



The Constitution Unit



# Nations and Regions: The Dynamics of Devolution

Quarterly Monitoring Programme

## The English Regions

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Peter Hetherington and Emma Pinkney



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# Monitoring the English Regions

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Peter Hetherington and Emma Pinkney



Centre for Urban and Regional Development Studies  
University of Newcastle Upon Tyne  
NE1 7RU, UK  
Tel. +44(0)191 222 8016  
Fax. +44 (0)191 232 9259  
Web: <http://www.ncl.ac.uk/curds>

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## Key issues

The overriding event to report on in this quarter's report is inevitably the North East referendum for an elected regional assembly, in which the people of the region delivered a somewhat resounding 'no' vote to government. As many have commented, rather than the result coming down to dissatisfaction of what powers were on offer to an assembly in terms of transport or education policy, for example, the result seemed to be indicative of a more general feeling of disenchantment with politicians. It seems there was also a wider scepticism concerning the capability of, what was perceived to be, another layer of bureaucracy and the tax that would accompany it. In reality, as John Prescott emphatically maintained, there would have been a reduction in the number of politicians in the region, with the removal of one layer of local government alongside the establishment of an assembly. The 'no' campaign however, managed to play on this along with the issue of a rise in council tax that assembly might bring, and somehow, this simple message around 'the pound in the pocket' struck a chord with North East voters. The government and local politicians alike, may do well to take note of this message from the North East, that there is a distinct and growing mistrust of politicians' ability to deliver on the issues that matter.

There have, of course, been wider repercussions of the vote, notably, the Conservative-led call to now scrap the unelected regional chambers, who, some have said, are unnecessary and their (limited) remit be handed down to local government. On planning, members on opposing political sides within the South East (and to a lesser extent the East of England) regional chamber, have recently been involved in tussles over the level of house building to be carried out over the coming years. In the South East, plans to build 36,000 houses annually over 20 years were ceremoniously rejected by Conservative councillors, another blow to John Prescott, who may yet decide to overrule this decision early next year.

Elsewhere, the regional development agencies have come under criticism for replicating industry clusters across the regions, a claim rejected by the agencies who say that clusters, rather than being imposed by the RDAs, are led by business demand. The House of Commons Committee on Public Accounts have also published a report warning of the pressure upon RDAs to respond to both regional and national priorities and demands, drawing attention to a perceived 'command and control' tendency of Whitehall.

Finally in this quarter's report, we look at some of the press reactions and analysis that arose following the referendum. Where much of the press responded with gut reactions to the result, others offered a more thoughtful insight into why voters went against this chance for (perhaps a somewhat limited form) of English devolution.

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## 1. Introduction

The crushing defeat of John Prescott's devolution project in England's first regional referendum on 4<sup>th</sup> November has wide implications for the rest of the country. Although the Deputy Prime Minister insisted that the near 4-1 vote against a North East assembly would not derail a "wider programme of devolution", questions are being asked within the government and in town and county halls about the longer-term relevance of greater regionalism, particularly the eight non-elected assemblies around England.

The small print in statements from the Office of the Deputy Prime Minister (ODPM), and comments from Downing Street, reveals that much is likely to change on the policy front after that momentous vote. While the headline 'goodbye regionalism' is clearly premature, Tony Blair has made clear that a wider project to "strengthen local democracy in other ways" will now take shape. One option is a big push for more directly elected mayors; another, articulated increasingly by Alan Milburn, Chancellor of the Duchy of Lancaster and Labour's general election supremo, is revamped local governance at the neighbourhood level which may – or may not – embrace town and county halls.

Even John Prescott, never a fan of US-style directly elected mayors and new forms of local governance, is putting the case for strengthened local democracy after conceding at an early morning new conference (5<sup>th</sup> November) that the government had simply "failed" to get its devolution message across to 1.9 million North East voters.

But a new city-region agenda is also emerging in the ODPM, with ministers and officials actively pushing the idea of urban sub-regions, although not explicitly as an alternative to wider regionalism. An economist at the ODPM neatly summarised the new thinking at a conference in Leeds (19<sup>th</sup> November), when the first new city-region compact was signed. "Sub-regional geography is clearly the one that makes sense," he said. A joint ODPM-Treasury report, produced in association with a group of leading cities under the Core Cities label, pursued the idea. (8<sup>th</sup> December). We have also learned that ODPM has commissioned research to take the concept further forward.

More than anything else, English devolution was John Prescott's grand project and a 'yes' vote would have crowned a long political career in which he has often been a lone champion of elected regional assemblies. To his credit, he was prepared to put his reputation on the line and campaign tirelessly throughout the North East, microphone in hand, in town squares and shopping streets, often throwing caution to the wind with attacks on the "Whitehall knows best" culture. Defeat came as a bitter personal blow. This was underlined by local government and regions minister Nick Raynsford when he told the BBC (5<sup>th</sup> November): "John is an assiduous and hard-working campaigner...he's put his heart into this...a very resilient man and he is going to bounce back, I am sure."

Sure enough, the Deputy Prime Minister appeared to bounce back in the Commons (8<sup>th</sup> November) when he told MPs: "Our agenda for reform,

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change and modernisation means that we will continue to decentralise and devolve power wherever we can.” (See chapter 5.1 of this report). In truth, that begged more questions than it answered because decentralisation and devolution need not necessarily go to a regional tier of administration.

Even some MPs who went along with the Prescott agenda – and plenty didn’t - now accept that they miscalculated the mood of the 1.9 million electors in the North East. Jim Cousins, long-serving Labour MP for Newcastle upon Tyne central, and a supporter of regional government, is not untypical, commenting that regionalism has now changed permanently and politicians must now rise to the challenge.

As one of the authors reported (*Public Finance*, 19<sup>th</sup> November<sup>1</sup>) it all seems a political lifetime away from the heady days after the 1997 general election when a newly-installed Deputy Prime Minister proclaimed boldly that a new age of regionalism was dawning. Now there are mutterings of disquiet among some of the local authority members of the eight (non-elected) regional assemblies. Some councils, from the North East to the South East, are clearly restless.

On reflection, the government’s case for elected regional assemblies was made so late in the day that few voters were aware of the Prescott concept. As one of the authors argued (*Public Finance*, 19<sup>th</sup> November<sup>2</sup>) in the big conurbations of the North there was little interest apart from the chattering classes, some unions and voluntary groups, a sprinkling of long-standing campaigners and some MPs – although many of them, Labour and Tories alike, were either cool or hostile. Consequently, when the Prescott road show began to roll earlier this year in the shape of a ‘Your Say’ campaign throughout the three northern regions - lots of meetings in cities and small towns, and plenty of glossy publicity, pens and lapel badges from the Office of the Deputy Prime Minister – there was plenty of ground to make up. Prescott hailed a ‘great north vote’ - his label for referendums in the three northern regions - as the opportunity of a lifetime. As we reported in the last monitoring report (no. 16) Downing Street was increasingly concerned.

It is now clear that disaffection among Labour MPs - which forced Prescott in July to shelve plans for other referendums in the North West and in Yorkshire and the Humber – had spread to the North East. Many were notable by their absence in the campaign, offering Prescott little support, while Liberal Democrats – ironically, the party which claimed the longest commitment to English devolution - played only a minor role. Bluntly, at the sharp political end, the Deputy Prime Minister, representing a seat in Hull – rather than a prominent North East MP – was the driving force with the Prime Minister (a North East MP, after all) only briefly backing the ‘yes’ campaign (alongside the Liberal Democrat leader, Charles Kennedy) at a photo opportunity in a riverside café-bar in Stockton-on-Tees on 22<sup>nd</sup> October, near the campaign’s end.

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<sup>1</sup> Hetherington, P. A bridge too far. *Public Finance*. 19<sup>th</sup> November 2004.

<sup>2</sup> See above.

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Even opposition politicians grudgingly admired the stamina of a 66-year-old Deputy Prime Minister in what appeared a lone crusade for English devolution. When the end finally came, Prescott probably had little alternative than to proclaim that his regional agenda was still active. After all, too many institutions are hanging on it: not only regional development agencies, whose collective budget easily tops £2 billions with 2000 staff in place, but also non-elected regional assemblies. They are charged with producing regional spatial strategies – contentiously, how much housing in a particular region, and where – and will soon absorb regional housing boards as well as responsibility for fire and rescue services.

But here, again, there is a problem. The weekly magazine *Housing Today* reported (3<sup>rd</sup> December) that the government’s “flagging regional agenda” had been dealt a further blow because assemblies are worried about a lack of capacity to write regional housing strategies, which have to be submitted to the government next year<sup>3</sup>. The West Midlands assembly, for instance, said it might have to “decline the opportunities offered by the merger (of regional housing and planning boards) if additional funds are not forthcoming from the ODPM.”<sup>4</sup> The assemblies, according to the magazine, are worried because the government has said it does not envisage providing additional funding to support the housing boards.

While it is premature to sound the death-knell of non-elected regional assemblies, the mutterings of disquiet about their relevance are getting louder as arguments for city-regions get stronger. Even in the North East, for instance, several of the councils who contribute £870,000 to annual running costs of £2.2m (for 28 staff, and other functions) are questioning whether they are getting value for money. And in the South East, Conservatives – the largest party – are at the point of rebellion, with some councils considering pulling out.

Sir Sandy Bruce-Lockhart, leader of Kent County Council and chairman of the Local Government Association, clearly sees political capital in exploiting the resounding North East ‘no’. But he is not alone in arguing that its implications for the wider regional agenda throughout England are more profound than many realise. When not at the LGA, he spends part of his time co-operating with councils in London and Essex on the emerging Thames Gateway growth area. Neither of these areas – Kent’s natural neighbours – lie inside the South East regional assembly’s area, which stretches from the channel to the Cotswolds. Like other regions, he argues, it makes no sense geographically. So could its days be numbered? Absolutely, he insists. “The regional tide came in very quickly and we are all going to be surprised how fast it will go out,” he told one of the authors.

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<sup>3</sup> Miller, V. and Hilditch, M. Assemblies: Well need extra cash after merger. *Housing Today*. 3rd December 2004.

<sup>4</sup> See above.

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## 2. The campaign

While rejection of John Prescott's package came as little surprise to observers and campaigners alike, almost everyone was taken aback by the size of the 'no' vote. On the surface, support for the broad concept of devolution had appeared high in the North East, justifying early optimism in the Office of the Deputy Prime Minister that at least this region would vote 'yes' after plans for referendums were earlier shelved (see report no. 16) in the North West and Yorkshire and the Humber. But as details of the Prescott package became clearer – the potential cost to council taxpayers, the constraints likely to be exercised by Whitehall on the extremely limited powers on offer, and the perception of another tier of well-paid politicians – it seemed that people moved initially into the undecided category and, finally, into the 'no' camp.

