



The Constitution Unit



Nations and Regions: The Dynamics of Devolution

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Key issues

The Queen's Speech, 13th November 2002, announced that legislation would be introduced 'to provide for the holding of referendums on the issue of regional governance in England'

On 14th November 2002, the Government introduced the Regional Assemblies (Preparations) Bill to Parliament

The Queen's Speech also announced a new Planning Bill, which removes some planning functions from the county level and vests them with regional planning bodies, although it was unclear when the Bill would be published

The CBI produced an especially hostile reaction to the Government's plans for elected Assemblies, but there were signs that some business voices might support devolution in regions like the North East, with a number of business leaders and their organisations breaking ranks

The TUC welcomed Governments proposals for Regional Assemblies, but called for a statutory role for regional 'stakeholders' in any future structures of regional governance

Government Offices are slowly developing their new policy development roles

The Northern RDAs have begun to be more voluble in the assertion of their 'northern' interests

Only one mayoral referendum was held in the last quarter (in Corby) which produced a 'no' vote. Four mayoral elections occurred in October, three of which were won by independents

1. Introduction

Legislation will also be introduced to provide for the holding of referendums on the issue of regional governance in England ... I pray that the blessing of Almighty God may rest upon your counsels. (Queen's Speech, 13th November 2002).

Rarely has a commitment in the Queen's Speech been translated so quickly into draft legislation. The day after the Queen laid out the government's programme for the next parliamentary session, John Prescott published the Regional Assemblies (Preparations) Bill, giving him power to hold referendums in any of the eight English regions outside London if he considers there is sufficient public interest to warrant testing public opinion.

The Deputy Prime Minister (DPM) was bullish, repeating his assertion in an interview with one of this report's authors beforehand, that English devolution is necessary to provide an essential political counterweight to the centre. The importance of the regions is that they do become a very powerful force against Whitehall,' said Mr Prescott. As we have reported previously, while this view has not been widely shared in the Cabinet, the DPM has an increasingly influential ally in the Chancellor, whose emerging 'decentralist' agenda neatly complements Prescott's vision of 'greater regionalism' — although it must be stressed that throughout the protracted discussions over the past year in the Cabinet's Committee of the Nations and Regions, and between Tony Blair and his deputy in those frequent 'bilaterals', Mr Prescott has gone out of his way not to alienate Downing Street, giving ground where necessary, rarely banging heads together, and always proceeding by consensus to keep devolution sceptics on board.

The result has been a quicker move on the devolution front than many would have anticipated barely a year ago when there appeared little appetite in the Cabinet for more constitutional change, however distant. Progress has been achieved, as we have earlier reported, by the DPM accepting 'safeguards' to meet the concerns of these sceptics and appease the Prime Minister. In this context, the draft bill raises questions which — in the minds of some devolution campaigners — make the achievement of a 'yes' vote in any referendum a challenging, if not insurmountable task.

Mr Prescott has a tight timetable. He wants to start gauging public opinion in the North East, Yorkshire and the Humber and the North West, before the end of the year. The Regions Minister, Nick Raynsford, plans a series of meetings with regional 'stakeholders', while his officials trawl through recent regional opinion polls to justify a decision to more towards a referendum in a particular region, or regions, while rejecting others — a delicate process which, officials concede, could have legal implications, such as a High Court challenge or a judicial review, if aggrieved campaigners in a particular region feel they have been left on the

sidelines. Legal advice has apparently been sought to ensure the bill is watertight.

By next Easter, the Office of the Deputy Prime Minister (ODPM) hopes the bill will be on the statute book. That will be the signal for the Boundary Committee to begin reviewing the structure of local government, in a region selected for a referendum, to ensure that a unitary structure is emerging — Downing Street's key demand — as an assembly is elected¹. With this boundary review likely to take at least a year — and with the potential for other legal challenges from aggrieved councils, who remember a High Court battle which preceded the demise of Berkshire County Council in 1998 — the first referendums are unlikely before October, 2004.

Slowly it is dawning on devolution campaigners that winning them will be no foregone conclusion. First, they face the challenge of putting together credible, broadly-based, 'Yes' campaigns capable of answering the complex preamble to a question which, itself, begs more questions. And this mouthful is what the draft bill suggests as a preamble:

'You can help decide whether there should be an elected assembly in the...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 a region.'

After this lengthy preamble, the ballot paper would then contain 'yes' and 'no' boxes accompanied by the question: "Should there be an elected assembly for the...region?" As it turns out, there is still much haggling to take place on this front - and, who knows, a more voter-friendly preamble might emerge - for the bill makes clear that the Electoral Commission will be required to publish a statement of its views on the "intelligibility" of any referendum question.

If that is one problem, putting together credible campaigns is quite another. The Electoral Commission will have the power to designate a group representing the 'yes' and 'no' campaigns, which will be entitled to unspecified financial support from the Government and other assistance, such as the distribution of a 'referendum address' free of charge and the free use of rooms for public meetings. If John Prescott decides that particular interest groups are flooding a specific campaign with extra cash, over and above Government support, he has the power to 'cap' spending after consulting the Commission. Of course, having crossed the

¹ For further details about the Boundary Committee for England, see <http://www.lgce.gov.uk/>

tortuous referendum hurdle — and always assuming a 'yes' vote — ministers have to frame further legislation to create elected Assemblies.

With the prospect of considerable inter-departmental arguments over yet-to-be-determined Assembly powers — and Prescott's forthcoming national communities plan for England, due in January, could have considerable bearing on housing, planning, highways and transport — senior civil servants are working on the assumption that elections will be unlikely until 2007.

If the time-frame is long, the more immediate repercussions from the referendum bill are considerable nonetheless. Prompted by the speed of events, the Conservatives, for instance — while opposed to political devolution — are clearly shifting ground on the wider regional front, withdrawing much of their opposition to regional development agencies (RDAs) and moving towards a new policy framework. Senior Tory councillors acknowledge they have to develop a credible strategy which recognises the economic divide between the South East and less-favoured regions, but falls short of elected Assemblies. With some Tory councillors members of RDAs and — in the case of the south east of England — chairing a voluntary Regional Assembly, it is clear they are leading the party towards a more pragmatic approach. But, officially, the party line — outlined by David Davis, the shadow local government and regions secretary — is that a future Conservative government will allow people an opportunity, in a second referendum, to reject elected Assemblies which have either been established or are proposed.

Uncertainties, which came to the fore at a well-attended fringe meeting organised by the Local Government Association (LGA) at the Conservatives' annual conference in Bournemouth, are also shared by many Labour councillors. They have an overwhelming fear that functions so far outlined for elected Assemblies in a White Paper six months' ago are so weak and limiting that, inevitably, future Assemblies will attempt to 'raid' the powers of town or county hall to strengthen a new regional tier of government — and the continual friction between the 32 London boroughs and mayor Ken Livingstone and his Greater London Authority (the Government's model for English regional government) over the division of functions does not help to calm these anxieties.

The LGA, uneasy about further disruption in local government, and continuing uncertainty about its structure in the north of England, will shortly unveil the results of research into the impact new Assemblies might have on local councils. While its Labour chairman, Sir Jeremy Beecham, is a long-standing supporter of regional government, a thick vein of scepticism, transcending party allegiances, runs through the LGA; it wants to de-couple a further round of local government reform from the referendum debate. While this might appear a tall order, the potential for this argument disrupting the regional timetable should not be underestimated.

At the same time, John Prescott's wider departmental agenda has implications for the intensifying regional debate. His emerging national

communities plan for England, framed with the encouragement of the Chancellor, could be seen as centrally-driven — balancing the demand for more houses in the south east, where Mr Prescott says there is a shortage of 'affordable' homes, with the need to rescue collapsing neighbourhoods in the north (where there is a housing surplus). Certainly, officials charged with developing this national communities strategy are trying to balance the Deputy Prime Minister's ideals with a regional agenda (outlined in the White Paper earlier this year), which promised elected Assemblies housing functions and appeared to signal the demise of the Housing Corporation, which largely funds social housing. Now the corporation has been given a new role, along with the national regeneration agency English Partnerships, to drive forward the communities strategy.

