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Nations and Regions: The Dynamics of Devolution

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Key issues

The last quarter was dominated by the passage of the Regional Assemblies (Preparations) Bill through the Commons. The Bill completed its Third Reading on January 23rd and now faces a rough ride through the Lords. With the government and country preoccupied by the prospect of war, the fire strike and the ailing economy, the Bill generated barely any attention outside Westminster.

Conservative and Liberal Democrat MPs placed numerous amendments in 9 meetings of the Standing Committee, focusing mainly on the questions of boundary definition, local government reform and the wording of the referendum question. Virtually all of these were rejected by the government, which, in the face of Opposition criticism, guillotined the Bill's Third Reading.

The Electoral Commission questioned the 'intelligibility' of the Bill's proposed referendum, and this may prove to be one area where the Act will be amended.

The potential of the government's proposal for local government reform to be a source of dissension was demonstrated by the outbreak of hostilities between the North West Regional Assembly and Lancashire County Council. The former attacked the latter for rejecting the government's proposal for single tier local government, while the latter accused the former of exaggerating support for regional government in the North West.

The government commenced its 'soundings exercise' to assess the degree of support for holding referendums. Durham County Council surveyed 32,000 residents, of whom 22.4 per cent responded. 67 per cent of those responding favoured holding a referendum, but the survey also showed low levels of awareness of the government's proposals, with few people even bothering to indicate their support or otherwise for an elected assembly. Other councils consulted citizen panels and focus groups before preparing their responses.

'No' campaigners in the North East complained to the District Auditor that that the North East Assembly had been contravening government guidelines designed to place limits on local authority campaigning.

The government introduced its Planning Bill which, among other things, proposes the transfer of planning powers from the county level to the regional level.

The government introduced its 'Sustainable Communities' proposals, which provides for additional housing investment in the South and regeneration in the North. David Davis, for the Conservatives, condemned it as a plan to 'concrete the south and bulldoze the north'. As well as sparking a new debate about the North/South divide, it also proposed the creation of 'regional housing boards' to oversee housing investment.

1. Introduction

As the government's plans to hold referendums on regional assemblies in England take shape and the reality of a looming referendum in at least one region sinks in, increasing doubts about the Government's proposals were probably inevitable — even among Labour councillors and MPs. Sooner or later, it seemed, Tony Blair's apparent insistence that a single-tier structure of local government must be the price to pay for English devolution would divide the ranks of those who initially broadly supported the concept. Potentially hundreds of local councillors, after all, face the elimination of their jobs. But while intemperate exchanges between regional campaigners and county councils in the north west have caught devolution supporters off-guard as the Regional Assemblies (Preparations) Bill passes through Parliament, several northern Labour MPs, former junior ministers, also voiced concerns. Along with the Conservatives, they have begun putting the alternative case for stronger local authorities (and, in some cases, smaller city-regions), often championed by local government leaders, while questioning whether regional assemblies can tackle (growing) regional disparities. And arguments surrounding the need for further growth in the south east, outlined in John Prescott's latest initiative on February 5, (see section X below) have certainly fuelled a parallel debate on the overall development of England — which we have outlined in earlier reports — and the perceived disadvantage of the northern regions.

On the constitutional front, the Commons debates not only provoked passionate opposition to English devolution from a string of former Conservative cabinet ministers — Stephen Dorrell, John Gummer, Douglas Hogg, for instance — but also led to a frank admission from the Shadow regions minister, Philip Hammond, that the government's devolution package "may or may not work" in a region like the North East, which is in line for the first referendum, possibly before the next General Election. Mr Hammond based his argument on the fact that the north east, the smallest geographical region of 8,500 sq km, was a cohesive unit with a coherent identity; on the other hand his own south east, three times larger with 83 parliamentary constituencies as opposed to 30, was the very opposite¹. Yet he complained that the whole devolution debate was being structured around the size of the smallest, with little regard to what Tories see as the illogical boundaries of the largest regions. The argument of unwieldy English regions with little sense of identity being cobbled together as a prelude to English devolution certainly has some resonance in the south east, east, and south west. But it also places the Opposition in a quandary. This is because these regions were given additional status and credibility by the last Government 10 years' ago with the creation of Government Offices in the

¹ Mr Hammond's intervention implied an acceptance of the case for North East Assembly, potentially signalling a slight shift in Conservative attitudes.

Regions, a point tacitly acknowledged by Mr Hammond. But, he contended in the Commons that Government Offices were ‘... created for a completely different purpose, namely administrative convenience, and the delivery of administrative government throughout England...they were never intended to be coherent democratic units (*HC Debates*, 23rd January 2003, Col. 498)

The Commons debates gave a foretaste of battles over the size, structure and functions of future assemblies in the run-up to next round of English local government elections on May 1 — Tories will certainly make much of the threat to local democracy - while pitching several sceptical Labour MPs, such as former Manchester City Council leader Graham Stringer, against pro-devolution colleagues, notably the former Lancashire County Council leader and MP for Liverpool Riverside, Louise Ellman., a leading light in the Campaign for the English Regions (see Section x for a review). But Liberal Democrats, a strong force in town and county halls, also voiced concern on another front. While the party claims the longest track record of support for regional government, its regions spokesman Edward Davey (*Municipal Journal*, February 5) noted: ‘Electors are being asked to vote blind. They will be asked to vote for local government reform, the effect of which they will not know until it has happened.’ In other words, Boundary Committee recommendations, on the shape of local government in a particular region, are unlikely to be known until after a referendum. Assurances from the Local Government and Regions Minister Nick Raynsford that ‘... the Boundary Committee (of the Boundary Commission) will be able to resolve the appropriate and best unitary structure, based on counties, or districts, or a combination of districts,’ did little to assuage critics who see other worrying trends on the horizon.

John Prescott's devolution project is based on the premise that regional assemblies will assume power from the centre — from Whitehall, Government Offices in the Regions, and quangos such as Regional Development Agencies, for instance — rather than from local government. With a new Planning Bill proposing to transfer county council's strategic planning functions to (initially, at least) un-elected regional bodies - and with the prospect (in Prescott's new communities plan) of housing strategy being determined partly by new Regional Housing Boards - there are those who claim that this argument is already wearing a little thin. As Graham Stringer MP told the Commons during the third reading of the referendum bill, money formerly channelled to councils through the former Urban Programme has already gone to national quangos, the Housing Corporation and English Partnerships, as well as to Regional Development Agencies. ‘We are dealing with a historical process that has taken resources from the local level and put them further up(*HC Debates*, 23rd January 506-7)’ Regional government is being portrayed both by Labour sceptics and Tory opponents as a threat to local democracy — a point driven home by the unseemly spat between the North West Regional Assembly and Lancashire County Council, which we cover later. So far, opponents and proponents in the two other

northern regions have played it more cautiously. Durham County Council, for instance — broadly a supporter of regional government provided it remains as the single tier — found 67 per cent of people it surveyed (from only 22.4 per cent who responded) favoured holding a regional referendum. But their survey also uncovered widespread ignorance of the Government's proposals, with few people offering a view about English devolution². This means an emerging 'Yes' campaign in the North East has much ground to make up, with more realistic voices in it recognising - contrary to a widely-held belief in political circles outside the region — that the case for a regional assembly has yet to be made. One problem here is that while regional daily newspapers, published in Newcastle upon Tyne and Darlington, support an assembly by varying degrees, their circulations are extremely small against the combined weight of the popular national press, which has largely ignored the issue.