Few had bargained for the success of devolution opponents operating under the umbrella of a North East Says No campaign. It had entered the fray relatively late in the day, and many expected it to provide only token opposition. Backed by elements of the North East landed establishment, some leading businessmen, who preferred to remain quiet, as well as by the Conservative and UK Independence Parties, NESNO, as it became known, succeeded with a few catchy sound bites – 'vote no to more politicians/more bureaucracy/extra taxes', for instance. Its most enduring symbol was a huge, inflatable white elephant. Little more needed to be said. The campaign was partly engineered by a Euro-sceptical London-based group, the New Frontiers Foundation, which grew out of the Business for Sterling organisation and provided a campaign director and administrative support. It clearly saw the campaign as a dry-run for a referendum to endorse a European Union constitution, expected after the next general election.

Yet two months before referendum day, it seemed that supporters of devolution could afford to be cautiously optimistic. The Yes 4 the North East campaign had mustered a string of prominent North East personalities, ranging from the president of Newcastle United FC Sir John Hall to the sports commentator and former Olympic athlete Brendan Foster. But even at the launch of their campaign in Durham on 2nd September, behind a catchy video – message: 'be proud, be positive, vote yes' - there were warning signs. While an opinion poll produced for the campaign by ICM appeared to show strong support for a North East assembly, a quarter of voters remained undecided.

By 14<sup>th</sup> September, when the Electoral Commission formally announced the designated 'yes' and 'no' groups – NESNO and Yes 4 the North East qualifying for £100,000 of public funds - opponents of devolution had the first opportunity to air their message. It was a formal occasion in a hotel on Newcastle Quayside with Sam Younger, the Commission's chairman, orchestrating proceedings. On his right Graham Robb, a Darlington-based public relations consultant, and former Conservative candidate, set a tone which would dominate the campaign:

Our message is based on four distinct themes. A north east assembly would cost council taxpayers more money...will

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have no extra resources for the people's priorities. It won't pay for a single extra doctor, teacher or policeman. The north east assembly will have no extra powers...(it) will in fact be a talking shop for professional politicians. It's admitted the assembly will cost £24m a year to run, £1m per politician (on a 25-member assembly)...you're going to hear the Yes side present an argument which is advertising for a product which does not exist. The government's proposals are, in fact, fake devolution. They're not the real thing.

Sitting alongside, John Tomaney\*, professor of regional governance at the University of Newcastle upon Tyne, who chaired Yes 4 the North East, stressed their campaign was a "broad church" embracing Labour, the Liberal Democrats, the Greens, unions and businesses. He said:

As we've heard from Graham, he offers only negativity. He offers no solutions on the issues that confront the North East. People of the North East have had enough of negativity. They want positive argument. We offer the prospect of more decisions about the North East being taken in the North East. London, metaphorically, is a million miles away from the problems of the North East.

The stage was set for a surprisingly bruising campaign. But slowly, it became clear that Yes 4 the North East had its work cut out, through no fault of its own. With hindsight, it may well conclude that publication the previous July of a draft bill outlining powers for a proposed assembly would be one rock on which their campaign would flounder, along with a general mistrust of politicians generally. In truth, the bill was an admission that John Prescott has lost the battle to give the proposed assembly relatively strong powers; indeed, little had changed since publication of the white paper (*Your Region, Your Choice: Revitalising the English Regions*<sup>5</sup>) two years earlier. One senior North East business figure, who knows Prescott, recalled a meeting he had held with the Deputy Prime Minister (*The Guardian*, 6<sup>th</sup> November): "He said he'd got as much as he could from colleagues - done as much as he could - and couldn't get any more."<sup>6</sup> Whatever the reasons, the 'no' campaigners used the draft bill at every opportunity – it was in Graham Robb's hands in every interview and television appearance – to point out that proposed powers were so limited they were not worth having.

Yes 4 the North East could only respond that while powers were indeed limited, more would assuredly follow as the new body bedded down. Indeed, no doubt recognising the vulnerability of the 'yes' side, both John Prescott, and his deputy Nick Raynsford, appeared quite happy to volunteer that they were negotiating with ministerial colleagues,

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<sup>5</sup> See

[http://www.odpm.gov.uk/stellent/groups/odpm\\_regions/documents/page/odpm\\_regions\\_607900.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_regions/documents/page/odpm_regions_607900.hcsp)

<sup>6</sup> Hetherington, P. 'He said he'd got as much as he could from his cabinet colleagues ... and couldn't get any more'. *The Guardian*. 6<sup>th</sup> November 2004.

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particularly the Transport Secretary Alastair Darling, for more – with Prescott claiming two days before polling that he had won the battle with the Department for Transport. It was too late, and reeked of desperation

It all seemed so very different in the spring of 2004, with a ‘Your Say’ campaign, featuring Prescott and Raynsford, touring cities and towns throughout the three northern regions with the message that a ‘great North vote’ – the Deputy Prime Minister’s label for three northern referendums – would help tilt the centre of gravity away from London and the greater South East with strong regional institutions to challenge Whitehall.

On reflection, this was a top-down campaign, with little added weight either from activists on the ground or, crucially, from local MPs and councillors. Increasingly, it would be seen by many sceptical voters as an imposition from the government, commanding little popular support. For the local weekly newspapers, it was viewed as a bureaucratic nightmare because of the government’s insistence that the introduction of single-tier, or unitary local government must go hand in glove with the creation of elected regional assemblies. Voters were further confused by the two questions in the all-postal ballot – firstly to determine support for an assembly, and secondly to decide, from two options, which form of unitary local government they favoured in the two-tier counties of Northumberland and Durham (the rest of the North East is already served by unitary councils). Threatened county and district councils began fighting each other “like ferrets in a sack”, according to one bemused chief executive (*Public Finance*, 19<sup>th</sup> November<sup>7</sup>). Local newspapers were consumed by county-versus-district bust-ups.

In truth, the North East ‘yes’ campaign was probably more divided than many realised. This is not so much a reflection on its leaders, who put together a credible organisation with an impressive range of supporters, as an indication that some in Labour’s ranks appeared to want an exclusively party-based campaign, and resented a more inclusive effort. In reality, apart from John Prescott, few prominent Labour and Liberal Democrat personalities, let alone MPs, were prepared to get involved. Privately, like counterparts in the North West and Yorkshire and the Humber, some were either lukewarm or opposed to the package on offer. Apart from an extremely brief intervention by the Prime Minister (a North East MP, after all) with the Liberal Democrat leader Charles Kennedy at a photo-opportunity in Stockton (22<sup>nd</sup> October), the Deputy Prime Minister appeared a lone voice.

But as *The Guardian* reported (27<sup>th</sup> October 2004), many who assumed there would be an automatic ‘yes’ from the region’s 1.9 million electors, slowly realised... “that regional identity does not easily translate into political expression.”<sup>8</sup> Bill Lancaster, the North East’s most prominent social historian and director of the Centre for Northern Studies at Northumbria University, put it more succinctly:

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<sup>7</sup> Hetherington, P. A bridge too far. *Public Finance*. 19<sup>th</sup> November 2004.

<sup>8</sup> Hetherington, P. Northern Exposure. *The Guardian*. 27<sup>th</sup> October 2004.

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It's a region that has an identity based on a range of cultural factors and practices – dialect, the way you look at the past, shared history – but much of that is latent rather than manifest. It's there, people recognise it, but it does not necessarily prompt them into action.<sup>9</sup>

If that is true, the romantic stirrings of Yes 4 the North East failed to resonate among a population that is probably more 'English' – rather than British, with vague notions of Englishness – than many realise. One of the authors was struck by the number of times respondents in straw polls raised worries about the impact a partly-devolved North East would have on the unity of England, and the implications for other regions.

Recognising the need to take the debate beyond politicians, Yes 4 the North East generally eschewed the political class, to the chagrin of several North East MPs. In reality, as the campaign gained momentum, there appeared two campaigns with only, it seemed, limited contact between them. True, a Labour 'yes' campaign borrowed Yes 4 the North East's slogan, and the campaign anthem from the band, M-People. But essentially, the Deputy Prime Minister John Prescott pursued a lone campaign. Backed by the party machine and travelling on a campaign bus – even its slogan, 'This is your chance; don't waste it', betrayed a nervousness - he visited the area regularly over a four-week spell and took his message to street rallies, frequently engaging voters on walkabouts, backed by the party machine. Yes 4 the North East appeared to be operating at a different level.

Predictably, friction came to the surface after the event. The Labour leader of Gateshead Council, Mick Henry, gave a hint of the Labour establishment view (*Public Finance*, 19<sup>th</sup> November), claiming that Yes for the North East:

for all its good intentions and celebrity support, did not communicate its vision so clearly...voters were not given a clear enough message of what the assembly was actually going to do.<sup>10</sup>

Yes 4 the North East could, perhaps, be forgiven for thinking that this criticism should be directed not at itself, but at the government for its failure to flesh out the powers of an assembly beyond the white paper of May, 2002<sup>11</sup>. As we have argued previously, this white paper, which formed the basis of a draft bill (further outlining the extremely limited powers) published in July, was always a messy compromise born out of

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<sup>9</sup> See above.

<sup>10</sup> Henry, M. Determined on devolution – comment. *Public Finance*. 19<sup>th</sup> November 2004.

<sup>11</sup> Your Region, Your Choice' - [http://www.odpm.gov.uk/stellent/groups/odpm\\_regions/documents/page/odpm\\_regions\\_607900.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_regions/documents/page/odpm_regions_607900.hcsp)

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the uneven gains made by Prescott in the Cabinet's Committee of the Nations and Regions.

This failure haunted Yes 4 the North East throughout the campaign. By mid-October, the 'no' camp had a seven-point lead in the *Northern Echo* and Prescott was spending half his weeks in the North East. Local daily newspapers, the Newcastle-based *Journal* and the *Northern Echo*, devoted considerable space to the campaign, although the former became distinctly cooler to the devolution package on offer while the latter was by far the strongest supporter. Referendum campaign television broadcasts, from both camps, were sharply contrasting, with 'yes' campaigners producing an upbeat image of the North East – 'be proud, be positive, vote yes' – and the 'no' side presenting eerie images of politicians alongside the none-too-subtle message of 'do you want more of them.' Combine this with the cost of the exercise - £25m annually in running costs for a 25-member assembly and, on government estimate, 5p per week for the average council taxpayer – and it proved a potent, negative message.

But the message from some ministers visiting the North East was hardly positive, either. Perhaps in recognition of the referendum, the BBC's Question Time was screened from Gateshead two weeks before polling day. It seemed an ideal opportunity for the government to field a high-profile minister. Instead Harriet Harman QC, the solicitor general, was chosen. She did not appear to understand the package on offer, and a rambling, hesitant reply to one devolution question outraged Prescott supporters.

When the end came, the Deputy Prime Minister probably had little option but to proclaim that his regional agenda was still on track. After all, too many institutions are hanging on it: not only regional development agencies (RDAs), but also non-elected regional assemblies. But in the small hours of 5<sup>th</sup> November, at a news conference near the counting centre in Sunderland, even Prescott appeared to be speaking the language of Downing Street. He volunteered that the government would continue its 'reform agenda' for local government, mentioning "directly-elected mayors and community leadership" almost as an alternative. He acknowledged that the government had simply "failed to get its case across". Asked how he felt to lose so badly, the Deputy Prime Minister replied:

I have a strong view about regional assemblies, but the people have spoken. It's their choice. It was a manifesto commitment. I might be disappointed...the people have spoken and I recognise that. It's an emphatic defeat...the electorate felt comfortable with a Labour government...that came across often and I think that led them to feel 'why another tier of government?' They didn't feel threatened like they did under a Tory government.