In a recent interview with one of this report's authors, Mr Prescott put his new agenda — delivering regional government, improving local government services and creating 'sustainable' new communities, mainly in the south — into the context of a department 'that has now got the essential elements of the quality of life in it.' Housing, he stressed - building communities and not simply soulless estates — was 'the big issue we're trying to deal with at the moment.'

Joking about having a '12 month sabbatical at the Cabinet Office'², he said: 'Now I've come back to the fray and I see the next five years as one of delivering — I'm delivering on regional policy, on regional government, which perhaps I didn't think I would have been doing.' Questioned about perceptions of a divided England, he said: 'I don't think there's a substantial argument saying there's a north-south (divide)...that's not to say there aren't differentials between north and south. If you go to London and look at the inner-city against the outer-city that can be the same in some areas of our northern cities. We've moved on from the idea that somehow it's a regional identity of poor or rich, South East versus North East.'

Like his ally Gordon Brown, he stressed that regions had been given the resources, through Regional Development Agencies and with the emergence of regional spatial strategies, "to get on with the job". And this latter element of 'greater regionalism', of course, can be kick-started fairly quickly without the need for regional referendums and a lengthy debate about powers. The draft bill, for instance, provides new powers for Mr Prescott to provide extra funding for existing regional chambers, to enable them to deliver spatial planning - and, who knows, provide housing strategies, before Assemblies are elected, as part of the emerging communities plan. Regionalism, as people close to the DPM never tire of repeating, is more than simply delivering elected Assemblies. Away from the north, they stress, much can be done to underpin 'greater regionalism'

² Peter Hetherington (2002) 'The New Urbanism', *The Guardian* (Society), 30th October.

and strengthen links between Government Offices, RDAs, and regional chambers, or Assemblies.

2. Regional Structures

2.1 Government Offices

Regional Government Offices (GOs) are likely to see their responsibilities increased as a result of the proposals contained in Chapter 2 of the White Paper, *Your Region, Your Choice* (Cabinet Office/DTLR, 2002). The profile of the regions within the Whitehall system is also likely to grow. A new report by the Government's Strategy Unit addressed the question of how Whitehall could better incorporate regional perspectives into government policy-making. (Cabinet Office Strategy Unit, 2002a, b). The report described the evolving role of Government Offices:

A number of recent studies have highlighted the need for better co-ordination to make policymaking smart. The PIU report *Reaching Out* found that 'there are too many Government initiatives, causing confusion; not enough co-ordination; and too much time spent on negotiating the system, rather than delivering. The RCU, set up in response, has the role of creating a 'more coherent Government presence at regional level', promoting closer links between Government activity in the regions and the centre, and providing corporate leadership for the GOs. Crucially, instead of specialists in each GO reporting directly into departments, each GO will report corporately to the RCU on the achievement of an agreed business plan for each region. The Action Plan emphasises that this 'represents a significant culture change both in Whitehall and in the GOs. It will require a new approach and new skills'.

Government Offices are in the process of changing to a more strategic role which will mean that they will be able to broker local solutions, support local Public Service Agreements (PSAs) and Neighbourhood Renewal processes, and provide intelligence about what is and what is not working, all of which *can bring added value to the policy-making process*. They will be responsible in some areas for setting priorities, delivering regional strategies and allocating funding (Cabinet Office Strategy Unit, 2002a: 3-4, emphasis added).

The study examined the issues surrounding ensuring a higher profile for regional concerns in Westminster (Cabinet Office Strategy Unit, 2002a) and developed a toolkit to 'region proof' policies (Cabinet Office Strategy Unit, 2002b)

The Regional Co-ordination Unit (RCU), possibly the lowest profile body in Whitehall, also published the results of its review of Area-Based Initiatives (ABIs). Beginning in October 2001, the aim of the review was to improve the co-ordination and integration of initiatives and improve the way they interact with other local activity. A key intended outcome was improvements to service delivery by reducing the burdens on local people and on local agents' management capacity. The ABI review looked at:

- whether an initiative should be ended, merged, absorbed into the mainstream or continue as it is;
- how to strengthen links between initiatives and other local activity;
- changing delivery structures of initiatives to enhance their impact;
- delegating more responsibility to the local level.

Each review resulted in an action plan, agreed by the steering group and subsequently by Ministers. The intended outcome of the whole review is a significant reduction in the number of ABIs, together with a major improvement in the co-ordination and integration of a range of initiatives.

Specific recommendations include:

- Health Action Zones to be mainstreamed;
- the merger of Neighbourhood Wardens and Street Wardens;
- a number of pilots where local stakeholders work together to simplify the management of ABIs in their area;
- the development of common funding frameworks for area based crime reduction and regeneration initiatives, to reduce bureaucracy and improve the link between funding and local strategies;
- a reduction in the range of separate approaches to joblessness; and
- the objectives and outcomes from government support for community groups to be defined and the range of existing schemes rationalised

2.2 Regional Development Agencies

After three years of operating under a fragile consensus, the eight Regional Development Agencies (RDAs) outside London are showing signs of setting distinctly different agendas and, more significantly, raising their profile to challenge the centre. Although the RDA chairmen and chief executives meet fairly regularly as an umbrella body to discuss strategies and to meet ministers (another session with the sponsoring minister, Trade and Industry Secretary Patricia Hewitt, and the CBI director general, Digby Jones, is planned near Manchester early in December), in reality they often have different priorities. Until recently, disagreements about Government economic policy, and the direction of a

regional agenda, have rarely publicly surfaced. Most chairmen have kept their heads down, although Graham Hall, who heads Yorkshire Forward (as the Yorkshire and Humber RDA is known), has spoken out about interest rate policy and poor north-south rail services (he was rewarded with a seat on the court of the Bank of England).

However, at a Bank of England dinner on October 15th 2002, the new chairman of the Northwest Development Agency, Brian Gray, threw caution to the wind and implicitly challenged the agenda of the South East of England RDA and the Regional Assembly, both located in the same building in Guildford. Gray, who helps run an engineering company, criticised the Government's drive to provide more 'affordable' housing in the South East, particularly in four new growth areas (Milton Keynes, Stansted, Thames Gateway, and Ashford). (He also complained that, over the past 10 years, GDP per head in the North has fallen by 3.7 per cent to 85 per cent of the UK average while over the same period in Scotland it had risen to 96.5 per cent.). Gray said:

Billions of pounds of public funds are being committed to tackle the problem of affordable housing in the South East and more and more land is being earmarked for new housing development — much of it greenfield land. The south is overcrowded. Its traffic systems are congested and the economy is overheating. We should consider if it really makes sense to build yet more houses rather than address the underlying cause of the problem by diverting some of that pressure to the North of England. We should also question the need to use significant sums of public money to help provide affordable housing. The high land values of the South East ought to be capable of sustaining a significant affordable housing programme without recourse to public funding. On the other hand, in the Northwest we have 57,000 hectares of previously used land that is vacant and available for development, almost 20 per cent of the national total. That is enough to build eight cities the size of Preston.

Gray went further, criticising the paltry level of Government research and development funding in his region - worth, he said, only £48 millions, compared with private sector R&D investment of £15 billions. 'I do not wish to pit the Northwest against the South East,' he contended. 'I simply want to point out that the South East has its problems and we are part of the solution.'

