

# From Prescott to Brown: the Gershonisation of regionalism

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## Acronyms

ALG	Association of London Government
DEFRA	Department for the Environment, Food and Rural Affairs
GLA	Greater London Assembly
GO	Government Office [for the Region]
GOL	Government Office for London
LSC	Learning and Skills Council
ODPM	Office of the Deputy Prime Minister
PCT	Primary Care Trust
RDA	Regional Development Agency
SHA	Strategic Health Authority

## **Executive Summary**

The administrative regionalisation of England continues to proceed apace, despite the end of the Government's plans for elected regional assemblies in November 2004. Strategic Health Authorities are likely to be reorganised on to a largely regional basis, as are many police authorities and ambulance trusts. The new Natural England quango will provide a powerful policy and delivery capacity largely located at regional level. Regional fire management boards are on their way, and regional housing boards will shortly merge with Regional Assemblies. There have also been indications that the possibility of unitary local government is once again being considered within ODPM.

None of this indicates a commitment to the principle of regionalism, however, with Government Offices likely to be slimmed down considerably over the next year as Local Area Agreements are rolled out across England. The appointment of David Miliband as Minister for Communities also indicates a degree of indifference towards the progress of the regional agenda. Miliband is cool towards regional governance and has concentrated much of his attention on the economic potential of cities, without developing this into a distinct agenda for city-regional governance.

The two opposition parties, the Conservatives and Liberal Democrats, are searching for a new animating idea following the North-East debacle. Warm words about localism have come from both parties, without leading to anything more concrete. The Liberal Democrats' current policy review, and future developments under the leadership of David Cameron for the Conservatives, may change this in the near future.

Mention of regions and regionalisation in Parliament is increasingly coalescing around the impact of the new Regional Spatial Strategies and their implications for new housing build. These issues are at their thorniest in the South-East, where the Regional Assembly is developing into a coherent lobby group for lower new build numbers than desired by the Government. The Conservative domination of the assembly adds political needle, and the way forward for the Government is not clear.

The stock of the Mayor of London, Ken Livingstone, has risen yet again in the past year following the winning of the 2012 Olympic Games for London and his response

to the terrorist attacks of the following day, 7 July. Livingstone's success and influence in his role has led to renewed speculation about further devolution of power to the London city-region's government. Surprisingly, the Labour manifesto for the 2005 election contained a commitment to review the powers of the Greater London Authority.

The Mayor signalled his intentions through six scoping papers published in September 2005, calling for extra powers over the Learning and Skills Council (LSC), waste disposal, housing capital investment, and various planning powers including the right to participate in Section 106 agreements. The Mayor did not address other issues such as culture, environment and health which are covered by his current responsibilities to write strategy documents.

This review was launched in November 2005 with a consultation paper published by ODPM. The ODPM paper largely followed the agenda set by the Mayor, though it indicated a coolness towards offering powers over skills and training to him. It proposed to make the Mayor chair of the Metropolitan Police Authority, and to adjust the powers of the London Assembly to reject Mayoral strategies on a two-thirds majority.

The Assembly's Commission on London Governance has also produced two documents, *Capital Life* and *Making London Work Better*, which suggest devolution of public health, culture, sport, and skills to the Mayor. It also attacked the Government Office for London, stating that many of its programmes should be devolved to borough management, and called for greater Assembly representation on functional body boards.

## Timeline of main events

28 July 2005	Sir Nigel Crisp writes to all NHS trusts and SHAs asking them to produce proposals for streamlining
22 September 2005	Home Secretary writes to police forces in England and Wales inviting proposals for merging police forces
23 September 2005	Mayor of London publishes proposals for extra powers
9 November 2005	DfES announces a greater departmental presence in Government Offices for the Regions based around the Putting Children First initiative
18 November 2005	David Miliband, minister for communities, writes to Regional Assemblies requesting proposals for streamlining
21 November 2005	Publication of leaked memo from David Miliband to the Deputy Prime Minister indicating interest in unitary local government
30 November 2005	ODPM publishes consultation document on review of GLA
5 December 2005	ODPM publishes response to Barker review of housing
5 December 2005	NHS trusts and SHAs' proposals for streamlining put out to consultation

## Introduction

The eight months since the 2005 General Election have seen very few signs of any review of regional policy in the Government. They have been largely content to allow current patterns of regionalisation and regional administration to continue. In this report we detail a range of moves towards regional-level administration, but most of these have been proposed in relative isolation. At the same time, there have been indications of interest in concepts such as city-regions and neighbourhood governance. Studies commissioned by the ODPM into city-regions, and the White Papers published on community governance,<sup>1</sup> have not led to any coherent policy agenda on either the city-regional or neighbourhood fronts. Government is naturally reluctant to advocate structural change following the 'no' vote in the North-East, but equally, there have been few clear ideas for change at other geographical levels.

The overall pattern of regional policy, however, strongly suggests that one of the effects of the North-East 'no' vote has been to transfer the impetus of regional policy away from the Office of the Deputy Prime Minister into the Treasury. Under 'regional structures' we discuss a number of changes since the 'no' vote, almost all of which are inspired either directly by the Treasury or by the effects of its efficiency programme for the public sector. In this regard, the creation of regional structures begins to look like a revisiting of local government reform on a grand scale: regional structures are increasingly being justified on the grounds of economies of scale and the perceived improvements in efficiency that flow from offices covering larger administrative areas.

The Treasury has become increasingly concerned through 2004-05 at rising levels of public spending, and has reacted to allegations of public sector waste from the Opposition in Parliament. It instituted the Gershon efficiency review, and is constantly seeking means to reduce public spending on officials and bureaucracy. This requirement can be perceived in the latest reforms proposed for the NHS and the policing White Paper. It is also one of the drivers behind the agendas of Local Public Service Agreements and Local Area Agreements. Devolution of power, in this reading, is a means to efficiency rather than being a desirable end point in its own right. The broad assumption by Government appears to be that bigger is better, that

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<sup>1</sup> Peter Hetherington and Emma Pinkney, *Monitoring the English Regions 18* (London: The Constitution Unit, 2005), p. 2.

larger units will spend proportionately less on administration than smaller units. This assumption is reflected in statements in the Mayor of London's scoping papers, which claim, for instance, that rolling the five LSCs in Greater London into one will save on administrative costs and improve efficiency.

This administrative orthodoxy, more than debates about territorial management, coterminosity of boundaries or regional disparities, is the current driver of regionalisation. This is what is referred to as 'Gershonisation' in the title. But on the *governance* front, interest has shifted to other tiers – cities and neighbourhoods are perceived as more appropriate territories for economic and social renewal. This is a vital distinction in the current pattern of regionalisation.

## 1. Regional structures

### 1.1 The continued rise of regionalisation in England

We mentioned above that the Government's regional policy has not played a part in any of its public statements since before the 2005 election. It has played down regionalisation in the wake of the 'no' vote in the North-East, and in its public statements has attempted to promote alternatives at different tiers of government – in particular the neighbourhood level. Yet the 'quiet regional revolution' identified in 2003 and 2004<sup>2</sup> is continuing. The nine standard regions of England are becoming used more and more commonly by departments seeking to reshape their sub-national functions within England.

In each case the move to a regional structure appears to be driven mainly by concerns for economies of scale and public-sector efficiency. This derives in part from the Gershon Efficiency Review, instituted by the Chancellor, Gordon Brown, in 2004; and in part from growing criticism from some quarters of the Labour government's public spending programme. The balance of power on regional matters is shifting increasingly away from ODPM and towards the Treasury following the failure of the elected regional agenda. The Queen's Speech, for instance, stated that 'The regional development agencies will be the economic powerhouses for the future of the regions. They will be assisted in this by the strengthened government offices for the regions and by the regional assemblies, which provide a strong voice for the regions.'<sup>3</sup> This perfunctory reference to the three main bodies of regional administration suggests that they remain a low-key element of the Government's policy agenda.

We examine here some of the recent proposals for moves towards region-based boundaries within the public services.

### 1.2 Strategic Health Authorities

Currently, 29 Strategic Health Authorities (SHAs) exist in the English NHS. They cover populations of approximately 1.5 million people. They were set up as part of the most recent review of the NHS, 2001's 'Shifting the Balance of Power'. This

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<sup>2</sup> J. Tomaney and P. Hetherington, 'England's regions: the quiet regional revolution?', in A. Trench (ed.), *Has devolution made a difference? The state and the nations 2004* (Exeter: Imprint, 2004).

<sup>3</sup> Baroness Andrews, House of Lords Hansard, 24 June 2005, col 362.

review was also responsible for the setting up of Primary Care Trusts (PCTs) as the main commissioners and providers of primary health care across the whole of England.

The role of Strategic Health Authorities was not clear under the initial 2001 proposals. They do not have an identifiable public health role, as regional public health teams have moved into Government Offices for the Regions, and PCTs employ their own directors of public health. Since 2001, SHAs have emerged as the main sites of regulation of the PCTs on behalf of the Department of Health. This role does not imply any particular geographical size. Most of them cover two or more counties, with the largest cities of England having one or two (London has five): their current boundaries do not clearly link to any other regional or sub-regional boundaries nor did they derive from precedents within the NHS itself. It appears that the move to the standard regional boundaries is actually an adoption of convenient, pre-existing boundaries: the proposed change does not have a positive justification in itself but aligns health policy-making with policy-making in other fields. The proposals are made in a document entitled 'Commissioning a Patient-led NHS', which takes the form of a letter sent by Sir Nigel Crisp, the NHS chief executive, dated 28 July 2005.<sup>4</sup> It states that:

We are also looking to reconfigured SHAs to move towards alignment with Government Office boundaries where appropriate, though SHAs may make a case that that is not appropriate in their particular area. SHAs will be expected to deliver a significant reduction in management and administrative costs through their configuration proposals.<sup>5</sup>

The more significant aim of the latest review is to introduce efficiencies at the level of Primary Care Trusts. 'Commissioning a Patient-led NHS' complements 'Taking Healthcare to the Patient', published in June 2005, which calls for a reduction of the number of ambulance trusts by 50 per cent. The review is detailed as follows:

Strategic Health Authorities will be responsible for co-ordinating the exercise locally, working with local people and patient groups, NHS organisations, local government, MPs and other stakeholders. They will be expected to consider Practice, PCT and SHA functions to deliver a fit for purpose health system with an effective and objective commissioning functions able to deliver high quality care and value for money alongside the improvement of health promotion and protection. This may or may not involve mergers and reconfigurations.<sup>6</sup>

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<sup>4</sup> Sir Nigel Crisp, *Commissioning a patient-led NHS*, At: [www.dh.gov.uk/assetRoot/04/11/67/17/04116717.pdf](http://www.dh.gov.uk/assetRoot/04/11/67/17/04116717.pdf).

<sup>5</sup> *Ibid.*, p.4.

<sup>6</sup> *Ibid.*, p.3.

The review also aims to 'improve co-ordination with social services through greater congruence of PCT and local government boundaries' and 'deliver at least 15 per cent reduction in management and administrative costs'. The document emphasises that it wants 'PCTs to have a clear relationship with local authority social services boundaries'<sup>7</sup>. However, it leaves open the possibility that current PCTs will be merged. This has been a concern particularly in London, where the PCT boundaries are identical to those of the London boroughs, resulting in good joint relationships having been established.

SHAs themselves made proposals to the Department of Health for the merger of existing SHAs and Ambulance Trusts. Most of the proposals matched the boundaries of Government Offices for the Regions, with two exceptions. In the South-East, consultees were strongly in favour of two SHAs and ambulance trusts in the standard region; one for Kent, Surrey and Sussex, and another for Hampshire, Isle of Wight, and the Thames Valley. In the South-West, partners put forward two options for consultation: one was a single SHA and Ambulance Service for the entire region, with the other being one covering Cornwall, Devon, Dorset and Somerset, and the other covering Gloucestershire, Wiltshire and the former Avon.<sup>8</sup> The proposals were put out to consultation in early December 2005 for 12 weeks. Ironically, if these proposals are implemented it would return the NHS to a very similar regional structure to the one abolished by 'Shifting the Balance of Power', under which England was covered by eight regional offices (on boundaries very close to the standard regions).

The review document also clarifies the roles of SHAs:

- 'performance managing the NHS local public health function and working closely at a regional level (with the Department's Regional Directors of Public health in the Government offices of the Regions) recognising the latter's cross-government multi-agency roles in improving population health and reducing health inequalities as well as health protection;
- ensuring successful delivery through:
  - o performance management of PCTs;

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<sup>7</sup> Ibid., p.3.

<sup>8</sup> The sources for these boundary options are Strategic Health Authority websites. This does not guarantee that these options will become reality, as the consultation runs across early 2006 and will then depend upon Government decisions.

- strategic planning and the oversight of major investment and reconfigurations;
- supporting research, innovation, education and training and ensuring its integration with service commissioning;
- tertiary level commissioning when this cannot be undertaken by PCTs;
- overseeing and managing the system in association with the regulators;
- ensuring robust and integrated emergency planning;
- taking their NHS Trusts to Foundation status.<sup>9</sup>

There may be scope to strengthen regional emergency planning links given the new Regional Fire Authorities and the proposed regional police authorities.

### 1.3 Policing

The 2003 White Paper *Policing Our Communities*, produced when David Blunkett was Home Secretary, held out the possibility of the rationalisation of some of the 43 police forces in England and Wales on the grounds of efficiency and economies of scale. Nothing came of this during Blunkett's term of office at the Home Office, possibly reflecting his disinclination towards regional policy. However, the new Home Secretary Charles Clarke has driven the pace of reform onwards. In September 2005 HM Inspectorate of Constabulary produced a report which recommended the merger of a number of the smaller police forces in England in order to achieve a service 'fit for purpose in the 21<sup>st</sup> century'.

The rationale behind this change appears to lie in two areas. Firstly, a conviction exists that small, county-level police forces do not have sufficiently specialised manpower to deal with increasingly national and international organised crime, nor do they have sufficient manpower adequately to deal with all of the different sub-categories of criminal activity. Secondly, a strong element of economies of scale through larger units is present in Government thinking. The Home Secretary's letter to chief officers in England and Wales, accompanying the HMIC report, speaks of 'enhanced capacity and capability in the provision of protective services, economies of scale and commensurate efficiency savings, and clarity of responsibilities and governance'.<sup>10</sup> These three categories appear alongside one another as concerns in

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<sup>9</sup> Department of Health, 'Developing Commissioning', July 2005, p.7.

<sup>10</sup> 'Police force structures', letter from Home Secretary to chief officers and chairs of police authorities, September 2005, p.1.

the HMIC report. The report accepts that there is not a direct and unconditional link between the performance of existing police forces and their size (size is measured in terms of manpower, which correlates roughly to the population covered by the force). However, it demonstrates that there is some relationship between size of forces and its chosen indices of performance.

There is no suggestion in either the HMIC report or other Home Office publications that new, strategic police authorities must follow exactly the boundaries of Government Office regions. However, the Home Office has adopted the HMIC report's recommendation that 'the very strong starting presumption will be that any new force areas should not subdivide an existing force area between two or more new forces and that new force areas should not cross government office regional boundaries'.<sup>11</sup> It would be possible for standard English regions to contain two or more strategic-level police forces, but equally possible that single regional-scale forces could be created. In each region, draft proposals suggest alternatives between a single regional police force and 2-4 sub-regional police forces (with the exception of the North-East, where the only option currently on the table is a single regional police force). A set of published options for merger of police forces can be found in a Home Office document published in November 2005.<sup>12</sup> The options are reproduced in Figure 1:

Single regional police forces are presented as a potential option in all regions except for the South-East and North-West (the two largest by population), and as the only potential option in the North-East and Wales (the two smallest by population). The South-East has five potential sub-regional options, and the North-West two, reflecting the diverse areas covered by those regions. Intriguingly, the paper also includes a proposal to merge the City of London Police with the Metropolitan Police, a move which was suggested by the Mayor, Ken Livingstone, in 2003 but which has long been resisted by the City of London Police.

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<sup>11</sup> Annex to 'Police force structures', September 2005, p.1.

<sup>12</sup> <http://police.homeoffice.gov.uk/news-and-publications/publication/police-reform/WrittenMinisterialStatement1.pdf>.

Figure 1: Options for regional or sub-regional police forces

Region	Police forces to cover
South-East	Kent, Surrey and Sussex; Thames Valley and Hampshire
	Kent; Thames Valley; Surrey, Sussex and Hampshire
	Kent, Surrey and Sussex; Thames Valley; Hampshire
	Kent and Sussex; Hampshire and Surrey; Thames Valley
	Kent; Surrey and Sussex; Thames Valley; Hampshire
South-West	Devon and Cornwall; Somerset, Dorset, Gloucestershire, Wiltshire and Avon
	South-West
West Midlands	West Midlands
	Staffordshire and West Mercia; Warwickshire and West Midlands <sup>13</sup>
East Midlands	East Midlands
	Derbyshire and Nottinghamshire; Leicestershire, Northamptonshire and Lincolnshire
East of England	East of England
	Norfolk, Suffolk and Cambridgeshire; Hertfordshire, Essex and Bedfordshire
	Norfolk, Suffolk and Essex; Cambridgeshire, Hertfordshire and Bedfordshire
Yorkshire and Humber	Yorkshire & Humber
	South Yorkshire and Humberside; West Yorkshire and North Yorkshire
North-East	North-East
North-West	Lancashire and Cumbria; Greater Manchester; Cheshire and Merseyside
	Cheshire and Greater Manchester; Lancashire, Cumbria and Merseyside
Wales	Wales

The issue of mergers exploded over the Christmas break, as all of the English and Welsh police forces were expected to provide the Home Secretary with a preferred option from those in Figure 1 by 23 December. All of the forces failed to meet this deadline, and it was therefore put back by a month. The main reason for this failure was that many police forces and/or police authorities simply did not want to merge into larger organisations, with fears about loss of local responsiveness and accountability appearing to be the main reasons for this. The case that hit the headlines was in the West Midlands, where West Mercia Police (Herefordshire, Worcestershire and Shropshire) would not agree to become part of a West Midlands regional police force whilst the other three forces in the standard region (Staffordshire, Warwickshire and West Midlands – the latter covering the former

metropolitan county of the same name) were happy to. West Mercia covers a large, very rural area but has scored well on recent efficiency evaluations, giving the lie to the assertion of Government literature that bigger forces are almost always more efficient.

#### 1.4 The Fire Service: Regional Management Boards

One of the largest changes made to Government policy between the publication of the White Paper *Your Region, Your Choice*<sup>14</sup> in May 2002, and the draft Regional Assemblies Bill in July 2004, was the introduction of Regional Fire and Rescue Authorities (RFRAs). These were to become functional bodies, on the Greater London model, under the new elected regional assemblies. The change followed the publication of the Bain Report (the Independent Review of the Fire Service) in late 2003, and the subsequent White Paper *Our Fire and Rescue Service* in mid-2004.<sup>15</sup>

The White Paper proposed an initial measure of creating regional management boards for the Fire Service. The proposed functions of the regional boards were to:

- integrate common and specialist services, e.g. fire investigation;
- put in place effective resilience plans for large scale emergencies;
- introduce regional personnel and human resource functions;
- develop a regional approach to training;
- establish regional control centres; and
- introduce regional procurement within the context of a national procurement strategy.

This measure is now known as the FiReControl Project, and is explained as follows in the 2005-06 Fire and Rescue Service national framework:<sup>16</sup>

2.10 In 2003 the Government accepted the conclusions of independent research by Mott Macdonald and work by HM Fire Service Inspectorate that considerable improvements in national resilience and efficiency could be achieved by creating a national network of nine regional fire control centres (including London) in place of the existing 46 control rooms. The FiReControl project is being managed by a central project team and regional project teams established by the Regional Management Boards, with the aim of delivering

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<sup>13</sup> The existing 'West Midlands Police' covers the former metropolitan county of West Midlands, which includes Birmingham, Coventry, Solihull and the 'Black Country' (Wolverhampton, Walsall, Sandwell and Dudley).

<sup>14</sup> Cabinet Office/DTLR, *Your Region, Your Choice: Revitalising the English Regions*, Cm 5511, (London: The Stationery Office, 2002).

<sup>15</sup> ODPM, *Our Fire and Rescue Service*, Cm 5808, HMSO, (London: The Stationery Office, 2003).

<sup>16</sup> [www.odpm.gov.uk/index.asp?id=1123812](http://www.odpm.gov.uk/index.asp?id=1123812).

the project by 2008. The project is seeking to build on the lessons of the tri-service control rooms in Gloucestershire, Wiltshire and Cleveland. It is part of a resilience programme comprising FiReControl, Firelink and New Dimension. The Practitioners' Forum has established a sounding board to discuss control centre issues.

2.11 For resilience purposes, all the regional control centres will operate the same call handling and mobilisation technology, procured and paid for by ODPM. ODPM has taken the lead in securing appropriate accommodation for the eight new centres, which will be built by the private sector. It expects to announce the locations of the new centres in February/March 2005.<sup>17</sup> FiReControl will be delivered to the same timetable as the Firelink radio project ... to maximise financial and operational efficiency. Harmonising the timetables will reduce costs. The first three 'early adopter' centres will be in the North East, South West and East Midlands regions. The remaining centres will follow in the order West Midlands, South East, North West, Yorkshire and the Humber and Eastern. If changes are required to London's existing regional control centre, these will take place at the end of the programme.

2.18 Fewer staff will be needed for control duties when the new regional control centres are in place. The Government expects authorities to make best efforts to redeploy staff no longer needed for control centre work to other roles. They should also ensure retention of sufficient staff to manage individual control rooms until regional control centres have been established. The Employers' Organisation will issue guidance on staffing issues, including TUPE, redundancy and recruitment and retention.

In the case made here for regional fire management boards, we can see once again the efficiency arguments that were deployed to justify the health and police service reviews detailed above. It is by no means clear that this was the original justification for a regional fire management scheme. Work was begun on this while elected regional assemblies were still a live issue, and it seemed clear at the time that regional fire authorities were an extra carrot to be dangled in front of the electorate of the North-East. Since the 'no' vote in November 2004, the Government appears to have signed up to the view that, with public authorities, 'bigger is better': that authorities covering wider geographical areas will achieve economies of scale, and that public money will be saved as a result.

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<sup>17</sup> In the event these were announced on 10 August 2005: North East, Durham; North-West, Warrington; Yorkshire & Humber, Wakefield; East of England, Cambridge; East Midlands, Castle Donington; West Midlands, Wolverhampton; South-West, Taunton. The South-East location has yet to be decided, possibly due to the size of the region.

## 1.5 Natural Environment and Rural Communities Bill

The Natural Environment and Rural Communities Bill was the outcome of the Haskins Report of late 2003,<sup>18</sup> commissioned by DEFRA. The Haskins Report recommended a number of changes relevant to regional government, including:

- the merger of the Rural Development Service, the Countryside Agency and English Nature, and possibly also the Forestry Commission;
- moving some Countryside Agency programmes to RDAs;
- the creation of a national Rural Affairs Forum, linked to regional Rural Affairs Boards which would have no executive powers but would discuss and plan regional delivery of public spending on rural issues amongst regional stakeholders;
- moving some Countryside agency policy matters back into DEFRA.

A draft Bill was published in 2004, and it is currently in the House of Lords. This will provide for the establishment of a new Commission for Rural Communities (a slimmed-down Countryside Agency), and a new agency entitled Natural England (the merged agency, not including the Forestry Commission). The Commission for Rural Communities will take on the role of independent advocate for the countryside, and will also take on the role intended for a national Rural Affairs Forum (which will not be established). The Commission for Rural Communities will have approximately 70 staff and be based in a 'lagging rural area'. It is hoped that the Bill will have completed its passage through Parliament by the end of March 2006. Preparations have begun for the establishment of Natural England, and the Government intends to appoint a chief executive early in 2006 to take up post by the formal establishment of Natural England in October 2006.

The Bill has deliberately been drawn to allow the maximum flexibility in terms of which organisations actually exercise the powers and spend the money available to Natural England. As such, regional arrangements for the new body are largely not mentioned on the face of the Bill. The major exception is clause 15 (1), which states that 'the Secretary of State *must* give Natural England guidance as to the exercise of any functions of Natural England that relate to or affect regional planning and

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<sup>18</sup> C. Haskins, *Modernising Rural Delivery*, (London: The Stationery Office, 2003).

associated matters' (author's italics).<sup>19</sup> Each regional office will have a Regional Policy and Partnerships centre, the main purpose of which will be to engage with partner organisations. In particular, the regional offices will be tasked with increasing engagement with partners outside of the environmental policy arena. The predecessor agencies were strong on this engagement but less strong on engaging with, for instance, RDAs and GOs on economic development issues. The nine Regional Directors will be expected to spend most of their time on external engagement work. The precise shape of the regional offices is due to be finalised in March 2006, though in a departure from the practice of the predecessor bodies, Natural England will have its own London regional office (the predecessor agencies combined London with the South-East).

The Bill (clauses 71-77) permits both DEFRA and Natural England to exchange functions and to devolve functions at will to other agencies or local authorities, as long as both sides agree. It would therefore be possible for Natural England to devolve its functions to local authorities anywhere in England. Interestingly, the GLA would be able to take on its functions within London under this provision. However, sources indicate that DEFRA is not willing to allow this possibility to be considered by the review of the powers of the Mayor and GLA. Clause 75 provides a maximum time period for such delegation of 20 years, though presumably the delegation could be renewed at the end of that time. Where functions are passed to other agencies in this way, accountability to Parliament for the exercise of those functions remains with the original body (whether Natural England or DEFRA).

The Haskins report also proposed the creation of Regional Rural Affairs Forums in each region of England, to allow liaison between executive agencies and stakeholders and to provide advice on policy-making and delivery to public bodies. These have been up and running since mid-2004, and contain some representation (though not a majority) from members of regional assemblies. The creation of Natural England will not itself change the functioning of Regional Rural Affairs Forums.

## **1.6 Regional Chambers/Assemblies**

The existing regional assemblies have been largely unaffected by the failure of elected regional government. They continue to attract regular negative attention from detractors of regionalisation, but they have also continued to assume greater powers.

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<sup>19</sup> The draft Bill is currently available at [www.publications.parliament.uk/pa/pabills.htm#n](http://www.publications.parliament.uk/pa/pabills.htm#n).