But when questioned about the absence of substantial powers for a proposed assembly, he talked about striking a "balance" between Whitehall and the North East. In other words, as *The Guardian* reported

(6<sup>th</sup> November), he had wrung as much out of cabinet colleagues as he could, imperfect as that might have been.<sup>12</sup>

### 3 Voting

The table below illustrates the number of votes cast and percentages calculated for both the ‘yes’ and ‘no’ votes, based on actual voter turnout in each local authority area in the North East. The area with the highest percentage of ‘yes’ votes was Derwentside, closely followed by Durham, Easington, Sedgefield and Wansbeck. The area with the highest percentage of ‘no’ votes was Darlington, pursued by Hartlepool and Redcar and Cleveland. The results have a distinct geography to them, with the majority of the electorate voting ‘yes’ coming from local authority areas within the county of Durham, whilst those areas with high proportions of ‘no’ votes were largely on Teesside, Wearside and rural Northumberland.

Local Authority	Electorate	Total valid	Total rejected	Turnout %*	% Yes	% No
Alnwick	25, 213	14, 437	40	57.4	19.2	80.8
Berwick-upon-Tweed	21, 468	10, 847	378	52.3	20.7	79.3
Blyth Valley	63, 884	28, 701	348	45.5	26.2	73.8
Castle Morpeth	38, 357	21, 728	210	57.2	22.0	78.0
Chester-le-Street	43, 032	21, 097	209	49.5	26.0	74.0
Darlington	76, 178	37, 066	293	49.0	12.9	87.1
Derwentside	66, 942	32, 606	282	49.1	29.8	70.2
Durham	71 052	33, 897	410	48.3	28.9	71.1
Easington	70, 517	29, 585	397	42.5	27.3	72.7
Gateshead	143, 782	69, 470	1, 480	49.3	24.5	75.5
Hartlepool	68, 636	29, 127	340	42.9	16.8	83.2
Middlesbrough	100, 706	41, 520	871	42.1	19.2	80.8
Newcastle upon Tyne	178, 531	81, 461	1, 405	46.4	24.5	75.5
North Tyneside	140, 478	70, 324	882	50.7	21.6	78.4
Redcar and Cleveland	103, 769	51, 743	791	50.6	16.4	83.6
Sedgefield	68, 383	32, 623	431	48.3	27.7	72.3
South Tyneside	114, 377	52, 358	547	46.3	21.6	78.4
Stockton-on-Tees	132, 848	63, 090	1, 048	48.3	17.5	82.5
Sunderland	209, 195	89, 820	1, 008	43.4	20.0	80.0
Teesdale	19, 887	10, 992	321	56.9	18.4	81.6
Tynedale	47, 451	26, 121	189	55.4	19.7	80.3

<sup>12</sup> Hetherington, P. ‘He said he’d got as much as he could from his cabinet colleagues ... and couldn’t get any more’. *The Guardian*. 6<sup>th</sup> November 2004.

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Wansbeck	46, 636	21, 450	267	46.6	27.7	72.3
Wear Valley	48, 420	23, 766	391	49.9	25.8	74.2
County Durham	388, 233	184, 566	2, 441	48.2	27.2	72.8
Northumberland	243, 009	123, 284	1, 432	51.3	23.0	77.0

Source: The Electoral Commission 'Regional Vote' web site  
[www.regionalvote.co.uk/content/Region/Regionshome.cfm](http://www.regionalvote.co.uk/content/Region/Regionshome.cfm)

\* Total votes (valid + rejected) divided by total eligible electorate

## 4 Local government

### 4.1 The Second Question

In the two-tier local authority areas of Durham and Northumberland, voters were asked a second question on what council structure they would like to see, following a 'yes' vote (the other local councils in the North East are already unitary). This was a safeguard designed by Downing Street in order that there would be wholly unitary local government across the region and not a double layer, plus an assembly. In the event of a 'no' vote, there would be no reorganisation and local government would remain in its present form. Large amounts of money have been fed into the Boundary Committee for the consultation and drawing up of the options to put to voters. As such, there has been some speculation (see previous reports no. 15 and 16) that a degree of reorganisation of two-tier areas would go ahead regardless of the referendum outcome.

The two options for County Durham were<sup>13</sup>:

A. The creation of one single tier local authority covering the whole of the existing county council area.

This would have meant that the existing district councils of Chester-le-Street, Derwentside, Durham (city), Easington, Sedgefield, Teesdale and Wear Valley would be abolished.

B. The creation of three single tier local authorities. These would be formed from combinations of existing district council areas to form:

1. East Durham: to cover the former districts of Durham (city) and Easington.
2. North Durham: to cover the former districts of Chester-le-Street and Derwentside.
3. South Durham: to cover the former districts of Sedgefield, Teesdale and Wear Valley.

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<sup>13</sup> See The Electoral Commission -  
<http://www.regionalvote.co.uk/content/Region/OptsDurh.cfm>

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The two options for Northumberland were<sup>14</sup>:

A. The creation of one single tier local authority covering the whole of the existing county council area.

This would have meant that the existing district councils of Alnwick, Berwick-upon-Tweed, Blyth Valley, Castle Morpeth, Tynedale and Wansbeck would be abolished.

B. The creation of two single tier local authorities. These would be formed from combinations of existing district council areas to form a north west rural authority and a south east urban authority:

1. Rural Northumberland: to cover the former districts of Alnwick, Berwick-upon-Tweed, Castle Morpeth and Tynedale.

2. South East Northumberland: to cover the former districts of Blyth Valley and Wansbeck.

Although, as *The Journal*<sup>15</sup> said, the result was in the end academic, it has still been of some interest in the region as to which structure *might* have been put in place. In County Durham, the voting was close - 89,149 (50.6%) people voted for option A (county wide authority) whilst 87,050 (49.4%) voted for option B (3 separate councils). Ken Manton, Leader of Durham County Council said:

Whilst a majority of people voted for one unitary council for County Durham, the overall results mean that there will be no change to councils for the foreseeable future.

If a future government decided to reorganise councils in Durham, then we would urge them to base their decisions on the results of the referendum. Rather than subjecting us to another expensive review, from this poll they already know what people's preference for unitary local government would be.

But for now, we will continue to work with the district councils to provide the quality of council services which people expect and deserve.<sup>16</sup>

According to *The Journal* (5<sup>th</sup> November), option A was favoured by voters in the districts of Chester-le-Street, Durham (city), Sedgefield and

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<sup>14</sup> See The Electoral Commission - <http://www.regionalvote.co.uk/content/Region/OptsNothhumb.cfm>

<sup>15</sup> Academic result ends the war over councils' future. *The Journal*. 5<sup>th</sup> November 2004.

<sup>16</sup> Durham County Council. *Regional Government Referendum: Emphatic 'No' vote means no change to local councils*. Press release. <http://www.durham.gov.uk/durhamcc/usp.nsf/pws/64DA80A6CBFDF45180256F43003375DA?opendocument>

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Wear Valley whilst voters in Derwentside and Easington looked to vote in favour of having three separate unitaries<sup>17</sup>.

In Northumberland, the majority voted for the urban/rural split – the creation of two separate unitary authorities, the rural council covering Alnwick, Berwick, Castle Morpeth and Tynedale and a south east council covering the urban areas of Blyth Valley and Wansbeck. Again, the results were a lot closer than the actual referendum result – 51,560 (43.81%) voted in favour of option A, with 66,140 (56.19%) going with option B. Leader of Blyth Valley Dave Stephens said:

There will be a meeting next week of leaders and chief executives of the six districts to evaluate things and discuss what happens next.

There are still suggestions that a unitary structure will be brought in across the county and if that is the case we should start talking now. The districts now have to decide whether we want to actively pursue a possible change.<sup>18</sup>

Tynedale District Council leader John Herron said, however:

The Government has been given a bloody nose on an assembly and I would suggest they will just get on with the job in hand and leave things as they are.<sup>19</sup>

According to *The Journal* (6<sup>th</sup> November), a spokesperson for the Office of the Deputy Prime Minister said that “there were no current plans for local government reorganisation in Northumberland or County Durham following the No vote”<sup>20</sup>.

## **5 Relations with Westminster and Whitehall**

### **5.1 The morning after the night before...**

On Monday 8<sup>th</sup> November, Deputy Prime Minister **John Prescott** faced the music in the Commons, conducting a post-mortem of the previous Thursday’s referendum and allowing time for a debate, consisting of various Tory reckonings and consolatory remarks from Labour colleagues, some of whom made little effort to disguise their satisfaction with the result. **Mr. Prescott** began by emphasising what is undoubtedly a positive element to the event, the 47.7 per cent turnout:

Turnout, at nearly 48 per cent., was a great deal more than many people expected and has shown that all postal voting can be extremely successful when the ground is well prepared.

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<sup>17</sup> Academic result ends the war over councils’ future. *The Journal*. 5<sup>th</sup> November 2004.

<sup>18</sup> Black, D. Summit planned after county’s setback in poll. *The Journal*. 6<sup>th</sup> November 2004.

<sup>19</sup> See above.

<sup>20</sup> See above.

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This ballot was conducted successfully, without witness statements, and the turnout has increased considerably. It was higher than the 42 per cent. turnout in the European elections in the north-east, higher than the 34 per cent. in the London referendum and similar to the 50 per cent. in the Welsh referendum. (*Commons debates*, 8<sup>th</sup> November 2004, Col 587).

**Mr. Prescott** also expressed thanks to the chief counting officer, Ged Fitzgerald, and his staff, the police, the Post Office and the Electoral Commission for their co-operation throughout the referendum, and then added:

I confirm to the House that the result of the referendum means that the Regional Assemblies Bill will not be introduced in the coming Session of Parliament; under existing legislation, there can be no further referendum on regional assemblies in the north-east for at least seven years; and—let me make it clear—despite press speculation, there will be no reorganisation of local government in County Durham or Northumberland arising out of this referendum result. (*Commons debates*, 8<sup>th</sup> November 2004, Col 587).

**John Prescott** continued, however, to make it clear that the regional agenda is not dead, either in the North East or elsewhere:

I do not want to underplay the importance of last week's decision, but the House should remember that elected regional assemblies are just one part of the wider programme of devolution and decentralisation in England. For a decade or more, it has been recognised that there are issues which must be dealt with at regional, rather than national, level, but which need to be co-ordinated over an area larger than any single local authority (*Commons debates*, 8<sup>th</sup> November 2004, Col 588)

Outlining the role played in the regions by the Regional Development Agencies, Government Offices for the Regions and the voluntary Regional Chambers respectively, **Mr. Prescott** maintained:

Our continuing agenda of reform and devolution to local authorities is equally important. That was evident in July, when we launched our document, "Local Vision", beginning an extensive consultation about the future of local government ... Our agenda for reform, change and modernisation means that we will continue to decentralise and devolve power wherever we can. We have already done a lot, and there is a lot more to do. We have already brought economic stability, lower unemployment and lower inflation; and our commitment to delivering the best possible future for all the regions remains as strong as ever (*Commons debates*, 8<sup>th</sup> November 2004, Col 589).