At a meeting organised by the Core (English) Cities campaign group at the Urban Summit in Birmingham on November 1st 2002, Gray drew considerable support when he spoke of an alliance of the three northern RDAs working together to improve north-south rail links — on the grounds that neither the Government, nor the track operator (Network Rail) appeared to be in a position to provide the necessary impetus. In short, this alliance has the makings of a wider northern lobby which, regardless of the parallel arguments about new democratic structures, could become a powerful voice for the less-favoured regions.

One key figure is the experienced chief executive of the Northwest RDA, Mike Shields, who has headed both a local authority and a former Urban Development Corporation. He has warned that national policy is undermining the work of RDAs, telling a recent housing conference in London that many government departments were biased towards the South East. He said:

It is my belief that although Government has positively grasped the regional agenda in terms of RDAs and the regional governance debate, it has not yet managed to translate those objectives across national policy. The result is that the pre-eminence of the South East of England is often reinforced by a range of policies and investment decisions which disadvantage the less competitive regions even more. These national policies are so significant that they dwarf the efforts that the regions are able to make to close the gap.

This debate is reflected in the activities of another lobby, the Core Cities Group (representing Bristol, Nottingham, Birmingham, Liverpool, Manchester, Leeds, Sheffield and Birmingham). Largely through the efforts of the chief executive of Sheffield, Bob Kerslake, it has established strong links with the Treasury (via Ed Balls, the Chancellor's chief economic adviser, who is regarded as a key ally), the Office of the Deputy Prime Minister, and other departments. A special working group has been discussing the competitiveness of city-regions — and, crucially, why those sub-regions in England lag way behind mainland European counterparts.

This put the inter-regional divide at the heart of Treasury policy. Gordon Brown placed it high on his agenda in a keynote speech at the Urban Summit in Birmingham. Unveiling plans for 2,000 new 'enterprise areas', where planning restrictions will be kept to a minimum while other incentives will be given to encourage new businesses, he talked of three phases of regional policy: the first, in the 1930s, was designed to support hard-up areas with emergency measures; the second, from the 1960s, sought to encourage inward investment with new incentives. He added:

Now we are moving to the third state of modern regional policy - creating regional development agencies where the emphasis is not just on encouraging inward investment, but also on local innovation and local investment and building indigenous strength with freedom and flexibility for local people to make decisions based on local needs (Brown 2002).

2.3 Regional Chambers/Assemblies

2.3.1. Reaction to the Queen's Speech

The North East and North West Assemblies welcomed the Queen's Speech announcement about legislation on Regional Assemblies. Tony Flynn, Chair of the North East Assembly, said:

This news is a clear signal that we have been given the green light to move ahead with the debate on regional government. Aspiration for more self governance in the North East has prevailed for well over a decade. This piece of legislation will now give us the opportunity to test the level of support and strength of feeling in the region. This will be the first essential step in the process, if we are to move onto the second stage of putting regional government to the vote. The North East Assembly will be taking a leading role in demonstrating to Government that there is sufficient support to hold a referendum³.

The North East Assembly has restricted itself to a cautious role in making the case for regional government, per se, as opposed to making the case for a referendum, following advice from Ministers about the legal basis for campaigning on the former (See our Report No 8, August 2002). The North West Assembly appeared less inhibited. It announced its intention to 'seek elected status'. It said

The North West Regional Assembly seeks elected status at the earliest opportunity – it intends to be in the first wave of referendums along with the North East:

- Opinion polls show 72% support in the North West for a directly elected Regional Assembly;
- 40 of the 46 local authorities in the North West back an elected assembly;
- The majority of the 170,000 businesses that make up the NWRA's Economic and Social Partners back devolution⁴.

Reactions differed in other parts of England. Assembly leaders in the East Midlands, for example, have turned down the chance to be among the first in England to have their own government. Members of the region's Assembly - made up of businesses, councils and voluntary groups - have told the government they do not want to be on a "fast track" to devolution. When regions across England were asked if they were prepared to move swiftly towards self-government, the East Midlands Assembly voted against the plan. Councillor Mick Young, who chairs the assembly, said: 'One of the things ministers will be looking for is evidence of public support for this and quite frankly in the East Midlands that doesn't exist at the moment' ('Leader reject "fast track" devolution', BBC News Online, 13th November, 2002).

³ North East Assembly, Press Release, 'Let the People Decide', 13th November 2002, <http://www.northeastassembly.gov.uk/news/131102.htm>.

⁴ North West Regional Assembly, Press Release, 'NW first for regional government', 13th November 2002, http://www.nwra.gov.uk/whatsnew/pressreleases.php?full_article=yes&release_id=25&archive_start=0&page_number=1

2.3.2 *The role of stakeholders*

Two pieces of research published in autumn 2002 drew attention to the role of social and economic partners in the existing voluntary Regional Assemblies (Sandford, 2002, Shaw, *et al.*, 2002). This research is noteworthy partly because the Government's White Paper remained relatively open about the prospective arrangements for the inclusion of social partners in future elected Assemblies. The research suggested that across England, while in some cases, considerable progress in terms of stakeholder involvement had been made, with social and economic partners obtaining full membership and voting rights, notable obstacles remained to the full engagement of social and economic partners in the process of regional governance.

At a meeting of social partner groups in Coventry in September 2002, some disquiet was expressed about the potential downgrading of their role implied in the White Paper (see Section 3.2 below). The Government's own uncertainty reflected its lack of clarity about the potential role of social partners at the regional level and how the various options it outlined in the White Paper — civic forums, non-voting assembly membership, co-option onto scrutiny committees or policy advice — related to the hopes and expectations of the stakeholders' role on the part of government.

2.4 **Other bodies**

2.4.1 *Regional Museums*

Following the Spending Review, Resource, the government agency which supports museums and galleries, announced that it would spend £70 million over four years to support the first phase of its proposed restructuring of the regional museum network. (Resource published a report, *Renaissance in the Regions*, in 2001, which called for £267 million over five years to be invested in England's ailing regional museums and galleries (see our report No 5, November 2001). The report recommended the creation of a 'hub' in each of the nine English regions, consisting of a leading museum and up to three partner museums, which would work together to provide leadership in museum practice and improve standards in the museums sector ('Renaissance in the Regions: First Phase To Go Ahead', Resource Press Release 50/02, 22nd October 2002).

The Guardian claimed that curators of regional museums were 'in despair' after the government's promised funding fell £30million short of the minimum they say is needed to prevent address two decades of neglect and under funding⁵. It accused the culture secretary, Tessa Jowell, of using the cover of the Booker Prize event to slip out the bad news that she

⁵ 'Hopes dashed by £30m gap in museums grant', *The Guardian*, October 23rd, 2002.

had secured only £70million. David Barrie, director of the Art Fund, said the money, only £30million of which was new, fell far short of what was needed. Lord Evans, the Labour peer who heads Resource, did not try to hide his irritation that his blueprint had been hobbled. 'At least a lifeline has been thrown,' he said. The budget for regional 'hubs' whereby larger museums would pool expertise with smaller institutions, on which the plan hinged, had already been trimmed back to £100million, with the prospect that some of these might close. 'Naturally we are disappointed we cannot put the full scheme into operation,' Lord Evans said. 'We don't want to compromise the excellence of the vision by spreading money too thinly. This will mean the transformation of one of this country's most important cultural assets will take longer than we had hoped.' Nevertheless, he said, the cash was a turning point, the first time central government had committed itself to sustained funding for regional museums and galleries.