Compared with the scant attention given to English devolution, John Prescott's Sustainable Communities plan had considerable coverage. This was largely because it was seen as addressing the case for more affordable homes in London and parts of the South East, where many people on average incomes are priced out of the housing market. But in a Commons debate (February 5), it was clear that several northern Labour MPs were uneasy about the prospect of pumping £610 millions into kick-starting four new growth areas of the south, principally the 41-mile Thames Gateway corridor, which will receive the bulk of the new money. By contrast, the deputy prime minister has earmarked £500 millions to nine housing market renewal pilot areas in the north and the midlands, where neighbourhoods are blighted by collapsing house prices, low housing demand and abandonment. Explaining his plan, Prescott told the Commons:

This marks a real step change in our approach to communities...that will affect urban and rural, north and south...a step change is essential to tackle the challenges of a rapidly changing population, the needs of the economy, serious housing shortages in London and the South East and the impact of housing abandonment in the North and the Midlands (ODPM Press Release, 'Redressing the balance — Prescott sets out action plan for sustainable communities', 5th February 2003³).

While broadly welcoming the plan, which also heralded a reform of housing finance and new regional housing boards, Andrew Bennett MP, chair of the Office of the Deputy Prime Minister (Local Government and the Regions) Select Committee, indicated it was important it did not further concentrate resources in the south east at the expense of the north. In fact, much of the plan is based on not simply providing more houses,

² Durham County Council Press Release, 'Survey confirms demand for regional assembly referendum, but reveals 'worrying' lack of awareness about proposals', 5th February 2003. (Available at: <http://www.durham.gov.uk/durhamcc/pressrel.nsf/Web+Releases/61C92B4BAA7EF4DF80256CC3005D0C69?OpenDocument>).

³ Available at: <http://www.odpm.gov.uk/news/0302/0015.htm>.

but also creating hundreds of thousands of new jobs to go alongside them. Thames Gateway, for instance, has been earmarked for 300,000 new jobs by 2031; Milton Keynes, the Buckinghamshire new town, and its environs, 300,000 in the same time frame (and 370,000 new houses). Northern Labour MPs might well find common cause with Edward Davey, of the Liberal Democrats, who claimed by giving ‘four times as much cash to the south as he is to the north’ (*HC Debates*, 5th February, 2003: Col. 282), Mr Prescott may worsen the north-south divide. The deputy prime minister denied the claim. Questioned by one of the authors about fuelling the north-south divide by planning four new growth areas (Greater Milton Keynes, Thames Gateway, Stansted-Cambridge and Ashford in Kent, Mr Prescott maintained that holding back potential investment in the south would not necessarily mean it being diverted to the north.

‘It's not a north-south issue. It's meeting the demands of the south, and meeting the demands of the north, in a different way’.

But a succession of Tory MPs warned his proposals would unleash a rebellion in the shires, claiming there was little evidence of demand for new homes on the scale envisaged by the government. The shadow deputy prime minister, David Davis, ridiculed the plan, half-jokingly, for proposing ‘bulldozing the north and concreting over the south.’ But as *The Guardian* opined (February 6), with Tony Blair chairing a cabinet committee to push forward the favoured Thames Gateway project, ‘it is clear the demands of the south have priority.’

2. Regional Structures

2.1 Government Offices

The Regional Coordination Unit published a report on the activities of the network regional Government Offices (RCU, 2003). The report sought to list the changes in the operations of the Government Offices since the publication of the Performance and Innovation Unit Report, *Reaching Out* (PIU, 2000). The main changes are summarised below.

Main changes affecting Government Offices since 2000

Before	After
Worked for three Departments	Work for nine
GO role confusing	GO role much clearer
Poor co-ordination of Area-Based Initiatives	ABIs refocused for maximum impact
Little involvement by GOs in policy-making	Steady increase in GO policy input
Many departments with own regional structure	Structures rationalised and simplified
No corporate centre to network	RCU established as corporate centre
Little interchange of staff	Many interchange projects
Neighbourhood Renewal role limited	Key role in Neighbourhood Renewal
Relationship to RDAs unclear	GOs sponsor RDAs
Crime role separate from other activity	Crime functions properly integrated
No health role	Public health teams in place
No rural responsibilities	Rural teams fully integrated
Confused business planning	Clear objectives
Little knowledge management	Widespread capture of best practice

Source: RCU (2003)

Government Offices face the biggest challenges arising from the proposals contained in Chapter 2 of the Government's White Paper. The RCU's annual report on the work Government Offices summarises these new responsibilities as:

- providing a forum for other regional public bodies to review their high level strategies and improve read-across (sic) by identifying mutual aims and removing inconsistencies or duplications;
- working up proposals for greater regional discretion in how programmes are to be implemented locally;
- stronger input into the spending review process, using improved data to illustrate key regional priorities;
- a further enhancement of their role in policy development; and
- additional responsibilities delegated by sponsor Departments.

These new responsibilities bring new challenges for Government Offices, which, by virtue of their largely administrative role, have generally lacked the policy development capacity that will be vital to fulfilling their new role. In executing these new tasks, Government Offices are likely to need to draw upon wider regional networks, including Regional Assemblies. Government Offices were asked to report to progress on the implementation of — what has become known as — the 'Chapter 2

agenda' to ODPM's Regional Policy Unit in September 2002 and have been asked to make another report in May 2003.

2.2 Regional Development Agencies

Regional Development Agencies (RDAs) continue to absorb the new responsibilities allocated to them in the last Spending Review (see our report t No 8, August 2002) and to undertake the statutory revision of their regional economic strategies.

According to recent reports, however, RDAs are struggling to meet the job creation targets set for them by the DTI. After six months, the London Development Agency has reached just over 33 per cent of its jobs target, One North East 24 per cent, the North West Development Agency 27 per cent and the East Midlands Development Agency 21 per cent. Advantage West Midlands has the lowest rate of all – with just 17 per cent of its target reached by the halfway stage. Yorkshire Forward and the South West Regional Development Agency were both just short of half their targets, with 46 per cent and 43 per cent respectively. By the end of the second quarter, only two of the nine RDAs – the South East England Development Agency (Seeda) and the East of England Development Agency – created more than half of the annual jobs required by the Department of Trade and Industry. Seeda, uniquely, has already surpassed its annual job target at this early stage (see *Regeneration and Renewal*, 12th February 2003).

2.3 Regional Chambers/Assemblies

2.3.x *Referendums and Regional Assemblies*

Regional Assemblies have found themselves taking on a leading role in soliciting responses to the Government's 'soundings' exercise on which regions should go forward to a referendum. For instance, the Yorkshire and Humber Regional Assembly planned seven public meetings around the region between December 2002 and February 2003⁴. In most regions Assemblies have taken on the role of publicising and commenting on the government's proposals for regional assemblies. Some Assemblies, such as SEERA, have made clear that they do not see themselves as early candidates for referendums.