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Shadow Secretary of State for Local and Devolved Government Affairs, **Caroline Spelman (Conservative)** responded duly:

I commend the right hon. Gentleman for coming to the House and making a statement at the first opportunity, and I associate the official Opposition with his thanks to the returning officer and his staff. (*Commons debates*, 8<sup>th</sup> November 2004, Col 589).

**Mrs. Spelman** continued:

It is quite clear that the decisive "No" vote in the north-east has serious consequences for the Government's entire regional agenda. Will the right hon. Gentleman stick to the promise that he made to the people of the north-east on 19 October, when he said: "If you don't want it, we drop it"?

What exactly did his long statement mean? Will he now say, loud and clear, that the regional agenda is dead? In broader terms, what does this humiliating defeat mean for the Government's whole regional agenda? (*Commons debates*, 8<sup>th</sup> November 2004, Col 589-590).

**Mrs. Spelman** further pressed for the abolition of the unelected regional chambers that currently exist in the regions;

He talks of a choice for the regions to have unelected regional assemblies. That is Hobson's choice. Given that the regional chambers now have no prospect of any democratic mandate, will the right hon. Gentleman abolish them? Will he return the crucial powers of housing, planning fire and rescue services to democratically elected local councils? (*Commons debates*, 8<sup>th</sup> November 2004, Col 590).

Brushing aside calls from **Mrs. Spelman** and her colleague **Eric Pickles (Conservative)** to apologise for the "tens of millions of pounds wasted in pursuit of a pipedream" (*Commons debates*, 8<sup>th</sup> November 2004, Col 590) and criticism over the unelected regional chambers and regional housing boards, **John Prescott** maintained his belief in a stronger argument for the regional agenda, but added:

We will keep regional Government offices and regional development agencies, and as for the regional assemblies, we will keep them also. They are not as good as assemblies with directly elected members, but people are directly appointed to them. Elected councillors serve on them, so they can make decisions about regional priorities instead of the unelected members of quangos. I think that that is right. That dimension will continue and we will support it, working with local government. (*Commons debates*, 8<sup>th</sup> November 2004, Col 591).

He continued:

The regional dimension will form an essential part of this Government's policy to correct the economic differential

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between the north and south of this country. Let us be clear that that is our intention. (*Commons debates*, 8<sup>th</sup> November 2004, Col 592).

Next to comment was the Liberal Democrats regions spokesperson **Edward Davey (Liberal Democrat)**:

I thank the Deputy Prime Minister for his statement and agree about the professionalism of the officials and police during the process. He knows that Liberal Democrats share his disappointment at the outcome of the referendum, but equally believe that all democrats need to respect the voice of the people, especially when it is spoken so clearly. (*Commons debates*, 8<sup>th</sup> November 2004, Col 592).

**Mr. Davey** voiced his concern over the “growing democratic deficit” (*Commons debates*, 8<sup>th</sup> November 2004, Col 592) in the regions and asked **Mr. Prescott**:

Will he set up a cross-departmental review of all elements of Britain's regional bureaucracy to consider how democratic accountability and efficiency can be improved in the absence of directly elected assemblies, especially through stronger local democratic input? (*Commons debates*, 8<sup>th</sup> November 2004, Col 592)

He continued:

The Deputy Prime Minister knows that from the White Paper on, the Liberal Democrats felt that the regional devolution he was offering was too weak and the package of local government reorganisation too confusing to ensure that the "Yes" vote was maximised. Given that he has come to the House so quickly to discuss the defeat and to tell the House his position, will he at least admit that the Government were wrong on powers and wrong on the linkage with local government reorganisation? (*Commons debates*, 8<sup>th</sup> November 2004, Col 592).

After criticising the involvement and support of the Liberal Democrats, **John Prescott** replied:

As for whether there are sufficient powers, those arguments will go on. There has to be an agreement in government about the distribution of powers from Whitehall to the regions. That is inevitable. I gave the best negotiated position that I thought was sufficient. (*Commons debates*, 8<sup>th</sup> November 2004, Col 593).

**Sir Stuart Bell (Labour)** was next to comment, referring to **John Prescott**'s promise of a continuing agenda of decentralisation, to which the latter replied:

I can assure him that decentralisation and reform of local government will continue. The democratic point, albeit important, was only one part of modernisation and reform. I

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do not know—eventually, people may come round to accepting that unelected individuals should not make decisions for them, and decide that they want elected individuals. However, the people have spoken in the north-east, and at this stage they do not want a regional assembly. If politicians are to be worth anything they must take that into account. (*Commons debates*, 8<sup>th</sup> November 2004, Col 593).

Former leader of the Opposition **William Hague (Conservative)** raised the issue of local government reorganisation, calling for the idea to be scrapped, following which, **Lawrie Quinn (Labour)** suggested more frequent meetings of the Regional Affairs Committee:

Returning to the issue of scrutiny that should be afforded Parliament, the Regional Affairs Committee meets very infrequently. Does he foresee the possibility of looking at arrangements for that Committee, and perhaps extending them to allow Select Committee-type powers for areas such as Yorkshire and the Humber, the north-east, the north-west and other English regions to make sure that Parliament scrutinises those regional bodies? (*Commons debates*, 8<sup>th</sup> November 2004, Col 595).

In response, **John Prescott** claimed:

I understand the point that my hon. Friend is making. I have been a Member of Parliament for over 30 years, although some people want me to go now, and have witnessed demands in the House and the Chamber to set up various regional committees. I have always supported those demands, but the House does not have a very good record of providing much influence or power to Members, and we are told that there is no time for debate. (*Commons debates*, 8<sup>th</sup> November 2004, Col 595).

I am supportive of my hon. Friend, but the pressure of time on this legislature is one reason why people in the regions should make their own decisions. We have neither the time nor frankly the inclination to debate regional matters in the Chamber. (*Commons debates*, 8<sup>th</sup> November 2004, Col 595).

Next to speak was **David Curry (Conservative)**, the former shadow regions spokesperson, who's position was rather more favourable towards regional assemblies than some of his colleagues:

Does the right hon. Gentleman accept that one of the unbridgeable problems in the referendum was the colossal gap between the rhetoric that was used to describe the proposed devolution and the powers that would have accompanied it? ... Is not the lesson that, with future policies, the Government as a whole need to make up their mind on what they want and to concede to people substance, not shadows? (*Commons debates*, 8<sup>th</sup> November 2004, Col 595).

**John Prescott** acknowledged **David Curry** stating:

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The House recognises that the right hon. Gentleman is a fair man in his appraisal of these matters and knows a great deal about local authority and regional issues. In fact, he was one of the few Conservatives to say that, if the assembly had more powers, he would vote for it. (*Commons debates*, 8<sup>th</sup> November 2004, Col 595).

However, he also stated that, whilst further powers were added to the original White Paper *Your Region, Your Choice*, alternative reasons for the 'no' vote had been identified:

The question that constantly came up was, "Does this mean that there will be another tier, that we are going to pay for it and that there will be more politicians?" It did not matter that I could show that that was not so, because they had reached their conclusion and that was it—they thought that it would be a white elephant. (*Commons debates*, 8<sup>th</sup> November 2004, Col 596).

**David Clelland (Labour)** congratulated **Mr. Prescott** on his work concerning regional assemblies and asked:

Is my right hon. Friend aware that, as recently as this morning, constituents have contacted me to ask for more democratic control of local services privatised by the Conservatives? Is not there still a case for extending democracy to the regions and localities, and can we look for other ways of doing that? (*Commons debates*, 8<sup>th</sup> November 2004, Col 596).

**Mr. Prescott** replied:

We will continue to reform the local government structure. We will devolve more powers downwards by strengthening regional development agencies, regional government and assemblies. For the moment, that will have to be the way forward for the north-east. (*Commons debates*, 8<sup>th</sup> November 2004, Col 596).

**John Greenway (Conservative)** and **Philip Hammond (Conservative)** made further remarks, the former calling for the possibility of a Yorkshire and Humber referendum to be ruled out (his wish was of course later granted), before **Ronnie Campbell (Labour)** addressed the House, suggesting that:

People are basically saying that they want more democracy in their areas and their councillors to be more professional but, unfortunately, we lost the vote. We should have some sort of organisation, even if it has to be in Parliament, to tie the north-east together, join the threads and get moving because we are being left behind by the Welsh, the Scots and Londoners. (*Commons debates*, 8<sup>th</sup> November 2004, Col 597).

**John Prescott** responded:

I presented one proposal, which the people in the north-east emphatically turned down. I can therefore only say that we

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shall continue to see what we can do to strengthen the assembly, RDAs and local government generally. (*Commons debates*, 8<sup>th</sup> November 2004, Col 597).

I am sorry about the decision that the people in the north-east made, but it is their decision and it is our job to recognise that. However, I reassure myself by remembering that a successful conclusion was ultimately reached in Wales and Scotland. (*Commons debates*, 8<sup>th</sup> November 2004, Col 597).

Following a brief intervention from **Douglas Hogg (Conservative)** concerning the West Lothain Question, which was quickly dismissed by **John Prescott, Gordon Prentice (Labour)**, a sceptic of regional assemblies, asked:

Was the referendum in the north-east lost during or before the campaign? (*Commons debates*, 8<sup>th</sup> November 2004, Col 597).

The Deputy Prime Minister replied:

I am used to clever questions from my hon. Friend. It is time to worry when we get support from him. I do not know why the referendum was lost—there is a range of reasons. I have probably spent more time than anyone else defending the proposal and listening to people's views in markets, streets and in debates. I gave some of the reasons, which included worries about too many politicians and cost. Europe was mentioned from time to time, as if the proposal were a Euro-plot. All those factors played a part. I do not think that there was one major reason. I cannot therefore really give an answer to the question "Why?". All I need to know now is that I did not convince people and that I was emphatically defeated. I have had to take the consequences today. (*Commons debates*, 8<sup>th</sup> November 2004, Col 597-8).

**Andrew Stunell (Liberal Democrat)** was next to put a question to the Deputy Prime Minister, regarding quangos in the North West:

The [North West] development agency was clear that some untidy ends remain in the north-west. The links between the agency, the Government office for the north-west and the Learning and Skills Council are not as strong as they should be and accountability remains poor and divided. Will the right hon. Gentleman assure us that he will take those issues forward and improve the accountability of those big budget quangos? (*Commons debates*, 8<sup>th</sup> November 2004, Col 598).