Sir Nicholas Serota, Director of the Tate, acknowledged the region's case:

'It is a start. It may only be a third of what is needed to really do the job properly, but, if the regional museums who get the money show what can be done, we will have an even stronger case in two or three years' time. Of course, it is very worrying that only a few museums will get the benefit for now. There is always the danger that conditions will change. But to whatever government is in power, the case for regional museums is overwhelming.'⁶

3 Regional Politics and Policies

3.1 Reactions to the White Paper

3.1.1 Business responses

The CBI's response to the White Paper rejected the case for Regional Assemblies. John Cridland, Deputy Director-General said:

Employers want stronger regional economies, but there is little evidence to suggest elected assemblies will make a difference. The problems are managerial, not political. Assemblies would jeopardise the freedom of regional development agencies subjecting them to unhelpful party political interference ('Grassroots give "vote of no confidence" in government plans for the English regions', CBI Press Release, September 23rd 2002).⁷

⁶ *Ibid.*

⁷ During the course of the media coverage in the issue, the CBI Director General, Digby Jones attacked the Scottish Parliament and Executive, accusing it of anti-English attitudes (see Kerevan, 2002)

The CBI has had an unhappy relationship with some of the new institutions. In the North West the CBI withdrew from the Regional Assembly earlier in 2002, saying that its presence had been used to 'legitimise' a local authority dominated institution.

Regional campaigners tended to react with anger to the CBI's statements on regional government. In the West Midlands, the leader of the voluntary Regional Assembly, Phil Davis, accused the CBI of being out of touch with business opinion in the region ('Plans are "recipe for impotence"', *Birmingham Post*, 26th September 2002).

Similarly, the Engineering Employers Federation rejected the case for Regional Assemblies, calling instead for increased business representation on RDA Boards. Its Director of External Affairs, Dr Ian Peters, said:

The economic case for Elected Regional Assemblies is questionable. Whilst there may be a political desire for these bodies, they will add little if any value to regional economic strategy. If they are to go ahead, it is essential that the experience and expertise of business continues to be harnessed to promote effective economic regeneration ('Manufacturing calls for greater business involvement in regional economic strategy', EEF Press Release, 20th September 2002⁸).

In contrast, the Institute of Chartered Accountants of England and Wales (ICAEW) published the results of a survey of its members in September 2002. ('Regional devolution potential key to economic growth, say chartered accountants', ICAEW Press Release, 6th September 2002). Almost half of the respondents were in favour of further regional devolution in England, 13% were definitely in favour and a further 36% possibly in favour. Fifty one per cent remained sceptical about the viability of the new model. The North of England was most committed to further devolution, while a higher than average proportion of respondents in the East of England remained to be convinced of the value of further regional autonomy.

Public transport, infrastructure development, economic development, regional planning and employment were seen to be the main priorities for the regions. Eight in ten members (84%) believed it was critical to ensure sufficient national funding to the Regional Assemblies if they were to be effective. Despite Government's commitment to progressing with Assemblies, even if they are rejected in some regions through referenda, a similar proportion (78%) believed that powers would need to be devolved to all regions for devolution to work. Over three quarters agreed that the existing regional structures will need to be subsumed or simplified and 75% felt that decisions are more effectively taken regionally rather than

⁸ See also EEF's Response to the White Paper "Your Region Your Choice Revitalising the English Regions", London: Engineering Employers Federation (Available at: <http://www.eef.org.uk/>).

centrally. Also, 73% agree that central Government will need to ensure that opportunities are spread evenly through the regions⁹.

The ICAEW's Northern regional manager stated:

Generally there is a feeling in the region that Regional Assemblies can work, but only if they are given the resources and mandate to do so ('Businesses back home rule', *The Journal* [Newcastle], 6th September 2002).

The response of the British Chambers of Commerce (BCC) mirrored that of the CBI (BCC, 2002). It announced:

The BCC would prefer to see the strengthening of existing institutions, as they have proven to be generally very effective, but no Regional Assemblies (BCC, 2002: 2).

And yet, despite these developments, there was evidence of shifting attitudes toward devolution on the part of some businesses in the North East. Steve Rankin, director of the CBI in the North East, claimed:

If you ask our members whether they have confidence in the political class in this region, they would say no. Its good news that ministers are offering the sort of effort and resources the region needs. But we do not want to waste this golden opportunity by backing the wrong solution (BBC News Online, 'North "unfit" to govern itself', 23rd September 2002)¹⁰.

Not all the large companies in the region endorsed the official CBI position. A director of Northumbria Water, which employs 1500 workers in the North East, backed the idea of elected Assemblies in a fringe meeting at the Liberal Democrat party conference in September ('Water company chief in favour of home rule', *The Journal* [Newcastle] 25th September 2002)

Moreover, the North East Chamber of Commerce, an affiliate of the British Chambers of Commerce, published a survey of its membership which concluded that 70 per cent favoured more regional decision-making, whilst 50 per cent were in favour of an elected assembly making these decisions (North East Chamber of Commerce, 2002)¹¹. Calling for control over Learning and Skills Councils and the Small Business Service to be given to Regional Assemblies, the North East Chamber's chief executive, Michael Bird, argued that:

⁹ This survey was undertaken by e-mailing 8,589 members in business and practice and 569 members responded. The survey was undertaken in July -August 2002. (See http://www.icaew.co.uk/pressoffice/index.cfm?AUB=TB2I_36396).

¹⁰ See also "'Sub-standard North can't run itself" — CBI', *The Journal* [Newcastle], 23rd September 2002.

¹¹ The North East of Chamber of Commerce contacted 3,500 members and managed a response rate of 5.3 per cent.

It is time Whitehall let us do more ourselves to develop our own potential and solve our own problems, rather than dictating from the centre (Bird 2002).

More generally, some prominent North East figures attempted to distance themselves from their national organisations. Hugh Morgan Williams, a former chairman of the North East CBI, said:

'There were other people who advocated a different approach. My own view is that I am against the proposals on the table, but that does not mean I am against properly organised and constituted regional government.'

Whilst, according to Bill Midgley, former president of the North-East Chamber of Commerce, and a national vice-chair of the BCC: 'I think all of this is based on the views of the CBI centrally and not taking into account the facts within the region.' Tony Sarginson, executive director of the Northern Business Forum, of which the North CBI is a member, claimed that its view were not shared by all business groups. 'The Forum's view, like the North-East Chamber of Commerce, is that the White Paper is disappointing and should be stiffened,' he said ('"Sub-standard North can't run itself" — CBI', *The Journal* [Newcastle], 23rd September 2002).

3.1.2 *The TUC reaction*

The TUC, in contrast to business, warmly welcomed the Government's proposals, providing further evidence of its growing interest in the regional question:

The General Council supports the main principles in the White Paper, *Your Region, Your Choice: revitalising the English regions*. We very much welcome the Government's intention to give real economic power to the regions to enable them to improve regional prosperity. We also support the Government's intention of offering people living in England the chance to choose whether to establish an elected assembly for their region, to provide greater accountability for the decisions that affect them. The General Council particularly welcomes the commitment that such assemblies will work in close partnership with key stakeholders such as trade unions. (TUC, 2002).

The TUC submission, however, was not uncritical. It called for training and skills functions to be devolved to Regional Assemblies and also raised concerns about the local government reform aspects of the proposals:

Changes to the structure of local government can create long-term disruption for both the public and employees. Public sector unions with members affected by such changes will be seeking full involvement in any decisions, based on the Boundary Committee's recommendations, which have both

direct and indirect staffing and delivery implications (TUC, 2000).

The TUC also called for statutory representation of stakeholders in any future regional governance arrangements:

The lesson of economic and social partner engagement in the UK's devolved administrations has been the importance of a statutory right to stakeholder engagement. The Government of Wales Act 1998 placed a legal obligation on the National Assembly to engage with unions, employers' organisations, community groups and the voluntary sector ... If genuine social partnership is to underpin stakeholder engagement in the new regional institutions, then stakeholders must have a 'policy-design' role. This could take the form of co-option on to regional assemblies, in a similar vein as current arrangements with the voluntary regional chambers. It might also take the form of policy councils (TUC, 2002).