Ministers warned Assemblies not to be come involved directly in using public monies to support the case for regional government (see our report No 9, November 2002). Officials of the North West Regional Assembly have been strong advocates of devolution for the North West. Some North West MPs were critical of the role the North West Assembly's approach to building support for a referendum there in debates on the Regional

⁴ http://www.rayh.gov.uk/decmak/decmak_meet.asp#Regional

Assemblies (Preparations) Bill. The Conservative Stephen O'Brien (Eddisbury), supporting a Conservative amendment to the Bill, argued that the activities of the North West Regional Assembly emphasised the need for an open-ended referendum question:

Any preamble should read, "You can help to decide whether there should or should not be an elected assembly." It would then be clear that there was a choice. The reason for my suspicion, and for my endorsement of the amendments, is the fact that the chief executive of the existing north-west regional assembly, a certain Mr. Steve Machin, has already conducted an exercise in which he sent out postcards that could be returned if the recipient were in favour of a north-west region. There was no option on the card to suggest something else or, more important, to state a preference for the status quo. Hey presto, the exercise is now being prayed in evidence by Mr. Machin and all those who are desperate for the establishment of a north-west region to justify their jobs, so there seems to be a high percentage of support for the proposal. Having corresponded with Mr. Machin, I have placed on record my view that that was an illegitimate way of securing support for the north-west region that he is so anxious to establish. He wrote back, saying, "Well, if you can get sponsorship for your question, we would be very happy to conduct a similar exercise" (HC Debates 18th December 2002, Col 946- 947)

Another North West Conservative Mr. **George Osborne (Tatton)** stated:

Mr. Machin's behaviour is one reason why the Labour party in the north-west is divided, as we have seen from the speech by the hon. Member for Knowsley, North and Sefton, East (Mr. Howarth). The behaviour of the current north-west assembly has put most people in the region off the whole idea of an elected assembly (*HC Debates* 18th December 2002, Col 948).

Such criticisms were not restricted to the Conservative side. On the Labour side, **Graham Stringer (Manchester, Blackley)** said:

My right hon. Friend the Minister for Local Government and the Regions has sent a letter to me and other members of the Committee saying that he has reiterated the legal position to those bodies: unless they are spending private sector money, they cannot campaign on those issues. I shall read just two sentences from the letter printed in the *Manchester Evening News* on 6 December 2002 from the chief executive of the north-west regional assembly. He said that

"it is essential for the future prosperity of Manchester and the whole of the north west that the region has the chance to elect its own regional assembly."

Some of my hon. Friends will agree with that, but it is clearly a political campaigning statement. The same applies to the following:

"The north west needs to be one of the first regions to hold a referendum and gain our regional voice."

That is something that one hears within the Labour party, but it is not the role of the chief executive of the north-west regional assembly to voice that. Presenting the information is one thing; campaigning is another. I do not know whether private funds have been given to the chief executive to use facilities to put that out in his name and the north-west regional assembly's name. I hope, however, that my right hon. Friend is sufficiently concerned to find out whether Government or public sector money has been used for campaigning (*HC Debates*, 21st January 2002, Col 508).

Ironically, given the attention attracted by the North West Regional Assembly in the parliamentary debates, it was in the North East, where the Assembly has taken a comparatively low profile, that 'No' campaigners complained to the District Auditor about the activities of the Regional Assembly⁵.

2.3.4 *Other Assembly activities*

The other activities of Assemblies fall into two broad categories, first giving 'voice' to regional concerns, and, second, practical advances on governance.

In relation to the former, the South East England Regional Assembly (SEERA) made a number of interventions in debates about regional development and policy in the last quarter. Anticipating the government's 'Sustainable Communities' action plan, SEERA called for an integrated regional solution to growth pressures in the region calling on the government to give 'solid guarantees on investment in the community and transport infrastructure required alongside new housing developments' and attacking the focus on Thames Valley, Surrey and Hampshire. Its chair, Nick Skellet said:

While these are areas of real opportunity, the biggest problem spots for affordable housing are those that are the most successful economically - such as the Thames Valley, Surrey and Hampshire. There is a danger that the DPM's plan will

⁵ 'Row erupts over cash allegation', *The Journal*, 7th February, 2003; 'Councils charged with illegal campaigning', Christopher Booker's Notebook, *Sunday Telegraph*, 9th November 2003.

not deliver affordable housing where it is most needed in the South East (SEERA News Release, 23rd January 2003)⁶.

Following the announcement of the 'Sustainable Communities' initiative Nick Skellet said:

We are very pleased that the whole of the region, not only the growth areas of Thames Gateway, Milton Keynes and Ashford, will benefit from extra funding for affordable housing. However, we are very concerned about the extra 200,000 homes projected for the growth areas. The Assembly — as the regional planning body for the South East — will need to do much more detailed work on housing requirements and provision before we can commit ourselves to this figure. We are also concerned about infrastructure investment. We have said all along that the Plan isn't just about houses. The Government really must deliver on transport and community investment if we are to achieve sustainable communities (SEERA News Release, 5th February 2003)⁷.

SEERA also asserted the interests the interest of its region in respects of developments outside its boundaries. SEERA criticised the East of England's region's consultation document on new regional planning guidance (RPG14) for paying too little attention to links with other regions. It argued that the East of England's draft plan has implications for the South East in terms of transport, labour supply, commuting flows and housing. It was particularly critical of the East of England's proposed policy on waste which, it maintained, overplayed local self-sufficiency and called for a the RPG to take a broader view of inter-regional waste movements⁸. SEERA also criticised the Mayor of London's municipal waste strategy for omitting forecasts for waste exports to landfill sites in other regions and only focuses on municipal (mostly household) waste⁹.

The South West Regional Assembly was similarly critical of the Sustainable Communities plan. Its chair Chester Long said:

We welcome any moves that encourage practical and effective working relationships between people who know what the problems really are. The Communities Plan is based on strategic, coherent multi-agency working which will address the very real problems in the South West. It will be up to us to work out our own priorities on housing and planning – this is a big step forward for us. The introduction of the new regional housing body — the Regional Housing Board — means we are in a better position to plan for decent, affordable homes for everyone. This is one of many changes

⁶ http://www.southeast-ra.gov.uk/reference_library/news_releases/2003/28jan03.html

⁷ http://www.southeast-ra.gov.uk/reference_library/news_releases/2003/5feb03.html

⁸ http://www.southeast-ra.gov.uk/reference_library/news_releases/2003/07jan03.html

⁹ http://www.southeast-ra.gov.uk/reference_library/news_releases/2003/03jan03c.html

designed to improve and integrate the planning process throughout the region. However, without new cash to support this work, it is unlikely that real progress can be made. There is still no recognition that the South West is an area of spiralling house prices where young people and first time buyers are priced right out of the market (South West Regional Assembly Press Release, 5th February 2003/SWRA/2.03/4)

3 Regional Politics and Policies

3.1 Responses to the White Paper

The government published an analysis of responses to the White Paper, *Your Region, Your Choice: Revitalising the English Regions*¹⁰. As the authors of the paper note, the Government did not ask for views on the principle of elected assemblies, or on the detail of the proposals, but this did not stop respondents from offering both. The authors also noted that many responses by individuals were in fact responses to media reports, rather the government's actual proposals. All this means that responses to the government's consultation cannot be taken as representative of general attitudes toward devolution in the regions. With these caveats in mind the table below shows the broad categories of response.

¹⁰ Office of the Deputy Prime Minister, *Your Region, Your Choice: Revitalising the English Regions — Summary of the comments and enquiries received following the publication of the White Paper on Regional Governance*. (Available at: <http://www.regions.odpm.gov.uk/governance/progress/response/01.htm>)

Table 3: Views on elected regional assemblies: breakdown by region

Region	In favour of the principle of elected regional assemblies	Opposed to the principle of elected regional assemblies	Undecided/ mixed views
East of England	10	35	22
East Midlands	7	26	13
North East	30	8	16
North West	27	43	30
South East	17	139	52
South West	26	124	115
West Midlands	15	163	14
Yorkshire & the Humber	15	30	24
From outside the eight English regions	4	18	11
No region identifiable ^[1]	26	54	57
Total	177	640	354

[2] E-mailed responses from which no region of origin could be identified.