In November 2005 David Miliband wrote to the eight Regional Assemblies asking for proposals, by the end of January 2006, to streamline Assemblies' structures and review their fitness for purpose. He also sent an updated version of the Assemblies' designation guidance (an informal but important document which controls the basis on which the Assemblies are recognised by the Government). The updated guidance does not suggest anything revolutionary in Assemblies' work, though it does recommend small executive committees (some Assembly executives are currently over a dozen in number). It also emphasises the core tasks of Assemblies: planning, housing, transport and scrutiny. This is a significant emphasis in the light of some of the directions taken in the past by some of the Assemblies, particularly those in the North of England, towards a more expansive role. This was tolerated by ODPM while elected regional assemblies were still a live policy, but it appears that a combination of value-for-money concerns and a change in policy direction is leading ODPM to keep Assemblies on a tighter leash.

The Assemblies are continuing to prepare the Regional Spatial Strategies mandated by the Planning and Compulsory Purchase Act 2004. The most potentially controversial of these is in the South-East, where the South-East England Regional Assembly has steadfastly refused to plan for the number of annual new-build houses recommended by either ODPM or the 2004 Barker Report. SEERA's draft Regional Spatial Strategy (the South-East Plan) recommended 25,000 new houses per year for the next ten years. By contrast, ODPM was known to be in favour of a figure nearer 36,000, and the Barker Report recommended 43,000.

These housing figures, despite being apparently technical in nature, are a potential political flashpoint. They form a vital part of the Deputy Prime Minister's Sustainable Communities Plan, launched in 2003, which proposed substantial population growth in four main 'poles' in the Greater South-East: Ashford, Milton Keynes, Thames Gateway and Stansted/Cambridge. The volume of growth proposed has attracted severe criticism from the South-East England and East of England regional assemblies, both of which have large representations from the Conservative Party (which reflects the politics of local government in these two regions). Both assemblies have refused to endorse the Sustainable Communities Plan on the grounds that it makes no adequate provision for public services and for the provision of amenities such as clean water to the proposed new communities.

So far there has been no indication that the ODPM will overrule the proposals in the South-East's Regional Spatial Strategy, as it is entitled to do. The final document will not be submitted to Government until May 2006, and will undergo an examination in public about a year later. It may be that this is the point where conflict occurs. Meanwhile, the Government's official response to the Barker Report on housing supply was published in December, and amongst the many responses was a commitment to raise annual new build in England from 150,000 to 200,000 homes per year over the next decade.<sup>20</sup> It is hard to see how this target will be met unless the Government intervenes in the current shape of the South-East plan.

Regional Assemblies' main concern at present is the production of the new Regional Spatial Strategies (RSSs). Progress on this front is summarised in Figure 2. The dates and intended dates given here for the publication of the RSS are dates for the draft RSSs, published by Regional Assemblies. The plans will still be subject to revisions by the Secretary of State and to Examination in Public. This process will take at least a year, after which the final plan will be published.

**Figure 2: Spatial Strategies and Housing Strategies<sup>21</sup>**

	<b>Regional Spatial Strategy</b>	<b>Regional Housing Strategy</b>
North-East	June 2005	Aug 2005
North-West	Jan 2006	July 2003
Yorkshire & Humber	Dec 2005	May 2005
East Midlands	March 2005	July 2004
West Midlands	July 04	Dec 2005
South-West	March 06	July 2005
South-East	Mar 06	Jun 2005
East of England	May 05	May 2005

The Regional Assemblies' representative body, the English Regions Network, has appointed a secretariat, and in the last twelve months has begun to establish itself as a more permanent part of the regional scene. The chairship of ERN rotates around the regions, with the current chair being David Smith (Conservative leader of Lichfield

<sup>20</sup> ODPM Press Release 2005/0261, 'Providing homes for a sustainable future - government sets out ambitious action plan to make housing more affordable', 5 December 2005, available at [www.odpm.gov.uk/index.asp?id=1002882&PressNoticeID=2029](http://www.odpm.gov.uk/index.asp?id=1002882&PressNoticeID=2029).

<sup>21</sup> Source: regional assembly websites.

City Council) of the West Midlands Regional Assembly. ERN meetings include Assembly chairs and chief executives: the secretarial support is provided by one individual who moves around the regions with the chairship. The chairship rotations have so far lasted approximately 18 months. Cross-regional officer working groups have also been established by the Network, in sustainable development, scrutiny, planning, transport, communications and stakeholders, with individual officers from different regions leading the convening of each one. The Network is also identifying leads amongst chief executives and chairs to conduct liaison with individual Whitehall departments on behalf of ERN.

### **1.6.1 *Fall-out from the North-East referendum***

The introduction of elected regional assemblies was always conceived of and presented as a distinct policy from the establishment of unelected Regional Chambers (all now renamed Assemblies). Unexpectedly, the huge rejection of an elected assembly in the North-East, and the consequent abandonment of proposed referendums in the North-West and Yorkshire & Humber, have led to substantial changes in the existing regional assemblies in the North.

Fallout was strongest in the North-East, where the massive vote against the elected assembly encouraged opponents of regionalism (including the Conservative Party, the UK Independence Party and other local activists) to launch an assault on the existing regional assembly. This focused far more public attention on the existing assembly than had ever happened before, and appears to have led to some public confusion as to why a regional assembly still existed when it had been rejected in a referendum. Conservative politicians, including Peter Atkinson, the sole Conservative MP in the North-East, and Linda Arkley, then mayor of North Tyneside, called for the Assembly to be scrapped. In the event Stephen Barber, the chief executive, resigned from his post on 31 March 2005. He was replaced in September 2005 by Jo Boaden, formerly of Bridging NewcastleGateshead.

In the North-West, a range of issues contributed to a number of changes in the Assembly's structures and ways of working. The former chief executive, Steve Machin, was suspended on full pay in early 2005 after allegations of misconduct. He has now left, but has not been replaced. Senior director Phil Robinson is currently the active chief executive. At the same time, Assembly members came together to vote through a substantially new constitution at the 2005 AGM in June. The new

constitution swept away a number of the key priority groups (Assembly committees), and replaced them with three mandatory committees: planning and housing (awaiting further information on the new Regional Housing Boards), transport, and Regional Review (scrutiny). Alongside these, only two further committees have been set up: Audit and Governance, and a Regional European Partnership. The Assembly also has a plan in place to reduce its staff numbers. It had employed substantially more staff than the other Regional Assemblies (at its peak it employed some 75 staff, with other Assemblies rarely taking on more than 50). It now plans to have a core of 45 staff in place by 2006, via a combination of voluntary redundancy and redeployment.

The constitution also introduced a sub-regional element into the working of the Assembly, relating much of its work to the five counties of the region (Cheshire, Merseyside, Greater Manchester, Lancashire and Cumbria). As part of this process, Lancashire County Council rejoined the Assembly after a period of absence. The chairship of the Assembly must now rotate by county each year, with the authorities from the relevant county area agreeing on the chair. This may be a sign of a greater emphasis on city-regionalism in the North-West. This was emphasised in late September, when details came to light of a formal proposal made by the ten metropolitan boroughs of Greater Manchester to the ODPM. The boroughs proposed the establishment of either a directly-elected GLA-style body for Greater Manchester or an 'executive board' of business leaders and council leaders.<sup>22</sup> The proposal has attracted the support of Nick Raynsford, former minister for local and regional government. Similar ideas are being investigated in Sheffield, and similar proposals were made for Liverpool in early 2005 by local MPs.

### **1.7 Regional Transport Boards**

The South-East and Yorkshire & Humber regions took part in pilots of Regional Transport Boards during 2004-05. The South-East RTB had twelve members, of which seven were Regional Assembly representatives. The Yorkshire & Humber RTB had six members, two each from the GO, RDA and Regional Assembly, with two advisers from the Highways Agency. In each region the boards were chaired Government Office representatives. The pilots 'reported' in Autumn 2004, and were

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<sup>22</sup> *Regeneration and Renewal*, 23 September 2005.

reviewed by the Department for Transport in a report published in December 2004.<sup>23</sup>

The main objectives of the pilot were:

- to review the alignment of regional strategies and their ability to provide a robust framework for the allocation of transport budgets
- to explore the practicalities and potential benefits of having RTBs to advise on the allocation of elements of the transport budget that would result in better outcomes from a regional perspective.
- to set out the likely impact resulting from different freedoms to transfer allocations within and between budget heads.

The Boards were convened in the context of the publication of indicative regional funding allocations by HM Treasury under the Devolving Decision Making Review (see below). The initial consultation on indicative funding allocations suggested that 'regions themselves' might have the power to switch funding within a general regional transport allocation, or even between transport, housing and economic development allocations, but retained an open mind on how this should be done. The establishment of Regional Transport Boards was not an automatic requirement in order to allow regions to make these budgetary decisions: the two pilot regions were chosen because they had suggested the establishment of a board in their submissions to the Regional Emphasis Documents of 2003.<sup>24</sup> The evaluation concluded: 'Although, on the evidence of the experiment, it is not possible to conclude categorically that RTBs would deliver better results, there are sufficient pointers to suggest that over time they would be able to do so.'<sup>25</sup>

The boards did not work on transport in isolation from other regional issues, treating it as fully linked with economic development and housing. The South-East board (SERTB) developed an innovative appraisal methodology allowing it to measure the level of priority of new transport schemes and rank them by regional 'importance'. This is the first time that measures have been developed to prioritise schemes in this way. This is an important corrective to a belief by some participants that too many

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<sup>23</sup> J. Bridges, *Evaluation of Experimental Regional Transport Boards*, (London: Department for Transport, 2004). Available at:

[www.dft.gov.uk/stellent/groups/dft\\_localtrans/documents/pdf/dft\\_localtrans\\_pdf\\_033632.pdf](http://www.dft.gov.uk/stellent/groups/dft_localtrans/documents/pdf/dft_localtrans_pdf_033632.pdf).

<sup>24</sup> See Cabinet Office/DTLR 2002, page 22 for an explanation of regional emphasis documents; also HM Treasury, *Spending Review 2004: meeting regional priorities* for an account of how the REDs were taken into account in the 2004 Spending Review. At: [http://www.hm-treasury.gov.uk/spending\\_review/spend\\_sr04/associated\\_documents/spending\\_sr2004\\_regionalpriorities.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_sr04/associated_documents/spending_sr2004_regionalpriorities.cfm).

<sup>25</sup> J. Bridges, *Evaluation of Experimental Regional Transport Boards*, p.5.

regional transport schemes were aspirational and unlikely to be progressed. Both boards were frustrated by the fact that rail was not included in the pilot. This was due to the insistence of the Strategic Rail Authority that it was impossible to regionally disaggregate rail spending in any way at all.

The Regional Transport Boards were not making 'real' decisions. As with other regional strategy-writing bodies, their decisions would have the status of recommendations which could then be adopted or rejected by the relevant parts of government. In other words, delivery of a strategy written by regional partners cannot be guaranteed merely by its existence, as the regional partners have no resources with which to deliver it. The piloting process touched on this issue, with the final report from the South-East containing recommendations that strategies should identify resources for implementation and include monitoring mechanisms. Although this sounds obvious such points have been absent from many regional strategies in the past. The evaluation commented:

Real RTBs would need a wider evidence base than is likely to be available at regional level... There is a strong case for giving [existing] Regional Assemblies responsibility for leading real RTBs. This would reflect their responsibilities as regional planning bodies. Issues of capacity would however, need to be addressed. There is an argument for a transitional phase of GO chairmanship of the RTBs to help establish the remit and build up the capacity of the RAs.<sup>26</sup>

## **1.8 Regional Housing Boards**

Following the recommendations of the Barker Review of housing supply (2004), Regional Housing Boards are gradually being merged in to Regional Assemblies across all nine regions of England. Latest Government documents indicate a target date of September 2006 for this to be finalised<sup>27</sup> (originally it was intended to be completed by the end of 2005). Assemblies have produced estimates for the extra cost to them as being between £150,000 and £200,000. In London, the Mayor has taken on the Regional Housing Board. Most of the extra spending is not going on staff (for instance, the South-East is hiring only 1.5 extra FTE staff), but on research and consultancy. The Boards' main role is to draw up Regional Housing Strategies (which naturally overlap with transport, economic and spatial strategies) and to advise ministers on the allocation of the Regional Housing Pot (spent on capital programmes in both the social rented and local authority rented sectors). Specifically,

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<sup>26</sup> Ibid., pp 11-14.

the Boards should make recommendations on the split of capital programmes between those two sectors, and from 2006-07 they will not be obliged to make any minimum provision to the local authority rented sector. They do not have a direct remit over homelessness and Market Renewal areas, though their strategic discussions naturally affect those issues.

As with the Transport Boards, the Regional Housing Boards' decisions have the status of recommendations. They will present their final recommendations for capital funding for 2006-08 to ODPM in December 2005. One consequence of the RHBs' establishment is a relative diminution of the Government Office role in housing allocations. GO representatives continue to chair Regional Housing Boards at present (though this may be open to change in the future), but their direct influence over the Regional Housing Strategy is considerably less than it was before RHBs were set up. It will be a few years before it will be possible to tell whether this constitutes a real power shift from officials to regional stakeholders, but the potential is certainly there.

### **1.9 Regional Development Agencies**

The RDAs were beefed-up in April 2005 by the transfer of various Countryside Agency functions (from the Landscape Access and Recreation Division) and through taking on the franchises of the Business Links from the Small Business Service. This adds some £500m to their notional budgets, including an extra £33 million from the Countryside Agency. The RDAs have indicated that they will be concentrating on more strategic-level interventions in the future. The incoming lead chair of the RDAs, Richard Ellis (EEDA), told Regeneration and Renewal that 'There was a time in the early days when there were probably less strategic functions, but over the last couple of years all of the RDAs have begun to take a much more strategic view of their investments. That might mean it is more difficult for groups to access the funding that they perhaps used to.'<sup>28</sup>

### **1.10 Unitary local government**

Rumours had circulated during 2003-04 that a third term Labour government would attempt to impose unitary local authorities across England. Unitary local government

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<sup>27</sup> ODPM, *Factsheet 3 for the Government's response to Kate Barker's review of housing supply*, 2005, p.2, available at [www.odpm.gov.uk/index.asp?id=1162092](http://www.odpm.gov.uk/index.asp?id=1162092).

<sup>28</sup> *Regeneration and Renewal*, 7 October 2005.

had been compulsory for any region which voted for an elected assembly,<sup>29</sup> and it had been supposed that this was a convenient mechanism to deliver a policy which had long been favoured within the Labour Party. It was suggested before the 2005 General Election that a green paper on structural reform could surface within months, but the new Minister for Communities, David Miliband, indicated that no such intention existed (see below under Parliament). Nor were there any indications of this being considered behind the scenes. A large part of this was due to the Government not wishing to pre-empt the conclusions of the Lyons review of local government finance, expected at that time to report in autumn 2005 but now postponed for 12 months.

Then, in November 2005, a document emerged indicating that Miliband was considering going ahead with some form of local government reorganisation. The document was a memo from David Miliband to John Prescott, noting that any review should take place in the context of the health and police reforms noted above. Importantly in the light of previous reviews, Miliband's memo suggests that local authorities themselves should propose future unitary structures, and that the overall number of councillors should be reduced. No decisions appeared to have been made about whether or not this would relate to possible reform of city-regional structures, or indeed how such a proposal would relate to the regionalisation processes set out above.

The proposals met a predictable barrage of opposition from the right-wing press and from most of the Conservative party, both of which painted the proposals as 'Labour's plot to abolish the shires'.<sup>30</sup> This is a re-run of the position taken towards the local government reform that was to have accompanied the establishment of elected assemblies in the northern regions. However, the range of opinions on future unitary local authorities is more nuanced than these headlines suggest. Plenty of Conservative support can be found for the principle of unitary local government, as was evidenced by the Telegraph letters column on the day following the breaking story (22 November 2005).

Also, many representatives of local government had been engaging with ODPM behind the scenes on potential future unitary structures for several months before

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<sup>29</sup> See DTLR/Cabinet Office, *Your Region, Your Choice: Revitalising the English Regions* (2002), paragraphs 9.5-9.7.

<sup>30</sup> *Daily Mail*, 22 November 2005; also *Daily Telegraph*, 21 November 2005, front page.

this document was leaked. This included the Conservative-dominated South-East County Councils Association (a separate forum from the Regional Assembly), whose name was mentioned in the leaked letter, to the embarrassment of the national Conservative party. A number of models have been produced of possible future unitary structures, with the emphasis on administrative savings. The headline lesson of the modelling exercises that have been conducted is that large unitary authorities i.e. unitary counties can expect reasonable cost savings within a few years of being established, whilst smaller unitary authorities are unlikely ever to recoup the costs of establishment. When the leak occurred the national Conservative party distanced itself from and attacked the suggestion of further local government reform, despite the balance of views suggested above. Still more ironically, considering his role in taking forward a review as part of his elected assembly agenda, sources indicate that on balance the Deputy Prime Minister is against a further review of local government! The Government's immediate plans on this front are uncertain: with the Banham review of the mid-1990s in mind, officials or ministers will need to be brave to see a review of this kind through. The indications are that, if unitary local government is to happen, it will need to be largely at the instigation of local government itself: but at the same time, there is no guarantee that either counties or districts will get the unitary structure they want. It is not certain that the unitary county principle would extend to counties as large as Kent, Surrey or Hampshire, each of which has a population of over 1 million.

Also, it is accepted within Government and within local government that if large unitary authorities or unitary counties are established, there will be a need for some structure of government beneath them – whether this means a version of district councils or expanded town and parish councils. The thinking on this aspect of the unitary local government agenda is not at all far advanced. ODPM has flown a few kites about 'neighbourhood governance', particularly in the 2005 White Paper *Vibrant Local Leadership*, but this has not led to any policy commitments.

## **2. Regional Politics**

### **2.1 Ministerial changes post-2005 election**

The May 2005 election saw the Labour government returned to power with a reduced majority of 66. None of the 'big names' of the Government, and none of those associated with policy in the English regions, lost their seats. The most notable casualty was Chris Leslie, former junior minister at the ODPM. Leslie shot to attention in 1997, at the age of 24, when he defeated Sir Marcus Fox in Shipley, but after two terms the seat returned to the Conservatives by a majority of 422. Leslie has subsequently been appointed director of the New Local Government Network, a London-based think-tank with close links to New Labour. The major Cabinet actors relating to regional government, John Prescott and Gordon Brown, were returned without difficulties.

Perhaps more notably for future regional policy in England, Ed Balls, former adviser to Chancellor Gordon Brown and noted proponent of regionalisation, was elected for the safe seat of Normanton. Balls has had a leading hand in the strengthening of the Regional Development Agencies since their establishment in 1999 and in the regional emphasis of public spending and productivity issues which became a feature of Treasury policy in Labour's second term. Also, leading Treasury adviser Ed Miliband was adopted for Doncaster North in the run-up to the election, and duly elected. The implications of this change for English regional policy are unclear. It is possible that Balls's move from the Chancellor's team into a position as a back-bench MP (albeit one with excellent connections into the Cabinet) could lead to a falling-off in the degree to which regionalisation will be promoted within Government. However, there is no sign of this happening as yet.

Ministerial teams at both of the major departments, ODPM and DTI, underwent changes following the election. Despite pre-election speculation, ODPM suffered no major changes to its remit, and John Prescott remained Deputy Prime Minister. However, Nick Raynsford, minister for local government and the regions, was not reappointed. He was offered a junior ministerial role elsewhere in government, but he refused to accept this, feeling that his six years' service within ODPM justified a seat

in the Cabinet.<sup>31</sup> He has now moved to the back benches, from where he has begun occasionally to criticise government policy – the most notable example being the Government's decision to delay revaluation of houses for Council Tax purposes.

Raynsford was replaced at ODPM by David Miliband, with the new title of 'Minister for Communities'. David Miliband (brother of Ed) is viewed as a staunch New Labourite and as close to Tony Blair. Unusually for a 'second' minister in a government department, his appointment carries Cabinet status. His appointment, and the re-titling of his post, imply a shift in Government thinking towards localities and away from regions as sites of greater devolved decision-making. In the past David Miliband has never shown anything other than a lukewarm attitude towards regional government, and his focus since his appointment has been on the issues around cities as economic drivers and sites of regeneration.<sup>32</sup> Former academic Mark Kleinman was appointed to a senior position within Regional Assemblies Division in the ODPM in the autumn. These appointments appear to be further signals that attention within government is shifting away from regions and towards city-regions. This has not yet led, however, to any policy initiatives, whether related to local government freedoms, structural changes or central interventions (see 'city-regions' below).

The remainder of the ministerial team at ODPM has also been renewed. Yvette Cooper joins as Minister for Housing and Planning, though her responsibilities also cover regional economic development, the Government Offices, the Northern Way, sustainable development and for the four 'growth areas' in the Sustainable Communities Plan (Milton Keynes, Ashford, Thames Gateway and Cambridge-Peterborough). Yvette Cooper is married to Ed Balls, and their constituencies share a boundary in Yorkshire. She is joined by Phil Woolas as minister for local government, Baroness (Kay) Andrews as Lords spokesperson, and Jim Fitzpatrick as Parliamentary secretary with special responsibility for London.

ODPM has also undergone an internal reorganisation, which has come about partly as a consequence of the emphatic 'no' vote in the North-East referendum on elected regional government in November 2004. Regional Assemblies Division (RAD, formerly known as the Regional Policy Unit) lost a number of senior staff and

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<sup>31</sup> Michael White, 'Blair defies critics in reshuffle', *Guardian*, 10 May 2005; Helene Mulholland, 'Why I quit the government', *SocietyGuardian*, 10 May 2005.

<sup>32</sup> See the interview with David Miliband in *Regeneration and Renewal*, 8 July 2005.

downsized considerably following the 'no' vote. It had expanded in size to deal with the growth in work that was anticipated following a 'yes' in the referendum. Its former director, Richard Allan, retired in August 2005, and he has been replaced by Peter Betts. RAD now sits alongside the Regional Co-ordination Unit (RCU) within the Regional Development Group within ODPM, one of five policy directorates. The RDG is responsible for 'regional economic performance, regional referendums and regional assemblies. It also co-ordinates the work of the Government Offices'.<sup>33</sup> Its director is Rob Smith, formerly head of the RCU. The RCU retains a distinct existence within the RDG: it was once located in the Cabinet Office but moved into ODPM in 2002. Physically, it is located in Riverwalk House (alongside the Government Office for London), separately from ODPM's main base in Eland House.

Political implications for regionalisation also flow from the on-going matter of the succession to the leadership of the Labour Party. Tony Blair has indicated that he does not intend to fight a fourth election as leader, but that he will serve 'a full term' as Prime Minister during Labour's third term of office. It is widely assumed, though not guaranteed, that Gordon Brown will succeed him as leader, but most political discussion now places this event (if it happens) in 2008-09 – i.e. towards the end of Labour's third term. It is almost certain that Brown will remain as Chancellor until this time, with the attendant consequences for the emphasis on regional policy which flows from his office and his advisers.

## **2.2 Campaign organisations**

The fate of the Campaign for the English Regions following the North-East 'no' vote is unclear. CfER has not carried out any campaigning or held any formal meetings since the referendum. The main actors within it have maintained contact, updating one another on developments within Government with regard to regionalisation and regional policy. The 'base' of CfER has transferred to the West Midlands, but to all intents and purposes the organisation is currently dormant, without any money or full-time staff.

The organisation campaigning in the North-East, Yes4theNorthEast, had taken on staff and funding from the North-East Constitutional Convention and (before them) the Campaign for a Northern / North-East Assembly. Following the referendum defeat the assets left over following the campaign were disposed of and the formal

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<sup>33</sup> Source: ODPM website.

organisation ceased to exist. Campaign meetings are no longer held in the North-East, in recognition of the fact that regionalism has dropped off the political agenda for the foreseeable future. A similar process took place with the Campaign for Yorkshire and the North-West, though the organisation in the latter was far less well-developed, having begun operations only around the announcement of the referendum. The West Midlands and South-West Constitutional Conventions are also dormant. The Cornish Constitutional Convention is showing few signs of activity at present.

Interestingly, there are signs of increasing activity in the fringe movements of English devolution. These now centre on an organisation called Devolve!. This organisation evolved from predecessors such as the Movement for Middle England in the early 2000s, and representatives from it regularly attended Constitutional Convention meetings in the West Midlands and South-West. It also has links with the Wessex Society and Wessex Constitutional Convention, which advocates the creation of a Wessex region incorporating part of the standard South-East region. Devolve!'s website contains a range of material relating to English cultural heritage, and presents devolution to regions (not necessarily the Government standard regions) as part of a narrative of rediscovering English culture and Englishness within the UK/Great Britain. To draw links between regional government and English culture in this way is an interesting departure: opponents of regionalism typically cast England and regional governments as polar opposites, often regarding regionalism as an alien idea imported into the government of the UK.

Devolve! has also set up a Continuing Commission for Devolution. This was formed in November 2003 as the Continuing Commission for the South, with a brief principally to address the question of how to achieve devolution to a regional tier (not necessarily the existing boundaries or close variations thereof). The Commission's membership is shown in Figure 3:

The Commission currently meets approximately every four months, and has convened four working groups:

- empowering local government;
- functional sub-regions;
- accountability (holding un-elected regional bodies to account)
- identities (cultural and historical basis for future autonomies)

Devolve! is currently planning a 'major conference' in October 2006, following earlier conferences in 2003 and 2000.