3.1.3 *The Housing Corporation*

Speculation continued in the specialist housing press about the housing functions of possible elected Assemblies and the future role of the Housing Corporation (see our Report 8, August 2002 for a discussion of this controversy). The government announced at the end of September 2002 that the Corporation's inspection role would be handed to the Audit Commission ('Commission wins inspection beauty contest', *Inside Housing*, 30th September 2002). This restructuring, and the proposal in the White Paper to hand over housing investment responsibilities to elected Assemblies, suggested the future role of the Housing Corporation would be restricted to its regulatory activities.

But, according to a report in *Inside Housing*, while the government wants the Assemblies to distribute money for local authority and private housing, the corporation would retain its powers to determine approved development programme funding (although see 'Rooker: Corporation's role is secure', *Housing Today*, 25th July 2002, for an earlier similar version of the story). The Housing Corporation's chief executive, Norman Perry, said:

The tide running in favour of elected regional assemblies taking housing investment functions a few months ago has receded in the face of the market renewal fund in the north and the affordable housing agenda in the south which shows there is a need for a body with national scope. And the Deputy Prime Minister's emphasis on off-site manufacture adds to this as we are the only body which procures it ('U-turn on devolved housing', *Inside Housing*, 11th October 2002)

A spokesperson for the Office of the Deputy Prime Minister told the magazine: 'The government has complete faith in the Housing

Corporation to fulfil a major investment role, particularly in terms of affordable housing.’ The future role of the Housing Corporation would appear to be caught in wider debates about the nature of the Deputy Prime Minister's Community Plans, due to be announced in early 2003 (see Section 1 above).

Inside Housing quoted John Perry, policy director at the Chartered Institute of Housing, as saying:

The corporation is a reality, and the assemblies will only come about following referendums. There may be speculation about what would happen if they are created but at the moment it looks as if the corporation's investment role is to remain ('U-turn on devolved housing', *Inside Housing*, 11th October 2002).

3.2 Regional Assemblies (Preparations) Bill

The Regional Assemblies (Preparations) Bill represents the Government's first step to taking forward the commitment in the Regional Governance White Paper, *Your Region, Your Choice* (Cabinet Office/DTLR, 2002) to provide for directly elected Regional Assemblies in the English regions that want them. The Bill contained few surprises, so thoroughly had its contents been trailed.

The Bill was published on 14th September 2002¹². The discussion below draws on the Explanatory Note which was published alongside the Bill¹³.

The Bill would:

- Enable the Government, by order, to allow regional referendums to be held on whether a region should have an elected assembly. It would set out the question to be asked and those eligible to vote at a regional referendum. The Bill would also set out the conditions to be met before the Government could require a regional referendum to be held, including consideration of the level of interest in holding one. So it is possible that they may take place initially in only one, two or three regions;
- Provide for local government reviews to be conducted by the Boundary Committee for England of the Electoral Commission before a referendum is held in a region. Such a review would seek to determine the best unitary structure of local government, if an elected assembly is to be established, for those parts of a region that currently have both a county and district councils. Subject to this over-riding requirement, the criteria relevant to a review and the procedures to be

¹² Bill 3. Session 2002/3. (Available at: <http://www.parliament.the-stationery-office.co.uk/pa/cm200203/cmbills/003/2003003.htm>).

¹³ Available at: <http://www.parliament.the-stationery-office.co.uk/pa/cm200203/cmbills/003/en/0300003x--.htm>.

followed for review and implementation would be the same or very similar to those for structure reviews under the Local Government Act 1992;

- Enable the Government to require the Electoral Commission to give it advice on, principally, the electoral areas for an elected regional assembly where, following a regional referendum, the Government proposes to establish one;
- Provides a power for the Government to pay grant to regional chambers — for example, for their work as regional planning bodies.

In a statement welcoming publication of the Bill, John Prescott said:

Since 1997, this Government has worked hard to modernise government and strengthen democracy, enabling us to deliver jobs and prosperity to all parts of the country. This Bill takes forward our commitment to provide England's regions with their own elected assemblies. Giving the regions their own democratic voice will enable them to provide solutions that meet the needs of individual regions and communities - breaking away from the 'Whitehall knows best' attitude.

This is part of our wider agenda to transform our communities - making them better places to live and work. But this is all about choice. We believe in freedom to choose and people in the English regions will be given the opportunity to make their own choice - just as the people of Scotland, Wales and London did.

We have no plans to impose regional government. The primary factor in deciding where a referendum should be held will be the level of interest in holding a referendum. We will take soundings from all the regions before we decide whether or not there is sufficient interest. We will listen to the views of people in the regions, their local authorities, regional chambers, MPs, MEPs, and key stakeholders before reaching our decisions on where referendums should be held. We would expect that at least one or two referendum(s) will be held during the lifetime of the current Parliament ('Bill paves the way for England's first directly elected Regional Assemblies', ODPM News Release 112, 14th November 2002)¹⁴.

Also welcoming the publication of the bill, Derek Boaden, leader of the North West Regional Assembly, said:

Regional Government is an idea whose time has come — it completes the constitutional settlement that began with devolution for Scotland. For a region like the North West — which has but one cabinet member amongst its MPs —

¹⁴ Available at: <http://www.odpm.gov.uk/news/0211/0122.htm>.

elected regional government is not only about improving democracy it is also about redressing the north south economic imbalance and ultimately improving people's standard of living as well as quality of life (North West Regional Assembly, Press Release, 'NW First for Regional Government?' 13th November 2002).

However, the reaction in the South East was somewhat different. Nick Skellet, chair of the South East England Regional Assembly, said:

Our large and inclusive Assembly includes representatives of stakeholders such as business and voluntary sector as fully participating members. Small directly elected Assemblies will put this partnership approach at risk South East England Regional Assembly, Press Release, 'Reaction to Regional Assemblies (Preparations) Bill, 14th November 2002).

One detail in the Bill, though, caused the most dissension among campaigners. Clause 2 sets out the proposed referendum question in one sub-clause, but sets out a preamble to the question on the proposed ballot sheet in another sub-clause. To wit:

(1) The question to be asked in a referendum held in pursuance of an order under 20 section 1 is:

“Should there be an elected assembly for the (insert name of region) region?”

(2) The following statement must precede the question on the ballot paper:

“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.”

The Campaign for the English Regions said it would ask the Electoral Commission to look again at the wording. Its Chair, George Morran, said: 'At over a hundred words it is too long and confusing. The Bill makes clear that Commission will have the final say on the wording, and has to decide whether or not voters will be able to understand it. Furthermore, he believed the question 'contravened the Commission's guidelines on intelligibility' ('Electorate "will be confused by ballot question"', *The Journal* [Newcastle], November 16th 2002).

The concerns over the Referendum question, which, according to the Bill, would not be permitted to be put to a region for another five years should it result in a no vote, speak of larger concerns among some advocates of

devolution. These mainly concern the link between Regional Assemblies and local government reform. For instance, Newcastle Central MP, Jim Cousins, argued: 'I don't think there is much point in pretending this won't increase the no vote because it plainly will. It just means people who support this are going to have to work that much harder, particularly in Durham and Northumberland' ('Ballot helps "no" vote', *The Journal* [Newcastle], November 15th 2002).

A dilemma for regional campaigners is whether they might choose to support amendments to the Bill to alter its stipulations about local government reorganisation. This may be enough to cause a split in the ranks of the regional government campaigners, with (northern) regions, hoping for early referendums, preferring to put up with local government reform rather than align themselves with critics of the Bill as a whole, while supporters in (southern) second wave regions may have more to fear from local government reform.

The waters of any ensuing parliamentary debates on the Regional Assemblies Bill are likely to be muddied by the parallel debates on the Planning Bill, which was also announced in the Queen's Speech (although this probably won't be published for some time). Here, the campaigners face a difficult situation as the proposed Planning Bill maintains the proposal to abolish county structure plans in favour of a local (district/Met) and regional planning framework. In areas not moving to regional government, campaigners will find it hard to portray this as anything other than moving some powers away from elected county councils to non-directly elected regional chambers.