3.2 Soundings exercise

On 2nd December 2002 the government announced an exercise to assess the views of people in the regions about holding a referendum on the creation of regional assemblies¹¹. This announcement was updated on 24th January. Views are to be expressed through completion of a pro-forma and must be returned to ODPM by March 3rd 2003. According to the announcement, the soundings will focus on

the level of interest in each region in *holding a referendum on establishing an elected regional assembly*. Please note that this is distinct from the level of support in each region for an elected regional assembly. The Secretary of State cannot take account of the level of interest in having an elected

¹¹ Office of the Deputy Prime Minister, *Regional Assemblies (Preparations) Bill — Soundings exercise on the level of interest in each English region in holding a referendum about establishing an elected regional assembly* (Available at: <http://www.local-regions.odpm.gov.uk/consult/regional-assembly/01.htm>).

regional assembly when deciding which region(s) should undergo local government reviews (and, subsequently, referendums).

The Secretary of State will be taking account of a very wide range of views, information and evidence in reaching his decision. It is not practicable to set a “pass mark” above which a region would automatically hold a referendum and below which it automatically would not. In some cases the Secretary of State may have to balance several factors. Ultimately, these must be matters for the Secretary of State’s *judgement*.

These soundings are initially to inform the Secretary of State’s decision on which region(s) should be subject to a local government review. The Government expects to go ahead with a referendum in any region where a local government review has been carried out and to make the necessary orders within two years of directing the review. There will be no further formal soundings at this later stage. The Secretary of State would make an order to hold a referendum in a region unless he had cause to think that there had been a *significant* reduction in the level of interest in holding a referendum, to the extent that it would no longer have justified directing a review. The Secretary of State would consider any representations made to him to that effect

The Secretary of State has also issued draft guidance to the Electoral Commission on the conduct of local government reviews and has sought responses by March 3rd 2003¹².

Ministers face a difficult decision about which regions will be allowed to hold a referendum. Several regions have ruled themselves out being in any first wave (see 2.3.1). In only three regions have there been strong voices in favour an early referendum, Yorkshire, the North West and the North East. In Yorkshire, from a low base support appears to have risen sharply. Notable a number of local authorities have passed motions in support of regional assemblies. Yorkshire only has one county council — North Yorkshire — so the local government reform issue does not loom as large as in other regions. But the regional press, notably the *Yorkshire Post*, remains hostile to the project and the issue continues to have a relatively low public profile. Events in the North West have taken on a controversial twist which is reported below (see section 3.3 below). In the North East, generally seen as the leading voice in the debate, the period since the introduction of the Regional Assemblies (Preparations) Bill has seen relative quietude. As we have noted previously, the despite the

¹² Office of the Deputy Prime Minister, Regional Assemblies (Preparations) Bill — Local Government Reviews. Consultation on Proposed Statutory Guidance to be issued the Secretary of State (Available at: <http://www.local-regions.odpm.gov.uk/consult/assembly-bill/pdf/prepbill.pdf>)

potential for conflict, the local government reform issue has yet to burst into life as an issue of contention in the North East (see section 3.3 below), although the potential for this remains. Meanwhile, low key efforts have been initiated, chaired by the Bishop of Durham, and involving senior Labour MPs, such as Joyce Quin, Liberal Democrats and local government and trade unions leaders and others to establish a 'Yes coalition'. At the time of writing, there was evidence that the 'Yes coalition' had secured significant resources, including an as yet unannounced, high profile secondment from a leading private firm in the region, as a Campaign Director.

3.3 Regional assemblies and local government

When the government published its White Paper on regional governance in May 2002, informed commentators recognised immediately that proposals contained a number of challenges for those making the case for devolution. Chief among these was the decision by the government to link the proposal to create regional assemblies with a proposal for local government reform (see our report No 7, May 2002). Specifically, the government proposed that any move to regional assemblies should be accompanied by a move to unitary local government. Under the proposals, in any region where the Secretary of State decides there is enough support to hold a referendum, he or she will instruct the Boundary Committee of the Electoral Commission to produce a scheme for unitary local government in the region, to be presented to voters in a region in advance of referendum. These provisions are set out in the Regional Assemblies (Preparations) Bill.

When the White Paper was published, there was much speculation that this stipulation had been inserted at the behest of 10 Downing Street. The White Paper itself argued that a system of two tier local government overlaid by regional government would produce too many layers of government. Certainly, the government remains sensitive to accusations that its proposals represent the creation of additional tier bureaucracy. The proposal for unitary local government helps to deflect this potential criticism.

In another perspective, Downing Street was hostile toward John Prescott's pet project of regionalism. But, rather than confront it directly, it chose to place a cuckoo in the nest by linking regionalisation to local government reform. Downing Street strategists calculated that this would be enough, even in regions where there was support for regional government, to set local politician against local politician and this would scupper the drive to devolution in England.

While there is no firm foundation for the conspiracy theory, recent events have confirmed the ability of the local government issue to generate the most heat in the debate about regional government. Across England county councils, in particular, have thrust themselves to the forefront of the debate. Counties represent a powerful lobby in the debate and

generally oppose regionalisation. In the southern and midlands regions the predominance of the two-tier system may place an effective block on regionalisation. Counties such as Nottingham, for instance, reacted with equanimity, calling for an evolutionary approach to regional governance, safe in the knowledge that the East Midlands is unlikely to see an early referendum on the subject, advocating an evolutionary approach¹³.

In the northern regions the position of the counties has been more complex. Durham County Council, for instance, is always careful to preface any comments on the subject with a declaration of support for an elected North East Assembly¹⁴. This reflects the longstanding nature of the debates about devolution in the North East, not least inside the Labour Party. Durham's position is simple: regional government is a good thing if the county can be the unitary authority and it has surveyed the views of 32,000 households on the subject¹⁵.

Not all northern county councils have reacted in the same way. Cheshire County Council, for example, has a page on its website which draws attention to the 'huge costs imposed on the tax payers of Cheshire, only four years ago when the last local government re-organisation took place', leaving little doubt about its antipathy to regionalisation¹⁶. A 'Top level delegation' from the County, comprising the County Council's deputy leader David Rowlands and Liberal Democrat leader Sue Proctor, County Councillor Shirley Harris and chief executive Jeremy Taylor – along with Tatton MP George Osborne, met with Ministers to state their opposition to the regional assembly¹⁷.

More significantly, perhaps, an unseemly spat erupted between the North West Regional Assembly (NWRA) and Lancashire County Council, with a battle of the press releases becoming increasingly bitter. NWRA has claimed wide support for local government exists among local authorities in the region¹⁸. Lancashire, though, has demurred. The council leader,

¹³ Report of Leader of Council, Regional Government – Proposed Regional Assembly Position, Nottinghamshire County Council, 4th September, 2002.

¹⁴ Durham County Council Press Release 'Council leader welcomes move towards regional 'home rule'. New countywide unitary council could lie at the heart of historic shake-up', May 9th 2002.
(<http://www.durham.gov.uk/durhamcc/pressrel.nsf/Web+Releases/6503B0633E04B7A080256BB40054CBFA?OpenDocument>)

¹⁵ Regional government referendum soundings consultation, Report to Cabinet of Kingsley Smith, Chief Executive, 6 February 2003.
<http://www.durham.gov.uk/durhamcc/etech/DCCMinutes.nsf/6fe09dd7d993002780256aef003c01ab/878b76f05af95f5be80256cbe004280e7>

¹⁶ <http://www.cheshire.gov.uk/regional/home.htm>

¹⁷ Cheshire County Council, News Release 420/02, "‘No minister’ - the Cheshire Message at Whitehall meeting", 20th November 2002.