Figure 3: Membership of Commission for Devolution

<b>Member</b>	<b>Affiliation</b>
Victor Anderson	London Development Agency; advisor to Mayor of London; former Green member of London Assembly
John Arnold	Labour Party, Southampton
Bert Biscoe	Chair, Cornish Constitutional Convention; Independent county councillor, Cornwall
Elizabeth Cartwright	Former Conservative leader, East Hants District Council
Barry Deller	Director, Association of Councils of Thames Valley Region (ACTVAR)
Andrew George MP	MP, St Ives (Liberal Democrat)
Martin Ray	Chief executive, Eastbourne Borough Council
David Robins	Convenor, Wessex Constitutional Convention
Michael St John	Conservative councillor, Somerset County Council
Douglas Stuckey	Publisher and writer, member of Wessex Regionalist Party
Vincent Tildesley	Devolve!; convenor of Commission
Alan Whitehead MP	MP, Southampton Test (Labour)

### **2.3 Electoral Commission report**

The Electoral Commission published a report on the conduct of the North-East referendum in November 2004.<sup>34</sup> The Commission was generally complimentary about the conduct of the referendum, saying that it was run so as to command the confidence of all involved, which was 'no mean achievement'. It was, however, critical on a number of points. It criticised the holding of the referendum at the same time as the annual canvass (renewal of the electoral register). It stated that this meant the register was at its most inaccurate at the time of the vote, hence potentially denying a vote to many who had recently moved within, or in to or out of,

<sup>34</sup> Electoral Commission, *The 2004 North East Regional Assembly and local government referendums* (London: The Stationery Office, 2005).

the region. It also suggested that 'the volume of information included in the ballot pack strongly influenced voters' perceptions of the complexity of the task.'<sup>35</sup>

The report revealed that 18 organisations had been registered as permitted participants for the purposes of incurring expenditure in the referendum. The highest expenditure by some way was incurred by Yes4theNorthEast, at £361,091. North East Says No came in second at £145,008, and the Labour Party third at £124,006. The remaining 15 participants incurred some £125,000 between them. Interestingly, only 2.3 per cent of this (£17,347) was spent on the issue of unitary local government. Yes4theNorthEast and North East Says No were both entitled to £100,000 of public money as designated campaigning organisations. Designation took place closer to the polling date than the Commission would have preferred.<sup>36</sup>

The Commission's report also responded to a complaint from Neil Herron, leader of the North East No Campaign. This was a grassroots campaign that had been set up in 2002 to oppose the elected assembly. This campaign was not designated as the official campaign despite having existed considerably longer than NESNO, which caused a minor controversy in the North-East. The report's response was:

It should, however, be noted that one of the unsuccessful 'no' applicants criticised the designation decision as they felt that the longevity of their organisation and the strong grass roots support they had developed over a number of years had been overlooked. The Commission did not accept these criticisms as the points raised were not directly relevant considerations in the context of the legislative framework as set out in PPERA [the Political Parties, Elections and Referendums Act 2000]. For example, in considering how representative applicants were of those campaigning for each outcome, the Commission considered the quantity and breadth of support received from different individuals and organisations, not just the number of supporters each claimed to have. In the event, no legal challenge to the designation decision was brought.<sup>37</sup>

The Electoral Commission's strongest criticisms were of the system of spending limits. The PPERA, which governs the holding of referendums, uses a sliding scale to set spending limits for participating organisations, with the aim of creating a relationship between organisations' representation of electorates' views and their spending power. However, in the North-East this process was seen not to work well:

There is no limit to the number of individuals or organisations that can register with the Commission as permitted participants. Additionally, the legislation

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<sup>35</sup> Ibid., p.26.

<sup>36</sup> Ibid., p.35-6.

<sup>37</sup> Ibid., p.34.

does not prevent one individual donating to a large number of permitted participants, all of whom may be genuine and separate organisations. In such circumstances, the existence of spending limits does not impose equality of campaigning and is effectively a meaningless accounting exercise that takes place after a referendum has been conducted.<sup>38</sup>

## **2.4 City-regions**

Following the North-East 'no' vote in November 2004, the Government's attention appeared to swing dramatically away from the 'nine-region model' towards a more diffuse policy of encouraging city-regions. Attention towards city-regions was heightened by the appointment of David Miliband as Minister for Communities following the 2005 general election. Miliband has made a number of speeches extolling civil renewal and the concept of cities as motors of innovation and economic growth, whilst steering away from commitments to specific changes in governance.

There has been no indication that the Government wishes to see any new formal structures of governance, such as a return to some version of the metropolitan counties which were abolished in 1986. In that regard, AGMA (Association of Greater Manchester Authorities) has proposed to the ODPM that a GLA-style city-regional body be established covering the ten boroughs of the former Greater Manchester metropolitan county. Similar proposals are also under discussion in Sheffield and have been discussed by Liverpool MPs. The AGMA proposal also included an alternative of a tight partnership of leaders and chief executives, developed bottom-up by the authorities themselves, and it seems at present that this kind of voluntary close joint working is the Government's preferred way forward on the structural front. However, the question of leadership under such a polity is a thorny one which has not yet been addressed.

A closer relationship was established between ODPM and the Core Cities Group, representing Bristol, Birmingham, Nottingham, Sheffield, Liverpool, Leeds, Manchester and Newcastle. This led to a number of summits with the core cities, and the intention within ODPM is now to move on towards discussions with a group of 56 cities with populations of 125,000 or more. There are also signs that the Government is beginning to acknowledge the implications for city-regions of those parts of England which do not have a major city. It is possible, though not guaranteed, that this debate will begin to coincide with the Treasury's continuing interest in

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<sup>38</sup> *Ibid.*, p.37.

harmonising public service delivery and pooling budgets through mechanisms such as Local Area Agreements. Nor is it clear how city-regions fit with the potential development of unitary counties discussed earlier. Those two agendas are currently progressing in parallel.

ODPM's lack of coherent policy in this area is a further symbol of the shift of policy initiative away to the Treasury. The policy approach to city-regions has been confined so far to rhetoric and occasional suggestions. Nothing concrete has been produced by ODPM as a response to the failure of the policy on elected regional assemblies. Two White Papers were produced in early 2005, *Vibrant Local Leadership and People, Places, Prosperity*. These made a variety of suggestions about devolving power down to the neighbourhood level, none of which has been followed up by action. Though urban parishes and neighbourhood governance are still runners within Government, little thought has yet been given to how this agenda dovetails with that of city-regions, or indeed that of regions themselves.

A number of influential reports are due to be published in the next few months, including work from the SURF centre at the University of Salford, the Rogers Task Force, and a new State of the Cities report. The New Local Government Network's City-Regions Commission reported in December 2005. Discussions about the implications of these pieces of work is ongoing within ODPM but no firm conclusions have yet been drawn. The current situation suggests that a Green or White Paper could reasonably be expected on the subject in the first half of 2006, and it is likely that the direction of Government policy will have become clearer by March or April. Sources within ODPM indicate that the city-region agenda is not a threat to Regional Chambers/Assemblies or RDAs, and indeed city-regions dovetail with RDAs through the Northern Way programme.

### 3. Public Attitudes, identity, and research

Two large research programmes examining the consequences of devolution across the UK drew to a close during mid-2005. These were the Constitution Unit-led programme *Nations and Regions: The Dynamics of Devolution* and the ESRC-led programme *Devolution and Constitutional Change* ([www.devolution.ac.uk](http://www.devolution.ac.uk)). Final reports from both of these projects are now being produced. Outputs of relevance to the English regions include the publication in spring 2006 of *The English Question* (ed. Robert Hazell), bringing together a number of contributors to the *Nations and Regions* programme.

The ESRC programme also commissioned two projects around the referendum in the North-East. Firstly, Professors Colin Rallings and Mike Thrasher of the University of Plymouth conducted an analysis of public opinion in the three northern regions originally selected for a referendum. Their headline finding was that a large number of voters had very little understanding of the issues around the referendum. Although it is not unusual for voters to have little understanding of constitutional issues, this will have been disappointing for the Government given that about 70 per cent of households in the region were aware of having received a leaflet about the choice to be made. Other findings indicated a widespread cynicism about the possibility of beneficial change through politics, plus greater opposition to the assembly from older, better educated and better-informed voters. These voters were also considerably more likely to have voted in the referendum.

A second project on media attitudes was undertaken by Professors Adam Tickell (University of Bristol) and Peter John (University of Manchester) together with Steven Musson (University of Reading). This research suggested five broad reasons for the 'no' vote in the North-East. These were the limited powers on offer; the complexity of the issues; the timing of the vote; the tone of media coverage; and the effectiveness of the no campaign.

The Audit Commission has begun a study of regional governance, asking whether the way that public services are currently governed at regional level is delivering for local government, and what councils are doing to make regional arrangements work better. The focus of this study will be on the way in which councils are achieving their objectives through their involvement with regional governance structures

(including Regional Assemblies/Chambers, Regional Development Agencies, Government Offices, Regional Housing Boards, and so on), and also on the way in which current Government directions and guidance affect the value for money that councils are able to obtain from this involvement. The study is expected to report in autumn 2006.<sup>39</sup>

An ODPM study 'Evaluation of the role and impact of Regional Chambers', carried out by Arup Economics and Planning, continues. This originally began in late 2003, and is likely now to complete around June 2006. ODPM is commissioning a series of 'action learning sets' as a result of its findings.<sup>40</sup>

The English Regions Network, the representative body of the Regional Assemblies, has established a website.<sup>41</sup> It contains a range of research commissioned by the Network since 2002. This includes work on the role of regional assembly members, a handbook on how to conduct scrutiny within the regional assemblies, and research linking scrutiny to sustainable development. Recent publications reviewing the level of collaboration between assemblies, and the funding arrangements for regional assemblies, have also been published.

Forum for the Future published a table of regional strategies in August 2004, listing all strategies produced in each of the nine English regions, including hyperlinks where these were available.<sup>42</sup>

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<sup>39</sup> The author is a member of the Audit Commission study team.

<sup>40</sup> The author has been a member of the Arup study team.

<sup>41</sup> <http://ern.smartregion.org.uk>.

<sup>42</sup> See [www.forumforthefuture.org.uk](http://www.forumforthefuture.org.uk).

## 4. Regions in Parliament

As expected, issues around regional structures played virtually no part in the election campaign, and all three parties have been largely silent on the issue since 5 May 2005. Concern with regions at parliamentary level has principally related to the outputs of planning, housing and transport decisions. References in both Houses indicate that the influence of regional boards is increasingly being appreciated by both local government and MPs, and that the boards are increasingly becoming the location at which debates on regional policy are most common.

Only one attempt has been made to resurrect the case of elected regional government since the General Election of May 2005. On 12 July, Andrew George (LD, St Ives), a long-time campaigner for a Cornish Assembly, initiated a short debate:

I intend to analyse the status of the Government's policy, to offer a critique and a constructive approach, to mention Cornwall—I would not want to let anyone down, nor surprise them—and to raise several questions. I have already furnished the Minister's office with those questions, admittedly only yesterday afternoon; however, I have given him advance notice of some of the questions I intend to ask.<sup>43</sup>

Observing that the Deputy Prime Minister had stated that, as a result of the North-East 'no' vote, 'I am not giving up, and I hope that I do not give that impression',<sup>44</sup> George observed:

However, the Government have shown every sign of giving up. There have been no new Government proposals to address the democratic deficit regarding the need for directly elected regional assemblies to take on the responsibilities of decision-making powers in the regions. I said that I had a number of questions for the Minister and they are as follows. What plans do he and the Government have following the north-east referendum to devolve power to the remainder of the UK? With the benefit of hindsight, which factors would he say primarily contributed to the heavy no vote in the north-east referendum? Does he share my critique and does he have any response to my alternative approach? What assessment has he made of suggestions at business questions and in another place to recall the Standing Committee on Regional Affairs to debate that very subject? Perhaps it should hold a series of debates to assist the Government explore the opportunity of resurrecting plans for the devolution of powers to regions.

What departmental—in other words the ODPM—or Cabinet-level reviews have taken place on Government policy on devolution since the north-east

<sup>43</sup> House of Commons Hansard, 12 July 2005, col. 321.

<sup>44</sup> House of Commons Hansard, 8 November 2005, col. 603.

referendum? If there have been any such meetings, will the minutes be published in the interests of open government? Why was the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) sacked as Minister with responsibility for regions in the post-general election reshuffle and what can we interpret from that? I thought that he did an excellent job and, clearly, was engaged in the process. He did not entirely agree with me on everything, but he was sincerely behind the cause itself.

No doubt the Minister and his Department are aware of the proposals for city regions and of the many papers published by the Cornish constitutional convention. What assessment has the Department made of them? What plans does it have to address the democratic deficit at regional assembly chamber level? Can he confirm that there will be no further attempts to siphon off powers to unelected regional bodies at Government level as was the case with, for example, strategic planning powers? Finally, will he agree to meet a delegation from Cornwall to discuss the emerging plans and the need for devolution of powers to a region such as Cornwall?<sup>45</sup>

The new junior Minister, Jim Fitzpatrick, delivered an anodyne reply, merely outlining the basic structure of GOs, RDAs and Regional Assemblies plus their achievements so far. He answered few of the questions put. George observed that the Standing Committee on Regional Affairs had not met since November 2004. This committee was (re)convened, to a small amount of fanfare, in 2002. In his reply to George's questions (below), the junior minister Jim Fitzpatrick states that there are no plans to recall the Committee. The Committee had no practical significance, having merely held a few anodyne debates since its inception, but its abandonment is a further symbol of the increasing administrative/efficiency character of regional governance.

In response to the hon. Gentleman's question, it is not the Government's intention to recall the Standing Committee on Regional Affairs. We do not believe that a post-mortem would be that valuable as an exercise in furthering future policy. However, there are many challenges ahead. When the Committee meets again, it can focus on them and look forward to how improvements to the regional architecture can be achieved. Of course, it is open to Members to propose subjects for the Committee to consider, and I am sure that my right hon. Friend the Leader of the House would be prepared to consider them.<sup>46</sup>

Andrew George then asked if any further referendums would be held under the Regional Assemblies (Preparations) Act 2003, and if so, when they would be. Puckishly, the Minister replied, 'I am not sure of the exact time scale, but everything is always under review, as the hon. Gentleman knows.' On the subject of Cornwall, the Minister stated:

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<sup>45</sup> Ibid.

<sup>46</sup> Ibid., col. 325.

The Government have always said that, to be viable, proposals for an elected assembly must cover more than one local authority area. I realise that the people of Cornwall consider that they have a separate identity, but that alone does not justify creating an assembly for Cornwall. Cornwall already has a county council. That body covers the whole county, and it can speak on behalf of the people of Cornwall. In our view, creating another body cannot be justified. The hon. Gentleman has called for a Cornwall development agency. I have already said that regional development agencies are the powerhouses for economic development in our regions, and the RDA for the south-west plays a full part in supporting the entire region. Introducing another body only for Cornwall would not be cost effective.

Further mentions of regional assemblies in Parliament have largely been pejorative references by members of the Conservative Party, either to assemblies or to associated bodies such as Regional Transport Boards. Many of the mentions took place in the context of spatial planning and new build numbers for housing. Francis Maude complained about new build numbers<sup>47</sup>, whilst Lord Bradshaw complained in the Lords about the lack of funding for transport schemes in Oxfordshire through the Regional Transport Board.<sup>48</sup> Interestingly, Peter Ainsworth (Con, East Surrey) used a policy paper of the South-East England Regional Assembly as backing for his case that airport expansion would be more economically beneficial outside the South-East,<sup>49</sup> indicating that at least some of the policy papers produced by regional assemblies are useful contributions to public debates which can be used by opponents as well as supporters of regionalism. These contributions indicate that housing new build is increasingly the point at which the influence of the existing regional assemblies is really beginning to bite upon the lives of members of the public and on local decision-making. In the Conservatives' response to the Queen's Speech, Tony Baldry stated:

The Queen's Speech also makes no reference to the increasing lack of democratic accountability. It talks about the reform of the House of Lords, but what about reform of unelected institutions such as the South East England regional assembly? the sort of issue that caused concern on the doorsteps during my election campaign was the housing numbers being imposed on places such as Banbury and Bicester without any democratic debate.<sup>50</sup>

Similarly, Tobias Ellwood (Conservative, Bournemouth East) said:

May I ask for an urgent debate on the responsibility and accountability of regional assemblies? Many people in England are unaware of how powerful these bodies have become. For example, there are plans by the South West

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<sup>47</sup> House of Commons Hansard, 19 October 2005, col 946.

<sup>48</sup> House of Lords Hansard 20 October 2005, col 957.

<sup>49</sup> House of Commons Hansard, 22 June 2005.

<sup>50</sup> House of Commons Hansard, 17 May 2005, col 206.

regional assembly to build 21,000 more homes on Bournemouth's green belt, yet Bournemouth council is now powerless to stop this and no longer allowed to make its own judgment as to the planning requirements needed for its area.<sup>51</sup>

During a debate on emergency services on 12 October, Caroline Spelman, then lead spokesperson for local government for the Opposition, attacked the regionalisation of fire control rooms referred to elsewhere, and widened her speech into a more general attack on regionalisation:

However, regional assemblies, the unelected and unaccountable quangos that have leeches power from local people, are merely the most obvious manifestation of a tide of regionalism, which is fundamentally changing the way that we are governed. The most recent and disturbing example is the regionalisation of emergency services....It started with the regionalisation of fire control rooms. Now ambulance trusts and police forces are to be morphed into an unwieldy regional structure.

Local people are finding that decisions directly affecting their lives are being taken by regional assemblies that they cannot hold to account. Who are these assemblies answerable to? They are answerable to nobody—except the Deputy Prime Minister. If that is localism, the mind boggles as to what form a dictatorship would take. If people are paying for them, do they not have a right to know what these unelected regional bodies are up to? Why are the regional assemblies exempt from the Freedom of Information Act 2000? The Lord Chancellor still has not replied to that question, which I put to him a week ago, so perhaps the Minister could do so when he responds.

Surely now is the time to abort this disastrous regionalisation programme and to accede to the wishes of the electorate. The Deputy Prime Minister is playing politics with people's lives, putting his empire building before the public interest.<sup>52</sup>

Interestingly, a short debate took place on 6 July 2005 about the subject of unitary local government. This was in advance of the brief furore over unitary local government that was to erupt in November (see above):

Dr. John Pugh (Southport) (LD): [To ask] What plans the Government have further to extend unitary local government in England.

Mr. David Miliband: The Government have encouraged debate about the future of local government, and we have said that we believe that questions of organisation should follow those of function. We are following the debate with interest.<sup>53</sup>

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<sup>51</sup> House of Commons, 16 Jun 2005, col 408.

<sup>52</sup> House of Commons Hansard, 12 October, col 301-06.

<sup>53</sup> House of Commons Hansard, 6 July 2005, col 289.

## 5. Greater London Authority

The subject of reform of the GLA has been a live one almost since its establishment in 2000. Various groups, such as the work of the Constitution Unit, London First, and the New Local Government Network, have suggested that further powers should be devolved to the Mayor, and have made recommendations about certain aspects of the 'constitution' of the GLA as it currently stands. Until November 2004 this debate sometimes ran in parallel with the development of Government policy on elected regional assemblies. However, the review was announced without warning or trailing in the Labour manifesto for the 2005 general election. The Government had shown little interest previously in reviewing the Mayor's powers or in proposing new ones. The Government moved swiftly to consider options following the election, but the Mayor of London was quicker.

### 5.1 The Mayor's scoping papers for the GLA review

On 23 September 2005 the Mayor published six scoping papers outlining options for the Government's review of the GLA. These were detailed documents, reviewing policy developments in housing, skills, waste, and planning, together with a scoping paper on the future of Government Office for London (GOL).<sup>54</sup> They make a number of proposals for the transfer of further powers to the Mayor.

The Mayor's office also supplied a cover note explaining the principles underlying the proposed transfer of powers. These are interesting, as they are not drawn to any great degree either from the elected regional assemblies debate (which had many important overlaps with the debate over the powers of the GLA) or from the initial intentions of the creators of the GLA (as expressed in the Green and White Papers of 1998). Several subjects, such as culture, health, and environmental policy, are ignored by the scoping papers produced, even though these are covered by some of the statutory strategies that the Mayor currently must produce.

Instead, the cover note emphasises three priorities for the Mayor in his proposals: 'enabling London's continued success; blazing a trail for successful city governance; pursuing a range of shared policy goals'. These three priorities in themselves say much about the development of the GLA within the territorial governance of England. Firstly, 'continued success' clearly means 'continued economic success', contrary to

those who imagined that Ken Livingstone would pursue anti-business policies when elected Mayor. Instead, the powers of the GLA should be increased in order to address the fact that 'London faces stark challenges of accommodating and promoting substantial growth, and of developing opportunity areas, in the Thames Gateway and elsewhere. Meeting these challenges is essential not only for the continued strength of London, but also for the UK economy.'<sup>55</sup>

Secondly, 'pursuing a range of shared policy goals' gives the lie to the idea that the mayoralty would be used by Livingstone as a soap-box to pick fights with the government. Indeed, it stresses the interdependence of the regional and national tiers and the need for partnership between different tiers of government. For historical reasons, this concept has been underdeveloped in the context of devolution in the UK. Regional governments in other states are familiar with the concept of 'concurrent responsibilities', where regional and national tiers have overlapping tasks on which they must co-operate. This has never been the case in Scotland, Wales, and Northern Ireland, where the national administrations were territorial administrations run from Westminster before devolution and the need for relationships with other Whitehall departments was minimal. Nor was it really the case with the predecessors of the GLA's functional bodies, which operated as independent quangos with no concept of structured inter-tier relationships. But it has been increasingly the case with the GLA, and will continue to be so particularly given the 2012 Olympics.

Thirdly, 'successful city governance' marks a departure from previous claims that the GLA is England's first 'regional government'. This reflects the swing in government's agenda for governance (as opposed to administrative issues) away from regions towards city-regions following the North-East 'no' vote. The Mayor's proposals do, however, have some affinities with the elected regional assembly agenda in practice. Figure 4 sets out his proposals for new powers for the GLA arranged by policy area.

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<sup>54</sup> See [www.london.gov.uk/mayor/powers](http://www.london.gov.uk/mayor/powers) for the scoping papers.

<sup>55</sup> Mayoral scoping papers, *Review of GLA powers: preparatory work* (London: GLA), p.1.

Figure 4: Mayor of London's proposals for extra powers

Policy area	Mayor's proposals
Skills	A single LSC for London, uniting the existing five as a functional body accountable to the Mayor London LSC to include budgets taken from JobCentre Plus for basic skills, English As a Second Language, and Pre-Employment London LSC to include the successor to the Connexions programme (the '14-19 agenda') and adult skills and employment, currently administered by GOL
Waste	A London Single Waste Authority, taking over borough responsibilities for waste disposal and constituted as a functional body Power to plan locations of new waste sites
Housing	Control housing capital funds currently administered by GOL (for boroughs) and Housing Corporation (for housing associations), but without direct contractual responsibility: 'detailed implementation, commissioning and delivery would remain with the housing organisations' Production and delivery of Regional Housing Strategy
Planning	Power of direction over local plans Right to call in local applications (approving as well as refusing them) Forward planning for infrastructure requirements, principally regarding waste and schools Setting building regulations for London Mayor or functional bodies to be directly involved in section 106 agreements, in particular TfL Removing GOL from sub-regional planning role; reducing right of ODPM to call in planning applications Possibly allowing Mayor to make transport & works orders
GOL	GLA to take greater involvement in Local Area Agreements GOL's Crime and Drugs division to be transferred to Metropolitan Police Service
Governance	Greater powers to appoint members to the Metropolitan Police Authority (MPA) End of requirement to appoint Assembly members to MPA and the London Fire and Emergency Planning Authority (LFEPA) by political proportionality Two-stage consultation process on strategies to be replaced by one stage Mayor to appoint all staff of GLA except for the Assembly secretariat

As notable are some of the issues omitted by the Mayoral papers. Culture, the arts and heritage get no mention at all, despite being some of the least contentious and easiest powers to devolve to the regional level. The same applies to public health. Environmental protection is entirely omitted, despite the fact that the flux in this area caused by the creation of the new executive agency, Natural England (see above) offers an opportunity to the Mayor to take on environmental powers. These will inevitably take a very specific complexion in the largely urban region of London. The

Mayor has specifically turned down the opportunity to call for EU structural funds to be transferred to him. The most likely explanation is that the majority of these powers are small beer in budgetary and policy terms and not worth fighting for.

The Mayor proposes two new functional bodies, Skills London and the London Single Waste Authority (LSWA). The scoping papers estimate the budget of Skills London at some £1.25 billion, based on current budgets. However, the scoping papers propose that housing funding, currently handled by the Housing Corporation and GOL, should move directly into the core GLA and not be handled by a functional body. The basis for this distinction is not entirely clear, although it may be justified by the fact that the existing funding is entirely passed on to housing associations and local authorities i.e. no delivery takes place at the regional tier.

The Mayor is already poised to take control of the Regional Housing Board for London. This is an informally constituted body consisting of representatives from the GLA, the Association of London Government (ALG), Housing Corporation, GOL, and relevant private and voluntary sector stakeholders. It produces a Regional Housing Strategy which makes recommendations for spending allocations under the Single Housing Investment Pot (SHIP). This is a pooled budget of the Housing Corporation and GOL capital investment streams, designed to increase joining up between the two organisations. The Regional Housing Board is chaired by GOL. The arrangements described here exist in all nine regions of England, with the Housing Boards in other regions being parts of the voluntary Regional Chambers/Assemblies.

The proposals in his scoping papers envisage the detailed management of funding streams actually remaining with GOL and the Housing Corporation, but with the Mayor having the right to set the budgets and strategic direction of each of them and enforce a London Housing Strategy. It is interesting that the Mayor has not sought fully to take over these roles from the two existing organisations: it might be that his office has concluded that they would be more trouble than they are worth.

The proposals for a single waste authority (LSWA) are politically contentious within London. Waste disposal was a responsibility of the Greater London Council, of which the Mayor, Ken Livingstone, was leader at its abolition in 1986. Many of the powers enjoyed by the GLC at its abolition were 'returned' to the GLA in 2000, but waste was one of the few which was not. The Mayor has stated several times since his election in 2000 that he would like to take control of waste disposal for London. This has

caused friction with the boroughs, which currently run waste disposal, and which react defensively at any Mayoral designs on borough powers. The Mayor points to the fact that several boroughs run joint waste disposal companies as evidence that it is inefficient to handle waste disposal at the level of the boroughs (a claim which plays to the Gershonisation agenda). Discussions in the Commission for London Governance suggest that some political parties support the Mayor's desire to take on waste disposal, whilst others do not.

The Mayor's proposals are politically astute, as they bind together his own policy priorities and those of the Government. These include achieving greater levels of affordable housing and raising skill levels, particularly at NVQ level 1 and 2. The proposals also play on upcoming problems such as the EU Landfill Directive. This, together with the rapidly shrinking capacity for landfill in England, means that recycling and waste disposal will become very high profile issues in the next ten years. The Mayor doubtless sees an opportunity both to deliver for London and to lead the national policy debate through the powers that are proposed here. The proposals for extra planning powers to be passed to the Mayor also seek to deal with upcoming issues, such as increased ability to plan infrastructure construction for schools and waste facilities.