The next stage of the process will involve the Government sounding out the level of interest in each region in holding a referendum while the Regional Assemblies (Preparations) Bill is before Parliament. Decisions on which region(s) will hold a referendum will be made shortly after the Bill receives Royal Assent.

3.2 The Cornish Question

In September 2002 a report was published concerning *The Cornish Question* (Sandford, 2002), jointly commissioned by the South-West Constitutional Convention (SWCC) and the Cornish Constitutional Convention (CCC). This arose from a basic disagreement between the two organisations over the most suitable form of devolution for their respective areas. The report examines three potential models of regional government for the South-West. Model 1 would involve a single elected Assembly for the whole of the South-West. Model 2 proposes two elected Assemblies, one for Cornwall and one for the remainder of the region. Finally, model 3 suggests a single elected Assembly for the South-West, with special arrangements for Cornwall. Economic indicators highlight substantial economic discrepancies between Cornwall and the remaining six counties of the region and the CCC maintains that "Cornwall has

uniquely strong economic problems which require a unique solution in the form of a separate regional body.” (Sandford, 2002).

It is also suggested that the Cornish identity remains the strongest in the South-West region, exemplified by the official recognition of the Cornish language on 5th November. Cornish has now been recognised by the government under Part II of the European Charter for Regional and Minority Languages and will be registered with the Council of Europe. The purpose of the Charter is to preserve historical and minority European languages and, as Local Government and Regions Minister Nick Raynsford stated in answer to a Parliamentary Question, “This is a positive step in acknowledging the symbolic importance the language has for Cornish identity and heritage.” (ODPM, 2002). This move has been welcomed by campaigners who have commented that it will provide a boost for the language and Cornish culture and heritage.

4 Media

Nothing to report

5 Public attitudes and identity

There were no major opinion surveys in the last quarter.

6 Relations with Westminster and Whitehall

The Prime Minister failed to mention the Regional Assemblies (Preparations) Bill in the debate on the Queen's Speech. This was in contrast to the Conservative leader, Iain Duncan Smith, who stated:

Iain Duncan Smith: The Deputy Prime Minister usually misses out in the Queen's Speech. It is a pity that that has not happened again this year. The right hon. Gentleman has a Bill to tear up the map of Britain, to destroy our historic counties and to create a new layer of government that will employ fresh armies of bureaucrats and create a new mass of red tape. The Bill will impose a new tier of politicians on local people and place new burdens on business. That is not devolving power down; it is grabbing power up (*HC Debates*, 13 Nov 2002 : Col. 20)

The proposed Bill figured elsewhere in the debate on the Queen's Speech and its discussion may have prefigured future debates on the Bill's passage through Parliament. An exchange between **David Clelland (Tyne Bridge)** and **Don Foster (Bath)** is worth citing at a little length:

Mr. Clelland: I very much welcome the inclusion in the Queen's Speech of legislative proposals to allow for referendums in the English regions on elected regional

assemblies. That is long overdue and is an essential next step in the process that was started in 1997. I was disappointed by the response of the Leader of the Opposition. I know he was there when the Queen read out the Speech; I saw him. I am sure that he has a copy, but he seems to have the wrong end of the stick. He went on about how the Government were going to break up the United Kingdom, how the Deputy Prime Minister would impose a new tier of bureaucracy, how there would be burdens on business and how the Government were abolishing county councils. I wish that the proposals were substantial enough to merit such condemnation. The Queen's Speech does not propose any such thing; it proposes that people in the regions ought to have the right to decide for themselves. I cannot see why anyone in this House should want to deny people in the regions the right to decide for themselves whether they want regional government.

Mr. Don Foster: I agree entirely with the hon. Gentleman, but does he agree that when it comes to the legislation on the referendum, it would be a huge mistake for the Government to continue to pursue the argument that the referendums should be on the dual issues of whether people want a directly elected regional assembly in their region and, in the same single question, whether they support any reorganisation of local government? Does he agree that they are two separate issues and should be treated separately?

Mr. Clelland: Having made that very point on the record, I can hardly change my mind on it now. I agree that local government reorganisation and the introduction of regional government are two completely separate issues. I am not saying that once regional government has been established there may not be a case for regional government's examining the local authority structure in its region and taking decisions, or at least recommending changes along those lines, but I shall certainly be arguing that we need not necessarily make this part of the legislation (*HC Debates*, 13th November 2002: Column 49).

Several Conservative MPs raised the issue of regional government in the debate. A representative intervention was that of **John Redwood (Wokingham)**:

I would love to slash the regional government that Ministers constantly foist on us. I want no regional government at all in my part of the country. The Government do not even know what my region is called. Sometimes we are the rest of the south-east, sometimes we are London and the south-east, sometimes we are Wessex, and sometimes we are the Thames valley. They do not know, because where I live, there is no entity that is a region (*HC Debates*, 13th November 2002: Col 57).

David Davis, the shadow Deputy Prime Minister used the opportunity of a debate on an Opposition amendment to the Queen's Speech to attack the Government's plans for Regional Assemblies, in particular the nature of the referendum:

In a democracy any referendum, especially a referendum that intends to set up a new institution such as a regional assembly, must offer a clear choice. If people are to vote on whether to establish a regional assembly, they should know what they are voting for. What powers will the Assembly have? How many members will it have? How will they be elected? What will be the cost? The order should be straightforward: plan first, referendum second. However, this Bill turns that order on its head. There will be a referendum first and a plan afterwards. The Deputy Prime Minister is asking people to vote for a pig in a poke (*HC Debates*, 19th November 2002: Col: 527).

Mr Davis argued the Government's plans would increase bureaucracy:

Regional government will do nothing to boost economic growth, and it could slow it. It will do nothing to slash red tape; indeed, it will increase it. Regional government will usher in a new layer of politicians, and a new layer of bureaucrats, officers, advisers, secretaries, researchers, spin doctors, budgets, expenses, allowances—and trebles all round. Let us not forget the new buildings. Edinburgh and Cardiff are committed to spending £40 million on new buildings but, from my previous role, I have the strong memory that £40 million is the least the buildings will cost. The real cost will be much more than that. Why should the regions be different? For hard-pressed council tax payers, it will be higher council taxes all round (*HC Debates*, 19th November 2002: Col: 528).

Mr Davis further claimed that the aim of the Government's plans was to destroy English counties:

Above all, regional government will do nothing to give power to local people. Instead, it will take it further away. Decisions made by county councils, which are closer to local communities, will be made by regional assemblies, which are further from local communities. The truth is that there will be no counties. For example, planning decisions now made in Hereford will be taken 60 miles away in Birmingham. Decisions now made in Kendal will be taken 75 miles away in Manchester. Decisions now made in Truro will be taken 90 miles away in Exeter—and all for one simple reason. This Government try to abolish anything that they cannot control (*HC Debates*, 19th November 2002: Col: 529).

He continued:

The counties tend to vote Tory so they will be gerrymandered into what the Government hope will be Labour-run regions, even if local people want to keep their counties, boroughs and districts. ... Institutions must have legitimacy, and that usually takes time. Our counties have legitimacy because they are organic communities, established in the geography and geology, the dialects and architecture, and the customs, practices and traditions of our country. Regions will be nothing more than lines on a map drawn by the stroke of a bureaucrat's pen. They will have no legitimacy whatever, and even less if they are imposed on counties against the will of those who live in them. In England, regions went out in the dark ages. One thing is certain: we on the Conservative Benches will fight undemocratic and costly bureaucratic regional assemblies every inch of the way (*HC Debates*, 19th November 2002: Col: 529).