¹⁸ North West Regional Assembly, Press Release, 'Regional Government Bill', 15th November 2002,
http://www.nwra.gov.uk/whatsnew/pressreleases.php?full_article=yes&release_id=28&archive_start=0&page_number=1

Hazel Harding, accused NWRA of misleading people about the degree of support for an elected assembly in the region, suggesting that the council's own research shows most people in Lancashire support two tier local government¹⁹. Opposition to an elected assembly in Lancashire goes across the party divide but, in Burnley the district council welcomed the prospect of unitary local government as an outcome of the process, reflecting the way different councils have different interest in the process²⁰. Moreover in the debate on the Regional Assemblies (Preparations) Bill, **David Borrow (South Ribble)** saw opposition to single tier local government in Lancashire as reflecting local vested interests:

The institution of Lancashire county council, which had previously always strongly supported the concept of regional government, under the leadership of my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), is now showing signs of objecting to regional government. I am sure that much of the reason for that is that it sees an end to its existence, and those who are members of, officers of or close to an institution will always seek to defend it. The same support does not exist across the county of Lancashire for Lancashire county council as an institution. For instance, Preston, where I live, was previously a county borough and was not part of a two-tier Lancashire county council system prior to 1973. Parts of the existing county of Lancashire were in the old county of the West Riding of Yorkshire. The idea that people have an overwhelming desire to be part of a county and for the county council structure to continue is therefore nonsense. People have a strong affinity with the area in which they live and with the county in which they live. Such loyalty is not affected by whether a county council exists (*HC Debates*, 18th December 2002, Col 909)

Although no specific scenario has been put forward yet, it is clear that under any scenario many local councillors would lose their positions under the government's proposals. Echoing the comments of David Borrow, NWRA's angry response to Lancashire accused it of going back on previous commitments to support regional government²¹. All in all, the situation in the North West bears out the predictions of those who foresaw in the government's proposals the prospect of dissension.

¹⁹ Lancashire County Council, Press Release, 'Thumbs down for regional assembly', 20th December 2002.

http://www.lancashire.gov.uk/corporate/news/2002/12/20_02.ng.769.shtml

²⁰ <http://www.burnley.gov.uk/committees/Full%20Council/Minutes/10-07-02.PDF>

²¹ North West Regional Assembly, Press Release, 'County should not fight values it has supported' (Available at:

http://www.nwra.gov.uk/whatsnew/pressreleases.php?full_article=yes&release_id=36&archive_start=0&page_number=1)

3.4 Electoral Commission

The Electoral Commission commented on the Government's proposed question in any future referendum on English regional assemblies²².

The proposed question set out in the Bill is:

'Should there be an elected assembly for the (*insert name of region*) region?'

preceded by the statement:

'You can help to decide whether there should be an elected assembly in the (*insert name of region*) region. An assembly would be responsible for a range of activities that are currently carried out mainly by central government bodies, including regional economic development. Where it is proposed to establish an elected regional assembly it is also intended that local government should be reorganised into a single tier in those parts of the region that currently have both county and district councils. There would be no such reorganisation of other local authorities in the region.'

In the Commission's view, as the issue is complex and potentially unfamiliar to many voters, the intelligibility of the question is dependent on the inclusion of a preamble providing extra information. Given that a preamble is to be provided, the Commission stated that the proposed question meets its assessment guidelines.

However, the Commission highlighted a number of points that it believes needs to be addressed to improve the intelligibility of the preamble, and has suggested an alternative as one means of achieving this:

'You can help decide whether there should be an elected assembly in the [*insert name of region*] region. If an elected assembly is established, it is intended that:

the elected assembly would be responsible for a range of activities currently carried out mainly by central government bodies, including regional economic development; and

local government would be reorganised into a single tier in those parts of the region that currently have both county and district councils. There would be no such reorganisation of other local authorities in the region.'

The Commission sent a full statement of the Commission's views to the Speaker of the House of Commons and to the Deputy Prime Minister²³.

²² See Electoral Commission News Release, 'The Electoral Commission comment on regional referendum question', 25th November 2002, (Available at: <http://www.electoralcommission.org.uk/media-centre/newsreleasecorporate.cfm/news/137>)

²³ See: 'Statement from The Electoral Commission on proposed referendum question' (Available at:

3.5 Sustainable communities plan

The government announced a £22m package of investment in housing in England as part of its 'drive to tackle deprivation and shortage of affordable housing by delivering sustainable communities for all'²⁴. Linked to the proposed reform of the planning system (see our previous reports Nos 7,8,9). The policy aims to improve the supply of high quality, affordable housing; reforming the planning system; reversing the causes of decades of low demand and abandonment; and ensuring all social housing reaches a decent standard by 2010.

During the next three years £5bn will be invested in new affordable housing, including £1bn provision for key workers. There will also be a new focus on private home ownership and new proposals to bring empty properties back into use. At least £2.8bn will be allocated towards bringing all council housing up to a decent standard; £500m will be used to revitalise areas of low housing demand and abandonment, especially in the North and Midlands; £259m to tackle homelessness; and legislation to deal with bad landlords through a licensing system.

Additional investment to ensure decent social housing is supported through £2bn for Arms Length Management Organisations (ALMOs); £685m further credits for refurbishment with Private Finance schemes, as well as making stock transfer accessible to more councils by removing many of the barriers that prevented it from being used.

The Housing Corporation, which receives an extra £100m for its £200m Challenge Fund to encourage modern construction, will lead a task force to review home ownership programmes. In a notable development, to ensure delivery of the reforms, new Regional Housing Boards have been set up to advise on the strategic use of housing resources.

London and the four growth areas — Thames Gateway, Milton Keynes/South Midlands, Ashford and London-Stansted-Cambridge - have the potential to accommodate up to 200,000 homes above levels in current regional planning guidance. More than £600 million will be made available for the growth areas for site assembly and remediation of brownfield land, delivery mechanisms, additional affordable housing and essential local infrastructure. A new Cabinet Committee, chaired by the Prime Minister, will consider how far and to what timescale the Thames Gateway should be developed. The overall scheme could accommodate some 300,000 new jobs by 2031.

http://www.electoralcommission.org.uk/files/dms/ECSTATEMENT25_7539-6683__E__N__S__W__.doc

²⁴ Details of the plan, including background studies and regional reports can be found at : <http://www.odpm.gov.uk/communities/index.htm>.

£446 millions will be made available for the Thames Gateway. New mechanisms will be set up which will use Urban Development Corporation powers in the Thames Gateway and Thurrock. £164 million will be made available for the remaining three growth areas. According to supporting studies, the Milton Keynes/South Midlands area showed potential for growth to 2031 is for up to 300,000 jobs and some 370,000 homes. In Ashford redevelopment of the town centre and an increase in the housing stock to provide at least 31,000 new homes and 28,000 new jobs by 2031, according to the growth area study. London-Stansted-Cambridge (LSC) is the home of a number of successful high tech businesses from biotechnology to life sciences. Growth will be based in four areas: Upper Lea Valley; Harlow; Cambridge; and the north Essex/south Cambridgeshire area. The LSC growth area is at an earlier stage of development than the other three. Nonetheless the options available, according to the growth area study, could lead to growth from 250,000 up to 500,000 new homes over the next three decades.

These developments are significant on a number of fronts. Firstly they raised anew the debate about the north-south divide. Notably the South East England Regional Assembly was critical of aspects of the proposals, while in the parliamentary debate on the plan northern Labour MPs, in particular, expressed reservations about it. The plan involves the creation of new actors at the regional level in the form of Regional Housing Boards, about whose development we shall report in the future.