As with the original plans for the GLA, political priorities are driving structural adjustments and 'constitutional' reform. This applies to both the Mayor's proposals and those from the Commission on London Governance. Neither of those two sets of proposals addresses structural issues around the relationship between the Mayor and Assembly within the GLA in any detail. This has been a bone of contention amongst students of the GLA since its establishment. At a conference on 26 October 2005 at the London School of Economics, Jim Fitzpatrick, Minister for London, indicated that the Government was not minded to adjust the relationship between the two. He also suggested that the most likely candidates for passing powers to the Mayor were waste, housing, culture and possibly public health. One inference that can be drawn from this is that the Government will not consider primary legislation in the form of a second GLA Act as an outcome of the review. This would be necessary to achieve a number of the Mayor's proposals, including a regional LSC accountable to the Mayor. It would be a challenge to obtain Parliamentary time for a second GLA Act. The Government is likely to have higher priorities throughout the next two years, and will not look happily upon the chance to debate decentralisation in Parliament.

The Government's consultation paper, published in late November 2005, was striking in that it largely followed the agenda set by the Mayor in terms of the policy areas for which new powers were proposed. The paper was positive about devolving extra housing powers to the Mayor as requested. On planning, the consultation paper acknowledges the possibility of the Mayor being able to direct boroughs to permit strategic planning applications, but asks how a right of appeal could be included in this process – possibly through the London Assembly. It is also open to the Mayor's requests to be included in Section 106 agreements. On waste, the paper suggests alternatives, including the Mayor's option of a waste functional body, a single waste authority controlled by the boroughs, and a pattern of sub-regional waste authorities.

Although the consultation paper stated that 'The additional powers the Mayor might assume would in most cases be devolved from Government',<sup>56</sup> some of the powers under discussion have implications for the boroughs. Transferring waste disposal to the Mayor would be perceived as a centralisation. Also, although the paper is open to the possibility of a second GLA Act to achieve some of the changes discussed, the language suggests a reluctance to go down this road. This is particularly relevant on the skills agenda, where the Mayor wishes to take control of the Learning and Skills Council within London. This would require primary legislation to amend the Learning and Skills Act 2000, an option about which the paper says:

It must be stressed that in determining the way forward, the Government will take the view that the more radical the change suggested, the greater the burden of proof that will be needed to show it is worth the upheaval. For example, there are major difficulties in terms of policy and organisational delivery surrounding option 4 [a London-wide LSC reporting to the Mayor] and so the burden of proof required to convince us to implement this option would be very high.<sup>57</sup>

The paper also indicates that no changes will be made to the funding of arts bodies in the capital, stating that 'It is important to maintain the integrity of national cultural provision and London institutions are a key component of that provision.'<sup>58</sup> It is hard to know what 'the integrity of national cultural provision' actually means, and this kind of opaque phrase suggests that actors in central government have political reasons for wishing to exclude certain functions from the review. On health, the consultation

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<sup>56</sup> RCU, *The Greater London Authority: The Government's Proposals for additional powers and responsibilities for the Mayor and Assembly* (London: The Stationery Office, 2005), p.14.

<sup>57</sup> *Ibid.*, p.28.

<sup>58</sup> *Ibid.*, p.44.

paper is open to passing extra public health-related powers to the Mayor, a development which has long been mooted.<sup>59</sup>

More surprisingly, the consultation paper suggests making the Mayor the chair of the Metropolitan Police Authority, in order to raise the accountability of the MPA to the public. The Mayor himself did not ask for this role, and whilst it is not inherently unworkable there seems to be little demand for it. The paper says that 'We believe that the MPS is not held to account as efficiently and effectively as it could be',<sup>60</sup> but ignores the main reason for this: the contradiction between Assembly members sitting on the MPS and being expected to scrutinise it. By contrast, the paper proposes reducing Assembly representation on the board of the London Fire and Emergency Planning Authority (LFEPA) from 9 to 7, giving the Mayor greater scope to appoint members with expertise in fire prevention issues. It seems odd to apply one approach to LFEPA but an alternative one to the MPA. The paper also suggests that Assembly or borough council members could sit on the board of Transport for London, which they are currently not allowed to do.

The paper also suggests that the London Assembly could be allowed to block Mayoral strategies by a majority of two-thirds. This would be a major change in the Assembly's influence, and would mean the Mayor had to take a much greater interest in opinion and politics on the Assembly. The role of GOL, by contrast, is largely skated over by the paper.

Consultation responses are invited by 22 February 2006.

## 5.2 2012 Olympics

As a result of London winning the 2012 Olympic Games on 6 July 2005, a new quango, called the Olympic Delivery Authority, is to be created by primary legislation, currently before Parliament. Members of the ODA will be appointed by central government, though the Mayor of London will be entitled to consultation both on the membership and the initial chief executive.

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<sup>59</sup> S. Greer and M. Sandfordm, *Regional Government and Public Health* (London: The Constitution Unit, 2002).

<sup>60</sup> *Ibid.*, p.57.

The GLA is given a number of potentially 'new' powers under the Bill, though they will in practice only be exercisable until the end of the 2012 Olympics. Clause 33 of the Bill allows the GLA to do anything:

- a) 'for the purpose of complying with an obligation of the Mayor of London under the Host City Contract, or
- b) for a purpose connected with preparing for or managing the London Olympics, or
- c) for a purpose connected with anything done in accordance with paragraph a) or b)'<sup>61</sup>

Though required to co-operate with the British Olympic Association and the Secretary of State, this potentially gives the GLA and the Mayor the ability to drive through public works, land acquisition and contractual agreements, which were not necessarily so available to them prior to the London Olympic Bill. Based on past experience it is likely that the Mayor will wish to push the letter of the legislation as far as possible in pursuit of his own agenda for the capital.

### **5.3 London Assembly**

Political developments in the London Assembly have been minimal. The 2004 elections saw the leaders of both the main parties lose their seats. Toby Harris (Labour) was unexpectedly defeated in the Brent and Harrow constituency by the Conservative candidate, Robert Blackman. Ironically, as a result of this gain, the Conservatives lost their entitlement to one top-up list member, which meant that their leader, Eric Ollerenshaw, was not re-elected.

The elections also saw the return of Damien Hockney and Peter Hulme Cross on the London-wide top-up list for the UK Independence Party, which gained just over 8 per cent of the vote. These two members then followed Robert Kilroy-Silk when the latter set up his new Veritas party in late 2004, and went on to set up their own grouping, 'One London', in September 2005. The 2005 General Election also saw Andrew Pelling (Con) elected as MP for Croydon Central, though he did not give up his seat on the London Assembly; and Lynne Featherstone (Lib Dem) elected as MP for Hornsey and Wood Green (ousting former minister Barbara Roche). Featherstone was replaced by Geoff Pope, the next member on the party's London-wide list.

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<sup>61</sup> London Olympics Bill, clause 32 (1).

The London Assembly was hit by a minor controversy after its 2004 election, when the Labour Party was unable to retain joint control with the Liberal Democrats as it lost two seats. Instead, the Conservatives and Liberal Democrats (holding 14 votes out of 25) took control, and voted through a much-reduced approach to the Assembly's scrutiny role. Committees were to meet no more than once every two months, having previously met two or three times as often. Since then the actual frequency of committee meetings has been nearer to monthly, but this is still a very small requirement for full-time public representatives. The frequency of scrutiny reports has declined somewhat from the second half of the first term. Between June 2004 and October 2005 14 scrutiny reports had been produced, excluding mandatory reports such as the Elections Committee's report, the report on the 2004-05 budget, and excluding the reports of the Commission on London Governance. By comparison, 60 reports were produced between May 2002 and June 2004, again excluding budget reports.<sup>62</sup> It is not entirely fair to compare the two periods, as many of the scrutinies between 2002 and 2004 were of Mayoral strategies, which have not been subject to further scrutiny since the 2004 elections. However, the rate of production of reports is still something like one-third of what it was before the 2004 election – a huge difference in output.

The Mayor plunged into this previously hidden issue in an appearance in front of the ALG on 11 October 2005. Just after the publication of the scoping papers referred to above, he called for the abolition of the London Assembly and its replacement with an assembly of borough leaders. He accused the Conservative/Liberal Democrat assembly 'coalition' of agreeing 'a pact in which they agreed not to do any work'. He went on to state that 'There has been, demonstrably, no scrutiny. These people are being paid £50,000 a year. It should be a full-time job. It just doesn't work. I am starting to come down in favour of abolishing the assembly and adopting the policy the Tories put forward in 2000: to have an ALG committee to do the scrutiny. I am sure you will do a better job.'<sup>63</sup> This was in part provocation in front of the ALG, but it taps into serious ongoing issues about the role of the Assembly.

### **5.3.1 Commission on London Governance**

The London Assembly took the lead in the consideration of future developments of the powers and responsibilities of the GLA. Jointly with the ALG, the Assembly established the Commission on London Governance in February 2004. Formally it

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<sup>62</sup> Source: [www.london.gov.uk](http://www.london.gov.uk).

was established as an advisory committee of the Assembly. There were initially six Assembly members and six ALG members, selected on political proportionality within the two organisations. This initially gave a proportionality of: Labour 5, Conservative 4, Liberal Democrat 2, Green 1. The first chair was Len Duvall, Labour assembly member for Greenwich and Lewisham. The elections of 2004 led to a slight alteration in proportionality: Damian Hockney became a member of the Commission following his election to the Assembly for the UK Independence Party (see above on One London). Hockney resigned a year later in summer 2005, disagreeing with the direction taken by the Commission. A seventh member was also added from the ALG side. The commission has been chaired since May 2005 by Hugh Malyan, leader of the London Borough of Croydon.

The Commission took some time to get into its stride, holding only quarterly meetings through 2004. These were mostly short affairs, including some discussions with academic experts and commissioning small pieces of background research. It held a seminar entitled 'What is London?' in April 2004, which led to a publication of the same name with contributions from Tony Travers and Lord (Michael) Heseltine (amongst others) being brought out in October 2004.

The concept of reviewing or commenting on the powers of the GLA and the Mayor came second best at this time to a wider consideration of public services in London. The initial terms of reference were:

'To examine and make recommendations in respect of:

- a) the accountability of service delivery agents;
- b) the impact of geographical boundaries and electoral systems on service delivery;
- c) the participation of the citizens of London in the delivery of services;
- d) the customer perspective on service delivery arrangements, including levels of satisfaction and involvement;
- e) the provider perspective of service delivery arrangements;
- f) the extent and effectiveness of coordination between service delivery agents;

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<sup>63</sup> 'Livingstone calls for assembly to be scrapped', *Guardian*, 11 October 2005.

- g) the efficiency and ownership of the funding streams;
- h) the appropriate role of other public sector agencies, quasi-autonomous non-governmental organisations and regional authorities in the provision of services;
- i) any inequalities of service provision to consumers as a result of geographical location;
- j) the scope for increasing public participation in holding public service providers to account.<sup>64</sup>

These terms do permit an examination of the GLA's role in relation to service delivery in London, but they do not require it nor do they specify it. The early meetings of the Commission focused on service provision in London, frequently in comparison to service provision elsewhere in the UK and on specific difficulties faced by London. A work programme was drawn up in May 2004 including provision for in-depth research into the provision of housing, regeneration, health, children's services, education, waste disposal and planning. It was also planned to make an outside appointment of a full-time secretary to the Commission, but this never materialised: instead, the secretariat is provided by Richard Derecki, a senior scrutiny manager within the Assembly.

A consultation paper entitled 'Is London Working?' was produced in October 2004. This focused on a number of questions, relating principally to the delivery of public services in London (and to the GLA where it related to public service delivery). Questions asked included:

- Is there a case for giving neighbourhoods more of a say in their affairs? If so, should this be restricted to the specific responsibilities of their local councils or extended to issues such as policing and health? In terms of governance, what lessons can be learned from programmes such as New Deal for Communities and Surestart?
- Do you have examples of the different quality and range of service provision being provided as a result of geographical location? Why have these differences emerged?

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<sup>64</sup> [www.london.gov.uk/assembly/londongov/memberstermsreference.jsp](http://www.london.gov.uk/assembly/londongov/memberstermsreference.jsp).

- Assuming a minimum standard, do you believe that local communities should decide democratically local priorities even if geographical differences may result?
- Is the status quo sustainable or does London need special funding arrangements?
- Do you favour London local authorities being able to raise a greater proportion of their revenue locally and by different methods?
- Is GoL sufficiently accountable to Londoners? Should funding streams such as these pass directly to the GLA or the London boroughs? Do the functions of GoL add value to the effective provision of London public services?
- Are there examples of where boroughs have found innovative ways to provide cost effective high quality services and which could be replicated elsewhere?
- Where do you see scope for more collaboration between boroughs in the provision of services?
- [In] what other ways do you see boroughs better working together to address common problems and what sorts of problems should they be addressing?
- Are directly elected single bodies a workable way of increasing the democratic accountability of local public services? Should new direct responsibilities go to the London boroughs? Should London borough councillors be given wider responsibilities to represent their communities in areas such as the health service and Learning and Skills Councils?
- Are there examples of where partnerships are working successfully? Are there examples of where partnerships are failing to deliver? Should they be extended or scrapped? How could they be made more democratic or accountable?
- How has the three-way relationship between the boroughs, the Assembly and the Mayor bedded down? How can a strategic Authority best support the development of local choice and local democracy?
- Should the GLA's responsibilities be extended to other areas and activities which – like its current responsibility for transport – have an impact on London as a whole? If so, what are the priority areas for extending GLA involvement?<sup>65</sup>

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<sup>65</sup> Commission on London Governance, *Is London Working?*, GLA, London, 2005, available at [www.london.gov.uk/assembly/reports/londongov.jsp](http://www.london.gov.uk/assembly/reports/londongov.jsp).

Following this consultation, from February 2005 the Commission held far more regular meetings, up to four per month at one stage. Many of these were used for 'hearings' from service professionals across London, in the manner of a scrutiny committee. Attendance at some of these meetings was as low as 5-7 members on occasion. Nevertheless, the Commission produced a draft report entitled *Capital Life* in July 2005. This report called for a number of structural changes in the handling of public services in London. Its publication also took place in the context of the review of the GLA which had been promised in the Government's 2005 manifesto (but which had not yet materialised). *Capital Life's* priorities were as much, however, directed towards local government as towards the GLA or 'regional' government of London. The document includes criticism of the removal of powers for local government over the past 30 years, and complains of 'an ever expanding inspection regime, ever lengthening lists of performance targets, rate capping, conditional grants and financially ring-fenced services'.<sup>66</sup> Initial conclusions included calls for:

- a streamlining of current governance arrangements;
- a staged reduction in the size and role of the Government Office for London;
- the further development of London's local councillors into 'local champions';
- a return of the business rate to local control.

The proposals built on the recent White Paper *Vibrant Local Leadership* in calling for the law to be amended to allow the establishment of urban parish councils in London. It also echoed that White Paper in suggesting that local councillors be awarded budgets of (for example) £20,000 to spend within their wards in line with neighbourhood priorities. This proposal was supported by the leader of the Local Government Association, Sir Sandy Bruce-Lockhart.

*Capital Life* also suggested that there was a need for clearer lines of accountability over a range of public services, including homelessness, regeneration, health, education, community policing, waste disposal and culture. It did not specify any particular conclusions as to what tier of government should handle these, though it did propose a single Strategic Health Authority for London (which may now come to pass through the NHS reorganisation detailed above). It also quotes approvingly a considerable amount of criticism of GOL, on the grounds that it enjoys little accountability and that the majority of its programmes have synergies with GLA or

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<sup>66</sup> Commission on London Governance, *Capital Life*, GLA, London, 2005, p.1, available at

borough affairs. Witnesses to the Commission also suggested that the GLA should take over the distribution of housing capital finance at a regional level from the Housing Corporation. Finally, the report proposes the return of business rates to 'local control', though it is unclear whether this means the GLA or the boroughs.

This interim report was followed up in October 2005 by *Making London Work Better*. This repeated and strengthened most of the points made in *Capital Life*, but it did so in the context of the Mayor's response to the Government's review of the GLA (details below). It repeats the Commission's desire for a review of the relationship between local and central government in London:

The Commission would urge the Government to broaden the focus of the review of Mayoral/GLA powers to examine ways to enhance the role of the Assembly, to devolve powers to a more local level (the boroughs and wards), the promotion of joint working across borough boundaries, funding of London's public services and the re-balancing of the relationship between local government and national service providers.<sup>67</sup>

*Making London Work Better* provides detailed proposals for the moving of most of GOL's responsibilities to the boroughs, with housing capital funds, EU structural funds and possibly some regeneration funds to be handled by the Mayor or the London Development Agency. It also suggests:

- stronger local accountability for neighbourhood policing teams;
- a single Strategic Health Authority for London, plus no change to the existing pattern of Primary Care Trusts (which are coterminous with the London boroughs);
- A London Public Health Strategy, to be written by the Mayor in consultation with the London Health Commission and single SHA;
- A London Learning and Skills Council and London Arts Board, both accountable to the Mayor;
- Greater representation for London Assembly members and/or borough councillors on the existing (and any future) functional bodies.

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[www.london.gov.uk/assembly/reports/londongov.jsp](http://www.london.gov.uk/assembly/reports/londongov.jsp).

<sup>67</sup> Commission on London Governance, *Making London Work Better* (London: GLA, 2005), p.7, available at: [www.london.gov.uk/assembly/reports/londongov.jsp](http://www.london.gov.uk/assembly/reports/londongov.jsp).

## 6. EU issues

Nothing to report.

## 7. Finance

### 7.1 Devolving Decision-Making

The Treasury's increasing interest and intervention in the regional agenda took on a new direction with the publication in December 2004 of *Devolving Decision-Making: A consultation on regional funding allocations*. Principally, this paper announced the Treasury's intent to do two things to aid regional decision-making. Firstly, the Treasury will publish indicative funding allocations for economic development, housing and transport, for each region of England, for up to ten years in advance. The first three years of each published set of funding allocations will be the most reliable, as they will be based on current patterns and plans for spending, whilst the remainder will essentially be based on current assumptions with small amounts of growth factored in. However, the allocations will not constitute commitments to the amounts of funding specified.

Second, the Government intends to permit regional bodies to propose virement of public funds within the allocations for economic development, transport and housing. In economic development this right already exists via the RDAs' 'single pot', whilst in housing and transport regions are free to make recommendations through the Regional Housing Boards and Regional Transport Boards where they exist (though the Government is not obliged to agree with them). The Government is open to suggestion about which 'regional bodies' should do this and how they should ensure that their recommendations have the weight and legitimacy of regional opinion:

The Government wants to encourage further alignment between the regional transport, housing and economic development strategies. ... [but it] does not intend to prescribe institutional arrangements for how regions should coordinate and prepare advice on regional priorities.<sup>68</sup>

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<sup>68</sup> HM Treasury, *Devolving Decision-Making: A Consultation on Regional Funding Allocations* (London: The Stationery Office, 2004), p.7.

The regional bodies will be required to produce 'advice' for the next Spending Review, currently timetabled for 2007. This amounts to an enhanced version of the Regional Emphasis Documents that were produced in the second half of 2003 for the 2004 Spending Review. It will be expected that the advice provided by regions:

- had been the subject of consultation within the region and took account of the views of regional and local stakeholders and delivery agents;
- was consistent with the relevant regional strategies;
- respected the overall funding assumptions, and recognised other fiscal constraints, including the split between capital and current spending and responsibility for any contingent liabilities;
- took account where appropriate of wider national policy objectives;
- could be implemented in a manner consistent with the Government's commitment to provide three-year certainty of revenue and capital funding to local authorities; and
- was underpinned by a strong evidence base, which set out the value for money case for proposals and their contribution to policy outcomes.<sup>69</sup>

The Government is also minded to permit regions to recommend switching of resources between these policy heads within a given three-year period: for instance, if there is a large transport scheme planned for one year and a large housing scheme in the following year. To be permitted such proposals would need to demonstrate an 'alignment of regional strategies for transport, housing and economic development'.<sup>70</sup> This section reiterates that such decisions would be subject to continued accountability to Ministers, and would be taken in a national context.

The Government set out initial funding allocations in *Regional Funding Allocations: Guidance on preparing advice*. The following table (figure 5) is reproduced from that document, indicating funding allocations from 2005-08:<sup>71</sup>

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<sup>69</sup> Ibid., p.8.

<sup>70</sup> Ibid., p.8.

<sup>71</sup> HM Treasury, *Regional funding allocations: guidance on preparing advice* (London: The Stationery Office, 2005), p.5.

Figure 5: Regional Funding Allocations 2005-08 (£ million)<sup>72</sup>

	NW	NE	YH	EM	WM	SW	SE	EE	Total
2005-06									
Transport	113	42	83	71	88	84	135	92	<b>708</b>
Housing	250	85	144	116	182	137	367	167	<b>1449</b>
Economic development	382	240	295	156	272	153	157	129	<b>1784</b>
<b>Total</b>	<b>745</b>	<b>368</b>	<b>522</b>	<b>343</b>	<b>542</b>	<b>374</b>	<b>659</b>	<b>388</b>	<b>3941</b>
2006-07									
Transport	115	43	85	73	90	86	138	94	<b>724</b>
Housing	249	88	147	125	186	158	384	191	<b>1528</b>
Economic development	400	251	310	163	284	159	163	134	<b>1864</b>
<b>Total</b>	<b>764</b>	<b>382</b>	<b>542</b>	<b>361</b>	<b>560</b>	<b>403</b>	<b>685</b>	<b>419</b>	<b>4116</b>
2007-08									
Transport	117	43	87	74	92	88	141	96	<b>738</b>
Housing	249	91	154	143	193	203	421	241	<b>1695</b>
Economic development	409	258	316	167	291	164	167	138	<b>1910</b>
<b>Total</b>	<b>775</b>	<b>392</b>	<b>557</b>	<b>384</b>	<b>576</b>	<b>455</b>	<b>729</b>	<b>475</b>	<b>4343</b>

The transport allocations do not include regional rail spending: this was not disaggregated for the purpose of the pilot Regional Transport Boards (see above). The paper states that it hopes that regional rail allocations will be available by December 2005. Strategic national transport schemes have also been omitted. The housing funding consists of the Regional Housing Pot and Housing Market Renewal pathfinder funding, and the economic development budget is that of the RDA. With regard to the numerous relevant funding streams not included in these indicative budgets, the document states:

In the consultation responses, it was suggested that other funding streams should be included in this process, such as skills funding, English Partnerships programmes and European budgets. Depending on the evaluation of the regional funding allocations exercise, the Government will consider the scope to include other funding streams in the future.<sup>73</sup>

The document also sets out indicative allocations up to 2015-16, though these are essentially just current figures with percentages added each year to account for inflation. It clarifies that regional advice documents can recommend virement between these budget heads, and between the allocations for different years, so long

<sup>72</sup> The table uses the standard abbreviations for the eight English Regions. NW: North West, NE: North East, YH: Yorkshire & Humber, WM: West Midlands, EM: East Midlands, SW: South West, SE: South East, EE: East of England.

<sup>73</sup> *Ibid.*, p.6.

as a strong justification is given for the recommendation. The advice documents are due by the end of January 2006.

An annex to the document makes available a regional breakdown of LSC funding, which some respondents to the earlier consultation had suggested should be included in regional budgeting. As this has rarely been available in the past we reproduce this here:

Figure 6: Regional analysis of Learning and Skills Council programme funding<sup>74</sup>

<b>Region</b>	<b>2005-06 (£ million)</b>
<b>North West</b>	1,180
<b>North East</b>	486
<b>Yorkshire and the Humber</b>	811
<b>East Midlands</b>	676
<b>West Midlands</b>	978
<b>South West</b>	777
<b>South East</b>	1,210
<b>East of England</b>	787

This document indicates a considerable shift in Government thinking on budgeting of public money. Essentially, the proposals it makes represent a move away from the traditional direct lines of accountability from programmes, to departments, to permanent secretaries and up to Ministers and thence to Parliament. In the context of Whitehall's traditional fiscal conservatism this is a considerable shift of attitude, which is more significant in itself than in terms of the likely impact on outcomes through the sums of public spending involved. Regional funding allocations have themselves hardly ever been used before, and where they have they have been the business of individual departments, and not the Treasury. Also, regional transport funding allocations (across transport modes) have never before been published. The proposals parallel the changes to local public budgeting, being driven through by the Treasury and the ODPM, in the form of Local Area Agreements. These agreements are made between a range of service providers at local level, and may involve moving money between service providers or agreeing on pooled budgets. They imply a blurring of lines of accountability similar to that described as regional level.

It is notable that the document *Guidance on preparing regional funding allocations* does not include details on requirements of the GLA, with regard to London, nor does it include allocation figures for London. The earlier consultation document did refer to London, noting that Transport for London and the London Development Agency already enjoyed the right to decide on regional allocations of their budgets. It is not clear at present whether this part of the Devolving Decision-Making review will lead to the GLA being able to vire money between its functional bodies. It may be that a decision on this will await the outcome of the current GLA review (see elsewhere) and the outcome of the Lyons review of local government finance (which will now not be published before summer 2006).

These developments constitute further evidence that the regional agenda in England is driven by the Treasury, with ODPM, where it is involved, very much a junior partner. It may be as a result of ODPM's subordinate position that questions of accountability (either within LAAs or within the new regional funding arrangements) have not yet been clearly addressed by Government, and these questions could come back to haunt these procedures in the future.

## **7.2 Government Offices Review**

Following the General Election, in July 2005 a review began of the future role of the Government Offices for the Regions. This has been conducted jointly by the Regional Co-ordination Unit (now part of ODPM) and a team in the Treasury. The review is to identify the purpose and function of Government Offices in the future. This has been occasioned by the increasing use of Local Area Agreements (LAAs) between the Government (brokered by Government Offices) and local authorities. LAAs were initially developed in early 2005. They are agreements between Government and a range of local service providers in a given geographical area, to harmonise strategic priorities and potentially to pool budgets. The agreements do not have a contractual basis, and do not lead to extra public money being available, but they will include flexibilities 'contributed' by central government. They amount to a relaxation of the Government's target regime, though the question of how to reconcile central targeting with local freedom to define preferences has not yet been addressed within Government.

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<sup>74</sup> Ibid., p.22.

21 pilot LAAs were signed by Christmas 2004. The LAAs were constructed in four different policy area 'blocks':

- children and young people;
- safer and stronger communities;
- health and older people;
- economic development and enterprise.