In response **John Prescott** said:

Regions, if their people so choose—hon. Members tell us that we should trust the people—will be given a distinct political voice and a real say over decisions that matter to them. Elected assemblies will take functions from Whitehall and its agencies, not from local authorities. For the first time, regions will have a responsibility to take greater control over things that matter to people—economic development, regeneration, planning, housing, transport, health, culture and the environment. That is what we intend to bring about with our regional proposals (*HC Debates*, 19th November 2002: Col: 529).

In the debate in the Lords on the Queen's speech, Conservative members again signalled the nature of their opposition to the Bill. Among other things, **Baroness Blatch** said:

We are all aware of the Deputy Prime Minister's agenda—bigger, costlier institutions, more distant from the people and strengthened central control. Regional government will inevitably threaten the future of county councils and that will be fiercely resisted. When the Minister comes to reply, it will also be helpful if he can confirm that the future of the lieutenancy and the office of High Sheriff is secure. I ask that because there are rumours that they too are threatened. Therefore, reassurance from the Minister of their future would be welcome (*Lords Debates*, 18th November 2002: Col 153).

Lord Waddington rehearsed his now regular opposition to the proposals:

Frankly, I am amazed at the sheer absurdity of most of the arguments put forward for regional government. Some speak as though it is the English answer to Scottish devolution,

when we all know that there never has been the slightest chance of powers being devolved to the regions remotely like the powers devolved to Scotland. Some suggest that regional government is necessary to ensure that England receives as fair a share of public expenditure as Scotland, when all that is necessary to right that wrong is an adjustment in the Barnett formula (*Lords Debates*, 18th November 2002: Col 154).

For Labour **Lord Smith of Leigh** stated:

I am sorry that the noble Lord, Lord Waddington, is not in his seat. I speak as one from the North West, as he claims to, but I speak for the 72 per cent of those in the North West who, in a recent opinion poll, said that they would welcome the introduction of regional assemblies. The party opposite is quite used to being in a minority. That is why it is in its present state. As was said earlier, it opposed devolution to Scotland and to Wales. It was wrong then and it is wrong on this issue now (*Lords Debates*, 18th November 2002: Col 214).

However, **Lord Hannigfield**, also speaking as Conservative leader of Essex County Council, retorted:

The Government's proposals for the regions will bring massive upheaval. The reason given for the abolition of county and district councils is that three tiers are too many. That is not an argument. The Government have put forward no coherent argument to justify the dismantling of the existing structures. The cost of reorganisation in Essex alone would be about £120 million. We have barely mentioned money today. For people in Essex, it will beggar belief, given the pressures faced by public services, that the Government cannot find a better way to spend such a colossal sum (*Lords Debates*, 18th November 2002, Col 219-220)

Table 1: Regionalism at Westminster

Source	Date	Column number	Subject	Raised by
Commons	15 October	170	Regional Development Agencies	Lawrie Quinn (Scarborough and Whitby)
Commons	16 October	305	Regional government	Sir Teddy Taylor (Rochford and Southend, East)
Commons	16 October	305	County Councils	Peter Luff (Mid-Worcestershire)
Westminster Hall	16 October	73WH	Second Hub Airport (South-East)	Mark Prisk (Hertford and Stortford)
Written Answers	21 October	70W	RDA Members	Tim Yeo (South Suffolk)
Written Answers	23 October	389W	Regional Assemblies	Andrew George (St. Ives)
Written Answers	23 October	390W	Regional Assemblies	John Gummer (Suffolk Coastal)
Written Answers	24 October	427W	Regional Venture Capital Funds	Brian Cotter (Weston-Super-Mare)
Written Answers	24 October	443W	Private Finance Initiative	Jon Owen Jones (Cardiff Central)
Written Answers	24 October	494W	Milton Keynes and South Midlands	David Lidington (Aylesbury)
Written Answers	28 October	520W	Local Elections	Ann Coffey (Stockport)
Written Answers	28 October	529W	West Midlands Regional Assembly	John Taylor (Solihull)
Written Answers	28 October	594W	Regional Eurostar Rail Services	David Kidney (Stafford)
Written answers	29 October	681W	Regional Assemblies	Sir Nicholas Winterton (Macclesfield)
Written Answers	29 October	681W	Regional Government	Mark Hoban (Fareham)
Westminster Hall	30 October	306WH	Gloucester South-West Bypass	Parmjit Dhanda (Gloucester)
Written Answers	4 November	51W	Regional Assemblies	Andrew George (St. Ives)
Written Answers	4 November	52W	Your Region Your Choice	Andrew George (St. Ives)
Written Answers	5 November	180W	Cornish Language	Simon Thomas (Ceredigion)
Written Answers	5 November	194W	Cornish Language	Andrew George (St. Ives)
Written Answers	5 November	201W	Regional Assemblies	Andrew George (St. Ives)
Lords	5 November	560	Regional Museums	Lord Sheldon
Written Answers	7 November	589W	Mayoral Elections	Adrian Sanders (Torbay)
Written Answers	7 November	600W	Regional Offices	Eric Pickles (Brentwood and Ongar)
Commons	13 November	20	Queen's Speech debate – Regional Government	Iain Duncan Smith (Chingford and Woodford Green)
Commons	13 November	46	Queen's Speech debate– Regional Government	David Clelland (Tyne Bridge)
Commons	13 November	57	Queen's Speech debate– Regional	John Redwood (Wokingham)

			Government	
Written Ministerial Statements	18 November	8WS	Regional Planning Guidance for the North East	The Parliamentary Under-Secretary of State (Mr. Tony McNulty)
Commons	19 November	521	Regions, Transport and DEFRA	David Davis (Haltemprice and Howden)

Source: <http://www.parliament.the-stationery-office.co.uk/pa/cm/cmhansrd.htm>

7 EU issues

The House of Commons urban affairs select committee revealed that the Government had not spent £48 million – over 87 per cent – of the £55 million allocation when it scrutinised ODPM accounts. Questioning neighbourhood renewal minister Barbara Roche, committee chairman Andrew Bennett said: 'That money is lost, is it not? The failure to spend it in the appropriate year means we do not carry it over to the next year.' Ms Roche conceded that it had been difficult to spend the money. She said: 'In some areas there has been a problem with the slowness of the programme. There has been a problem with bureaucracy and red tape and my job is to see if we can get through that.' Asked if she was confident that there would be no similar underspend this year, she said: "I never make predictions of that kind." A department spokeswoman later said that there was a time limit of up to 2008 to spend European Regional Development Fund money. "We don't have to worry about it being wasted," she said. "It shouldn't be a concern." (£48m underspend "won't be lost", *Regeneration and Renewal*, November 13th 2002)

8 Local government

A mayoral referendum was held in Corby on 1st October 2002, resulting in yet another no vote.

Corby Mayoral Referendum October 2002

Council	Date	Result	For	Against	Turnout	Ballot Type
Corby	1 October 2002	No	5,351 (46%)	6,239 (53.64%)	30.91%	All Postal

Source: <http://www.nlgn.org.uk/~yourmayor/index.php>

In addition, four mayoral elections took place in October 2002. Although Labour managed to win the mayoralty in Hackney, it is noteworthy that independents won the remaining contests. Turnouts were low, falling to just 18 per cent in the Mansfield contest.

