of local government. ... [However] It may be the case that, subsequent to the creation of a regional assembly, some concern will be expressed about the reorganisation of local government (*HC Debates*, 12th December 2001 cols. 269-270WH)

Finally, on the 'Cornwall question' he said:

I am aware of the claims by the Cornish constitutional convention for an elected assembly for Cornwall. One of the convention's points is that the south-west is an artificial entity, but that Cornwall represents an area with which people identify. However, the south-west region has become increasingly well known and accepted since the Government Office was established in the early 1990's ... A survey carried out by the Economist in 1999, for example, found that 86 per cent or respondents in the south-west could identify the region in which they lived. It is true that recognition is not the same as loyalty or attachment, ... but it is not necessary to have a lengthy historical identity to create a modern political identity [...] We should consider the case for Cornwall and how it might fit into a regional assembly for the south-west as we draft proposals for our White Paper (*HC Debates*, 12th December 2001 cols. 269-270WH).

6.2.3

Regional Affairs Committee: Regional Governance in England

The Regional Affairs Committee met for only the second time on 18 December 2001 to discuss 'governance in England'²⁶. The contributions to the Committee mirrored those raised in the Westminster Hall debate, with many of the same south-west MP's in attendance at both events. (See 'Regional Government (South West) above). The subject for debate was the forthcoming White Paper on regional governance. Key points/questions posed to both Ministers included:

Anthony Steen (Totnes): Instead of having a county council based near them, they will have a regional council based

²⁶ Committee members in attendance were: Jimmy Hood (Chair), Louise Ellman, Andrew George, Norman Lamb, John Mann, Denis Murphy, Lawrie Quinn, Anthony Steen. The following also attended: Don Foster (Bath), Tom Levitt (High Peak), Peter Luff (Mid-Worcestershire), Malcolm Moss (North East Cambridgeshire), Joyce Quinn (Gateshead East and Washington West), Barbara Roche (Minister of State, Cabinet Office), Nick Raynsford (Minister for Local Government).

hundreds of miles away. Will the Minister deal with that point? ... Lastly, will she say something about district and county councils? Will she be quite frank with the Committee and say whether town and parish councils will be retained or whether the Government plan to get rid of the lot?"

Nick Raynsford (Minister of State, Department of Transport, Local Government and the Regions): [...].

I would like to turn to the issue of the structures of local government. Our manifesto commitment is to allow regions the opportunity, if they express the wish through a referendum, to have an elected regional assembly within a framework of predominantly unitary local government. The White Paper that we will publish next year will spell out our proposals on how we intend to honour that commitment. ... Slightly different approaches may be necessary to enable the different regions that want a regional assembly to proceed.

[...]

Barbara Roche (Minister of State, Cabinet Office): The importance to economic development of planning on a regional basis is one of the issues that have been raised. Regional transport strategies have also been requested. A small strategic body has also been suggested, a key aspect of which would be some executive powers devolved from Whitehall. People in some parts of the country have raised the idea of civic partnerships as another way of engaging with regional governance and ensuring that regional and sub-regional stakeholders are engaged in the process.

[...]

Andrew George (St Ives): We have heard about planning and economic development powers, but it would clearly be better, in some spheres of power, for democratically accountable institutions to operate. Health is a good example.

Nick Raynsford: [...] We envisage that the regional assemblies should have some overview of health matters. A parallel is found in the Greater London Authority, which is in some respects a precursor to what we are considering.

[...]

Louise Ellman (Liverpool, Riverside): Does my hon. Friend accept that the small, strategic body to which he referred might not be meaningful enough to make a difference and to be attractive to people in the regions? Does she agree that the model for meaningful devolution in England should be closer to that of the Welsh Assembly than to that of the GLA?

Barbara Roche: In considering devolution to Scotland and Wales, we should recognise that they are parts of the United Kingdom that have evolved very differently. The model is

therefore much more akin to that of London. However, we shall listen to the views of hon. Members from all parties. A small strategic authority with some executive powers is the model towards which most people in the English regions with whom it has been discussed veer.

[...]