4 Media

Nothing to report

5 Public attitudes and identity

Nothing to report

6 Relations with Westminster and Whitehall

6.1 Westminster

The English regions figured prominently at Westminster in the last quarter (see table below). Arguably, the debates on the Regional Assemblies (Preparations) Bill gave the English regions there most sustained attention ever on the floor of the House of Commons (see section 6.2). In addition to the main debates on the Bill, there were nine meetings of the Standing Committee on the Bill in December 2002. In parliamentary questions many aspects of the Bills provisions were addressed mainly by Opposition members. Despite being guillotined by the government, many thousands of words were spoken in the debates and

Title

only a flavour of some of the main issues is reported directly below. The Bill completed its Third Reading in the Commons on 23rd January and faces a rough passage through the Lords. Speaking in a debate about the reform of the Lords, the Conservative whip Lord Strathclyde told his opposite number:

... I have something to say to the noble Lord the Government Chief Whip as a word of advice and perhaps even a warning, based on what I have heard of the view of most Members of this House about the general awfulness of elections. His regional assemblies Bill? No chance. He can forget about that right now (*Lords Debates*, 23rd January 2003, Col. 826)

Source	Date	Column number	Subject	Raised by
Commons Debates	20 th November	628	Regional Government	Hilton Dawson (Lancaster and Wyre)
Written Answers	20 th November	123W	Regional Government	George Osbourne (Tatton)
Written Ministerial Statements	20 th November	39WS	Regional Development Agencies	Alan Johnson (Kingston upon Hull West and Hessle)
Commons Debates	26 th November	188	Regional Assemblies (Preparations) Bill	John Prescott (Kingston upon Hull East)
Written Answers	26 th November	260W	Regional Assemblies	Ann Winterton (Congleton)
Written Answers	28 th November	384W	Referendums	Graham Brady (Altrincham & Sale West)
Written Answers	28 th November	384W	Regional Government	Nigel Evans (Ribble Valley)
Written Answers	28 th November	386W	Regional Planning	Helen Jones (Warrington North)
Written Ministerial Statements	2 nd December	59WS	Local Government Reviews (Consultation)	Nick Raynsford (Greenwich and Woolwich)
Written Answers	4 th December	890W	Regional Assemblies	Jim Cunningham (Coventry South)
Written Answers	10 th December	269W	Regional Government (Exmoor)	Ian Liddell-Grainger, (Bridgwater)
Written Answers	12 th December	490W	Regional Assemblies	Mike Hancock CBE (Portsmouth South)
Written Answers	12 th December	490W	Regional Government	Nigel Evans (Ribble Valley)
Written Answers	16 th December	534W	Electoral Commission Committee – Regional Government	Graham Brady (Altrincham & Sale West)
Commons Debates	18 th December	875	Regional Assemblies (Preparations) Bill (Programme) (No. 2)	Nick Raynsford (Greenwich and Woolwich)
Written Answers	18 th December	876W	South-east Regional Assembly	David Cameron (Witney)
Written Answers	19 th December	966W	West Midlands Regional Assembly	Peter Luff (Mid Worcestershire)

Title

Written Answers	7 th January	112W	Boundary Committee	Dr. John Pugh (Southport)
Written Answers	14 th January	602W	Regional Assemblies	Peter Viggers (Gosport)
Written Answers	15 th January	649W	Development Agencies	Greg Knight (East Yorkshire)
Written Answers	16 th January	748W	Devolved Administration Finance	Andrew Rosindell (Romford)
Written Answers	16 th January	777W	London Mayor (Budget)	Andrew Rosindell (Romford)
Written Answers	20 th January	168W	Regional Assemblies	Dr. Julian Lewis (New Forest East)
Written Answers	20 th January	169W	South-east Region	Norman Baker (Lewes)
Written Ministerial Statements	21 st January	5WS	Regional Innovation Fund	Alan Johnson (Kingston upon Hull West and Hessle)
Commons Debates	23 rd January	466	Regional Assemblies (Preparations) Bill (Programme) (No. 3)	Nick Raynsford (Greenwich and Woolwich)
Commons Debates	23 rd January	433	Government Resources (North-east)	Vera Baird (Redcar)
Lords Debates	23 rd January	883	North-East England Economy	Lord Dormand of Easington
Lords Debates	27 January	919	Regional Assemblies (Preparations) Bill	-
Lords Written Answers	27 th January	WA137	Regional Tourist Boards and Regional Development Agencies	Lord Fearn
Lords Debates	3 rd February	4	Government Office for London	Lord Peyton of Yeovil
Written Answers	3 rd February	14W	South West Region	Adrian Flook (Taunton)
Written Answers	3 rd February	19W	Structural Funds	Richard Spring (West Suffolk)
Written Answers	3 rd February	27W	Barnett Formula	Dave Watts (St Helens North)
Written Answers	4 th February	136W	Regional Assemblies	George Osbourne (Tatton)
Written Answers	4 th February	142W	Regional Air Services	Anne McIntosh (Vale of York)

6.1.1 *Regional Assemblies (Preparations) Bill debates*

The Committee of the whole House debated the Bill on 18th December. The Conservatives front bench spokesperson, Phillip Hammond, objected to the government's imposition of guillotine. Opposition members queued

to support him. The former minister **Douglas Hogg (Sleaford and North Hykeham)**

I wish to reinforce what my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) has said. To use the Minister's words, this is a matter of first-class constitutional importance. It is therefore welcome that this part of the Bill is debated on the Floor of the House, which I acknowledge. I object, however, to the fact that we are subjecting such an important first-class constitutional measure to a guillotine or timetable." (*HC Debates*, 18th December 2002, Col 876)

Stephen Dorrell (Charnwood) complained:

The timetable asks us, in just two and a half hours, to accept the principle of holding referendums to establish regional assemblies without clear knowledge of the powers that the assemblies will have. Under the timetable motion, the House will have two and a half hours less the time that we take to protest against the motion to scrutinise that proposal. I protest vigorously against the principle that two and a half hours is enough to debate that fundamental and wholly objectionable proposal. However, I do so with so brevity—but none the less passion for that—so that we can move on to deal with the substance of the issue (*HC Debates*, 18th December 2002 , Col 877).

Philip Hammond made clear the nature of the Conservatives objection to the Bill:

It introduces an extra tier of government that is more remote from the people. It will undermine local government. It is based on arbitrary and often meaningless boundaries, which mostly have no resonance whatever with the population. It will struggle, in most cases, to create any real sense of identity, and in practice it will be tightly constrained by central Government and watched over by strengthened Government offices for the regions. It will require a wholesale reorganisation of two-tier local government to boot, including the abolition of many, if not most, of our historic counties (*HC Debates*, 18th December 2002, Col 881).

He continued:

The electorate per directly elected assembly member will range from 150,000 in the smallest region to nearly 350,000 in the largest region. People in Cornwall do not identify with Bristol; people in Dover have little in common with Banbury. Arguably, only the north-east has a coherent or readily recognisable regional identity. If the regions are to work, they must be natural entities with a sense of identity (*HC Debates*, 18th December, 18th December 2002, Col 883).

Some of the Conservatives arguments were supported Labour MPs. **George Howarth (Knowsley North & Sefton East)** said:

My argument, as someone representing a Merseyside constituency, is that Merseyside does not fit neatly into the fictional north-west (*HC Debates*, 18th December, 2002, Col 884)

John Gummer (Suffolk, Coastal) raised the objection of his constituents to being included in an East of England region in any referendum. He argued:

... those of us who live in Suffolk have a strong objection, because if the question were asked in relation to East Anglia, it would suggest that Rickmansworth was in East Anglia? When one refers to a region that contains both Hertfordshire and Bedfordshire as if it were East Anglia, the question itself is entirely wrong (*HC Debates* 18th December 2002, Col ???).