To which **John Prescott** replied:

I argued after the White Paper that people in the regions should make the decisions. Local bodies alone cannot do that; there needs to be regional decision making. That has been recognised by the Learning and Skills Council, and the fact that we approved the number of people to be appointed by the assembly to sit on the board responsible for training is an

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improvement. This is also a recognition that regional dimension decision making is going to be there all the time, whether it involves elected people or unelected people. (Commons debates, 8th November 2004, Col 598).

**Peter Pike (Labour)** then urged the Deputy Prime Minister not to lose sight of the case for regional devolution “because too many strategic decisions are still being taken by unelected and unaccountable people.” (Commons debates, 8<sup>th</sup> November 2004, Col 598). **John Prescott** agreed with his Labour colleague and maintained that:

the thing that has always convinced me of the need to do more than simply leave things to central Government is the increasing differential between the north and the south. (Commons debates, 8<sup>th</sup> November 2004, Col 599).

**Graham Brady (Conservative)** then questioned **John Prescott’s** handling and reading of the soundings exercise before **Clive Betts (Labour)** asked:

When the dust has settled, will my right hon. Friend consider introducing either a White or Green Paper to examine a new constitutional settlement for this country, based on the principle of devolution, to address the regional democratic deficit and to examine the transfer of significantly more powers to local government, including the right to regulate local public transport? (Commons debates, 8<sup>th</sup> November 2004, Col 599).

Whilst **Mr. Prescott** was initially a little critical of his colleague’s support, he added:

my hon. Friend is right to say that we should now ensure that our local government structure delivers in the best way. The councillors who sit on local authorities already sit in the regional assemblies so, although they are not directly elected to them, they are indirectly elected. That will give them some authority, as opposed to the quangos and civil servants in regional government who make the decisions at the moment. (Commons debates, 8<sup>th</sup> November 2004, Col 600).

**George Osborne (Conservative)** then questioned the Deputy Prime Minister over whether a referendum for the North West would be ruled out. Whilst commenting that the legislation was still in place for this to occur, the answer was to come the following day, when **John Prescott** announced that referendums for both the North West and Yorkshire and the Humber would not be going ahead. There followed a question from **Angela Browning (Conservative)** concerning the unelected regional assemblies, with particular reference to the South West region:

If he is not going to abolish those unelected bodies that are spending money on our behalf, will he please have a referendum in the south-west? I promise him that he will have good news at that Dispatch Box about the turnout—it will be really high. (Commons debates, 8<sup>th</sup> November 2004, Col 600).

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**John Prescott**, referring to comments made by Conservative regions' spokesperson **Bernard Jenkin** prior to the referendum regarding voter turnout, replied:

I fear that the hon. Lady might be eating her hat as well. She puts Cornwall and Devon together, but if the vote on the decision were held solely in Cornwall, I wonder whether she would be so confident about the result. (*Commons debates*, 8<sup>th</sup> November 2004, Col 600).

The issue, however, is clearly academic as the current situation stands. Turning to another issue that has surfaced in other regions in recent weeks **John Redwood (Conservative)** voiced his concern over the decisions being made by regional chambers on housing and planning:

Now that the Deputy Prime Minister has shown that even he cannot push the vote out for elected regional government, will he get rid of the unelected junta in Guildford and give the powers over planning and housing to my local elected councillors, who would do a good job with them? (*Commons debates*, 8<sup>th</sup> November 2004, Col

**Mr. Prescott** replied:

if the right hon. Member for Wokingham (Mr. Redwood) looks at the decisions on these regional matters of housing and planning—all of them have a regional dimension—he will see that the local authorities, whether unitary or county, are not sufficiently wide to take the regional dimension into account. That is why the Government set up the regional offices to deal with these matters and to find a regional decision. (*Commons debates*, 8<sup>th</sup> November 2004, Col 600-601).

There followed two questions from **Sir Teddy Taylor (Conservative)** and **Eric Forth (Conservative)** asking **John Prescott** whether the voters of Scotland, Wales and London would now be given the opportunity to express their views on whether they want to keep the devolved administrations. Both questions were swept aside by the Deputy Prime Minister. **Sir Sydney Chapman (Conservative)** then asked:

There was the expectation or hope—the word can be chosen—that directly elected regional assemblies would be a reality, but now that it is apparent that they will not be a reality for some time, will he, where possible, consider those recently enacted measures and not activate those provisions, which would take power from directly elected local authorities of one sort or another and give it to unelected regional authorities? (*Commons debates*, 8<sup>th</sup> November 2004, Col 601).

**John Prescott** replied:

With regard to the point about powers being taken away from local authorities and some going to the regions, whether they

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are on planning and the regional dimension, housing, transport or the fire and emergency services, where it is felt that the local authority boundaries are not sufficient to deal with the region-wide considerations, there are regional decisions for which the local authority boundaries are inadequate. (*Commons debates*, 8<sup>th</sup> November 2004, Col 602).

**Peter Lilley (Conservative)** also raised the issue of regional chambers versus local authorities, in particular with regard to housing, to which the Deputy Prime Minister indicated continuing discussions are in process. **Mr. Lilley** was joined in this attack on the currently unelected regional chambers by **Roger Gale (Conservative)** who said:

The South East England regional assembly is not only unelected but unloved and unwanted. Why should the people of Kent pay for a quango for which they have not voted and that they do not want? (*Commons debates*, 8<sup>th</sup> November 2004, Col 603).

**John Prescott** replied:

We will fully support the assemblies, we will get on with it and I wait to see how many Tories will resign from them. (*Commons debates*, 8<sup>th</sup> November 2004, Col 603).

**Richard Ottaway (Conservative)** asked the Deputy Prime Minister what methods would be used in the future to ascertain whether a region would want to go ahead with a referendum on regional assemblies. **John Prescott** referred **Mr. Ottaway** to the Regional Assemblies (Preparations) Act 2003 and the ‘soundings’ process carried out previously. **Andrew George (Liberal Democrat)** joined the fray, enquiring:

Will the Government genuinely learn the lessons rather than give up? Will they let the people genuinely decide in which regions to hold referendums, on which powers from the menu, when to hold them and on whose terms? I agree with the Deputy Prime Minister that the Government would have won a referendum in Cornwall, but when will we get that referendum? (*Commons debates*, 8<sup>th</sup> November 2004, Col 603).

**John Prescott**, perhaps feeling a little under fire at this point, hit back:

I am not giving up, and I hope that I do not give that impression. I am being attacked for not giving up on all regional policy simply because the democratic mandate—which I would have thought that the House would regard as an important principle—should apply to decisions in the regions. People have rejected the proposal, and I have accepted that. (*Commons debates*, 8<sup>th</sup> November 2004, Col 603).

He continued:

As for Cornwall, the hon. Gentleman will be well aware of one of the first lessons that I learned about regions, and I

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learned it again in the north-east. People in Devon do not like Cornwall, and Cornwallites do not like Devon.

When I went to the north-east, I thought that there might be a bit more of a regional identity there, but as soon as people started saying in Newcastle that Newcastle footballers were telling them to vote yes, there was not the same feeling in other parts of the region. (*Commons debates*, 8<sup>th</sup> November 2004, Col 604).

The debate then turned once more to the South East, where strong feeling has surfaced regarding the South East of England Regional Assembly's housing proposals. **Alistair Burt (Conservative)** said:

The Deputy Prime Minister spoke of the growth differential between north and south. His building plans for the south will accentuate the difference, because of the resources that they will draw in to boost the south-east further. Does he not understand that the anger felt in counties such as Bedfordshire, which faces the construction of 80,000 more houses over the next 20 years as a result of his decision, is just as great as the anger that he experienced last week? (*Commons debates*, 8<sup>th</sup> November 2004, Col 604).

**John Prescott** insisted that housing demand in the South must be met, arguing:

many people cannot afford houses or mortgages and do not want to get on a train and go north to improve their quality of life. They want to live in the south. We have shown that it is possible to build more housing by increasing density and using brownfield sites, as we have, without increasing the amount of land it takes. (*Commons debates*, 8<sup>th</sup> November 2004, Col 604).

Another South East member, **Damian Green (Conservative)**, spoke again on the seemingly growing issue of the regional chambers. He claimed that the South East of England Assembly is out of touch and called for it to be scrapped:

The Deputy Prime Minister has made it clear this afternoon that elected regional assemblies are now dead, but that he is as wedded as ever to unelected regional assemblies. Can I tell him how much that will disappoint my constituents, in a week when the South East England regional assembly has come up with a maniacal proposal to build even more houses in my constituency and the rest of east Kent than he himself proposes to build? (*Commons debates*, 8<sup>th</sup> November 2004, Col 605).

**John Prescott** however merely stated that this is one of the country's growth areas and the quality of life will be improved, finally commenting:

The hon. Gentleman should stop whining and enjoy his advantages. (*Commons debates*, 8<sup>th</sup> November 2004, Col 605).

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On a day short of Labour member statements, **Mark Prisk (Conservative)** was next to speak, querying the cost of the referendum. **John Prescott** replied that the cost per capita was cheaper than the referendums in Scotland and Wales, stating merely, “if we consult people there is a price to pay” (*Commons debates*, 8<sup>th</sup> November 2004, Col 606). The last member to contribute to the debate was **Mark Francois (Conservative)** who again followed the Tory line asking for powers to be devolved back to local authorities:

The Deputy Prime Minister has advanced a strong argument for the continuing devolution of powers to local authorities, as he put it. May I ask him to follow the logic of his argument? Will he devolve back to local authorities the power to decide how many houses should be built in their areas? (*Commons debates*, 8<sup>th</sup> November 2004, Col 606).

**John Prescott** put forward his case one last time in the debate for a regional tier of administration, at least, in this case, where housing – which has now been pushed high up the agenda – is concerned:

the main argument is not whether the Government impose the figure but whether, if it is left to local authorities to decide the housing for a whole region, most local authorities will just vote against. Even among elected members, there is a predominance of nimbyism—we do not want it here.

It is a matter of negotiation between central and local government. We decided that housing boards in the region were better placed to decide from where the land was to be found to provide the houses. We think that that was right. It is a regional dimension—it is a far greater regional basis than would otherwise be the case, considering what local authorities can do with the powers in their boundary areas. (*Commons debates*, 8<sup>th</sup> November 2004, Col 606).

In the Lords on the same day, it was left to **Lord Rooker** to offer the Deputy Prime Minister’s statement on the North East referendum and lead a brief debate on the result. **Barones Hanham (Conservative)** was first to respond, thanking **Lord Rooker** for the statement and insisting that the result was:

total and emphatic rejection of the Government's regional policy. (*Lords debates*, 8<sup>th</sup> November 2004, Col 676).

The Conservative Baroness said of the North East electorate:

They sussed out that the assemblies would have no powers, would bring more highly paid politicians with little to do, more bureaucracy, higher council tax bills and that the well tried and tested structure of local government would be destroyed. It is little wonder therefore that they chose the only viable option open to them and voted in droves to reject such an ill-judged and half-baked idea. (*Lords debates*, 8<sup>th</sup> November 2004, Col 676-77).