Denis Murphy (Wansbeck): Recent analysis has suggested that it would require an extra £1.4 billion of public expenditure to raise the level of public spending in the north-east to match that of Scotland. Once the White Paper has been produced, does the Minister of State plan to discuss reforming regional finances to, if possible, extend the Barnett formula to the English regions?

Mrs. Roche: We have no plans to revisit the formula, but I well understand the views on regeneration that have been advanced in the north-east.

[...]

Don Foster (Bath): Given that an early draft of the White Paper must have been produced, will Ministers share their developing thinking on how directly elected regional assemblies will be funded and elected? Will they also share their view as to whether it may be possible for different directly elected regional assemblies to take on a different range of powers? Will variations in powers be possible between one assembly and another?

Nick Raynsford: The issue of differential powers is interesting. ... It is inherent that a pattern may develop whereby some regions have an elected regional assembly, while others do not. Arrangements must ensure, therefore, that suitable systems are in place so that those regions that do not have elected regional assemblies can continue to benefit from various Government programmes through the existing machinery of the Government office for the regions. However, to ask whether there should be differential powers for different regions that choose to have an elected regional assembly is to go a bridge further.

[...]

Andrew George (St Ives): ... does the Minister share my obsession that the introduction of regional government should be triggered by a referendum? If so, what is required to trigger a referendum? For example, 50,000 people in Cornwall have signed sheets calling for such a referendum. They have been sent to the Minister for Local Government and the Regions and verified in the local records office. What percentage of the population will have to call for a referendum in order to trigger one to bring about regional devolution?

Mr. Raynsford: No decision has been taken and we shall set out our conclusions in the White Paper. There are several possible options. The hon. Gentleman mentioned the petition submitted by people from Cornwall. One option would be a requirement for a certain proportion of the population of a region to submit a petition to trigger a referendum. Another would be for one of the bodies that already exist in the regions—probably the chambers that have been brought into existence to monitor and oversee the work of RDAs—to submit a proposal for a referendum, possibly after a defined form of consultation to ensure that views within the region had been canvassed. We are considering other proposals and our response will be based on the principle that there must be a demonstrable wish within a region for an elected regional assembly for that to happen.

[...]

Peter Luff (Mid-Worcestershire): The Minister assured us about the future of counties. He seduced some Conservative councillors in Worcestershire into believing that his reassurances can be trusted, but I do not believe him. The Government are already stripping counties of their planning and education powers. ... LEAs are being abolished by stealth. Planning authorities are already going as part of the Government's declared plans. Social services, the other major function of county councils, are being merged into health authorities—that function, too, is being killed by stealth. ... If planning, education and social services go, what will be left for the county councils to do? [...] If regions such as the north-east want a regional assembly, they should be able to have one de facto, and be given extra powers and resources. The economic development functions exercised by RDAs should all be in the hands of county councils and unitary authorities, which could band together in whatever way they thought appropriate. Just as we have combined authorities for fire and police services, there could be an economic regeneration service. Regions should be allowed to do that. We do not need Acts of Parliament or new levels of bureaucracy—the Government could simply give county councils and unitary authorities the money and power to gang together as they think fit. In my part of the world, we would gang together not with Birmingham but with Gloucestershire and Herefordshire. That would make an effective little unit.

6.2.4 *Westminster Hall (Regional Development Agencies)*

Conservative MPs from the South West used a debate in Westminster Hall to attack Regional Development Agencies. The flavour of the debate was contained in the opening remarks of its sponsor:

Mr. Ian Liddell-Grainger (Bridgwater): I am grateful for securing the debate to allow me to talk about regional development agencies, and especially the South West of England development agency.

There is no doubt that regional development agencies have burst on the scene. However, I want to know why they are here and what they hope to achieve. If I were asked what the South West RDA stood for, I would say a "really dreadful agency that removes democracy absolutely", which is "RDA" twice (*HC Debates*, 12 Feb 2002: Col60WH)

Mr Liddell Grainger went on to call on the government to sack the RDA's chairman, Sir Michael Lickiss, to resign on the grounds of his lack industrial experience and his replacement by the head of Clarks or Cellophane²⁷. (It wasn't clear whether these business figures had agreed their suitability or availability for the [non-existent] vacancy).