Gary Streeter (South-West Devon) implied that Parliament was legislating for the whole of England to accommodate the needs of only one small part:

We keep talking about the north-east but that is something of a distraction because we are legislating for the entire country. If arrangements need to be put in place for a particular area, let us talk about it, but let us not legislate for everyone just because of one corner—albeit an important corner—of the country (*HC Debates*, 23rd January 2002: 483)

Philip Hammond for the Conservatives called for a review of regional boundaries ‘as the sensible and obvious way of proceeding if there is a genuine desire for an all-England workable regional government solution’, a call supported by some Labour and Liberal Democrat Members. He suggested:

It is the absurdity and arbitrariness of the boundaries that have generated the most hostility to the Government's proposals. Their only response is simply to say that it would take too long to conduct a boundary review before implementing a referendum, but they are prepared to delay a referendum while a local government review is carried out (*HC Debates*, 18th December 2002, Col 885).

In an echo of the Cunningham amendment applied to the Scotland Act 1978, he also called for threshold of support for any referendum. He said:

We have chosen 25 per cent. of the eligible electorate voting for the proposition, but that is contentious. Many of my hon. Friends will, I suspect, think it too low a threshold, but the Minister says that it is ridiculous to set any threshold at all. What is ridiculous is postulating a major constitutional change on the back of the support of a tiny fraction of the electorate. The burden must be on those who propose to change the

status quo to show support for that change (*HC Debates*, 18th December 2002, Col 888-889).

Matthew Green (Ludlow) for the Liberal Democrats suggested:

One of the most disappointing aspects that emerged in the Standing Committee was the fact that the Government see it as a final settlement rather than a stepping stone to the devolving of real power from this place down to the regions. More worrying, so much is wrapped up in the Bill that it has itself reduced the chances of success in referendums. Certain elements of the Government—perhaps in No. 10—who do not want regional government may have had a hand in this, as under the Bill failure is almost certain in some if not most of the referendums. We want regional government and we want referendums to be won, although not with the boundaries proposed in the Bill (*HC Debates*, 18th December 2002, Col 892)

In an interesting twist on the debate, **Mr Green** argued that the governments proposals prevented his south Shropshire constituents from obtaining unitary local government:

The Minister has made it clear on numerous occasions that there is no other way that we are going to get a unitary Shropshire. However, if he judges that the level of interest in regional government across the west midlands does not justify a referendum, and he continues to do so for some years to come, we will never get local government reform in Shropshire. The decoupling process works in both directions. There are some areas that need local government reform, but which cannot wait for a regional government referendum; likewise, in other areas people would vote against regional government not because they oppose it, but because of the problems associated with local government reform (*HC Debates*, 18th December 2002, Col 894).

One of the main objections to the Government's approach to local government reform was raised by **David Curry (Skipton and Ripon)** who noted that the votes of electors in a region living in unitary authority areas could determine the fate of two-tier local government in another part of the region:

I lay claim to the authorship of the abolition of Cleveland and Humberside—and I am delighted to do so. My argument is not about whether unitary councils are good or bad; on the whole, I have some sympathy for unitary local government. My argument is about who should take the decisions. Decisions on unitary authorities were taken by the House. Orders were passed in this place. However, the Bill proposes a referendum process in which people who may have no interest in the matter, who do not represent anybody else and

who have not been elected will take decisions for my constituents (*HC Debates*, 18th December 2002, Col 904).

Robert Key (Salisbury) rejected the arguments against regional government by some of his Conservative colleagues, identifying voter disinterest as the main reason for opposing the government's plans:

I do not believe that the Bill is a European Union conspiracy, as the United Kingdom Independence party believes—it recently held demonstrations at the south-west constitutional convention and told us that we were quislings for even daring to discuss the issue, even though some of us are opposed to the concept. Nor do I think that the cuddly image of accountability will work in the future. The real argument is about whether we are addressing a democratic deficit or voter fatigue. I believe that it is voter fatigue (*HC Debates*, 18th December 2002, Col 910)

David Clelland (Tyne Bridge) called on the government to produce a draft Bill in advance of any referendum in order to clarify the proposals on which voters would decide:

My right hon. Friend mentioned the powers. He will recall that I asked my right hon. Friend the Deputy Prime Minister a few weeks ago about the suitability of a draft Bill for the regional government legislation. Labour Members have made that point twice in the debate. Does he not think that, in view of the new systems of examining legislation, a draft Bill would be appropriate in this case? (*HC Debates*, 18th December 2002, Col 914)

The Minister **Nick Raynsford** (Greenwich & Woolwich) replied

We said that that is not ruled out and we will certainly consider it. Indeed, it may be one way to provide the extra clarity that some hon. Members want. Clarification will, of course, be provided in the White Paper, the boundary committee's structural review and the Government's statement before electors vote. It is possible that we will also choose to adopt a Bill that receives pre-legislative scrutiny (*HC Debates* 18th December 2002, Col 914).

The Liberal Democrat spokesperson **Edward Davey (Kingston & Surbiton)** observed:

. . . when the House debated the Greater London Authority Bill, we found that its measures on the powers of the authority were very different from those in the White Paper that was published before the Bill was introduced. In the Bill, the powers of the Greater London Authority were very circumscribed, as many powers were retained by the Secretary of State. Indeed, the Bill mentioned the Secretary of State more times than the Mayor himself. He is therefore making exactly the right point, as people will be voting for an

assembly that will not have the powers that the Government set out in the White Paper (*HC Debates* 18th December 2002, Col 927).

In addition Mr Davey drew attention to the intervention of the Electoral Commission on the proposed referendum question, accusing the government of obscuring the issues before voters (*HC Debates*, 18th December 2002, Col 931).

6.1.2 *House of Lords Constitution Committee*²⁵

The House of Lords Constitution Committee published its second report on 16th January 2003, which examined devolution and inter-institutional relations in the UK (ref). Inevitably the report mainly addressed relations between Westminster/Whitehall and the devolved administrations, but some of its recommendations. Had implications for the governance of the English regions. In particular it recommended the

merging the existing Devolution and English Regions team (presently in the Office of the Deputy Prime Minister) and those parts of the Scotland and Wales Offices dealing with intergovernmental relations, to create a single group of officials able to deal with the full range of intergovernmental issues ... (para 68).

Looking ahead, the Committee opined:

The move towards regional government in England, with a Bill introduced in the current session of Parliament to provide for regional referendums on the subject, may possibly proceed as a discrete development. We think it will be difficult to divorce it from a comparison with the powers and operation of the elected parliaments and assemblies outside England. Though it has not been within the remit of our current inquiry to pursue such a comparison, since we have been concerned with extant institutions, the time may well come when an inquiry into the distribution of decision-making power throughout the United Kingdom will be desirable (para 193).

²⁵ The Committee noted: We are conscious that our inquiry has focused on the workings of devolved bodies. As such, we have largely neglected England. Though there is an elected mayor and assembly in London, there is no parliament or assembly for England. Given the absence of any such body, there has been nothing for us to study. Nonetheless, we recognise that there is an English dimension that may well become more significant over time (para 192).