Along with housing, planning and economic development, these areas cover the majority of the policy areas dealt with by Government Offices. In other words, when LAAs are in place across the whole of England, and the nascent regional budget pooling arrangements for transport, housing and planning are fully under way, Government Offices are likely largely to be post-boxes for most of their budgets. Under the circumstances, the review currently envisages a shift towards development of expertise and strategic policy options, and away from assessment of applications for grants and specific funding. Sources also suggest that GOs can expect to lose around half their staffing complement as a result of these changes. Figure 7 details GO spending in 2003-04, the latest year for which figures are available.

Figure 7: Programme spend managed or influenced by Government Offices<sup>75</sup>

<b>2003-04</b>	<b>£ billion</b>
North East	0.760
North West	1.541
Yorkshire and Humber	0.868
West Midlands	1.185
East Midlands	0.552
East of England	0.834
South East	0.742
South West	0.472
London	2.724
<b>Totals</b>	<b>9.678</b>

The review was initially intended to publish a final document in December 2005. The most striking point about this review is that it appears to indicate a de-regionalisation of the Government Offices for the Regions, or put another way, the current thinking sees them far more as a post-box between central and local government than as an administrative tier in their own right. Whether or not this proves to be the case is dependent upon the shape of the new strategic development and research role, and how far GOs themselves will be allowed to develop this role as they see fit.

A separate review, confusingly entitled *Future Role of Government Offices*, is being carried out by the Department for Education and Skills (DfES). The aim of this is to determine the role that DfES representatives in Government Offices will play in the Every Child Matters programme. Each GO now has a Director of Children and Learning, moved from DfES proper, and the DfES presence itself has been redefined as a 'Children and Learners' function'. DfES has historically been fairly disengaged from the Government Offices, but published documents suggest that this attitude is changing:

DfES wants to move away from a centralised approach to a more empowering role. This will mean that regions will have increased freedom to shape services to meet local needs...GOs are the place where joined-up policy implementation is made real.<sup>76</sup>

<sup>75</sup> These figures were given by the government in answer to a written parliamentary question in June 2005. House of Commons Hansard, 7 June 2005, Col. 394W.

<sup>76</sup> DfES, *Future Role of Government Offices*, internal document, pp. 1-3.

The new Directors of Children and Learning will lead the involvement, by DfES, of the Government Offices in policy delivery decisions on children and learning issues. The DfES teams in GOs will be restructured by April 2006, with no extra resources provided. The rhetoric of the internal documents suggests that DfES is taking on board the spirit of regional-level policy making and delivery and the joining-up value of the GOs themselves.

## **8. Local government**

Nothing to report save for references throughout preceding sections.

## 9. The political parties

### 9.1 Labour

Each of the three major parties contained references, though somewhat oblique ones, to regional government in their manifestos. The Labour manifesto was the clearest, and the most surprising in the light of the North-East referendum. It stated: 'we will... review the powers of the London Mayor and the Greater London Authority. And we will devolve further responsibility to existing regional bodies in relation to planning, housing, economic development and transport.'<sup>77</sup>

This commitment emphasises the Treasury-led nature of regional policy, and the shift in the balance of power from ODPM towards the Treasury following the North-East 'no' vote referred to earlier. The Treasury documents discussed earlier (*Consultation on Regional Funding Allocations*) indicate that the decision to devolve further powers around housing, economic development and transport already existed.

The review of the Greater London Authority began in July 2005. It is handled jointly by the Treasury and by ODPM (the relevant staff sit in the Regional Co-ordination Unit, deliberately not involving GOL directly in the review due to potential conflicts of interest). The new 'minister for London', Jim Fitzpatrick MP, has responsibility at ministerial level. The commitment to devolve further responsibility to existing regional bodies (making no mention of democratic accountability) indicates at least an acknowledgement from within the party that regionalism still remains an animating ideal for a number of people within the party. A commitment was also made in the manifesto to extend elected mayors, though no commitment has yet been made as to how this would be done and whether or not it had implications for city-regions or local government reform:

We will explore giving people a more direct opportunity to express a view about whether they would like to have a directly elected mayor. We will also consult with city councils on the powers needed for a new generation of city mayors.<sup>78</sup>

### 9.2 The Conservatives

The Conservative manifesto repeated their 2001 commitment to sweep away the Regional Assemblies/Chambers:

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<sup>77</sup> Labour Party, *Britain forward not back*, 2005 manifesto, London, p. 108.

Conservatives understand that people identify with their town, city or county, not with arbitrary 'regions'. We will abolish Labour's regional assemblies. Powers currently exercised at a regional level covering planning, housing, transport and the fire service will all be returned to local authorities.<sup>79</sup>

This commitment was juxtaposed with assertions of the primacy of local government:

We believe in devolving power down to the lowest level so that local people are given greater control over their own lives. Local councils should be accountable to voters. But under Labour, people's priorities have taken second place to centrally imposed targets and Whitehall inspection regimes. The cost to local taxpayers has increased rapidly, with council tax levels up 76 per cent since 1997. It has been a vicious circle – less representation and more taxation. The Conservatives will liberate local government.<sup>80</sup>

The Conservative manifesto made no mention of the Government Offices or RDAs. The Conservative position on the RDAs remains unclear. In public senior shadow ministers have stated that their position remains unchanged from that of 1997-99; that an incoming Conservative government would abolish the RDAs and transfer their powers to local authorities. Privately some sources suggest that such a move is unlikely to be made in view of the continued support of the business community for RDAs. An additional factor is the greater enthusiasm for the existing regional structures in the Conservative local government community than exists at Parliamentary level. Several Regional Assemblies are or have been chaired by Conservative representatives, and many senior Conservatives in the midland and southern regions in particular defend the role and impact of the assemblies in letters to the press and in private communications. The need to scrutinise the work of the RDA and engagement with the new Regional Spatial Strategy process account for this. Whether regional structures would survive a new Conservative government, however, remains to be seen. No proposals for either regional or local governance changes came out of the party during Michael Howard's last days in office, nor in the first days of David Cameron's tenure.

Some changes to the shadow cabinet took place after the 2005 election. Caroline Spelman took over effective responsibility for regional affairs from Bernard Jenkin, who moved to shadowing parts of the DTI. Mrs Spelman had been shadow secretary for 'local government affairs and communities' since March 2004, but has only recently effectively added the region to her remit. In her team are Eric Pickles (local

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<sup>78</sup> Ibid., p. 53.

<sup>79</sup> Conservative Party, *Are you thinking what we're thinking? It's time for action*, 2005 election manifesto, p. 21.

government); Alistair Burt (communities and regeneration); Jacqui Lait (London); Robert Syms and Angela Watkinson (no portfolio listed). Lord Hanningfield and Baroness Hanham lead for the Conservatives in the Lords on local and regional issues.<sup>81</sup> Mrs Spelman retained her brief following the election of David Cameron as party leader, whilst Alan Duncan took over from David Willetts as shadow Secretary of State for the DTI. Cameron also announced on 8 December that Kenneth Clarke MP would chair a 'democracy taskforce' which would examine issues such as reform of the House of Lords, special advisers, and politicisation of the Civil Service – really constitutional issues, though there is no indication yet that regions or local government will become part of its remit.

### 9.3 The Liberal Democrats

The 2005 Liberal Democrat manifesto appeared to drop the party's long-standing commitment to federalism. It did not mention elected assemblies for the English regions, or any kind of regional government, as an aspiration. This was doubtless a response to the North-East 'no' vote: indeed, the manifesto's one comment on the English regions was a commitment to return regional planning powers to the local level, reversing the Planning and Compulsory Purchase Act 2004:

The powers of many unelected regional and national quangos and administrators will be given to cities and counties, including returning to County Councils their strategic planning role. The healthcare planning role of Primary Care Trusts will be given to elected local social services authorities. We will streamline remaining regional functions into a single agency, increasing accountability to the local community through an executive comprising councillors elected from the cities and counties, rather than appointed by the Secretary of State.<sup>82</sup>

The idea of 'streamlining remaining regional functions into a single agency' has received little attention from policy-makers. Given the sheer number and range of spending decisions and policy decisions now made at a regional level, an integrated agency of this kind would have considerable spending power, and would cover an extremely wide range of departments and policy issues.

Following the election, Sarah Teather was appointed as the Liberal Democrats' shadow local government and communities spokesperson. Teather made headlines in 2003, winning Brent East at a by-election on a swing of 29 per cent from Labour.

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<sup>80</sup> Ibid., p.22.

<sup>81</sup> Source: [www.conservatives.com](http://www.conservatives.com), before the election of David Cameron as leader of the party on 7 December 2005.

During the debate on the regionalisation of the fire service on 12 October 2005, in response to a question from the Conservative spokesperson Caroline Spelman, Teather announced that a review of regional policy was underway within the party:

We are consulting on what we should do following the north-east referendum. We accept that the proposals on offer were rejected, but many other options are possible. Some form of regional government is necessary to democratise the present systems. That could be achieved in many different ways and I do not wish to prejudge our review by discussing it in detail now. I would be happy to discuss the issue in detail with the hon. Lady at some other point.<sup>83</sup>

The Liberal Democrats have convened a working group on local and regional policy, which contains 26 MPs and senior activists from across the party, including Sarah Teather and Simon Hughes MP. The working group will consider all possibilities, including an English parliament, regional government with alternative boundaries, and unitary local government. It will also review the party's stance on devolution to Scotland and Wales with a view to increasing the powers of the devolved bodies. Democratisation of existing regional quangos is likely to be an important consideration within the review. It is expected that a policy paper will be produced in March/April 2006, and sent out to the party for consultation. A final policy will then be proposed at the 2006 party conference in the autumn.

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<sup>82</sup> Liberal Democrats, *The real alternative*, 2005 election manifesto, London, p.18.

<sup>83</sup> House of Commons Hansard, 12 October 2005, col 319.

## **Conclusion**

As predicted following the 'no' vote of November 2004, rumours of the demise of regional governance have been somewhat exaggerated. If anything, the quantity of government activity at the regional tier is increasing year on year. This report highlights that more and more departments and functions of government are setting up new regional structures or enhancing existing functions. However, the current developments are continuing the pattern observed in previous years of unplanned regionalisation. There is nothing even approaching a coherent narrative of what the regional tier is for within the governance of England, and no sense that the Government as a whole regards this as an important question. As a result, how the new regional structures interact with one another tends to be down to the individuals involved with them. English regions remain administrative conveniences through which central policy can be delivered and tweaked, at the pleasure of central officials, to adapt to local circumstances.

This is not to say that the 'no' vote has had no effect, however. It has had one vital, all-encompassing effect, which is to drive the focus of the regional agenda away from ODPM and towards the Treasury. Put more accurately, it has led to the disappearance of the elements within ODPM thinking relating regional government as a means to democratic renewal and innovations in the forms of governance – through statutory consultation, proportional representation, strategic planning and the use of partner members or civic forums to link new elected assemblies more clearly into the civic life of their regions. Whether or not this was ever a realistic agenda is open to question, but it was certainly a substantial part of the rhetoric behind the development of policy on elected regional assemblies. Significantly, the Chancellor, Gordon Brown, has never publicly supported elected regional assemblies, despite making several speeches praising regionalism and reflecting this in his policy directions. City-regions and neighbourhoods, meanwhile, despite being the new fashion in government circles, have not yet produced a coherent alternative to the regional agenda.

The hand of the Chancellor can be perceived in another development in the character of the regional agenda since the North-East referendum: Gershonisation. In the developments outlined under 'regional structures' above, a thread of administrative savings, cost-effectiveness and lack of wastage of public money can

be discerned. The reforms to police, fire, ambulance, health and unitary local government outlined above are all being carried out to save public money. This is arguably a retreat to the 'bigger is better' school of public administration, assuming that efficiency savings can be achieved in the long term through larger divisions of public services without compromising quality and effectiveness. The Government is under pressure from a slowing economy, growing public spending, rising borrowing, attacks from the Opposition and perceptions that the rises in public spending under New Labour have not been matched by rises in performance. In this political climate, the concept of 'regions' becomes a handy receptacle for the needs of pressurised ministers. New Labour's drive to improve public services, and its 'sizeist' attitude towards local structures, have made considerable inroads into the character of regional government.

All three major political parties are still waiting for an animating idea helping them to address the 'English Question'. The end of elected regional assemblies has denied Labour and the Liberal Democrats a clear and reasonably coherent policy agenda, and it has denied the Conservatives an easy policy agenda to attack. All three parties continue to pay lip-service to 'localism' without producing any substantial policies to make it happen. A clear agenda for the sub-national governance of England remains as far away as ever.

# **The Only Certainty is Uncertainty: Monitoring the English Regions May 2006**

**Mark Sandford**

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## **Executive Summary**

The future prospects for regional governance appeared to be potentially dissipating during the second quarter of 2006, a view underlined by the political troubles experienced by John Prescott since April's revelations of an extra-marital affair. The Cabinet reshuffle following the local elections of 4 May, replacing Prescott and David Miliband at ODPM (renamed the Department for Communities and Local Government) with Ruth Kelly, made the prospects for the immediate future still less clear.

Whilst regionalisation of Strategic Health Authorities and a partial regionalisation of police forces are now under way, much of local government debate is in a state of limbo awaiting the white paper which, before the departure of John Prescott and moving of David Miliband, was due out in mid-June. It is expected to clarify the government's view on city-regions. A number of research and think-tank reports have been published on city-regions in this monitoring period, many proposing pilots of structures ranging from GLA-style strategic governments to federated urban area management boards with extra resources for investment.

The white paper is also anticipated to propose a move towards unitary local government across England, possibly with voluntary mergers encouraged between councils, possibly backed up by a government power to oblige mergers. Add in the publication of the delayed Lyons report on local government finance and functions, and the outcome of the review of the GLA, both expected in May, and the next few months promise to be busy. Whether any more durable solutions to the question of English governance will be the outcome has to be more doubtful.

Regional government in itself has more or less fallen off the Westminster radar, but MPs are showing increasing concern in the regional planning and housing allocations process, which is beginning to bite in constituency work. A steady stream of questions and complaints, mainly though not exclusively from Conservative MPs, has been in evidence during 2006. Meanwhile, regional institutions continue their quiet work of policy preparation, including the joint Regional Funding Allocations process which will feed into the 2007 Comprehensive Spending Review. Submissions to government will be due by the end of 2006.

The Greater London Authority has continued to press the case for increased powers to address London's issues, especially in the context of the 2012 Olympic Games. This has coincided with a troubled few months for the Mayor himself, with his abortive suspension from office by the Local Government Standards Board and criticism over a number of other controversial remarks since.

## Timeline of main events

31 January	Submission of regional advice for Regional Funding Allocations
13 February	Commission on London Governance produced final report
22 February	End of consultation period for GLA review
24 February	Mayor of London suspended from office for one month
27 February	Mayor of London successfully asks for suspension from office to be suspended
22 March	UK Budget produced: Government Office review published
28 March	Natural Environment and Rural Communities Bill becomes law
31 March	Submission of South-East Plan
3 April	Olympic Delivery Authority goes live
10 April	Submission of plans for reconstitution of SHAs
21 April	Start of review of Housing Corporation and English Partnerships
4 May	Local elections in parts of England
5 May	David Miliband replaced by Ruth Kelly and ODPM renamed

## **Introduction**

As this Monitoring Report went to press, the Deputy Prime Minister, John Prescott, was stripped of his departmental responsibilities following the bad publicity over his extra-marital affair with a diary secretary and Labour's poor showing in the May 2006 local elections. He remains Deputy Prime Minister, but his department will now be run by Ruth Kelly, who moves across from Education. The department is to be renamed the Department for Communities and Local Government (DLG). David Miliband, formerly Minister for Communities, takes over from Margaret Beckett at the Department for Environment, Food and Rural Affairs (DEFRA).

The consequences of this shake-up for the future of regional policy in his department are very unclear. It had been speculated that David Miliband would himself take over the whole of the former ODPM from Prescott, and bring a decreased focus on matters regional to its work. Miliband was also leading on the production of a white paper on local government, which was expected to be published in June 2006. Whether or not the white paper will still be produced to this timetable, or whether Kelly will delay it until she has her feet under the table, is impossible to say. It is also impossible to say whether the white paper is sufficiently advanced that Kelly will be unable to stamp her own mark on it – assuming that she wants to. This white paper was particularly significant, as it has attracted considerable speculation: that it may demand, or suggest, local government reorganisation into unitary authorities, or that it may promote, pilot, or oblige the formation of 'city-regions' (whatever that may mean exactly). The future of sub-national government and governance in England has rarely been at such a point of uncertainty.

But, the existing regional institutions are continuing to develop, to occasionally make new suggestions and try interventions in new areas. In particular, the Regional Funding Allocations process is starting to produce some interesting proposals – and this, being run from the Treasury, is not vulnerable to the ructions at the ODPM. Other parts of government are moving ahead with restructuring, which is frequently being driven by the Gershon efficiency agenda, and the regional tier is proving a handy, easy answer to questions of how best to make economies of scale within back-rooms of public services.

## 1. Regional structures

The reforms under way to health and police structures outlined in the last Monitoring Report<sup>1</sup> have continued during 2006.

Strategic Health Authorities submitted their proposals for mergers to the Secretary of State in early April 2006. In every region, except for the South-East, a single SHA covering the standard region has been proposed. The South-East SHAs proposed one SHA for Kent, Surrey and Sussex and one for Hampshire, Isle of Wight and the Thames Valley area (splitting the standard region down the middle). It appears that the decision-making was relatively consensual, with the possible exception of the South-West where there was some pressure to maintain an independent Devon and Cornwall SHA. The SHAs also supported the reform of ambulance trusts to create new regional-level structures, on the same boundaries except for the South-West region being split into Cornwall/Devon/Dorset/Somerset and Gloucestershire/Avon/Wiltshire.

Interestingly, the regional assemblies and the GLA have stated that they would like closer involvement with the new regional SHAs. The Mayor's submissions to the ongoing GLA review supported his having 'a clear role in the governance of health bodies in London'<sup>2</sup> and also supports the London Assembly's demand to be able to scrutinise the pan-London SHA. Submissions by the South-West, Yorkshire & Humber, and East of England regional assemblies to the current ODPM Select Committee enquiry into the future of regional government also call for those bodies to be given a role in scrutinising the new SHAs.

Reforms of local police forces proved more controversial. The Home Secretary, Charles Clarke (at the time of writing), eventually approved a patchwork of regional and sub-regional police forces. In the East Midlands, North-East, Wales, Yorkshire & Humber, and South-West, police forces covering the entire standard region will be created. In the North-West, Greater Manchester will remain a stand-alone force, accompanied by a Cheshire and Merseyside force and a Lancashire and Cumbria force. In the East of England, one force will cover East Anglia (Norfolk, Suffolk and

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<sup>1</sup> Mark Sandford, *English Regions Devolution Monitoring Report: January 2006*, at: [www.ucl.ac.uk/constitution-unit/research/devolution/Monitoring%20Reports/Jan06/English%20Regions%20Jan06.pdf](http://www.ucl.ac.uk/constitution-unit/research/devolution/Monitoring%20Reports/Jan06/English%20Regions%20Jan06.pdf).

<sup>2</sup> Mayor of London, *The Mayor of London's response to the ODPM's consultation paper on the powers and responsibilities of the Mayor and Assembly* (London: GLA, 2006), p.76.

Cambridgeshire) and another the remainder of the region (Essex, Bedfordshire and Hertfordshire). In the South-East, forces will cover Kent; Surrey and Sussex; Thames Valley; Hampshire and Isle of Wight (i.e. the only merger in that region will be between the existing Surrey and Sussex forces).

The rationale behind the eventual pattern seems to have been overwhelmingly related to economies of scale. There appears to have been a presumption in favour of retaining those forces which already had 6,000 or more officers (Greater Manchester, Kent, Thames Valley, Hampshire) whilst merging those which did not. In places like the West Midlands, where the existing West Midlands Police (covering Greater Birmingham) did meet this threshold but none of the other forces in the region did, it was felt necessary to amalgamate all of the forces. The new structures will come into being by 1 April 2007.

The Natural Environment and Rural Communities Bill completed its passage through parliament in late March 2006. This bill creates the new Natural England agency, which will take on the functions of the Countryside Agency, English Nature and the Rural Development Service. It will be highly devolved in decision-making matters to both the regional and local levels.

In April it was reported that the ODPM is opening a review into the possible merger of the functions of the Housing Corporation and English Partnerships (EP). This possibility was apparently considered in 2002 and rejected by John Prescott. The driver behind this possibility is the government's desire to increase the supply of new build housing. A merged agency is seen as the best way of matching up derelict land (held mostly by English Partnerships) with funding for new build (held mostly by the Housing Corporation). There are also concerns that EP over-focuses on London and the South-East.

The review is taking place, and was to have been chaired by David Miliband, through May and June. Sources suggest that the merger of the two agencies is more or less certain.<sup>3</sup> However, the government is also considering adding a host of functions to the new agency which are currently contained within the ODPM's own office. These include the Neighbourhood Renewal Unit, the Housing Market Renewal programme, private sector housing renewal, the Decent Homes Standard programme, and administration of Housing PFIs. Merging these functions into a Non-Departmental

Public Body (NDPB), it is believed, would encourage the involvement of the private sector. These programmes would no longer be managed by civil servants, and would therefore enjoy faster and more expert decision-making and stronger stakeholder relationships.

If this new agency is created, it would be a powerful player in the regeneration scene across England. There is no word so far on whether it would be organised regionally (nor how it might interact with the GLA): of the organisations facing merger, only the Housing Corporation respects standard regional boundaries. There has also been speculation that the new agency would overlap with RDAs' land management and physical regeneration role, or that it might take some powers from RDAs, a possibility opposed by the RDAs themselves. It is also unlikely that Urban Regeneration Companies (URCs) will be absorbed into the new body where they exist. Whether or not standard regions do play a role in the new body has to be up for grabs, given the likely role of David Miliband in its creation.

### **1.1 Regional Chambers/Assemblies**

After a period of uncertainty and relevant upheaval following the North-East 'no' vote, regional assemblies are continuing quietly to progress their core work on scrutiny and Regional Spatial Strategies (a timeline for the production of these was provided in the previous Monitoring Report). They have also participated in the production of advice for Regional Funding Allocations (see Regional Finance section), which was produced by the end of January 2006.

Assemblies were mentioned by the DEFRA report *Securing the Regions' Futures*, produced in April.<sup>4</sup> This report made recommendations for how RDAs, GOs, and assemblies could contribute to sustainable development in the UK. Each region has some form of sustainable development strategy, sometimes incorporated in an integrated regional strategy. The report recommended simplification where necessary, including incorporating documents where they appeared to overlap. Interestingly, for the first time the document provided a set of guidelines for how to produce a sustainable development strategy, guidelines which could in fact apply to the production of any regional strategy. This is the first time that the government has taken a position on how strategies should be produced or attempted to define what

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<sup>3</sup> *Regeneration and Renewal*, 14 April 2006.

<sup>4</sup> DEFRA, *Securing the Regions' Futures* (London: HMSO, 2006).

strategies should do, and may indicate a stronger interest in working jointly with regions than was evident previously.

Some assemblies are beginning to branch out into other lines of work. Four (East of England, Yorkshire & Humber, South-West and West Midlands) submitted evidence to the ODPM Select Committee enquiry (see Regions in Parliament section), as did the English Regions Network. The similarity of the submissions' recommendations suggested that the regions collaborated on this. The ERN is also developing some work on climate change. Yorkshire & Humber has signed up its local authority members to National Energy Action, a fuel poverty charity, through which NEA will provide advice to the councils and the councils will share statistical data with NEA.

The South-East Plan, the most controversial of the RSSs, was submitted in March 2006.

## **1.2 RDAs**

The RDAs are currently undergoing a review, handled by the Treasury, of the value for money provided in terms of economic growth. It seems likely that the premise behind the review is that funds should be more strongly directed towards strengthening economic growth. Since their formation the RDAs have been under pressure to take account of social as well as economic need – particularly as most of their predecessor agencies were tasked with doing exactly that. They have sometimes responded by 'jam spreading' – doling out parts of their budget to all parts of their region. It is thought that this review will discourage that. Implicitly, the creation of the new housing / regeneration agency by ODPM may fill any gap left if the RDAs should step back from the social/regeneration field.

Two RDAs, East Midlands and London, have re-let their Business Link franchises, following the transfer of control in April 2005.

## **2. Regional Politics**

### **2.1 Labour**

No news other than issues covered elsewhere (see Introduction).

### **2.2 The Conservatives**

Tory MP Alistair Burt indicated that the outcome of the wide-ranging policy reviews instituted under David Cameron's leadership is likely to be proposals for the abolition of regional quangos and the return of powers to local government. How this will be done has not yet been clarified. This appears to be a restatement of the Conservative policy on English regions held since 1997.

### **2.3 The Liberal Democrats**

Following the election of Sir Menzies Campbell as party leader after the shock resignation of Charles Kennedy, Andrew Stunell (Hazel Grove) was appointed to shadow the ODPM. The previous incumbent, Sarah Teather, moved to Education. Stunell was previously the Liberal Democrats' Chief Whip.

### **3. Public Attitudes, identity, and research**

The University of Salford published *English Regional Governance in 2004* during this monitoring period. This is the final report of the ODPM-commissioned long-term evaluation of the policy-making process around elected regional assemblies, which was intended to run to 2011. We also note below a number of reports published on city-regions (see Local Government section).

Sir Michael Lyons's report on local government functions and finance, and the final report of the GLA review, are both expected in early May 2006, just after this report went to press. Also expected are the final report of the ODPM Select Committee inquiry 'Is there a future for regional government?', and potentially reports from the ODPM on regional chambers/assemblies and from the Audit Commission on regional governance.

## 4. Regions in Parliament

### 4.1 Select Committee Inquiry

The House of Commons Committee on the Office of the Deputy Prime Minister invited contributions to its inquiry 'Is there a future for regional government?' by 23 January 2006. The Committee, now under the chairmanship of Phyllis Starkey (Labour, Milton Keynes South-West), had indicated that it would consider the potential future role of city-regions. It published the written evidence that it had received in February.<sup>5</sup> Much of the evidence came from 'the usual suspects' and was predictable in character: various regional activists writing in support of continued regionalisation, individuals making a case for the abolition of regional assemblies and their connection with the European Union, responses from the Campaign for the English Regions and the Campaign for an English Parliament.