According to another Conservative intervention:

Mr. Hugo Swire (East Devon): RDAs duplicate a lot of work that is already done by the Government Office for the South West and the county council. They are shortly to be replaced, not by reinvigorating the existing tiers of local government, as we would do and as my hon. Friend has suggested, but by another body of unelected officials at the regional assemblies. I fear that the structure of regional government will be altered beyond recognition, as that is the last project that the Deputy Prime Minister wishes to see through. I understand that he has already been forced to redraft the White Paper that is due on regional government to make it clear that a tier of regional government will have to go to make way for the regional assemblies. We all know that that will be at shire county or county council level (*HC Debates*, 12 February 2002: Col.63WH).

7

EU issues

Nothing to report

²⁷ Sir Michael Lickess is a former chairman of the Edexcel Foundation — formerly BTEC (1994-2000). Previously a non-executive director of United News and Media plc (1994-98) and the Senior Partner with Grant Thornton chartered accountants (1985 - 1994), he has also been a lay member of the Engineering Council. See:
http://www.southwestrda.org.uk/rda/michael_lickiss.shtml.

8

Local government

8.1

Planning the end of counties?

The Government called it a new faster, fairer planning system 'with community interests at its heart' (*DTLR News Release 537*, 'Faster, fairer planning for all — Byers'). But the launch of the Planning Green Paper by the Transport, Local Government and Regions Secretary Stephen Byers, and the Planning, Regeneration and Housing Minister, Lord Falconer, on December 12th, was immediately attacked on two fronts by the environmental lobby and by sections of local government and the Conservative opposition. First, organisations like the Council for the Protection of Rural England (CPRE) said a so-called fast-track approach for projects regarded as important to the national interest — like the proposed fifth terminal at Heathrow — might be against the interests of a particular local community.

This is because the green paper, and related documents, heralds the end of lengthy public inquiries, over issues like the Heathrow expansion, and instead taking big projects directly to parliament for approval (DTLR, 2001). Since Labour has such a commanding majority, this will mean them going ahead with little opposition. Secondly, the green paper — hailed as the biggest shake-up in the planning system for over half a century — proposed taking structure planning from county councils and handing it to new regional bodies. Since counties jealously guard this key planning function, the proposal was seen as heralding the gradual demise of the county councils — although ministers denied this with varying degrees of enthusiasm — and paving the way for new democratic regional structures, directly-elected or otherwise. Some suggested it represented a 'quangoisation' of planning.

The proposals, in a green paper which was given far more importance than the average discussion document - some saw it as more of a white pre-legislative document — involve taking a tier out of the planning system and introducing new local planning frameworks, including neighbourhood and village plans. This new local development framework would be prepared by district and unitary councils. But at the top end of the scale will be statutory regional spatial strategies (RSS), replacing the current system of regional planning guidance and absorbing counties' structure planning. The Government says there will be improved arrangements for preparing RSS, involving (non-elected) RDAs and representatives of public, business and voluntary sectors. Significantly, the green paper also revived the idea of new 'business planning zones' in every region, under which business — mainly high-tech companies, according to the DTLR — will be able to bring forward 'high quality development within tightly-defined parameters without the need for planning consent.'

On February 4, the CPRE took the issue further. In a report, 'Even Regions, Greener Growth', it argued that the absence of a clear national dimension was a key weakness in the Government's new regional

policy.²⁸ It argued that this policy limited the scope for encouraging businesses to locate outside London and the South East and called for a clear statement 'of the preferred balance of spatial development across the country, and mechanisms to resolve competition between regions for major developments ...' The Government, it said, needed to develop a clear vision of London and the South East and discourage land-hungry and traffic-generating development in economic hotspots. It should accept that the pursuit of maximum economic growth is inconsistent with the goals of more even economic growth across the country. As this view is shared by some leading politicians in these 'hot spots', it is possible that more will be heard of this argument over the coming months.