6.1.3 *The regions in the House of Lords*

The Campaign for the English Regions produced an analysis of the regional distribution of members of the House of Lords, which showed a large bias toward London and the South East

Regional identity of members of the House of Lords (January 2003)

Region	MPs	Pop	Peers	Con	Lab	LD	Others*
London	74	7.17	138	34	52	13	39
SE	83	8.08	124	50	23	11	40
EE	55	5.42	73	25	13	4	21
Scotland	72	5.06	70	24	16	11	19
SW	51	4.94	55	19	7	6	23
YH	56	5.05	43	10	16	5	13
NW	76	6.88	44	10	22	5	6
W Mids	59	5.34	36	11	17	0	8
Wales	40	2.90	31	6	11	5	8
E Mids	44	4.19	14	6	6	0	2
NI	18	1.68	15	1	1	1	12**
NE	30	2.58	12	2	8	1	1
N/A***	-	-	33	14	3	3	13

* 'Others' includes Crossbenchers and other non-affiliated peers and bishops

**NI 'Others' comprise: 4 Ulster Unionists, 1 Independent Socialist, 7 Cross-benchers

*** N/A comprise those peers for whom no regional identification could be made

The geographical imbalances are greatest within England. Wales also has significantly fewer peers than MPs, whereas Scotland and Northern Ireland score similar numbers to those for parliamentary constituencies. London and the South East are heavily over-represented in the House of Lords. Between them they make up over a third (38%) of the House. The East of England is also 'over-represented'.

Some English regions are poorly represented in the House, particularly the East Midlands, the North East, the North West and the West Midlands.

London has 74 MPs but 134 peers

The South East has 83 MPs but 124 peers

The East of England has 55 MPs but 73 peers

Conversely

The East Midlands has 44 MPs but only 14 peers

The North East has 30 MPs but only 12 peers

The North West has 76 MPs but only 44 peers

The West Midlands has 59 MPs but only 36 peers

Yorkshire and Humberside has 56 MPs but only 43 peers

CfER concluded that the voice of northern and Midland regions in the House of Lords should be strengthened, whichever method of composition is chosen, whether direct, indirect election, appointment, or a combination of these²⁶.

7 EU issues

Nothing to report

8 Local government

8.1 Mayoral referendum

Only one mayoral referendum was held in the last quarter, producing yet another ‘No’ vote. The referendum took place in the London Borough of Ealing and generated a turnout of less than 10 per cent.

Mayoral referendum

Council	Date	Result	For	%	Against	%	Turnout	Type
L. B. Ealing	12 th December 2002	No	9,454	44.8	11,655	55.2	9.8	Combination

Source: New Local Government Network

8.2 Mayors meet in Newham

The New Local Government Network held a ‘Mayoral Forum’ at Newham Town Hall on 9th December 2002²⁷. The meeting was hosted by **Sir Robin Wales, Mayor of Newham**, who explained the purpose of the meeting:

The position of directly elected mayor is still very new and there is much political and media attention focused on us and our achievements. It is therefore good to meet to discuss common issues and to learn from each others good practice.

Anna Randle, of the new Local Government Network said:

²⁶ CfER noted that Parliament’s location, the dominance of London and the South East within the UK, and England in particular, and poor transport infrastructure this is not surprising. But it went on to note that appointment of ‘independent’ peers has not led to a wider geographical spread within the House

²⁷ See, New Local Government Network News Release, ‘Mayoral Forum meets at Newham Town Hall’, 9th December 2002 (<http://www.nlgn.org.uk/nlgn.php>).

These meetings are invaluable for the mayors who, despite differences in their politics and type of authority, have key challenges in common.

At the meeting **Martin Winter**, Mayor of Doncaster said:

Those of us who were elected last May [2002] have now been in office for just over six months and it was once again interesting to share experiences with other Mayors, particularly those elected in October. I firmly believe that the unique nature of the Mayoral model means that our experiences and pressures are becoming quite different from those of other Council leaders. There are several issues emerging and by working together we are beginning to identify common solutions to common problems.

9 Finance

9.1 Barnett and the English regions

The House of Lords Constitution Committee (see section 6.1.2) drew attention to the operation of the Barnett Formula and recommended that:

information about changes to public spending for England should be made available in a manner that relates directly to the categories attracting consequential payments under the Barnett formula; ... (para 93)

The Committee went on:

We note that the effects of the formula across the United Kingdom as a whole, including the different regions of England, are unequal, and also that at present they appear to be unmeasurable. We consider that this will pose a problem with ensuring that devolution finance is equitable and sustainable in the longer term (Para 95).

... This will inevitably become a major source of tension in the devolution settlement. It may only become a matter of open dispute when the parties in office in the devolved administrations have profound disagreements with the UK Government, but that is likely to happen sooner or later (Para 104).

The committee concluded that any alternative to Barnett would need to incorporate

(an assessment of the needs of the devolved administrations, and the different regions of England, taking into account the nature of their responsibilities and the demographic characteristics of the relevant population ... (Para 105)

It recommended that

when the Barnett formula is reviewed or a needs assessment is carried out, it be done by an independent and impartial body. This body should include persons nominated by the devolved administrations and by the UK Government, and should include people who reflect the views of all parts of the United Kingdom, including the English regions (para 107).

9.2 New financial settlement for councils?

Attempts by the Government to introduce a fairer system of Whitehall funding for local government appear to have caused a reaction in the south and in parts of the north, in ways that are suggestive of the wider problems of ensuring a 'fair' territorial distribution of public expenditure. At stake is the £52 billions annually channelled from the centre to English town and county halls, which accounts for around three-quarters of total council spending. By general consent the old distribution system, known as Standard Spending Assessment (SSA), verged on the arbitrary with complex formulas, ostensibly tied to need, determining how much each council received. On December 5 the Local Government Minister Nick Raynsford introduced a new system, Formula Spending Share (FSS), which attempted to balance the needs of the deprived north, and inner-London boroughs, with the more affluent southern shires. Although councils will be given an average of 5.9 per cent extra from this April, counties including, Kent, Surrey and East Sussex, objected, claiming the government was undermining the economy of the south-east by shifting substantial funds from the south to the north — a charge denied by Mr Raynsford. Although Kent — which got 6.4 per cent last year — is in line for the minimum 3.9 per cent, northern councils such as Gateshead and Newcastle also objected, largely because they are losing population. Consequently, like the southern shires, their council taxpayers could shortly be faced with double-digit increases. In fact, London boroughs and West Midlands councils did better than expected under the new system which, Mr Raynsford claimed, was substantially different from its predecessor because it used up-to-date statistics to take account of varying deprivation factors. Significantly, FSS has extended a system, known as the area cost-adjustment — previously confined to London and the south-east — which compensates councils in places where high wages make staffing more expensive. Now more affluent parts of Greater Manchester, Cheshire and Leeds, will qualify because of "overheating" housing markets, according to the minister.

The Local Government Association is also getting restless. Part of the problem is that councils have no means of raising extra cash beyond the 25 per cent they get from the council tax; business rates, while collected locally, are put into a national 'pot' and distributed by Whitehall. Ministers have promised that a new inspection system, Comprehensive Performance Assessment — which graded the 150 largest councils for the first time in five categories on December 11 — will result in additional "freedoms and flexibilities" for over half the town and county halls

judged to be either 'excellent' or 'good'. But these councils remain to be convinced that the Government's promises will add up to anything substantial - partly because to be more innovative, they say they need to raise more cash. The Government's answer is to review the 'balance' of central-local funding. John Prescott, who is in charge of local government and the regions, accepts that too much funding comes from Whitehall. He has now established a group to review a range of "short and long-term options", that are likely to include the return of the business rate to local councils and US-style local taxes, often levied in shops and hotels. However, there is unlikely to be any immediate change. The group is expected to sit for a year before final proposals are produced.

10 The political parties

Nothing to report

11 Bibliography

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