Submissions on city-regions divided quite sharply into advocates and opponents. The Association of Greater Manchester Authorities submitted evidence supporting a Manchester city-region and commenting negatively about the existing regional structures. However, several respondents viewed city-regions as a further complicating factor in the geography of England. In particular, concerns were expressed (including by RDAs and the Countryside Agency) that city-regions would lead to rural issues being ignored. Several submissions also indicated that some basic misunderstandings about the character of the regional tier of government continue.

The Committee held oral evidence sessions throughout March and April, and has appointed as special advisers Professor Alan Harding (Sustainable Urban and Regional Futures Centre, University of Salford, and an expert on city-regional issue) and Sir Leslie Elton, former chief executive of Gateshead Council. A report from the committee is expected in the early summer.

### 4.2 Parliamentary Debates

There have been regular references to regional assemblies themselves and to the impacts of their housing and planning responsibilities during the first four months of 2006. The majority of references have derived from Conservative MPs' written or oral questions in the house. Some are requests for basic information about the

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<sup>5</sup> [www.publications.parliament.uk/pa/cm/cmmodpm.htm#evid](http://www.publications.parliament.uk/pa/cm/cmmodpm.htm#evid).

assemblies, whilst some are requests for information relating to the questioner's constituency. Figure 1 lists all of the references made.

Figure 1: References to regional matters in Parliament

Date	Col	Questioner	Question
16 Jan	968W	Caroline Spelman (Con, Meriden)	Whether Secretary of State will review status of regional assemblies
19 Jan	1546W	Nicholas Soames (Con, Mid Sussex)	Asking number of new infrastructure facilities needed to support new house build under the South-East Plan
31 Jan	426W	Geoffrey Clifton-Brown (Con, Cotswold)	What guidance has been given by government to the regional assembly on new house build in the South West
1 Feb	340	Tobias Ellwood (Con, Bournemouth East)	Complaining that police reform proposals formed part of a government regionalisation-by-stealth agenda
1 Feb	340	Stewart Jackson (Con, Peterborough)	What action Secretary of State will take when East of England RSS Examination in Public concludes
6 Feb		Gregory Barker (Con, Bexhill & Battle)	Asking the Secretary of State to publish advice received from the South East Regional Transport Board
8 Feb		Stewart Jackson	Asking if the Secretary of State will review the East of England RSS
8 Feb		Gregory Barker	Asking about the involvement of various bodies in the South East Regional Transport Board
8 Feb		Gregory Barker	Asking about any representations received about the advice received from the South East Regional Transport Board
16 Feb		Stewart Jackson	Asking how much EERA cost in 2004-05
27 Feb	200	Nicholas Soames	Asking for estimates of infrastructure funding to support the South East Plan
27 Feb	200	Keith Vaz (Lab,	Requesting a statement on the role of

		Leicester East)	regional assemblies.
27 Feb		Eric Pickles (Con, Brentwood & Ongar)	Asking whether Regional Housing Boards will continue to operate from Government Offices
28 Feb	122	Andrew Turner (Con, Isle of Wight)	Asking Electoral Commission to take action against regional assemblies following the North East 'no' vote
1 Mar	129	Alistair Burt (Con, NE Beds)	Disparaging reference to programmes being removed from Countryside Agency to RDAs
1 Mar	129	Alan Beith (LD, Berwick)	Echoing points made by Mr Burt with regard to Northumberland
2 Mar	396	Tobias Ellwood	Amount of public funding for South West in 2005-06
8 Mar	809	Philip Davies (Con, Shipley)	What powers and responsibilities the government have transferred to regional assemblies since 2004
8 Mar	1515W	Sarah McCarthy-Fry (Lab, Portsmouth North)	Written question re roles of SEERA, SEEDA, Environment Agency and Highways Agency on the Hindhead tunnel <sup>6</sup>
23 Mar		Caroline Spelman	Asking total expenditure on the 'Your Say' campaign (see below)

The Conservative Party has kept up a kind of low-level guerrilla warfare on the principle of regional assemblies. Several questions listed in Figure 1 led to supplementaries from the speakers attacking the existence of the relevant regional assembly, complaining of its cost and that it removed power from local authorities. The shadow minister, Caroline Spelman, made similar attacks in recent interventions in the House of Commons. Alan Beith, for the Liberal Democrats, also criticised the North-East Assembly, despite his party's previous support for regional government. Some Labour politicians (Keith Vaz, Sarah McCarthy-Fry) have also made requests for information about regional bodies, though they have not used the opportunity to attack regional bodies or regionalisation. Not only regional assemblies, but RDAs and

<sup>6</sup> Work will shortly start on the Hindhead tunnel, which will remove a bottleneck from the A3 trunk road in south-west Surrey. It is a major regional project attracting the interest of all major regional stakeholders, and it is costing more than half of the Highways Agency's annual budget.

other regional executive agencies have been included in these enquiries. This suggests that some MPs are becoming more aware of the importance of these bodies to public policy-making.

Several questions asked related to the issue of new build housing in the southern regions. This is an issue which exercises Conservative politicians at both local and national levels. The questions asked appear to be aimed at discovering the process through which decisions are being made at regional level, something which is not easily clear to those who are not very close to the process.

Caroline Spelman's question on 23 March 2006 revealed the full sum spent on the 'Your Say' campaign. This was the government's information campaign in the three northern regions leading up to the referendum in 2004. The total spent was £3.24 million, as follows:

Figure 2: Spending on the 'Your Say' referendum information campaign

North East	£1.22 million
North West	£1.07 million
Yorkshire and the Humber	£0.95 million

Mrs Spelman also asked a question about the accountability of regional assemblies on 27 February. This is a complex subject which has been raised in Parliament previously. As regional assemblies are not part of the public sector, being either unincorporated associations or limited companies, they are not subject to public accountability requirements or to public auditors. The fact that despite this they receive substantial sums of public money has been a subject of complaint from the Opposition. A previous question from Mrs Spelman, on 16 January, highlighted the ambiguities around this issue:

**Mrs. Spelman:** To ask the Deputy Prime Minister pursuant to the answer of 21 November 2005, *Official Report*, column 1700W, on regional government (1) if the Government will review its classification of the regional chambers as voluntary bodies to take account of their new statutory powers and responsibilities over planning; (2) whether the regional chambers are public authorities.

**Yvette Cooper:** Regional assemblies are bodies formed voluntarily within each region that have since been designated by Government to undertake specific activities. In the performance of these activities we would regard them as undertaking a public role and therefore need to be mindful of their duties, for example under the Human Rights Act 1998.

The accountability of the Assemblies to Government, in practice, is discharged through regular monitoring of their business plans by civil servants in Government Offices. Government Offices distribute both the Regional Chambers Fund and planning monies to regional assemblies.

**Mrs. Spelman:** To ask the Deputy Prime Minister by what means regional assemblies in England are accountable to Government for the performance of their designated activities.

**Yvette Cooper:** Regional assemblies are required, prior to approval of central Government grant, to agree business plans setting out key activities supported by grant. Before individual grant payments are approved assemblies are required to submit a report on progress in the preceding claim period.<sup>7</sup>

There has not yet been an instance of grant being withheld by Government Office staff on the grounds that regional assemblies have submitted an inadequate report or otherwise failed to demonstrate their efficiency. Any criteria used by GOs for this purpose have not been made public.

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<sup>7</sup> House of Commons Hansard, 16 January 2006, col 968W.

## 5. Greater London Authority

### 5.1 Outputs of GLA review

The closing date for submissions to the review of GLA powers was 22 February 2006. During the consultation period, the review team was moved from within the Regional Co-ordination Unit to ODPM proper (RCU is formally part of ODPM but is located about a mile away in a different office). The Mayor produced his own submission to the consultation, largely reiterating the proposals made in his discussion papers of September 2005. However, the position of the Mayor's Office has moved on in some important ways.

Firstly, the Mayor now proposes that strategies for housing, energy, water, and children and young people, should be made statutory strategies. This is principally to enable the Mayor to enforce delivery of the strategies where appropriate. With regard to energy, this includes the ability to enforce energy efficiency as a requirement in planning applications for new build, and the ability to take energy considerations into account in planning decisions relating to combined heat and power and renewable energy plants. Secondly, the Mayor's position on GOL explicitly makes reference to the HM Treasury Government Office Review that was underway at the same time, in the hope of influencing its conclusions. Thirdly, the Mayor explicitly supports the GLA taking on any European funding programmes obtained for the 2006-13 programming period.

The Mayor also states that his 'underlying assumption is that any transfer of powers will be accompanied by the provision of an appropriate level of resources'.<sup>8</sup> There has been some questioning of how detailed the Mayor's plans for taking over various public bodies really are, with the Learning and Skills Council in particular fighting a determined action against being transformed into a single functional body. This is the Mayor's favoured option for the future development of skills policy in London, and appears at present to be an unlikely outcome of the review.

Further proposals include bringing the South Bank Centre and the Museum of London under Mayoral control; giving the Mayor 'an explicit responsibility to reduce health inequalities'.<sup>9</sup> Slightly surprisingly, the Mayor explicitly supports political

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<sup>8</sup> Mayor of London, op. cit., p.6

<sup>9</sup> Mayor of London, op. cit., p.76

representatives being introduced to the Transport for London board (which currently may not, by law, contain any borough councillors or London Assembly members). The Mayor also indicates support for the suggestion that he be made chair of the Metropolitan Police Authority (MPA), suggesting only that the Mayor should be able to choose this role or appoint to it (the MPA currently elects its own chair from amongst the board members). Though opposing the introduction of a power for the London Assembly to block Mayoral strategies, the Mayor supports the extension of the Assembly's external scrutiny powers, suggesting that bodies such as SHAs, LSC, Port of London Authority, and somewhat bizarrely the Audit Commission, should be subject to Assembly scrutiny.

The Mayor introduces five principles in his position on reform of GOL:

- The Greater London Authority (GLA) is a democratically elected administration and should have parity of treatment with the three other devolved administrations in the United Kingdom
- Governance of the provision of public services should be as close to the point of delivery as possible. Wherever practicable the GLA, and not Government, should be responsible (and accountable) for implementing and/or funding Londonwide services
- Decision makers should have a direct democratic mandate. The democratic mandate of GOL is not clear.
- Every effort should be made to secure the Government's efficiency agenda to optimise the deployment of national taxpayer funds. Duplication between GOL and GLA activities should be avoided wherever possible
- There are certain activities in London which are demonstrably national in nature (e.g. securing London's resilience in the event of a catastrophic incident). These activities should continue to rest with Government.<sup>10</sup>

The first of these principles is audacious and would not be recognised as reflecting reality by central government or by most participants in or commentators on sub-national government in the UK. The second and third would be matters of dispute between the GLA and the government, whilst the fourth and fifth represent areas where the two sides can begin with an agreement.

The London Assembly has also published a formal document entitled *The London Assembly's response to the ODPM Review of GLA Powers*.<sup>11</sup> This document sets out ten principles which the Assembly believes should inform the review, as follows:

- a. The London Assembly is integral to the operation of the Greater London Authority;
- b. Good governance arrangements must last for the long term;

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<sup>10</sup> Mayor of London, op. cit., p.72

<sup>11</sup> *The London Assembly's Response to the ODPM Review of GLA Powers*, at: [www.london.gov.uk/assembly/assemmtgs/2006/mqtfeb21/minutes/app3-review-powers.pdf](http://www.london.gov.uk/assembly/assemmtgs/2006/mqtfeb21/minutes/app3-review-powers.pdf).

- c. Additional powers for the GLA should come from central government; not by extraction from local government;
- d. Accountability is achieved through a balance of powers;
- e. Accordingly, the Assembly must be able to exercise effective budgetary scrutiny powers;
- f. And have powers to undertake effective scrutiny of Mayoral strategies;
- g. Functional body accountability and decision-taking is enhanced by political representation;
- h. Any Mayoral power of direction should be balanced by an Assembly power to 'call in' for further consideration any decision to use such a power;
- i. A strong, independent Assembly requires secure funding; and
- j. An independent GLA staff establishment will deliver better results for Londoners than a politicised administration.<sup>12</sup>

The Assembly's response is informed principally by the desire to ensure that any new powers passed to the Mayor are matched by appropriate scrutiny responsibilities over those new powers. They also seek an extension of the scrutiny role to allow the Assembly to reject strategies on a two-thirds majority, as currently exists for the GLA budget. This proposal – opposed by the Mayor – faces difficulty in being accepted by government, as it could in principle lead to long-term deadlock within the GLA preventing the Mayor from delivering on his commitments, a point made with some force in the Mayor's submissions to the review. The Mayor claims that his democratic mandate obliges him to be able to deliver, but the Assembly members also have a democratic mandate. Arguably the balance of power on the Assembly more accurately represents the nuances of London-wide politics. A new power of blocking strategies would strengthen the Assembly substantially, and would make its views suddenly of much greater importance to the Mayor.

The Assembly's concerns reflect the local government background of the majority of its members. This is particularly evident in the proposals for functional body boards, an issue which is the subject of considerable disagreement within London. The Mayor broadly supports a reduction in the number of Assembly members / politicians on functional body boards, preferring to be able to appoint by expertise. The Assembly supports an extension of the 'LFEPA [London Fire and Emergency Planning Authority] model' to all the functional bodies. Under this model, though the Mayor appoints all the members, he must appoint Assembly members according to the political proportionality of the Assembly, and Assembly members have a majority of one on the board. The review consultation paper, for unclear reasons, proposed changes to the LFEPA model, reducing the number of Assembly appointees; but, most oddly, suggested that the Transport for London board, which currently cannot

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<sup>12</sup> *Ibid*, p.2-3.

contain Assembly members, should be able to do so, and that the Mayor should become the chair of the MPA! Furthermore, there is a school of thought which suggests that, because Assembly members are responsible for scrutinising functional bodies, they should not also sit on the boards of those functional bodies and should be removed from those that they currently sit on. Evidence from the first term of the GLA suggests that there is a correlation between Assembly members sitting on boards and a lack of scrutiny of the relevant organisation. However, this last suggestion has found few friends in the Assembly or the review, most likely because it would involve removing politicians from the decision-making forum of functional body boards.

Alongside the review of the GLA, the Department for Transport published a consultation paper in February 2006 suggesting the devolution of various powers over commuter rail services in London to the GLA. The paper was interesting in that it suggested that powers over services running to specified points outside the Greater London boundary could also be devolved. Examples include Sevenoaks, Dartford, Shepperton, Slough, St Albans, Shenfield, Hertford, Epsom. These are natural points just outside the London boundary to where frequent commuter services run and can be easily 'turned round' (i.e. to return to London).

Possible powers for TfL to take on include: the ability to pay for the addition of train services to the relevant lines (or to save money through subtraction of train services, money which could then be freely redistributed within TfL); pay for 'other enhancements' such as station improvements; make changes to fare levels either within the London boundary or on the lines running outside the London boundary; pay for changes to stopping patterns; and apply integrated ticketing. This last point has been a source of controversy with the introduction of the Oyster Card, a pay-as-you-travel smart card which now gives substantial discounts on single and return fares on bus and underground travel. As much of South London, in particular, has no Underground stations, the inability of many London residents to access the savings was perceived as unfair. The consultation also asks for suggestions for appropriate consultation procedures with local authorities and/or regional assemblies through whose area the relevant routes run, if the Mayor decides to vary the service. It is open on whether those authorities should be able to veto Mayoral proposals for changes or not. Network Rail will also have to approve Mayoral proposals for their technical practicability. The government will also require that 'Proposals are consistent with the government's objectives and strategies for the railway, including

financial objectives.<sup>13</sup> SEERA, the South-East England Regional Assembly, has demanded a seat on the TfL Board if the Mayor is to be able to vary rail services in its region.

Whether to grant rail powers to the Mayor is the subject of a separate consultation, which is also currently ongoing. If this power is granted, as seems likely, the Mayor will also be required to appoint two people to the TfL Board to represent the interests of areas outside London. Whether and how this power is exercised remains to be seen. The consultation exercise also indicates that no extra money will be available over and above the 2005-10 settlement between the DfT and TfL to enable the Mayor to use those powers.<sup>14</sup>

Alongside this, agreement has been reached to transfer the Silverlink franchise to TfL from 11 November 2007. This franchise runs almost entirely within the London boundary, covering the North London Line, Gospel Oak to Barking line, Clapham to Willesden line, and Euston to Watford and St Albans. The Mayor will become the franchising authority i.e. he will let the franchise rather than running the service directly. The London Assembly published a report in March 2006 highlighting some of the current problems with this franchise. The Mayor has also published an initial report indicating some of the improvements that he intends to make by 2010, including station refurbishment, doubling of service levels, and introduction of the Oyster Card.

Two substantial controversies have taken place in the GLA during early 2006. The most major was the recommended suspension of the Mayor for one month by the Local Government Standards Board. This event, which made national headlines, resulted from an incident outside City Hall in February 2005. Ken Livingstone left a party at City Hall during the evening and was met by an Evening Standard reporter named Oliver Finegold. The transcript of the tape (heard by the Standards Board) was reported as follows:

**Finegold:** 'How did tonight go?'

**Livingstone:** 'Have you thought of having treatment?'

**Finegold:** 'Was it a good party? What does it mean for you?'

**Livingstone:** 'What did you do before? Were you a German war criminal?'

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<sup>13</sup> Department for Transport, *Consultation on proposals for the Mayor of London's rail powers beyond the London Boundary*, HMSO, London, 2006, p.8

**Finegold:** 'No, I'm Jewish. I wasn't a German war criminal.'

**Livingstone:** 'Ah ... right.'

**Finegold:** 'I'm actually quite offended by that. So, how did tonight go?'

**Livingstone:** 'Well you might be, but actually you are just like a concentration camp guard. You're just doing it 'cause you're paid to, aren't you?'

**Finegold:** 'Great. I've you on record for that. So how did tonight go?' (Guardian, 25 February 2006)

The Mayor's remarks caused considerable anger amongst Jewish groups in London, some of whom called for his resignation. Most other public comment suggested that Livingstone should not resign but should apologise, which he refused to do. Finegold and the Evening Standard referred the matter to the Local Government Standards Board, which held public hearings with the relevant parties through early 2006.

On February 24 the standards board announced that Livingstone would be suspended for the month of March. Livingstone refused to accept the suspension, and applied successfully on 27 February to the High Court for it to be stayed pending his appeal. His appeal, which will go before the High Court, has not yet been heard at the time of writing.

Interestingly, media and political comment from both sides of the political spectrum, whilst continuing to condemn his original remarks, shared his view that it was inappropriate for the Standards Board to be able to suspend a politician over offensive comments.<sup>15</sup> Both Steve Norris, his electoral opponent, and Tony Blair, are reported as disapproving. The Standards Board was intended originally principally as a guard against fraud and other corrupt practices in local government. Livingstone's claim that he is taking the matter further on a point of principle may well be a true claim. A month is not a long suspension. The Deputy Mayor, Nicky Gavron, would have taken over in his absence, and the Labour Group on the Assembly had contingency arrangements for this in place. It is unthinkable that Gavron would not have consulted privately with Livingstone on a regular basis. The affair also highlighted the fact that in very many aspects of law the GLA is classified as a local authority – hence it is subject to the standards regime. The Mayor certainly sees the GLA as more than a 'mere' local authority, and more as a regional or city-regional body (depending on the audience).

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<sup>14</sup> Department for Transport, op. cit., p.21

The second controversy, occurring earlier, in January, was the sudden announcement of the departure of the Commissioner for Transport, Robert Kiley. The reasons for the departure have not become clear, with rumours suggesting major disagreements or personality clashes with other senior executives within Transport for London. The controversy was caused by the fact that, although Kiley departed with immediate effect, his salary continued to be paid and he was allowed to continue to live in the £2m house bought for him until the end of his contract in 2008. This substantial spending was also the cause of considerable media comment. London Assembly members posed several questions to the Mayor on the subject at Mayor's Question Times since Kiley's resignation, but did not obtain substantive answers. Kiley was replaced by Peter Hendy, formerly director of London Buses (in effect, one of Kiley's deputies).

Other policy developments in the first quarter of 2006 include the launch of a consultation on a Low Emissions Zone within London. This would impose a charge on lorries, buses and coaches (not cars) that failed to meet minimum emissions standards. Unlike the Congestion Charge, it would apply all of the time and apply across the whole of Greater London. It would be implemented in early 2008 at the earliest, and the standards set would progressively rise through to 2010. The consultation is coy on the exact details of the charge, though it confirms that ANPR (Automatic Number Plate Recognition), which is used for the Congestion Charge, would be used. This implies a substantial extension of cameras across London. In terms of the charge itself, the consultation says:

This would be set at a rate to encourage operators to upgrade or replace their vehicles to meet the emission standards rather than pay the charge. This arrangement would enable occasional trips into the zone for non-compliant vehicles, albeit at a cost. Operators that did not pay the daily charge and whose vehicles were identified as not meeting the proposed emission standard would incur a penalty charge.<sup>16</sup>

The consultation closed on 24 April 2006.

A new strategic body called 'London Food' has been established by the London Development Agency, aimed at sourcing sustainable food chains for Greater London. Another new body, Design for London, has been formed by integrating the design

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<sup>15</sup> See, for instance, Jackie Ashley, 'Livingstone's suspension is an affront to democracy', *The Guardian*, 27 February 2006.

<sup>16</sup> Transport for London, *Hands up if you want to cut down pollution from heavy goods vehicles, buses and coaches*, at: [www.tfl.gov.uk/tfl/low-emission-zone/pdfdocs/business-questionnaire.pdf](http://www.tfl.gov.uk/tfl/low-emission-zone/pdfdocs/business-questionnaire.pdf), p.5.

teams from the LDA, TfL, and City Hall itself. The Mayor and TfL have also been given powers to apply for ASBOs (4 April). A joint water-saving campaign has been launched with the Environment Agency in March 2006. A third Disability Capital Conference was held on 23 March 2006.

## 5.2 Commission on London Governance

The Commission on London Governance produced its final report on 13 February 2006, entitled *A New Settlement for London*.<sup>17</sup> Largely the final report restated the same points made in *Making London Work Better*, the interim report of July 2005. The main thrust of the report is towards the overall governance of London, and the degree of focus on the powers and structures of the GLA takes up only a small part of the report – indeed, a desire to bolster powers and consultation rights available to local government is a notable feature of the report. The report suggests that a priority is to streamline the number of bodies involved in the governance of London, and to strengthen the engagement of governance bodies at the community level:

This complexity undermines attempts by citizens to understand and engage with service providers and ultimately to shape those services. This lack of local engagement undermines service reform and can lead to poor performance and low public satisfaction.<sup>18</sup>

The report also proposes the devolution of a number of regeneration budget lines from Government Office for London (GOL) to boroughs, and suggests that GOL should be ‘released’ from the standard Government Office structures because of the presence of a regional government in the form of the GLA. Functional body boards should be reformed so that all of them contain some representation from the London Assembly and local government. The section on revenue raising contains some interesting suggestions: for instance, it suggests that business rates should be relocalised and that their levels should be linked to the level of council tax. It also refers to a report commissioned by the Association of London Government, which suggests a range of potential minor local taxes in London, including planning gain supplement and a tourist tax.<sup>19</sup>

The final report also included an annex containing answers to some of the questions raised by the GLA Review document of November 2005. The most significant answer is the Commission’s support for the Mayor to take over the functions of the Learning and Skills Council in London (option 4 in the GLA review), the most radical of the

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<sup>17</sup> Commission on London Governance, *A New Settlement for London* (February 2006), at: [www.alg.gov.uk/upload/public/attachments/685/CommissionFINALREPORT1.pdf](http://www.alg.gov.uk/upload/public/attachments/685/CommissionFINALREPORT1.pdf).

<sup>18</sup> *Ibid*, p.17.

available options. The report also mentions the possibility of the Assembly having a power to block Mayoral strategies by a two-thirds majority, a function which is under consideration by the GLA review team.

### **5.3 2012 Olympics**

The Olympic Delivery Authority Act received Royal Assent in March 2006 and the Authority went live on 3 April 2006, with David Higgins as chief executive and Jack Lemley as chair. Its task will be to deliver the infrastructure of the Games. The Olympic Delivery Authority (ODA) is a separate body from LOCOG (London Organising Committee of the Olympic Games), which will take the role of actually staging, as well as publicising and marketing, the games. The latter is chaired by Lord (Sebastian) Coe, with Sir Keith Mills as deputy chair, and its chief executive is Paul Deighton. The two bodies are in their infancy as yet, and have inherited some of the staff from the bid team. The ODA is working to a budget of some £2.5 billion, although this does not include many of the transport improvements that will be delivered by TfL between now and 2012. LOCOG will also have a budget of £2 billion.

Somewhat controversially, the ODA will take over planning powers for the Olympic Park area from the relevant boroughs whilst the park is being constructed, though it will be able to refer matters back to the boroughs if it chooses. This is a considerable derogation from the planning regime, and it remains to be seen how appeal, redress and variation of plans will be accommodated within it. Also in April, the Mayor confirmed that the GLA will take over responsibility for the Olympic park after the Games, ensuring its upkeep – something that has been a problem for many Olympic cities in the past.

It has been revealed that the London Development Agency (LDA) is borrowing about £300 million to cover the cost of the Games. This represents some 60 per cent of its overall budget. To borrow this sum of money it has needed permission from ODPM, DTI and the Mayor. This is an extraordinary amount of money for an RDA to be able to borrow, and demonstrates the advantages both of having an elected assembly and of being London. This reinforces the point, referred to below, about the outcomes of 'spatially blind' policies in England. The Olympic Games may be of great value nationally, but it will be of particular value in London and less elsewhere.

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<sup>19</sup> See [www.alg.gov.uk/doc.asp?doc=14643&cat=1030](http://www.alg.gov.uk/doc.asp?doc=14643&cat=1030).

## **6. EU issues**

Nothing to report.

## **7. Finance**

### **7.1 Devolving Decision-Making**

By January 2006 all eight regions outside London had submitted their advice to the Treasury on regional funding allocations for economic development, housing, and transport between 2006-09. These submissions are expected to feed into the 2007 Comprehensive Spending Review. In all regions the process was led jointly by the RDA, GO and Regional Assembly.