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Following assorted references to the amounts spent on the referendum, **Baroness Hanham** called for the Government to be:

far more forthcoming about devolving more responsibility under the current structures of the bodies I have outlined. They need to recognise that the reversal they have suffered over this flagship policy is not just a little problem to brush over and pass on. The north-east electors can rejoice, but the Government cannot. (*Lords debates*, 8<sup>th</sup> November 2004, Col 678).

**Baroness Hamwee (Liberal Democrat)** again thanked **Lord Rooker** for the statement and expressed her dismay with the referendum result, stating:

One of my disappointments about the result is that we will not have the vehicle with which to argue that powers for the current devolved governments might be widened. That is an opportunity we will have to seek elsewhere. (*Lords Debates*, 8<sup>th</sup> November 2004, Col 678).

The Baroness also asserted that:

I think that all of us—I include the Conservative Benches—need to recognise that devolution will not go away. It will not go away, in part because of the existing regional bodies which are not democratically elected. (*Lords debates*, 8<sup>th</sup> November 2004, Col 678).

Referring to the wider context in which the referendum result has been situated by some commentators, **Baroness Hamwee** commented:

I suspect that in years to come academics and commentators will be looking at what has happened in the past week in the context of attitudes to government generally. The irony is that perhaps the people of the north-east simply did not trust government enough to feel that this was a robust enough proposal for them to support. (*Lords debates*, 8<sup>th</sup> November 2004, Col 679).

**Lord Rooker** responded to certain points made by Baronesses **Hanham** and **Hamwee**, stating clearly that there would be no changes made to the unelected regional chambers, making a point that they were set up voluntarily and not by Government force. He continued:

The regional assemblies consist of elected councillors, business, trade unions and other bodies doing a good job for their community. We should leave it at that for the time being. They are fairly new bodies anyway in the scale of things, and I am glad that the Deputy Prime Minister's Statement has been greeted with such acclaim as a sensible decision based on last Thursday's vote by the people. (*Lords debates*, 8<sup>th</sup> November 2004, Col 680).

Referring to the current regional tier of governance, **Lord Rooker** also added:

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for the foreseeable future there will be quangos, which is not a dirty word. (*Lords debates*, 8<sup>th</sup> November 2004, Col 680).

**Lord Waddington (Conservative)** was next to join the debate, asking:

Will the Government now scrap the whole farce of regional government, including the unelected regional assemblies, and concentrate on real devolution to existing units of local government? (*Lords debates*, 8<sup>th</sup> November 2004, Col 680).

He was followed by the **Lord Bishop of Newcastle** who put forward his reasoning for the result:

My Lords, the referendum result in the north-east showed that the people of that region were not convinced by the offer on the table. The north-east is a region with a strong identity. We have a strong sense of who we are. It is the land of the northern saints. The people of Northumbria—if I dare call it that—are suspicious of innovations, especially if they think they will not make a significant difference to their lives. As someone who lives and works in that region, I understand that the proposals did not give any significant powers to the Assembly. There was considerable fear that it would become nothing more than an expensive talking shop, which would do little to address some of the deep-seated economic and other problems that the north-east faces. (*Lords debates*, 8<sup>th</sup> November 2004, Col 681).

Finally, he added:

If the Government are serious about plans for regionalisation, devolution, decentralisation or regional government, I urge them to rethink their policy. They should come back to the people only if they are prepared to give significant power to the people of the regions. I believe that if the people in the north-east had felt that they had been given a real opportunity to exercise some real power to shape their own destiny, the vote might well have been very different. (*Lords debates*, 8<sup>th</sup> November 2004, Col 681).

**Lord Rooker** agreed with the **Bishop of Newcastle**'s sentiments on the 'renaissance' in the North East, pointing to Newcastle and Gateshead in particular and the Northumbria countryside, commenting:

One of these days our London-centric press will find out about that and the countryside of Northumbria. We shall have to make sure that they do not wreck it. (*Lords debates*, 8<sup>th</sup> November 2004, Col 681).

**The Earl of Onslow (Conservative)** was next to speak, positing that the reason for the 'no' vote was perhaps that:

people looked at devolution in Scotland and Wales and found it wanting? (*Lords debates*, 8<sup>th</sup> November 2004, Col 682).

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He also called for more powers to be granted to local government, to which **Lord Rooker** replied, on each point:

It will become apparent in the near future how much more freedom local government has.

It is up to the people of Scotland and Wales to say what they think of the Welsh Assembly and the Scottish Parliament. But, as a complete outsider, I venture to say that given a choice they would not want to go back to the status quo prior to 1997. (*Lords debates*, 8<sup>th</sup> November 2004, Col 682).

**Lord Shutt of Greetland (Liberal Democrat)** echoing his colleague, said, in rather a lengthy analytical speech:

My Lords, this has been a very sad occasion indeed because the proposition was timid in the first place. I do not want to say, "I told you so", but I did. There has been no enthusiasm and the whole thing has been loused up by the local government changes that were to go alongside it.

This has nothing to do with local government, but is about devolving from the centre to the regions and taking matters away from quangos to give to proper elected bodies.

I also think that it was a matter of timing, which was hinted at by the noble Baroness, Lady Hamwee. The publication of the salaries and emoluments of Members of Parliament came at the same time as the ballot papers, and people may have thought, "We are paying enough. We don't want another crowd", even though great goodness could have come from that group of elected people.

It is also very sad that for a strange reason people may have referendumitis. I do not understand why, but that genie is out of the bottle. (*Lords debates*, 8<sup>th</sup> November 2004, Col 682-3).

Referring to devolved regional government, he finally asked of **Lord Rooker**:

does the Minister have any ideas on how that corner will be turned, whether it is 20 years or somewhere between seven and 20 years? What will light up the debate so that people will say that there is a good case for democracy at the regional level? Does the Minister have any ideas about that? (*Lords debates*, 8<sup>th</sup> November 2004, Col 683).

To which **Lord Rooker** replied:

I hope that in 20 years we are still here debating this issue. I suspect that we probably will be. That is the only controversial thing that I shall say tonight. (*Lords debates*, 8<sup>th</sup> November 2004, Col 683).

On the subject of RDAs and rural development, **Lord Grantchester (Labour)** asked:

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My noble friend drew attention to the RDAs and the good work that they do. Can he say what plans the Government now have to make RDAs more democratically accountable? He also drew attention to the Northern Way. It is my understanding that it will focus development initiatives on cities; can my noble friend say how that will not act to the exclusion of rural areas? There is anxiety in Cheshire that that may be the case, as there is no city within the regional or sub-regional area, but a network of strong market towns. (*Lords debates*, 8<sup>th</sup> November 2004, Col 683-4).

Referring to RDAs, **Lord Rooker** replied:

My Lords, the answer to my noble friend's first question is that we need a period of reflection. The fact is that the referendum result has ruled out the plans for democratising some of the quangos, which include the RDAs. That was what was on offer. My noble friend asks how we will make them more democratic—well, it will not be by direct election, that is for sure. We need a period of reflection, but what has happened has put that democratisation on the back burner. I cannot give any other impression. (*Lords debates*, 8<sup>th</sup> November 2004, Col 684).

On the Northern Way, **Lord Rooker** added:

there is a host of schemes and programmes on at the moment, one of which is the "core cities" scheme—or, as it prefers to be called, the "city regions" scheme, for the eight city regions of the country. Those city regions would not include the particular area that my noble friend mentioned, but they do include the rural hinterland around those cities, because an interaction is perceived between the city and the hinterland. I know that to be the case, because I visited three or four of them in the summer as part of a city regions exercise by Ministers.

I do not want to be glib about this, but the work of the Market Towns Initiative and the other work that we have underway as part of the plan will ensure that the rural areas are not left behind. (*Lords debates*, 8<sup>th</sup> November 2004, Col 684).

**Lord Hanningfield (Conservative)** followed, agreeing with his Conservative colleagues, and claiming:

In this country, we have no regions—England is England. There was one potential region, which was the area based around Newcastle; if anywhere was going to vote for a region, it was that area. I would have said that at any time when I have been involved with local government. The rest of the regions are artificial, and no one will ever vote for them. If they would not vote for the north-east, they will never vote for any of the others. All the countries that have regional government have historical regions. No government of any

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kind can invent regions and get people to support them. (*Lords debates*, 8<sup>th</sup> November 2004, Col 684).

He added:

What concerns me about all this is that the Labour Government will now say, "Well, we have dropped our regional policy, so let's go ahead and reorganise local government".

We have a passionate desire in this country to reorganise local government every 15 years. So please let us get on with delivering services. (*Lords debates*, 8<sup>th</sup> November 2004, Col 685).

**Lord Rooker** responded, insisting that there are no current plans for reorganising local government and asserting that:

There are better relations between central and local government now than there have been before in my experience, from 30 years' service in the other place and my short service in this place. We are working extremely well together, in partnership. We have given local governments more freedoms and powers, so that they are not operating just as agents of central government, which would go right against the idea of a degree of independence for local government. There are far more freedoms and flexibilities now, and we hope that they are put to good effect in the near future. (*Lords debates*, 8<sup>th</sup> November 2004, Col 685).

Last to speak was **Baroness Maddock (Liberal Democrat)**:

I am very disappointed about what has happened. It is particularly disappointing, given that it was Britain that set up in Germany after the war a very good devolved system of government, precisely to stop power being centralised. Yet we have somehow failed to do that in our own country, through a lack of enthusiasm. The other point that I feel most sad about is that people have become very cynical about politicians and democracy itself. We need to think how we can enthuse people back into thinking that democracy and accountability are important. (*Lords debates*, 8<sup>th</sup> November 2004, Col 685-6).

Finishing off this debates, the Baroness secondly asked what the Government planned to do regarding the planning powers drawn from the counties, to which **Lord Rooker** replied:

There is an ongoing debate on the matter, and it is true that the structure plans from the counties will be done on a regional, spatial planning level. However, planning decisions as Mr and Mrs Public understand them—in other words, who decides whether a planning application is agreed or disagreed—remains with the local authority, the district council. (*Lords debates*, 8<sup>th</sup> November 2004, Col 686).