Mayoral Elections October 2002

Council	Electorate	Turnout	Elected Mayor
Bedford	109,318	27,715 (25.35%)	Frank Branston (Better Bedford Independent Party)
Hackney	130,657	32,926 (25.20%)	Jules Pipe (Labour)
Mansfield	78,371	14,043 (17.92%)	Tony Eggington (Independent)
Stoke-on-Trent	183,225	43,994 (24.01%)	Mike Wolfe (Mayor 4 Stoke)

Source: <http://www.nlgn.org.uk/~yourmayor/index.php>

9 Finance

From the North East to the South East, the Government has been under pressure to give local councils a 'fairer' deal under a new system of allocating more than £47.3 billions of central funds to authorities, replacing the Standard Spending Assessment (SSA) which was introduced to coincide with the former Poll Tax (now Community Charge) 10 years' ago. The arguments from campaigners in the north and the south, particularly local newspapers and regional organisations representing the councils themselves, give a foretaste of the battles likely to come when, or if, Regional Assemblies are established in the north.

At the same time, wider arguments about the allocation of spending throughout the UK are beginning to emerge. They came to a head in the Commons (November 19th) when the former minister Joyce Quin, MP for Gateshead East and Washington West, said that the North East suffered from a 'double whammy' from both SSA and the Barnett Formula, which determines the distribution of a central block grant to Scotland, Wales and Northern Ireland and is seen by some to disadvantage the north. Earlier the Local Government and Regions Minister, Nick Raynsford, who is also in charge of the SSA review, told the Commons that an independent report will be presented to ministers at the end of April next year (before elections to the Scottish Parliament and to the National Assembly for Wales) giving a breakdown of how much money goes to the English regions (*HC Debates*, 19th November 2002, Column 552).

We have already reported (see our Report No. 6, February 2002) that the former Department of Transport, Local Government and the Regions commissioned this report on 'regional expenditure flows' to 'analyse the regional impact of a vast range of policies' and the possible need for 'an integrated cross-departmental approach to address inter and intra regional inequalities'. The review team, headed by Professor Iain Maclean of Nuffield College, Oxford, began work in May. There is growing evidence that the review, jointly sponsored by the Treasury, presages a new 'needs assessment study', as a prelude to preparations for elected Regional Assemblies.

While Mr Raynsford assured MPs that the Barnett Formula will 'not be subject to the review', the review is likely to re-ignite arguments about the distribution of funds throughout the UK. The minister acknowledged that the figures had the potential to be controversial. 'Clearly, when we have the evidence, that will inform the vigorous debate about the balance of funding between the different regions,' he told MPs. At the same time, Mr Raynsford told the Commons that the new Formula Grant, which will be revealed shortly as a replacement of SSA, will be controversial, That is an understatement. Lobbying parliament on November 14th, councils and MPs from all parties in the South East warned that people in the region could have to pay 50 per cent more in council tax over three years because the Government wants to channel more money north. Eight counties, stretching from Kent to Oxfordshire, said they stood to lose £500 millions from changes in the way the new grant will be calculated.

Although Mr Raynsford has tried to allay fears by saying councils will not receive less grant than the current year under the new system, Nick Skellett, leader of Surrey County Council - and, significantly, chairman of the South East Regional Assembly, said this did not take account of inflation, wage increases, or extra spending on public services demanded by the Government. And, in a foretaste of the wider arguments over the allocation of Government money around the regions, Sandy Bruce-Lockhart, leader of Kent, warned that if ministers wanted to distribute money from one part of the country to the other, they should do so through general and not local taxation.

While representatives from the South East were railing against the perceived injustices of central funding, MPs, councils and local newspapers in the North East were making much the same argument - claiming that the south was getting more than its fair share *The Journal*, the Newcastle-based daily claimed education spending alone in parts of London and the south was up to £1,600 per pupil higher annually than in the North East. Councils fear that a drop in the region's population, currently estimated at 2.4 per cent annually, will not help the region's case ('Blair told North will not stand for "fudge" over cash', *The Journal* [Newcastle] 18th November).

But the biggest change could come if the government decides to increase the importance of deprivation in the funding formulae, potentially shifting resources to run-down conurbations in the north. There is speculation that an 'area cost adjustment', a calculation that recognises higher wage costs in London and the south east, will be scrapped. Political reality, however, means that Downing Street will not countenance a system that is seen to discriminate against the South East. As one senior Government source told one of the authors: 'Do not forget that a county, like Hertfordshire - not the former battlegrounds of Lancashire, Yorkshire and the West Midlands - is now marginal England.'

The political parties

David Davis, the shadow Deputy Prime Minister, used his speech at the Conservative Party conference to launch a sustained attack on the Government's plans for regional government:

The Government says regional assemblies will be good for jobs. They're right. Good for 300 new assembly members, many of them Labour cronies who can't get a proper job, and missed out on one of Tony's peerages because they couldn't afford dinner with Lord Levy. They say regional assemblies will be good for pay. They're right. £35,000 a year for Mr Prescott's friends to do a job already done much better by our Tory county councillors. They say regional assemblies will be good for regeneration. Again, they're right. Good for regenerating the career of professional politicians. But bad for everyone else.

Ask any businesses what they want from government and they'll soon tell you. Less of it. Less interference. Less red tape. Lower taxes. The last thing they want is more government, more cost, more regulation. But that's exactly what they'll get from the regional assemblies. But they won't get a single new job that matters. Not one extra doctor. Not one extra nurse. Not one extra teacher. Not one real measure to improve the lives of local people.

The Government claims regional assemblies would devolve power and decision-making. But county councils would be abolished. Taking power away from local communities. Decisions now made in Hereford would be taken 60 miles away in Birmingham. Decisions now made in Kendal would be taken 75 miles away in Manchester. Decisions now made in Truro would be taken 90 miles away in Exeter. That isn't handing power down. It's grabbing it back.

But this isn't just about geography. If we take a genuinely local voice away from identifiable local communities, we take away something fundamental — and precious. Democracies don't work simply because everyone has the right to vote. They work because they reflect communities that have a common interest, a common identity, a common history and tradition.

When people vote in elections they must feel that the outcome will reflect their interests, and the interests of their community. When people accept the outcome of elections, they implicitly accept they may have to make sacrifices on behalf of their fellow citizens. Sacrifices that range from paying higher taxes right through to risking lives for each other in war. Those sacrifices are easier when there is a real common bond.

That's why Conservatives believe that the nation state is a moral concept. It is the strongest manifestation of democracy. It binds us together, irrespective of creed or colour, race or religion. It creates a sense of community greater than any other. It is no accident that the long history of our nation state has led to the longest-lasting, and most stable, tolerant, liberal democracy in the world. And on a smaller scale this sense of community applies to our historic counties, our ancient boroughs, and our parishes. This is what John Prescott's drive for regional government threatens. It's not just about money or interference. It's about unpicking the very threads of our communities. It's about riding over local people. It's about tearing up a county history hundreds of years old. It is wrong. We oppose it. And we will fight it every inch of the way¹⁵.

Ian Duncan Smith set out the Conservative battle lines:

Counties are a tangible part of British identity and history. People who live outside the Metropolitan areas come from counties; only statistics come from regions. Counties exist in our hearts and minds; regions exist only in bureaucratic categorisation. Counties are part of our nation; regions are part of the state. Proponents of regional government call their plans 'devolution'. I invite readers to apply one simple test to this claim. Are regional assemblies more likely to result in central government passing powers down or existing local government having to pass powers up? (Duncan Smith, 2002)

Senior Conservative politicians have now held out the prospect of new referendums in any region which votes in favour of the Government's proposals, should they return to power. However, away from Westminster, it is clear that senior Conservative council leaders now recognise the party has to address the reality of regionalism, if not accept the case for devolution. As a first step, it seems clear, that the Party's hostility to RDAs has now been so diluted that the Agencies have now been accepted, by some senior Tories, as an element of the regional institutional fabric, not least because some are board members. And the fact that Tories are also either playing a leading role, or even chairing, existing voluntary Regional Assemblies, has tempered their hostility. By accident or design, this could mean the emergence of a new Tory regional policy before the next General Election.

¹⁵ http://www.conservatives.com/news/article.cfm?obj_id=41016&SPEECHES=1

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