8.2 Further rejection of Mayors

Tony Blair's one-time flagship policy of creating executive mayors around England was further derailed on January 31 when voters in three more boroughs and districts rejected the idea. Although pro-mayoral campaigners took some comfort from a 'yes' vote on a low turnout in the east London Borough of Newham, around the country over the past four months the concept has now been rejected in 15 ballots and approved in only seven. One district, West Devon, produced the highest turnout so far in all the contests — almost 42 per cent — when 76 per cent said 'no', a week after voters in nearby Plymouth rejected the idea on another big turnout.

Local Government Minister, Nick Raynsford, who strongly rejected arguments that the mayoral idea was proving distinctly unpopular in a letter to *The Guardian*, will be chastened by another result in Southwark, south London. He used special powers forcing the reluctant council to hold a referendum after he accused them of ducking the issue. Only 11 per cent bothered to turn out - and of those only 31 per cent backed a mayor, in a conventional ballot through the polling booth (postal balloting has been used in most of the other referendums).

Senior Labour figures appear concerned that the issue is dividing local parties as they gear up for full-blown mayoral elections this May in the seven towns and boroughs where voters have backed the idea. Several prominent Labour councillors have already been rejected as mayoral candidates in local selection contests, creating rival camps. In the North Tyneside constituency of the Local Government Secretary Stephen Byers, for instance, the local council leader Rita Stringfellow lost out to her deputy, Eddie Darke — Mr Byers' agent — by only one vote. In the London borough of Lewisham, which narrowly opted for a mayor last October, Labour ordered a re-run of a selection contest after the discovery of scores of ineligible voters. Allegations were made of some people receiving multiple ballot papers and of other papers being sent to the addresses of dead party members. In Shepway, which embraces

²⁸ CPRE Press Release, 12 December 2001, 'Gaping hole in government's proposals for planning reform'. Available at: <http://www.cpre.org.uk>.

Folkstone, where 56 per cent of voters rejected the idea (on a 36 per cent turnout), the Labour Party campaigned for a no vote. Bernard Sealey, the council's Labour group leader, said: 'We feel it would have added a layer of bureaucracy with additional cost and no appreciable benefit.'

Middlesbrough (where 84 per cent of voters backed the mayoral concept in an earlier referendum) could prove the focus of the forthcoming mayoral contests if a senior policeman, who has become something of a local folk hero, is allowed to stand. Detective Superintendent Ray Mallon, suspended from Cleveland Police four years ago but subsequently cleared of any criminal wrongdoing, announced he wanted to go forward as the 'people's candidate'. He cannot do so while still technically on the police payroll. On February 5 he announced he would admit 14 internal disciplinary charges — ostensibly to clear the way for an early departure from the force so he can stand. Local newspaper 'straw polls' indicated that the town, which previously appeared solidly behind Mr Mallon, was split down the middle on the issue. Meanwhile further allegations, which formed the background to his bitter dispute with the Cleveland Chief Constable, were levelled at Mr Mallon in the national press. This might give some comfort to the Labour mayoral candidate Sylvia Connolly, deputy leader of Middlesbrough Council.

A report by the Electoral Commission on January 30 blamed confusing legislation for low turnouts and voter apathy. Sam Younger, the Commission chairman, said: "Information is critical to voter turnout...voters must know what they are voting for and understand the issues as well as the consequences of their vote."

Latest Mayoral election results

Council	Date	Result	For	Against	Turnout	Ballot type
Harrow	7 December 2001	No	17,502 (42%)	23,554 (58%)	26%	Postal
Harlow	24 January 2002	No	5,296 (25%)	15,490 (75%)	36.38%	Postal
Plymouth	24 January 2002	No	29,559 (41%)	42,811 (59%)	39.8%	Postal
Southwark	31 January 2002	No	6,054 (31.4%)	13,217 (68.6%)	11.2%	In person
Newham	31 January 2002	Yes	27,263 (68.2%)	12,687 31.8%)	25.9%	Postal
West Devon	31 January 2002	No	3,555 (22.6%)	12,190 (77.4%)	41.8%	Postal
Shepway	31 January 2002	No	11,357 (44%)	14,435 (56%)	36.3%	Postal

Source: New Local Government Network
[\(<http://www.nlgn.org.uk/yourmayor/>\)](http://www.nlgn.org.uk/yourmayor/)

Further referenda will be held in the next few months in Bedford, Hackney, Newcastle-upon-Lyme, Mansfield and Stoke-on-Trent, whilst petitions, calling for referendums, are being organised in Nottingham, Oxford, Newcastle-upon-Tyne, Ealing, Coventry and Bath. Nick Raynsford is still considering forcing Birmingham and Bradford to have referendums.