## 5.2 The regions in Westminster

Source	Date	Column number	Subject	Raised by
Lords Debates	8 <sup>th</sup> September 2004	564	North East Regional Assembly: All-postal Ballot	Baroness Hanham
Commons Debates	13 <sup>th</sup> September 2004	977	Electoral Commission Committee: All-postal ballots	Michael Fabricant (Lichfield)
Commons Debates	13 <sup>th</sup> September 2004	987	Regional Referendums	Nick Raynsford (Greenwich and Woolwich)
Lords Debates	13 <sup>th</sup> September 2004	933	Regional Referendums	Lord Rooker
Written Ministerial Statements	14 <sup>th</sup> September 2004	143WS	Housing and Planning in the Regions: Consultation	Keith Hill (Streatham)
Written Ministerial Statements	14 <sup>th</sup> September 2004	146WS	Constituencies for a North East Regional Assembly	Nick Raynsford (Greenwich and Woolwich)
Written Answers	14 <sup>th</sup> September 2004	1529W	Regional Observatories	Caroline Spelman (Meriden)
Lords Written Statements	14 <sup>th</sup> September 2004	WS115	North-East Regional Assembly: Constituencies	Lord Rooker
Written Ministerial Statements	15 <sup>th</sup> September 2004	151WS	Regional Assemblies Information Campaign	Nick Raynsford (Greenwich and Woolwich)
Written Answers	15 <sup>th</sup> September 2004	1602W	Regional Assemblies	Ann Winterton (Congleton)
Lords Written Statements	15 <sup>th</sup> September 2004	WS117	Elected Regional Assemblies: Information Campaign	Lord Rooker
Westminster Hall	16 <sup>th</sup> September 2004	513W	Postal Voting	Andrew Bennett (Denton and Reddish)
Written Ministerial Statements	16 <sup>th</sup> September 2004	162WS	Housing Market Renewal Pathfinders and Elected Regional Assemblies	Nick Raynsford (Greenwich and Woolwich)
Written Answers	16 <sup>th</sup> September 2004	1654W	Regional Assemblies	Ann Winterton (Congleton)
Lords Written Answers	16 <sup>th</sup> September 2004	WA200	Regional Referendum Campaigns: Cost of Ministerial Visits	Baroness Hanham
Lords Written Answers	11 <sup>th</sup> October 2004	WA25	Regional Assemblies: Referendums	Baroness Hanham
Written Answers	18 <sup>th</sup> October 2004	460W	Regional Government	David Wilshire (Spelthorne)
Commons Debates	19 <sup>th</sup> October 2004	752	Tees Valley Rapid Transit System	Vera Baird (Redcar)
Written Answers	19 <sup>th</sup> October 2004	567W	Devolved Government	Andrew Rosindell (Romford)
Commons Debates	20 <sup>th</sup> October 2004	878	Regional Government (North East)	Vera Baird (Redcar)
Written Answers	20 <sup>th</sup> October 2004	777W	Devolution	Mark Lazarowicz (Edinburgh North & Leith)
Written Answers	20 <sup>th</sup> October 2004	777W	Regional Assemblies	Anne McIntosh (Vale of York)

Written Answers	20 <sup>th</sup> October 2004	783W	Regional Government	Andrew Rosindell (Romford)
Written Answers	20 <sup>th</sup> October 2004	786W	Yorkshire Regional Assembly	John Greenway (Ryedale)
Written Answers	20 <sup>th</sup> October 2004	768W	Regional Government	David Wilshire (Spelthorne)
Written Answers	21 <sup>st</sup> October 2004	859W	Regional Government	Andrew Rosindell (Romford)
Written Ministerial Statements	25 <sup>th</sup> October 2004	44WS	Regional Development Agencies (Appointments)	Jacqui Smith (Redditch)
Lords Written Statements	25 <sup>th</sup> October 2004	WS38	Regional Development Agencies	Lord Sainsbury of Turville
Written Answers	26 <sup>th</sup> October 2004	1112W	Regional Assemblies	Bernard Jenkin (North Essex)
Written Answers	27 <sup>th</sup> October 2004	1247W	Regional Selective Assistance	Alan Campbell (Tynemouth)
Written Answers	28 <sup>th</sup> October 2004	1327W	Local Government (North-east)	Bernard Jenkin (North Essex)
Written Ministerial Statements	1 <sup>st</sup> November 2004	2WS	Regional Development Agencies	Jacqui Smith (Redditch)
Lords Written Statements	1 <sup>st</sup> November 2004	WS2	Regional Development Agencies	Lord Sainsbury of Turville
Written Answers	2 <sup>nd</sup> November 2004	158W	Regional Transport Plans	Caroline Spelman (Meriden)
Written Answers	2 <sup>nd</sup> November 2004	211W	RDAs	Greg Knight (East Yorkshire)
Written Answers	3 <sup>rd</sup> November 2004	259W	Regional Assemblies	Caroline Spelman (Meriden)
Lords Debates	3 <sup>rd</sup> November 2004	309	North-East Regional Assembly: Referendum	Lord Hanningfield
Written Answers	4 <sup>th</sup> November 2004	439W	Regional Assemblies	Caroline Spelman (Meriden)
Commons Debates	8 <sup>th</sup> November 2004	587	Regional Referendums	John Prescott (Kingston upon Hull East)
Lords Debates	8 <sup>th</sup> November 2004	673	Regional Referendums	Lord Rooker
Written Ministerial Statements	8 <sup>th</sup> November 2004	19WS	Regional Development Agencies	Jacqui Smith (Redditch)
Lords Written Statements	8 <sup>th</sup> November 2004	WS18	Regional Development Agencies	Lord Sainsbury of Turville
Written Answers	8 <sup>th</sup> November 2004	455W	Regional Assemblies	Caroline Spelman (Meriden)
Written Answers	9 <sup>th</sup> November 2004	588W	EU Regional Development Aid	Andrew George (St Ives)
Written Answers	10 <sup>th</sup> November 2004	749W	Regional Fire Control Centres	Hugo Swire (East Devon)
Written Ministerial Statements	11 <sup>th</sup> November 2004	35WS	One North-East	Jacqui Smith (Redditch)
Written Ministerial Statements	11 <sup>th</sup> November 2004	36WS	East Midlands Development Agency	Jacqui Smith (Redditch)
Lords Written Statements	11 <sup>th</sup> November 2004	WS25	East Midlands Development Agency	Lord Sainsbury of Turville
Lords Written Statements	11 <sup>th</sup> November 2004	WS26	One North-East Regional Development Agency	Lord Sainsbury of Turville
Written Answers	11 <sup>th</sup> November 2004	848W	Regional Fire Control	Richard Younger-Ross

			Rooms	(Teignbridge)
Written Answers	11 <sup>th</sup> November 2004	850W	Regional Government	Nigel Evans (Ribble Valley)
Written Answers	11 <sup>th</sup> November 2004	851W	South West Regional Assembly	Angela Browning (Tiverton and Honiton)
Lords Debates	11 <sup>th</sup> November 2004	1011	Northern Way Initiative: Consultation	Lord Greaves
Written Answers	16 <sup>th</sup> November 2004	1261W	Regional Referendum	Bernard Jenkin (North Essex)
Written Answers	16 <sup>th</sup> November 2004	1309W	Regional Selective Assistance	Jim Cunningham (Coventry South)
Commons debates	17 <sup>th</sup> November 2004	1336	Regional Chambers	Mark Francois (Rayleigh)
Lords Written Answers	17 <sup>th</sup> November 2004	WA169	Lancashire: Northern Way City-Regions	Lord Greaves

*Source: Hansard*

## **6 Regional Structures**

### **6.1 Government Offices**

Nothing to report.

### **6.2 Regional Development Agencies**

#### **6.2.1 RDA cluster duplication ‘warning’**

On 16<sup>th</sup> November, John Cheffins (Chief Operating Officer, Rolls-Royce plc), Dr John Patterson (Executive Vice-President, Product and Licensing and Business Development, AstraZeneca plc), and Alistair Baker, (Managing Director) and Natalie Ayres (Group Director, Small, Medium Enterprises & Partners Group) (Microsoft Ltd) were to give evidence to the Treasury Select Committee as part of their inquiry looking into issues relating to regional productivity, which is also examining progress made by Government in achieving its target of reducing the regional growth rate gap. Speaking about regional clusters supported by the regional development agencies (RDAs), the representatives told the committee that there are “big economic benefits to RDAs supporting industry clusters”<sup>21</sup> but also warned that RDAs could be competing too much with one another, “risking unnecessary duplication of clusters” and are also “not competing enough on a global scale with other regions of the world.”<sup>22</sup> Dr John Patterson, of pharmaceutical company AstraZeneca, suggested that RDAs should focus on creating the most attractive places to both live and work, in order to encourage the “best minds in the world to live and work in their region.”<sup>23</sup> He said that the RDAs should develop:

<sup>21</sup> Moules, J. RDAs warned against creating copycat clusters. *Financial Times*. 17<sup>th</sup> November 2004. p. 5.

<sup>22</sup> See above.

<sup>23</sup> See above.

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a positive attitude to business, less bureaucracy and regional identities that resonate positively with global companies.<sup>24</sup>

John Cheffins of Rolls-Royce agreed with the sentiment that RDAs should be balancing local support with an international outlook. Alistair Baker, Managing Director of Microsoft UK drew attention to the contrasting experiences of Scotland and Ireland, noting that the latter “succeeded in retaining companies by creating an attractive place to live and work” whilst in Scotland, “companies were attracted by government grants but then left when the money ran out.”<sup>25</sup>

Bryan Gray, Chair of the North West Development Agency responded to the warnings, expressing his surprise at the companies’ comments, as the RDAs are “co-operating with a national strategy for industries such as aerospace and pharmaceuticals.”<sup>26</sup> The *Financial Times* (17<sup>th</sup> November) quoted Bryan Gray as saying:

There is no point in 12 of us wanting to support nanotechnology, for instance. That is why we set in place policies of working very much with the national government.<sup>27</sup>

James Brathwaite, Chair of the South East England Development Agency also reacted to the comments to the inquiry, stating that the RDAs:

decide to support clusters on a region by region basis where there is a clear opportunity to add value to a “critical mass” of companies, employees, skills and expertise.<sup>28</sup>

Referring to the claim that the RDAs should focus on the creation of attractive places to live and work, James Brathwaite said:

Recognising a particular industry has specific needs, then helping create an appropriate environment, is often the best and most efficient way to create attractive places to live and work.<sup>29</sup>

He added:

Where clusters from the same industry exist in several different regions, their needs are often different so they are supported in different ways. It is not a case of one size fits all.<sup>30</sup>

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<sup>24</sup> See above.

<sup>25</sup> See above.

<sup>26</sup> See above.

<sup>27</sup> See above.

<sup>28</sup> Brathwaite, J. E. Clusters of technical expertise are led by regional demand – not imposed by development agencies. *Financial Times*. 19<sup>th</sup> November 2004. p.

<sup>29</sup> See above.

<sup>30</sup> See above.

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He also pointed to the fact that RDAs are at present working under the DTI to improve investment and trade along with promoting joint ventures and knowledge transfer links with other international economies. He emphasised that clusters are “led by regional business demand, not imposed by RDAs seeking to shape industrial geography.”<sup>31</sup> He commented that, although there is an acknowledgement that each RDA should be working to its strengths, for example, the South East has strong marine and pharmaceutical clusters, there are measures to avoid duplication, notably collaboration across regional boundaries. Here Mr. Brathwaite pointed to the examples of the East Midlands, East of England and London RDAs in their collective co-ordination of nanotechnology and motorsport, the North West Development Agency in aerospace and the South West RDA in the marine sector. Emphasising the importance of clusters, he finishes:

We must not forget how important clusters are to small- and medium-sized companies in helping to accelerate their rates of learning and increase their capacity to work with large international companies.<sup>32</sup>

### 6.2.2 ‘Success in the regions’?

This quarter, the House of Commons Committee of Public Accounts published its report *Success in the Regions*<sup>33</sup> which arose from evidence from the Department for Trade and Industry, the Office of the Deputy Prime Minister and England’s regional development agencies (RDAs). The report sets out at the beginning that:

There is a tension between the RDAs’ need to respond flexibly and promptly to regional issues, determining and addressing their own priorities, and the demands and constraints that government departments place on RDAs in helping to deliver and implement national policies.<sup>34</sup>

The report is critical of the pressure placed on the RDAs, highlighting the tension between their need to respond to regional issues and the demands of central government. The report says that they do not have enough influence over policies on transport, training and skills whilst such policies are “vital components”<sup>35</sup> of economic development in the regions.