The Regional Funding Allocations process is a long-term development and is potentially pivotal to the future role of the regions in the governance of England. As it is a Treasury, not ODPM, initiative, it is insulated from developments at ODPM; and it is significant as a means through which the Treasury can build relationships with GOs, RDAs and regional assemblies. The Guidance on preparing advice, produced by government in July 2005, was a challenging document. It required regions to demonstrate that their advice was based on regional strategies and on wide consultation within regions; to make proposals, if they wanted, for virement within the funding streams and/or between the funding streams of transport, housing and economic development; and to state what they would do if 10 per cent less or 10 per cent more money was available.

Flexibility over public spending is perhaps potentially the most interesting aspect of the current state of regional government. The advice to the Regional Funding Allocations process demonstrates that, whilst regional bodies are willing to engage in the process, they suffer from low levels of regional intelligence; and that they are still extremely reluctant (probably with good reason) to trust any commitment to future resourcing that comes from the Treasury.

As a result, none of the regions made any significant proposal for viring money between the funding streams on offer. This is the most radical part of the new procedure, but most regions appear to have felt unable to use it because of a lack of robust data on which to base it. Likewise, there were no proposals for viring funding between financial years, deferring some current spending to create a 'bank' for later years – very likely due to mistrust. Regions did not generally produce any innovative ideas about what to do if 10 per cent more or 10 per cent less funding was available: the standard response was that they would progress the same schemes, in the same

order of priority, either more slowly or quickly. Allied to this was a general complaint about the fact that, although the RFA process was a good idea, it did not cover anything like enough public money to make any difference. Most regions suggested extending it to cover other areas, with rail spending, learning and skills, employment, and other aspects of housing funding being the prime candidates favoured.

One innovative idea, pursued by the South-East, East of England and South-West regions, was to create a regional infrastructure fund, which would be able to attract private sector funding to top up public sector funding – a kind of public sector venture capital fund – which could be used over the coming years for housing and transport capital investment (for instance). This kind of idea is an interesting challenge to government: will the Treasury follow its own rhetoric of seeking more regional involvement in priority-setting and taking on board innovative ideas? The South-West plans to take this forward by setting aside parts of its allocation over the next three years.

The submissions were also notable for the stress they placed on existing regional strategies – required by the Treasury. Allied to the report from DEFRA on sustainable development strategies, this suggests that government is beginning to take regional strategies more seriously as an expression of regional priorities. This was difficult, as the historical development of strategies means that their planning and delivery cycles do not coincide: but it suggests that the strategy regime is here to stay.

## **7.2 Government Offices Review**

The review of Government Offices was published to coincide with the Budget statement on 22 March. Confirming previous rumours, it proposed a considerable reduction in the staffing levels in Government Offices for the Regions, by one-third by 2008. The review stated that GOs would henceforward take on a more high-level role relating to managing the production of regional strategies, and that the management of grant programmes would take a back seat. Most of the smaller grant programmes run by GOs will either be rolled into Local Area Agreement negotiations (which are currently being extended across England) or will be discontinued. The recent staffing developments within the DfES's representatives in the GOs, related to the Every Child Matters initiative, are held up as an example of good future practice. The review states that there are 3,114 staff plus 564 co-located staff in the GOs as a whole.

This change of emphasis has consequences for the staffing of Government Offices. The review included a diagram showing that only 14 per cent of GO staff are at Grade 7 level or above. This is a surprisingly low figure, principally due to the quantities of grant management that they have previously carried out (usually delegated to junior staff). The review suggests that more senior officials, and more specialists, should be brought into Government Offices, and compares them in this regard with RDAs, where some 40 per cent of staff work in specialist areas. For the review to make such a comparison indicates a diminution of the traditional value placed on the generalist civil servant, and a greater appreciation – at least at the regional level – of the value of subject expertise in public administration.

The GOs themselves need to be significantly more focused on working with places supporting those strategic and delivery bodies to whom decision-making has been devolved while providing honest, high-quality feedback to departments. This should sit alongside increased analytical capacity to support those responsible for developing regional strategies, and a smaller but critical mass of specialist knowledge and expertise on policy and operations in each GO.<sup>20</sup>

At the same time, the ODPM has announced that at least 26 existing funding streams will automatically be pooled into LAAs, and 13 more will be considered, including Sure Start and Connexions – both worth a considerable amount to local authorities.

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<sup>20</sup> HM Treasury/Office of the Deputy Prime Minister, *Review of Government Offices* (London: The Stationery Office, March 2006). At: [www.go-ne.gov.uk/common/docs/reviewreport.pdf](http://www.go-ne.gov.uk/common/docs/reviewreport.pdf), p.3.

## 8. Local government

### 8.1 Unitary local government

As mentioned above, there is speculation that the forthcoming white paper on local government will contain some mechanism for working towards unitary authorities across England. Until the 5 May reshuffle, the report was being handled by David Miliband, within ODPM, and a leaked document (see previous Monitoring Report) indicated that he favoured this solution. Rumours indicate that the white paper will propose a voluntary solution: local authorities, many of which are already collaborating on provision of administrative support, Local Strategic Partnerships (LSPs), the regional excellence agenda, and other local issues, will be encouraged to move towards a reorganisation to unitary status. In order to avoid the chaos of the Banham reorganisation of the 1990s, there will be no compulsion – although some reports have indicated that the government may seek reserve powers to compel authorities which show no intention of moving towards unitary status.

### 8.2 City-regions

The white paper is also expected to address the issue of 'city-regions'. We reported in the January 2006 Report on the various options available, stressing that no decisions had been taken in government.<sup>21</sup> Since then, a number of different reports and recommendations have been published. The New Local Government Network's City-Regions Commission has reported;<sup>22</sup> ippr have produced a report recommending the establishment of at least some city-regions;<sup>23</sup> the University of Salford, funded by ODPM, have produced a report entitled *A Framework for City-Regions*;<sup>24</sup> and the ODPM-funded *State of the English Cities* report has been produced.<sup>25</sup> Alongside this, some of the long-term supporters of city-regionalism submitted evidence to the Select Committee enquiry.

The reports mentioned here cover much of the same ground, and we do not propose to summarise them all here. The following points were the main ones:

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<sup>21</sup> Mark Sandford, *English Regions Devolution Monitoring Report: January 2006*, pp.37-8.

<sup>22</sup> New Local Government Network, *Seeing the Light? Next steps for city-regions* (London: NLGN, December 2005), at: [www.nlgn.org.uk/pdfs/upload/CRCreportFINAL1.pdf](http://www.nlgn.org.uk/pdfs/upload/CRCreportFINAL1.pdf).

<sup>23</sup> Adam Marshall and Dermot Finch with Chris Urwin, *City Leadership: Giving city-regions the power to grow* (London: ippr, February 2006).

<sup>24</sup> Simon Marvin, Alan Harding and Brian Robson, *A Framework for City-Regions* (London: OPDM, February 2006), at: [www.odpm.gov.uk/pub/588/AFrameworkforCityRegionsResearchReportPDF814Kb\\_id1163588.pdf](http://www.odpm.gov.uk/pub/588/AFrameworkforCityRegionsResearchReportPDF814Kb_id1163588.pdf).

<sup>25</sup> Michael Parkinson *et al.*, *State of the English Cities* (London: ODPM, March 2006), at: [www.odpm.gov.uk/index.asp?id=1163940](http://www.odpm.gov.uk/index.asp?id=1163940).

- City-regions should not, for now, take the form of new governmental structures. There should be no immediate return to the metropolitan county model.
- City-regions should consist of voluntary co-operation and partnership between metropolitan borough leaders in built-up areas. The Salford report stresses that, in European experience, this has always been more successful than new structures and forced co-operation. The ippr report goes further, however, advocating a conurbation-wide elected mayor (as in London).
- However, the government should provide incentives for co-operation, possibly including more control over city-wide public services, or borrowing powers for capital investment, in order that city-regions are not to become powerless, token 'partnership working'.
- The Salford report in particular stresses the need for greater awareness of spatial issues in policy-making across central government.
- City-regions should be piloted at first. Birmingham, Manchester and Leeds were amongst the areas mentioned.
- City-regions are primarily an economic concept and do not necessarily form an appropriate sphere of governance. The Salford report produced a map showing 26 city-regions cross-referenced to local authority areas, but do not recommend a wholesale reshaping of local government based on this.

On the spatial issues, it is noteworthy that the same Salford team produced a report in April 2006 entitled *English Regional Governance in 2004*. This was critical of the build-up to the North-East referendum, focusing on the unawareness and hostility of the public to the plans for elected regional assemblies. But it was also critical of the lack of understanding at central government level of the implications of the policy, noting that most civil servants were unaware of the 2002 toolkit *Incorporating Regional Perspectives into Policy-Making* (produced for internal use). They point out that 'spatially-blind' policies tend to favour London and the South-East in outcomes, and that, whether regions, city-regions or localism of some kind is the way forward, it is spatial blindness at central level which needs to be overcome to achieve greater equality of outcome.

Running across the debate about creating city-regions around, through or above existing local government structures is a sub-debate about 'underboundedness'. This refers to local authorities in large cities, which do not cover the full extent of the urban

area of the city, because the city has expanded whilst the local authority has not. This leads to public service differentials, and makes co-ordination of economic development work more difficult as more agencies need to be around the table. Some English cities have experienced this issue for decades: it does not refer to the large conurbations such as Birmingham and Manchester, of more than a million people, but to cities such as Nottingham, Leicester, Reading, Bristol, Norwich, Northampton, Stoke-on-Trent. The suburban areas around such cities frequently oppose incorporation into the city. In the last two months Leicester and Nottingham have made public their desire to incorporate suburbs outside their area, in order, they claim, to work towards being 'city-regions' – even though it is not yet clear that this is an accurate conception of what the government wants to work towards. It is possible that the white paper will offer a route to solving the problem of underboundedness by encouraging or permitting city authorities to swallow up their hinterlands – but this could be political dynamite.

## **Conclusion**

The next few months will be keenly awaited by all in local and regional government. A number of developments will apparently resolve themselves during the summer of 2006. Debates over local government structures, functions, and funding will be re-opened (if they had ever closed); and further regionalisation and reorganisation, not least at central government level, will change the prospects yet again for English local and regional government. However, the likelihood that anything more coherent will result, in terms of a cross-governmental policy and relationship with local and regional government, has to be small. There is still no sign that the government is thinking coherently across the piece about how best to govern England. The next few Monitoring Reports are likely to continue to chronicle the clash of different departmental initiatives and the painstaking efforts of actors in the regions, and at local government, to make sense of them.

**The revolving regional question:  
Monitoring the English Regions September 2006**

**Mark Sandford**

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## **Executive Summary**

The delay of the Local Government White Paper, caused by the replacement of David Miliband by Ruth Kelly at the new Department for Communities and Local Government, has meant that important indications of future Government policy on local government remain under wraps. Leaks and press reports suggest that the city-regions agenda, previously mooted as a replacement for or challenge to regional administration, is losing momentum and will not be pressed strongly by the new department. Conversely, few politicians and no political parties are defending the existing regional structure with any conviction.

Regional administration, as for the last two years, appears to be continuing its slow strengthening – particularly in current proposals for the management of the 2007-13 Structural Funds. The abandonment of the reforms of police authorities in July was a step in the opposite direction, however.

Regional Assemblies are beginning to publish drafts of their Regional Spatial Strategies and are proceeding towards Examinations in Public. This process will prove a stern test of the robustness of the planning system instituted in 2004. At issue is whether the Government will allow regional recommendations, which do not directly conform to central policy, to become central policy if a strong evidence base in their favour is presented.

The Government has offered a range of new powers to the Greater London Authority, many of which will be established by new primary legislation, presumably in 2007. The Mayor, Ken Livingstone, welcomed the powers; but they have not led to a blueprint being developed for other English cities.

## Introduction

During the last four months, developments in regional government have continued the long, slow grind that has been associated with the issue over the past few years. Administrative reforms continue to work their way into place, politicians continue with routine nods to existing regional apparatus, and debate over regions, city-regions, local authorities, neighbourhoods and the relationship they should have with one another and over which tier should handle which functions continue to rumble. As has been typical over the last 30 years, more heat than light is generated by these debates and the current government departments show no sign of the (admittedly brave) leadership and decisiveness that would be required in order to move from debate to action.

The effect of Ruth Kelly replacing David Miliband at the newly-named Department for Communities and Local Government has been to delay the process of producing the long-promised Local Government White Paper. Originally scheduled for May, mid-October is now the reported planned date of publication. Sources indicate that, despite initial fears, Kelly does not intend to divert the direction of travel a great deal from what it was under Miliband. There has been some speculation that the White Paper would turn a shade of green, denied in print by Kelly herself in a letter to *Local Government Chronicle* in July. Either way, in reality it was always unlikely that the White Paper would be much more than a menu of several options, pressing for but not obliging an extension of elected mayors, unitary authorities and city-regional co-operation. There has been no indication that the Government is interested in wholesale structural reform, preferring to move on an incremental basis.

A series of rumours and counter-rumours across the summer months seek to build up a picture of divisions on regional issues within government which run parallel to the supposed fault-line between 'Blairites' and 'Brownites'. Reports in mid-September postulated an agenda of regional administration without further extension of local government powers or of city-mayors, associated with Gordon Brown, Ed Balls, and Ed Miliband; the implication is that this agenda will win out if, as is expected, Brown succeeds Tony Blair as Prime Minister sometime during 2007. It is alleged that this camp has been instrumental in watering down the White Paper. On the 'Blairite' side can be found Ruth Kelly and David Miliband; they are seen as responsible for the expectation that the White Paper would lead to considerable extra powers and financial freedoms for local government.

Whatever the truth of these rumours, the effect is likely to be to stall further changes in regional and local administration in the foreseeable future. We are now very far from the situation suggested in late June, where 'potential functions of city regions include transport, employment, innovation, creativity and culture, and sustainable and cohesive urban communities'.<sup>1</sup>

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<sup>1</sup> *Guardian*, 26 June 2006

## 1. Regional Structures

### 1.1 Police reforms abandoned

Major news in this monitoring period has been the abandonment of the plans to merge police forces into new regional and sub-regional structures (details of the plans are outlined in the previous monitoring report<sup>2</sup>). The plans began to look shaky in late May 2006, following John Reid's arrival at the Home Office – replacing Charles Clarke in the reshuffle that followed the local elections. Reports indicated that Cleveland Police might seek judicial review of the decision to create a single North-East police force, a move which would have delayed the whole process by at least a year. There were also indications that Labour backbenchers intended to vote against the Police and Justice bill (which would have enabled the mergers to take place).<sup>3</sup>

On 19 June John Reid indicated that he would postpone a decision on the mergers until the autumn – they had until then been being pushed through at breakneck speed – though he reaffirmed the Government's commitment to the policy. This was followed by the House of Lords voting to restrict the right of the Home Secretary to enforce mergers, in the Police and Justice Bill, two days later. Then, on 11 July, merger talks between Cumbria and Lancashire – the only two police forces which had actually agreed to merging and which were therefore regarded as being in the vanguard – collapsed, as the parties failed to agree a financial formula for the merger without raising council tax. The following day, the Government announced that it was abandoning the merger programme entirely.<sup>4</sup> The decision drew considerable criticism from Charles Clarke, the former Home Secretary (now on the backbenches), who had invested a good deal of time and personal effort in the merger process. Oddly, however, two months later he suggested that police, health and local government boundaries should be as coterminous as possible, and used this as a basis for criticising the apparent move away from unitary authorities within government.<sup>5</sup>

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<sup>2</sup> Mark Sandford, *English Regions Devolution Monitoring Report: May 2006*, (London: The Constitution Unit), at: [www.ucl.ac.uk/constitution-unit/research/devolution/MonReps/Regions\\_May06.pdf](http://www.ucl.ac.uk/constitution-unit/research/devolution/MonReps/Regions_May06.pdf).

<sup>3</sup> *Guardian*, 31 May 2006

<sup>4</sup> *Guardian*, 13 July 2006

<sup>5</sup> *Local Government Chronicle*, 14 September 2006

To make matters worse for the Government's regional agenda, on 12 July the Communities and Local Government Select Committee (previously the ODPM Select Committee) published a report on the fire service which was critical of the Government's plans for regional control centres.<sup>6</sup> It argued that little evidence had been provided to back up assertions that cost savings and greater efficiency would result, and expressed doubt that this would happen (see section 4 on 'Regions in Parliament' for more information).

## 1.2 Strategic Health Authority reform

Health minister Lord (Norman) Warner made a statement to the House of Lords on 16 May<sup>7</sup> confirming the proposals for reorganisation of Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) outlined in the previous monitoring report. SHAs will in future conform to the standard regional boundaries, with the exception of the South-East which will have two SHAs nested within it – one for Kent, Surrey and Sussex, and the other for Hampshire, Berkshire, Buckinghamshire, Oxfordshire and the Isle of Wight. PCTs will also fall in number from 303 to 152, with, according to the statement, approximately 70 per cent now being coterminous in boundaries with local authorities. The pattern varies across the country, with London, for instance, seeing all PCTs remaining coterminous with borough boundaries. This followed earlier threats to merge them into five to eight larger PCTs.

Lord Warner also announced that ambulance trusts would merge, forming 12 trusts instead of the 29 previously existing, from 1 July 2006. These 12 trusts in fact roughly follow the nine standard regions. One of the 12, Staffordshire, will remain independent for a short while but will then merge into the new West Midlands ambulance trust. In the South-East region, Kent, Surrey and Sussex will again form one trust; Hampshire, Berkshire, Buckinghamshire and Oxfordshire will form another; with 'special arrangements' being made for the Isle of Wight trust.

Despite the fact that these administrative changes bring another tier of administration in closer contact with the standard regional structures, there are probably few implications for the Government's approach to regional government. The standard regions were used by this reform process for convenience rather than because of a pan-government direction towards a cohesive regional tier of administration.

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<sup>6</sup> Communities and Local Government Committee, *The Fire and Rescue Service*, House of Commons HC 872-I, London, 2006

<sup>7</sup> *Lords Hansard*, col 191-192, 16 May 2006

### 1.3 Other Agencies

The Learning and Skills Council has now formally structured nine regional boards, alongside its Regional Directors (appointed in 2004). The principal purpose of this was to facilitate interaction with RDAs on specific projects: discussions took place about this issue in the evidence sessions for the Communities and Local Government Committee's inquiry 'Is there a future for regional government?'<sup>8</sup>

The new DCLG underwent an organisational shake-up soon after its formation. 'Regional and city-regional governance' are placed in the same directorate as the Local Government White Paper, neighbourhoods and democracy. However, somewhat oddly, planning lies elsewhere, and local strategic partnerships in yet another directorate. In part this reflects that it will always be difficult to divide up functions which are closely related within an organisation. There was no sign of the proposed merger of English Partnerships and the Housing Corporation, mentioned in the last monitoring report.

Regional Resilience Teams are now fully operational in each of the nine Government Offices for the Regions. These teams were set up as part of the overhaul of contingency planning in the wake of 11 September 2001, and operate in a similar fashion to other regional structures. Each team has some five staff and sits at the middle of a regional network of relevant local stakeholders, linking them with central government developments.

### 1.4 Regional Assemblies

The South-East England Regional Assembly is continuing to lead the way on developing a new regional role, that of advisor on infrastructure needs. The Assembly produced a report in July stating that the South East needs £38 billion of infrastructural investment over the next 20 years.<sup>9</sup> The justification for the report was as supporting evidence to the large plans for new-build housing in the region, driven by the former Office of the Deputy Prime Minister. Representations over infrastructure, however, were made to the Treasury, indicating its clear position as the centre of regional thinking in England.

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<sup>8</sup> This report is expected to be published in November: for transcripts of uncorrected evidence see [www.publications.parliament.uk/pa/cm/cmcomloc.htm](http://www.publications.parliament.uk/pa/cm/cmcomloc.htm)

<sup>9</sup> SQW, *Infrastructure Investment in the South-East*, South-East England Regional Assembly, Guildford, 2006: see [www.southeast-ra.gov.uk/southeastplan/key/infrastructure.html](http://www.southeast-ra.gov.uk/southeastplan/key/infrastructure.html)

Also significantly, the Government has produced a report to contribute to November's Examination in Public for the South-East Plan. This report suggests an annual new-build figure of 46,000, compared to the Assembly's figure of 28,900.<sup>10</sup> The Assembly reacted angrily, accusing the Government of producing 'fantasy figures' without any evidence or debate to back them up. The 46,000 figure represents the Government's viewpoint rather than an imposition on the region. The Examination in Public is likely, however, to prove a clear test of the degree to which the regional planning system is real or whether it will be overridden by political imperatives. In the East of England, the Examination in Public in June 2006 recommended a small increase, from 23,900 to 25,250 new homes per annum. Reaction there was more measured, but the East of England Assembly strongly urged the government to put the new proposed figure to independent analysis before accepting it in place of the figure arrived at by the Assembly. The Government report referred to above, which was published in March 2006, had suggested a figure of 28,050 new homes per annum in the region, and it may be that 25,250 was regarded as an acceptable compromise.

Meanwhile, the South West has published its spatial strategy, which will face an examination in public in March 2007. The East Midlands will publish its strategy at the end of September, with an examination in public in May 2007. The West Midlands is publishing a series of three revisions during 2006 and 2007 (its RSS is the most recent, being published under the old Regional Planning Guidance regime in mid-2004). Yorkshire & Humber's Examination in Public is under way now, running in September and October 2006, while the North East's examination reported at the beginning of August.

The Yorkshire & Humber Assembly courted a degree of controversy by publishing a scrutiny of the Northern Way in August, which suggested that the Northern Way could do more to achieve its desired outcomes. There has been little fanfare for the Northern Way since it was launched in 2004, and some indications of disappointment at its lack of impact and ambition in the local government press.

The English Regions Network is strengthening its capacity and will shortly appoint a second member of staff. The network acts on behalf of the eight Regional Assemblies and has a budget of £240,000. Interestingly, documents produced

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<sup>10</sup> ODPM, *Projections of Households in England and the Regions to 2026*, 2006: see [www.communities.gov.uk/index.asp?id=1002882&PressNoticeID=2097](http://www.communities.gov.uk/index.asp?id=1002882&PressNoticeID=2097) for statistical tables and methodological outline.

recently (mostly responses to consultations) indicate a more holistic view of regionalisation: the network suggests that rural affairs forums, skills boards, health boards and cultural consortiums should work far more closely with regional assemblies – perhaps even merging with assemblies. A far more active role in the management of EU Structural funds in the 2007-13 round (which is about to commence) is also desired. The network also states in its business plan that its priority, in central government relationships, will be to build good links with the Treasury, DTI and DEFRA. These are three departments which have a strong influence over the direction of regional administration, but the network and the Assemblies have rarely recognised this in the past, focusing instead on the Department for Communities and Local Government (and its previous incarnations).

The Assemblies will also be seeking increases in funding, particularly to cover the extra costs of running Regional Housing Boards. These have all now been merged with the Assemblies. Keith Mitchell, chair of the South East England Regional Assembly, took over as chair of the English Regions Network in July 2006 (the chair rotates around the regions), with Peter Box of Yorkshire & Humber as vice chair.

## **2. Regional Politics**

### **2.1 Labour**

Following the change from ODPM to DCLG, two ministerial changes took place in the new department. Meg Munn and Angela Smith arrived as Parliamentary Under-Secretaries, replacing Jim Fitzpatrick (who moved to DTI). Both women had held similar roles in other departments previously, Munn at DTI and Smith at the Northern Ireland Office.

### **2.2 The Conservatives**

The Conservative Party has repeated its previous opposition to regional assemblies: David Cameron committed once again to abolishing them at the LGA conference in July 2006, alongside familiar noises about greater freedoms for local government (see also 'Regions in Parliament' below). Cameron also stated at the conference that whilst he would not be in favour of local government restructuring, he was inclined towards supporting an extension of elected mayors. None of this, however, constitutes a clear policy commitment.

### **2.3 The Liberal Democrats**

The Liberal Democrats were due to announce the outcomes of their year-long policy commission at their annual conference, as this report went to press.

### 3. Public Attitudes, Identity and Research

A number of pieces of regional research still remain outstanding since the previous Monitoring Report. These include:

- the final report from Arup Economics & Planning, on their evaluation of the role and impact of Regional Chambers.
- The Audit Commission's report on *Emerging patterns of regional governance in England*, expected out shortly after the publication of this report
- The Communities and Local Government Select Committee's report from the inquiry 'Is there a future for regional government?' This inquiry is expected to conclude when Parliament returns in September and to publish its report by November. Oral evidence sessions, like written evidence, mostly consist of actors from within regional governance structures revisiting familiar terms of debate and familiar positions, with little progress being made in the debate over which tier – city-region, regional, local – is the most appropriate focus of sub-national structure.
- Two forthcoming books – *Devolution and Regionalism: The UK Experience* (edited by Mawson and Bradbury) and *The Northern Veto* (edited by Mark Sandford) have still to appear. However, *The Rise of the English Regions* (edited Hardill, Budd, Benneworth, Baker – Routledge, 2006) will appear imminently.