9 Finance

See the discussion of the proposed DTLR/Treasury study in Section 1.

10 The political parties

10.1 Conservative response to House of Lords reform: 'Trust the people'

The Conservatives have unveiled plans to reform the House of Lords. It would see the creation of a 300-member assembly, to be called the Senate, with 240 members elected by a first-past-the-post system for 15-year terms, in 80 county-wide constituencies, while the remaining 60 would be appointed by an independent Appointments Commission, not Downing Street (Conservative Party, 2002).

The Conservative Leader, Iain Duncan Smith, said that he was convinced the country now needed a new upper chamber, which was much smaller than present and in which the vast majority of members were elected. He pointed out that 60 per cent of all Labour peers owed their seats to the patronage of Tony Blair, and under the plans being put forward by the Government, 80 per cent of all future members would be directly, or indirectly, appointed by the Prime Minister. In contrast: 'Trust the people has always been a powerful Conservative principle. It has never let us down in the past. Nor will it now.'

In a rare expression of regional sensibility the document noted that:

Tony Blair has admitted that 150 of the 250 or so peers he has appointed are resident in London and the South-east. Only ten come from the West Midlands, three from the East Midlands; five from the North East and ten from the South West (Conservative Party, 2002: 25).

Mr Duncan Smith said: 'Only bold proposals can challenge this Government's increasing contempt for our parliamentary institutions. ... Labour want to reduce the powers of the upper house. I want to increase them.'²⁹ He can envisage new powers that would include extended scrutiny over European legislation and the right to summon ministers from the Commons before select committees.

²⁹ See also Iain Duncan Smith, 'Trust the people', Sunday Telegraph, 13 January 2002.

Under these proposals the future of the peerage itself would not be changed. Peers will still be created, but as an honour alone with no automatic right to legislate. They will be entitled to call themselves 'Lord' but will have no access to the Senate.

10.2 Liberal Democrats back 80% elected format

Labour's white paper proposals on the House of Lords reform came under further attack from the Liberal Democrats as, one week after the Conservative 'blueprint', they added their support for at least 80% of peers to be elected and an end to the system of political appointees. The party's proposals, which build on longstanding demands for parliamentary reform, include:³⁰

- An upper chamber of no more than 300 members
- a minimum of 80% of peers to be directly elected
- elections to be based on proportional representation from regional constituencies used in European parliament elections
- members to hold office for 12 year terms
- remaining one-fifth of members to be non-political appointees, chosen by an independent commission
- enhanced powers and functions, including a greater role in pre-legislative scrutiny and for a committee of both houses to decide the timing of bills' introduction and passage through parliament

There are obvious similarities with those proposals now being backed by the Conservative Party, the difference being that the Liberal Democrats have long been associated with constitutional reform in stark contrast to the Tories' dramatic new interest in the subject.

10.3 Lib policy on the regions

The Centre for Policy Reform produced a report outlining a more evolutionary approach to regional government. This envisages a 4-point devolution escalator through which regions could pass on route to the goal of a Scottish-style parliament with some primary law-making powers (Wallace, 2002). For those regions supporting regional government, the 4 stages to aim for would involve:

1. the status-quo – direct rule from Westminster
2. a directly-elected strategic authority of up to 30 members or a larger body, with up to 50 members, to take over the Regional

³⁰ Lucy Ward, 'Lib Dems back Tory format for Lords', The Guardian, 22 January 2002

Development Agency and the control of key areas such as economic development

3. an Assembly on par with the ‘Welsh model’, with secondary legislative powers and responsibility for local government. Regional government offices, scaled down under stage 2, would be transferred completely to the Assembly to add to its secretariat

4. regional parliament with law making powers

It is claimed that the advantage with the escalator approach is that the process is evolutionary and ‘can be carried out over a period of time when appropriate for the region in question.

11

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