Of more immediate interest was a short publication from the New Local Government Network (NLGN), entitled *Evolution and Devolution in England: How regions strengthen our towns and cities*. This was written by Ed Balls MP and John Healey MP, with Chris Leslie. In an interesting departure for NLGN – previously noted for its strength of support for city-regions and mayors, and for a disinterest if not antipathy to regional government – the document argued that city-regions should not be regarded as an easy answer to the current turmoil surrounding sub-national government in England. In particular, the success of the GLA did not automatically imply that city-regions were the future:

We are also very wary of learning easy but mistaken lessons from the experience so far of devolution in London. The sheer size and dominance of London as an international hub require decision-making structures that are different from elsewhere. Moreover, the natural identity of the 'Londoner' also

has helped the creation of a Greater London Authority. Many people think of themselves as 'Londoners' before they see themselves as residents of Camden or Vauxhall. Whereas in West Yorkshire, residents are most certainly from Leeds or Wakefield or Bradford before they call themselves a 'Leeds-city-regioner'. In our view, the success of the elected London Mayor cannot be easily replicated within the English regions or imposed on city-regions.<sup>11</sup>

Media coverage presented this report as the central piece of evidence in the suggestion of divisions between 'Blairites' and 'Brownites' outlined in the Introduction. All three authors can be regarded as 'Brownites'.<sup>12</sup> Balls was a leading adviser to the Chancellor, Gordon Brown, until his election to Parliament in 2005. He and Healey wrote an earlier paper in 2000 entitled *A new regional policy for the UK*, which represented a kind of 'vanguard paper' at the time, floating new possibilities for regional reform. Leslie, now director of NLGN, was an MP from 1997 to 2005 and during that time was a minister in both ODPM and DCA. The paper was contrasted with Ruth Kelly's positive remarks about elected mayors – which, as noted, do not appear to be translating into imposing more of them – and her speech to the Core Cities summit in June, during which she floated the idea of 'Barcelona in the North-West, Milan in the Midlands and Seattle in the South-West'.<sup>13</sup>

Interestingly, the NLGN paper repeats an idea which has been floated rather half-heartedly in the past, for regional 'select committees' in the House of Commons. There are real practical difficulties with this idea, not to mention issues over whether MPs would have the time or inclination to attend them regularly, but the idea appears to have more currency than it has had:

One option for which we see real merits would be to set up select committee style bodies for each region which could call for direct responses and evidence from the principal figures within RDAs and government departments as well as local authorities. These need not be Westminster-centric and indeed could cement their role as a voice for public as well as parliamentary enquiry by meeting in the regions themselves.<sup>14</sup>

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<sup>11</sup> Balls E, Healey J, and Leslie C., *Evolution and devolution in England*, NLGN, 2006, p.5

<sup>12</sup> *Guardian*, 21 July 2006

<sup>13</sup> *Guardian*, 26 June 2006

<sup>14</sup> Balls, Healey and Leslie, op. cit., p.7

## 4. Regions in Parliament

As mentioned elsewhere, the final report of the Communities and Local Government Select Committee's inquiry 'Is there a future for regional government?' is expected in November 2006. Some evidence has been published on the committee's website. Largely, the evidence given is similar to that of other recent inquiries, particularly that of the inquiry into the Draft Regional Assemblies Bill (see the previous monitoring report). However, the evidence sessions did throw up one extremely interesting set of remarks from David Lunts, executive director of policy and partnerships at the GLA. Mr Lunts gave some intriguing indications of the position of the Mayor, Ken Livingstone, on financial devolution. He was answering a general question on the Lyons Review from Alison Seabek MP:

Another area where certainly the Mayor would like to see some further devolution change is in the whole question about financial responsibility and the ability to raise revenues locally. The GLA is heavily reliant, as is most of local government, on central Government grant. There have been some welcome moves away from that in recent years, not least with the prudential borrowing regime that is available now to TfL which has worked very successfully. ...The Mayor has made submissions to Michael Lyons and the Mayor's submission revolves around a relatively small number of main propositions. I suppose the most important and radical is the Mayor would like to see the GLA's reliance on the council tax precept changed so that boroughs would remain funded through the council tax, but he regards it as being advantageous to have a regional income tax to fund the GLA's activities. In his view, it would be more progressive and it would sharpen the accountability of the Mayor and London government to the electorate by detaching it from the council tax bills. A regional income tax which, in his submission, initially at least would be pegged at a level that would replace the existing precept, which would be about a penny on regional income tax. Secondly, he would like to see a denationalising of the London business rate. He would like to see much more control of London government over the level of business rate in London. The other areas that he has recommended to Michael Lyons are there should be more flexibility to undertake specific local tax raising measures in order to fund specific infrastructure projects.... I think that view is taken because it is fairly clear that business in London is open to the suggestion that it should perhaps pay more tax but they want to see the benefits of those extra taxes. Finally, the Mayor would like to see some freedoms and flexibilities for the Mayor to respond to particularly environmental taxes, perhaps some ideas around commuter taxing, using the congestion tax model but perhaps extending that to other areas, such as airports and so forth.<sup>15</sup>

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<sup>15</sup> [www.publications.parliament.uk/pa/cm200506/cmselect/cmmodpm/uc977-v/uc97702.htm](http://www.publications.parliament.uk/pa/cm200506/cmselect/cmmodpm/uc977-v/uc97702.htm)

These suggestions are considerably more radical than anything that has been suggested as being an option within the Lyons Review. It has to be very unlikely that the Government would accept the use of a regional income tax to fund the GLA, despite the fact that it would relieve some of the burden on council tax rises caused by the GLA's presence, and would lead to clearer accountability for the Mayor. Returning the business rate to local control may or may not be recommended by the Lyons Review, though this too seems unlikely at the present moment. The Government has never shown a great deal of interest in allowing local governments of any kind to raise a basket of their own taxes. It remains to be seen whether the Mayor will have the clout to encourage Government to trial these ideas in London.

The committee's review of the Fire and Rescue Service, *The Fire and Rescue Service* (HC 872-I) was published in July. This report was fairly critical of the new regional management boards introduced in the wake of 2002's Bain Report (itself a response to the 2002 national strike by the Fire Brigades Union). The report noted that the Bain Report itself had not recommended regional structures, only noting that they might provide a source of savings. Though the report is overall equivocal about the value of regional structures, it errs on the side of regretting their development. It notes that the (then) ODPM had not provided a robust business case nor figures for the existence of the regional control centres, and notes a lack of clarity in their governance arrangements following the abandonment of elected regional assemblies.<sup>16</sup> One of the recommendations of the report stated:

Regional Management Boards, in the absence of the previously planned regional assemblies, are a confusing addition to the already complex governance and structural arrangements for the FRS. The FRS needs certainty over its future. The mixed messages from the ODPM on regionalisation, and the lack of consistency between its policy and those of the Departments responsible for the other emergency services, are fertile ground for those fearful of a hidden agenda. Further regionalisation of the FRS should not take place without full consultation with the relevant stakeholders and clear justification for its aims.<sup>17</sup>

The report also noted that:

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<sup>16</sup> Regional Fire and Rescue Authorities were to have been one of the functional bodies of elected regional assemblies, as is the case in London with the GLA and LFEPA.

<sup>17</sup> Communities and Local Government Committee, *The Fire and Rescue Service*, House of Commons HC 872-I, London, 2006, p.12

We were concerned that working across areas as large as a region would cause operational problems and impact upon delivery of services. Devon FRA said:

'you are talking of literally hundreds of miles from one end of the region to the other; hundreds of miles, a very, very large geographical area with very, very sparsely populated rural communities, with certain urban areas as well, such as Bristol and Plymouth. There are some practical problems in day-to-day management, in trying to maintain a relationship with staff, in trying to give a sense of identity with the organisation to local communities who want to have a sense of identity with their local Fire Service.'<sup>18</sup>

The importance of local knowledge, and its possible loss within a regional structure, was also stressed. During the inquiry a large explosion took place at Buncefield, near Hemel Hempstead in Hertfordshire, which caused one of the largest blazes in the UK since the Second World War. Many submissions to the inquiry pointed out that the existing structure had handled this emergency effectively:

Many of the submissions we received were concerned that local knowledge, useful in handling emergency calls, would be lost with the move to RCCs [Regional Control Centres]. Local knowledge of an area can help to identify the location of an incident, particularly if a caller is not at the incident site (thus reducing the benefit of caller identification/location functions of the planned RCC technology). The President of the FBU [Fire Brigades Union] highlighted how important local knowledge had been in the organisation of the response to the Buncefield Oil Depot fire, particularly as the initial emergency call did not link the explosion to the oil depot. The Bain Review stressed the importance of local knowledge and Cornwall County Fire Brigade highlighted 'the importance of the role Fire Control staff play in assisting, managing and resolving incidents where their local knowledge is a key influence.'<sup>19</sup>

But the ODPM has not provided sufficient information, by way of a full business case or other document, to convince and reassure the FRS that the project will indeed produce enhanced resilience and efficiency. Whilst we understand that certain commercial information may have to be kept confidential, the absence of information about project specifics, and in particular, the long term financial implications for FRAs is in our view unacceptable.<sup>20</sup>

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<sup>18</sup> Ibid., p.17

<sup>19</sup> Ibid., pp16-17.

<sup>20</sup> Ibid., p.64

#### 4.1 Parliamentary Debates

In contrast to the last monitoring period, mention of regions in Parliament has been relatively rare between May and September (partly due to summer recess). The character of discussions of regional government maintains a similar character to previously. Most references are pejorative statements by Conservative members as part of wider attacks on the Government's record. Some contributions from Liberal Democrat members attack the confused approach to regionalisation by the Government, whilst ministerial contributions largely follow the standard Government line.

Many references were made to regions in debates on local government reform in the Lords on 27 April and 18 May. Much of these debate were taken up with Conservative peers attacking Labour's perceived desire to abolish county councils, with occasional references to regions and to the general lack of clarity of the Government's programme. Lord Bowness, who opened the debate on 18 April, stated:

We ought to remember that every amalgamation and reorganisation destroys an element of community. A new sense of identity has to be built. It is always built at enormous cost, and the quality of services hardly ever changes for the better. What does Mr Miliband mean by neighbourhood empowerment? Are we to see a programme of abolition and creation of larger councils, followed by some gimmick to try to convince people that control of their own services has come closer to them?<sup>21</sup>

Baroness Hanham (Conservative spokesperson on local government) attacked the role of the Greater London Authority on similar grounds:

The local authority is unable to protect its residents from the wilful decisions of the strategic authority. That is of no benefit in increasing the number of electors who will turn out to vote. They think that it is not worth it because no one—certainly not the Mayor—pays any attention to what they have said. Why should they bother? That is terrible. Even in London, the Mayor is seen as remote, out of touch, interfering and uncontrollable by the Greater London Assembly. It is no surprise, with that example, that elected regional government was comprehensively rejected.<sup>22</sup>

The debate in the Lords on 27 April led to Baroness Andrews, Parliamentary Under-Secretary at ODPM, reiterating the standard Government line:

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<sup>21</sup> Lords Hansard, 27 April 2006, col 333

<sup>22</sup> Lords Hansard, 27 April 2006, col 349

On the regional agenda, I do not have to tell this House that we have no plans to hold further referendums until a region expresses an interest, but that does not mean that we do not commit ourselves to using what we have in the regions to reduce inequalities and promote economic growth across our country. With regard to the regional assemblies, RDAs and government offices, there is a lot of Conservative authority support.<sup>23</sup>

The issues were revisited on 18 May, when Baroness Hanham challenged the Government to put a date on the publication of the White Paper following Ruth Kelly's arrival at the new Department for Communities and Local Government (DCLG). This was followed by various allegations that the Government sought the abolition of county councils. Andrews sidestepped this demand, restating that no decision had been taken on local government reform. Despite some movement back and forth over the summer, it seems likely that this is a true reflection of the position (see Local Government).

A 'guerrilla warfare' question from Philip Davies (Con, Shipley) on 19 April led David Miliband to confirm, shortly before leaving ODPM, that regional housing boards would indeed be transferred to regional assemblies during 2006. This process has been long and drawn-out, but is finally under way through the autumn of 2006.

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<sup>23</sup> Lords Hansard, 27 April 2006, col 355

## 5. Greater London Authority

The Government published the outcome of its review of the Greater London Authority on 13 July 2006.<sup>24</sup> The document was cautious in tone, possibly slightly disappointing to the Mayor given the number of ideas which had been floated as part of the original review. The Mayor welcomed it, however, and suggested that in his third term of office (which he has yet to win!) he may demand further powers.

The new powers made available to the Mayor are as follows (listed by function):

**Housing** – a statutory strategy and an investment plan will be produced, and the Mayor will allocate the funding from the Regional Housing Pot. This is capital funding for local authorities and housing associations to build new houses. This is a significant new power and budget for the Mayor – running to several hundred million pounds – and is the strongest of those on offer.

**Skills** – a single London LSC, with a London Skills and Employment Board set up and chaired by the Mayor, with a business-person as vice-chair. It is not completely clear whether this will be the LSC Regional Board itself, but this seems likely. The Mayor will be required to produce a Skills Strategy, and the London LSC will have to deliver this. The Mayor will not directly control the budget of the London LSC but will have considerable strategic influence.

**Planning** – the Mayor will be able to take over certain strategic planning applications, therefore he will have the power to direct acceptance as well as refusal (which he can do at present). The definition of ‘strategic’, unclear in the present legislation, is elaborated a little: ‘These applications are likely to relate to developments of substantial size and in the case of waste management those critical to the delivery of the Mayor’s waste strategy’.<sup>25</sup> This lack of definition is being addressed by a further consultation paper<sup>26</sup>, which sets out precise details of what the Government considers a ‘strategic planning matter’ to mean.

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<sup>24</sup> DCLG, *The Greater London Authority: The Government’s Final Proposals for Additional Powers and Responsibilities for the Mayor and Assembly*, DCLG, London, 2006

<sup>25</sup> DCLG, *op. cit.*, paragraph 3.3.10

<sup>26</sup> DCLG, *The Greater London Authority: The Government’s Final Proposals for Additional Powers and Responsibilities for the Mayor and Assembly - A Consultation Paper on changes to the Mayor of London Order 2000*, DCLG, London, 2006: see [www.communities.gov.uk/index.asp?id=1501733](http://www.communities.gov.uk/index.asp?id=1501733)

**Waste** – there is to be no structural change to waste authorities. A £25 million Waste Infrastructure Development Plan will be established.

**Culture** – the Mayor will be able to appoint the chair and four board members of Arts Council England (London) and the London Regional Sports Board (part of Sport England), and the chair and one member of Museums, Libraries and Archives London. English Heritage, the Film Council and CABE must consult the Mayor on their strategies. Ministers indicated they would be happy to transfer the Museum of London to the Mayor, though there was no response to his request that the South Bank Centre be returned to local control.

Further statutory strategies on health inequalities, climate change and energy will also be introduced, and the current arrangement where the Regional Director for Public Health in London voluntarily doubles up as the Mayor's health adviser will be formalised.

As would be expected, the document contained ministerial vetos at all relevant points, for instance:

The priorities in the strategy and the Mayor's funding decisions will have to be consistent with national policy. The new arrangements will be subject to reserve powers of direction for the Secretary of State over issues of national importance. These will be drafted to enable the Government to respond flexibly in the event of unforeseen changes in circumstances.<sup>27</sup>

Perhaps more surprisingly, several of the proposals will require primary legislation to be passed, which will take the form of a GLA Bill no. 2. It is slightly surprising that the Government is willing to take time to legislate. The bill is unlikely to be introduced to Parliament before spring 2007, and it allows plenty of opportunity for argument over powers and for changing of the Government's mind, either towards further devolution of power or less.

The new powers have certain implications for the London boroughs. Their housing plans, for instance, will have to be in general conformity with the London Housing Strategy; waste authorities will similarly have to be in general conformity with the Waste Strategy; and the Mayor will also have the power to direct changes to local development schemes. The precise effects of these powers will only become clear

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<sup>27</sup> DCLG, *The Greater London Authority: The Government's Final Proposals for Additional Powers and Responsibilities for the Mayor and Assembly*, DCLG, London, 2006, paragraph 3.1.8

over time and through their use. Sir Simon Milton, Conservative leader of Westminster City Council, stated that he believed the new powers were the first step towards reducing the number of London boroughs (something which the Mayor has suggested in the past, but which Government has shown no interest in).

Certain constitutional arrangements around the functional body boards and the Assembly will also be altered. The alterations have no perceptible logic or principle behind them and appear to be responses to particular lobby groups. In time it is likely that they will have a significant effect on the business of the GLA. Most significantly, political representatives will be allowed to sit on the board of Transport for London. The experience of the GLA so far suggests that, if this leads to London Assembly members sitting on the TfL Board, scrutiny of TfL will be considerably the poorer. The Mayor will also be able to appoint himself as Chair of the Metropolitan Police Authority or to appoint the chair from the board. The board of the London Fire and Emergency Planning Authority (LFEPA) will, meanwhile, no longer have a majority of Assembly members. Again, there seems little clear rationale for this change, or for why different changes are taking place to different functional bodies.

The Government was not willing to revise the London Assembly's role to give it real teeth in influencing strategies through the scrutiny process. This would have been possible with some innovative thought, but the Government ducked the challenge, preferring to stress the importance of the Mayor being able to deliver his policy programme.

However, the Assembly will gain its own line in the GLA budget – an important point given its previous vulnerability to the Mayor running its budget down – and will be able to hold non-binding confirmation hearings for Mayoral appointments. The Mayor will also have to provide a written response to the Assembly explaining when he does not take its points of view on board. One minor point in the review is potentially politically controversial – any Assembly member who is also an MP or MEP will have their salary reduced by two-thirds instead of one-third. This would impact on two Assembly members, Andrew Pelling and Bob Neill, both Conservatives. Pelling was elected to Parliament at the 2005 general election, Neill in mid-2006 in the Bromley and Chislehurst by-election following the death of Eric Forth.

### ***Other London issues***

The Mayor continued to make an impact with changes in transport policy, most notably a suggestion that SUVs (Sports Urban Vehicles) should be charged a far higher congestion charge rate due to the degree of pollution that they cause. This was highlighted in a statement to the London Assembly on 12 July. Travel fares also are to rise in 2007-08, though by less than was expected a year previously. The Mayor has also launched, with Bexley Council, an attempt to seek judicial review of the Government's decision to permit a large incinerator to be built in Belvedere, stating that it goes against national policy on recycling and waste.

## 6. EU Issues

The beginning of the 2007-13 round of EU structural funding raises some potentially significant issues for regional structures in England.

Cornwall and the Isles of Scilly will receive a further tranche of Objective One funding (renamed the ERDF Convergence Programme). This is likely to amount to some £800 million over the six-year period, one-third more than for the 2000-06 period.

All regions of England will be eligible for 'ERDF Competitiveness funding' and a single 'Convergence and Competitiveness' European Structural Fund programme will also be established for all of England (though the Cornwall segment of that funding will be ring-fenced).

Very significantly, the Government's consultation paper on the management of the Structural Funds says:

In England, the Government therefore has it in mind that ERDF ['competitiveness'] funding should be aligned to the Regional Development Agencies' Single Programme Budget (the 'single pot'). The Regional Economic Strategies for the English regions and, in London, the Mayor's Economic Development Strategy would provide a key policy framework for future regional ERDF programmes.<sup>28</sup>

It would be possible for the Government to delegate some of the Managing Authority and Certifying Authority functions to these bodies [the RDAs or other managers of the programmes]. Alternatively, the Government would have scope, under the Structural Funds Regulations, to pay global grants to intermediate bodies, which could then implement part of a programme in accordance with an agreement with the Managing Authority.<sup>29</sup>

The total sum of money for the competitiveness fund is likely to be in the region of £4 billion, according to the consultation document. If this were allocated to the RDAs' Single Pot, it would represent a considerable jump in RDA budgets, in the order of 25-30 per cent for each year to 2013. This proposal suggests a further step in regional joining-up which was missing from the previous EU programme round.

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<sup>28</sup> DTI, *Draft National Strategic Reference Framework: EU Structural Funds Programmes 2007-13*, DTI, London, 2006, p.16

<sup>29</sup> *Ibid.*, p.16

From the perspective of Cornwall, it is not clear whether a separate set of arrangements would apply. The Convergence programme would represent a large, ring-fenced pot of money administered within the South-West RDA. In London, meanwhile, the implications of these proposals are that the London Development Agency would take on much of the responsibility for EU programmes, and therefore that the GLA and the Mayor would have a considerable role. By contrast, the 2000-06 round of funds was administered by the Government Office for London. The Government has not yet decided on the exact contours of this role.

The consultation document also mentions a number of existing regional strategy documents when outlining the policy context in which decisions will be made about the management of EU programmes. It is significant that these strategies are referred to in such central terms in Government documents: strategies are often described elsewhere as lightweight or irrelevant documents. The Public Service Agreement on regional disparities, set in 2002, is also used as a policy context in the national strategic reference document.<sup>30</sup> The consultation document gives the lie to these claims:

The *Regional Economic Strategies* will provide the framework for developing ERDF Programmes. However, it will also be necessary to ensure consistency with other strategies including the *Regional Skills Strategies*, the *Regional Spatial Strategies* and the *Neighbourhood Renewal Strategies*. It will also be important to ensure consistency with the three *Interregional Growth Strategies* (the Northern Way, SMART Growth: The Midlands Way, and The Way Ahead: Delivering Sustainable Communities in the South West), in order to take proper account of the links between regions and to identify the issues that are better tackled at a pan-regional level.<sup>31</sup>

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<sup>30</sup> The DTI document referenced in footnotes 27 and 28 contains an annex within it, also entitled "National Strategic Reference Framework", which has its own set of page and paragraph numbers. This quote is from paragraph 51, page 15, of annex A of that document.

<sup>31</sup> See note 29: this quote is from paragraph 104, page 28, of annex A of the same document.

## 7. Finance

A new Public Expenditure Statistical Analysis (PESA) report was produced in May 2006. The new PESA gives considerably more room than its forebears to a regional breakdown of public funding, though it cautions that different departmental practices, and a lack of requirement to allocate items under £20 million to one region or another, mean that the figures are not entirely reliable. It also includes historical indexes of regional funding between 2000 and 2006, indicating the variations in per capita funding since then. These figures are reproduced below in figure 1.

**Figure 1: Per capita public spending by region (UK=100) <sup>32</sup>**

	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
North East	108	112	111	110	109	110
North West	107	107	107	106	106	105
Yorkshire and Humberside	99	99	98	97	97	98
East Midlands	89	90	88	88	89	89
West Midlands	94	96	95	95	96	95
Eastern	84	83	84	85	85	84
London	110	109	113	115	115	115
South East	84	84	84	84	86	85
South West	94	93	91	91	91	90
<b>England</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>97</b>	<b>97</b>
Scotland	117	119	118	119	116	118
Wales	114	112	113	112	110	110
Northern Ireland	137	132	131	127	125	130

The table shows that there has been relatively little movement in the proportion of public spending between regions in the six-year period covered by the table. The most significant changes are that Wales and Northern Ireland have moved down by a few points in the UK index, as has South-West England; the North-East has moved up by a couple of points in the index; and London has moved up by five points.

<sup>32</sup> Source: this table has been adapted from HM Treasury, *Public expenditure statistical analyses: breakdown by country and region*, HM Treasury, London, 2006: available at: [www.hm-treasury.gov.uk/media/377/3B/cm6811\\_08\\_Chap\\_7.pdf](http://www.hm-treasury.gov.uk/media/377/3B/cm6811_08_Chap_7.pdf)

It seems likely that London's spending increase can be attributed to a large extent to the GLA: this is borne out by some of the figures given for local government spending in the PESA tables. Using a UK index of 100, spending by local government in London (presumably including the GLA) runs at 145, whilst central spending in London runs at only 102 to a UK index of 100. Further PESA figures, broken down by functional area, indicate that much of this difference is due to an increase in transport spending over the six-year period. Transport spending in London is recorded as £634 million in 2000-01, but it has risen to £2,561 million by 2005-06. The same figure for England went from £3,452 million to £7,315 million, an increase running at about half the rate of that of London. This has interesting implications for the effects of elected regional government on public spending: commentators will no doubt differ on whether a rise of five points in a public spending index is a benefit or drawback of having a Mayor and Greater London Authority.

## 8. Local Government

### *White Paper on local government*

The White Paper on local government is scheduled for publication in mid-October 2006.

It has been speculated for some time (as long ago as 2004) that this white paper would presage a move to unitary local government across England. That was expected to be one of the side-effects of the establishment of elected regional assemblies, and reflects long-held policy preferences in some quarters within both the Conservative and Labour parties. Latest indications, however, is that the Government has entirely ruled out forcing any mergers on local authorities.

Currently it is expected that a very small number of councils will apply for unitary status under a strict set of criteria in the White Paper. Most of these are city councils which see themselves as having missed out on unitary status during the Banham review of the 1990s: authorities in this category include Oxford, Cambridge, Bedford, Norwich, Ipswich and Exeter. The small rural county of Shropshire and its six small district councils are also reportedly in broad agreement about a move towards a unitary county structure. Other councils interested include Durham, Preston, Lancaster and Chester; the latter two in particular are not urban authorities but include a large rural hinterland. Some movement is also taking place in Cornwall, with the county council, district councils and the previously dormant Constitutional Convention taking tentative steps towards a possible reconfiguration of structures.<sup>33</sup>

Indications are, however, that the population bar for new unitary authorities will be set quite high, possibly around 250,000. Following the boundary reviews carried out in the northern regions in 2003-04, this appears now to be the 'magic figure' below which unitary status is unsustainable – even though plenty of the unitary authorities newly created in the mid-1990s are considerably smaller than this. This bar would rule out most of the cities listed in the previous paragraph. The alternative – for some of those cities to attempt a 'land grab' of suburbs which are functionally part of the city, but which lie in neighbouring local authorities – is apparently unlikely to be

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<sup>33</sup> The sources of the information in this paragraph are local government press plus private contacts in the case of Cornwall.

permitted. Conversely though, if agreement can be reached over unitary status in a particular area individual councils will not necessarily be permitted a veto on new arrangements.

Otherwise, authorities will be expected to make the case for unitary status principally in terms of efficiency, low cost, and lack of disruption to service delivery.

## Conclusion

Regional administration in England continues to plough similar furrows to those it has occupied since the North East referendum of 2004. The themes noted in the January 2006 monitoring report appear to be strengthening. Divisions within Government circles are working to the benefit of the Treasury, whilst the agenda of local government reform, which was previously championed within the ODPM, is losing ground and quite possibly support.

The departure of John Prescott, who despite remaining Deputy Prime Minister has no departmental responsibilities, means that a strong champion no longer exists within policy circles for the regional housing and planning regime which was set up at his behest. As Regional Spatial Strategies are published and examined, the robustness of the new system will come under strong scrutiny. If Regional Spatial Strategies are altered at the whim of Government, this could lead to serious damage to the system itself.

Meanwhile, the national political turmoil stemming from the Prime Minister's announcement of a departure date of sometime in the middle of 2007 is filtering down, as in every other field, to affect strategic positions on policy matters. Actors in the local and regional field will increasingly need to anticipate the impact of a Gordon Brown (or other) premiership on local and regional policy. Whilst many of the most significant initiatives in the area of regional economic policy have derived from the Treasury, these have been entirely in the context of a concern for good quality *national* policy-making. There have been few indications that local and regional stakeholders have a leading part to play in the formulation or application of regional policy. This kind of concern is why the NLGN paper cited in section 4 is of particular interest, as a bellwether of future Government thinking.

Otherwise, readers will have to wait for the next English Regions Monitoring Report, which will be under new authorship, for some of the conundrums reported on in this paper to begin to be clarified.