Further criticism comes from the variation of funding streams which is seen to be hampering the RDAs’ effectiveness, particularly when it comes

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<sup>31</sup> See above.

<sup>32</sup> See above.

<sup>33</sup> House of Commons. (2004). *Success in the Regions*. London: The Stationary Office. HC 592.  
<http://www.publications.parliament.uk/pa/cm200304/cmselect/cmpubacc/592/592.pdf>

<sup>34</sup> See above.

<sup>35</sup> See above.

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to potential clients, who, according to the report are often ‘baffled’ by this<sup>36</sup>. For example, the South East RDA was able to identify 40 different funding streams, “with separate monitoring and evaluation criteria”<sup>37</sup>. The report is also critical of the government’s insistence that each RDA must seek the approval of a three-year corporate plan, in order to get funds from the centre – in doing this strict guidelines from the Department for Trade and Industry must be adhered to.

The report follows complaints from the RDAs collectively of being restricted by the “command and control” tendency of Whitehall<sup>38</sup>. Although their budgets are relatively generous, as reflected in the recent increase in funding of £200 million in the Chancellor’s 2005-06 Spending Review (see our last report, no. 16), along with an “apparent political commitment to decentralisation”, every item of spending that exceeds £10 million must be approved by Whitehall, whose decisions “can often take months”<sup>39</sup>. In response to the report, Juliet Williams, Chair of the South West RDA and national spokesperson for the RDAs, said that she was “please the MPs recognised the organisations needed “free reign””<sup>40</sup>.

## **6.3 Regional Chambers/Assemblies**

### **6.3.1 Housing plans rejected**

In September, the Office of the Deputy Prime Minister, on the back of the recommendations made in the *Barker Review* earlier this year (see our earlier report, no. 15), published a consultation paper, *Housing and Planning in the Regions*. The consultation period is due to end on 30<sup>th</sup> November and invites submissions from the range of organisations involved in the planning process, including the eight regional chambers. The plans have been particularly contentious in the South East and East of England region. In November, the South East regional assembly (SEERA), the planning body for the region, overwhelmingly rejected John Prescott’s housebuilding plans for the South East by a margin of 2:1<sup>41</sup>.

At a meeting in Woking on 29<sup>th</sup> November, Conservative councillors in the South East argued that the region is “already at breaking point with overcrowded roads and commuter trains, inadequate water and sewerage systems, and under-funded public services” and therefore “incapable of

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<sup>36</sup> Hetherington, P. Whitehall is undermining regional agencies, say MPs. *The Guardian*. 7<sup>th</sup> December 2004.

<sup>37</sup> See above.

<sup>38</sup> See above.

<sup>39</sup> See above.

<sup>40</sup> See above.

<sup>41</sup> Hetherington, P. Labour housing plans rejected. *The Guardian*. 30<sup>th</sup> November 2004.

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taking the level of new housing Mr Prescott is demanding”<sup>42</sup>. These claims were met with “impassioned pleas from an alliance of Labour councillors, housing groups, and business leaders that lower building levels will increase homelessness and put home ownership beyond the reach of young people”<sup>43</sup>. Following the rejection of the plans of a higher building level of 36,000 homes annually, SEERA Chair, and Leader of Surry county council, Nick Skellett conceded that John Prescott may well intervene next year:

He has the power to reject the voice of the south-east and direct us to a certain housing figure.

The government is not interested in the future of the south-east other than as a dumping ground for more houses.<sup>44</sup>

Planners working for the South East regional assembly “wanted members to accept higher building options than previously agreed”, this came following a study of population projections “showing that households in the region could increase by up to 866,000 by 2026”<sup>45</sup>. Before making a final decision following consultation of electors early next year, the planners asked the assembly to consider three different annual levels of growth, either 29,500, 32,000 or 36,000 new homes built annually<sup>46</sup>. As one report suggests, “the higher figure, more to the government’s liking, would see 720,000 new homes built in the region by 2026”<sup>47</sup>.

Sir Sandy Bruce-Lockhart, Leader of Kent county council, was one of those who “successfully persuaded the assembly to opt for a lower growth figure ranging from only 25,500 houses annually to 32,000 at the top end, well below Mr Prescott’s target”<sup>48</sup>. He maintained that the region “only needed to build 19,000 homes annually to cope with current needs, with the remainder factored in for migration”, this, Sir Sandy claimed, was based on “unreliable forecasting”<sup>49</sup>.

Alex Hollingsworth, Labour Leader of Oxford city council however, “warned that the region already had a backlog of 29,000 badly-needed homes” and in ruling out the higher building level, he claimed that “home ownership would remain elusive for many people while homelessness would grow among those on lower wages”<sup>50</sup>. The CBI’s regional director, Douglas Horner, echoed this, warning that “chronic “under-supply” would hit the most disadvantaged and threaten the region’s strong

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<sup>42</sup> See above.

<sup>43</sup> See above.

<sup>44</sup> See above.

<sup>45</sup> See above.

<sup>46</sup> See above.

<sup>47</sup> See above.

<sup>48</sup> See above.

<sup>49</sup> See above.

<sup>50</sup> See above.

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economy”, adding that, rather than threatening the countryside, “a higher growth level of 36,000 houses annually over 20 years would only affect a “ninth of one percentage point of the land mass”<sup>51</sup>.

Therefore, “against the advice of its officials, and to the horror of ministers”, the Tory-led South East assembly has now planned to circulate the three options for growth to 3 million households in the region early next year, asking voters to choose between the three, in what has been dubbed as an “unofficial referendum”<sup>52</sup>. By summer 2005, the assembly will make a final recommendation on the growth plans to government.

Rejection by the South East of England Regional Assembly of the increase in housing levels demanded by John Prescott could now provide a foretaste of battles to come elsewhere.

## **7 Media**

### **7.1 Press reactions to referendum result**

Press reactions to the North East regional assembly referendum result on 5<sup>th</sup> November were plentiful, with most of the daily nationals covering the story, albeit to differing degrees. Some of the tabloids used the result to make various jibes at John Prescott, elsewhere, there was some thoughtful analysis.

*The Independent* (5<sup>th</sup> November) dubbed the ‘no’ vote an “emphatic defeat” for John Prescott, commenting in an editorial that:

Everyone assumed that the inhabitants of the north-east were the most receptive of all the people in England to the idea of a regional assembly. That they so emphatically rejected the deputy prime minister John Prescott’s grandiose plans in Thursday’s referendum ... will destroy the whole concept of regional devolution for a generation

Adding:

The principle of devolving power from Westminster to the regions is a laudable one. But it should be done by reinforcing the present machinery of regional government - local councils - not by introducing an inflated stratum of politicians and bureaucracy. . . Mr Prescott must now accept that his ‘political dream’ is not shared by the rest of the country.<sup>53</sup>

*The Scotsman* (6<sup>th</sup> November) commented:

There seems little doubt why the north-east voters rejected devolution: they were getting an assembly with no more

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<sup>51</sup> See above.

<sup>52</sup> See above.

<sup>53</sup> Editorial: The wrong sort of devolution. *The Independent*. 6<sup>th</sup> November 2004.

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power than existing town councils, yet the body would be funded by an addition to the existing council tax: given the chance, turkeys rarely vote for Christmas.

But there are other factors behind this ‘emphatic defeat’. The north-east contains the constituencies of the prime minister, his chief ally, Alan Milburn, and until recently another Blair confidant, Peter Mandelson. Thursday’s vote suggests an earthy, northern two-fingers to the government from an electorate increasingly cynical about Mr Blair in general, and the government in particular. This result hardly bodes well for Mr Blair’s referendum on joining the euro<sup>54</sup>.

*The Daily Telegraph* (6<sup>th</sup> November) posited that:

The first thing that this shows is the conservative temper of contemporary Britain. The difference between Left and Right, at its most elemental, has to do with faith in the capacity of government to do good<sup>55</sup>.

Following the claim that Labour’s proposals were rejected in their heartland, the author said:

This is not to say, of course, that they are all secret Tories, but there is something intrinsically conservative about the rejection of bureaucratic schemes, the preference for the organic and traditional over the synthetic and rationalist.<sup>56</sup>

Peter Dobbie, columnist for the *Mail on Sunday* (7<sup>th</sup> November) commented:

Mr Prescott’s long career as an MP and minister seems to be drawing to a close. It is not his fault alone that there wasn’t much popular appeal in the prospect of another tier of government - a high-priced assembly with little muscle. Mr Prescott’s boss ... gives away power in the same way that a ravenous dog shares a juicy bone. [Mr. Blair] was never keen on the Scottish parliament ... and he only once looked in on Prescott’s campaign<sup>57</sup>

This was followed by speculation that, the ‘no’ vote in the North East has “all but sealed his political demise”<sup>58</sup>.

*The Guardian* (6<sup>th</sup> November) published a fairly optimistic piece drawing on the example of the 1979 Welsh Assembly referendum where there was a similar result to the North East. The Leader did however, acknowledge

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<sup>54</sup> Editorial/comment: North-east ‘No’ vote buries devolution in England. *The Scotsman*. 6<sup>th</sup> November 2004.

<sup>55</sup> Leader. England United. *The Daily Telegraph*. 6<sup>th</sup> November 2004.

<sup>56</sup> See above.

<sup>57</sup> Dobbie, P. The North's hammer blow finally (*sic*) knocks the fight out of Two Jabs. *Mail on Sunday*. 7<sup>th</sup> November 2004.

<sup>58</sup> See above.

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that there is a lesson to be learnt here from a rather disillusioned electorate:

Turnout was good and the result of the voting was emphatic. By a ratio of four to one, and by a clear majority in every local authority area, the electorate rejected the devolved assembly proposed by the Labour government. In so doing, they killed the argument about devolution from Westminster stone dead. The place, lest there be any confusion, was Wales. The date was 1979. Today, a quarter of a century on from that overwhelming no vote, there is a devolved assembly in Cardiff, put there by the votes of the Welsh people in 1997. For all its limitations and its faults, the assembly is well embedded in Welsh political life. It is hard, now, to imagine Wales without it.

The story of Welsh devolution is a relevant cautionary tale, especially for those who were quick off the mark to write the obituary of English regional devolution in the aftermath of the government's defeat in the north-east regional assembly referendum yesterday. . . It is a conclusive thumbs down - until times change<sup>59</sup>.

On why the electorate went with the 'no' vote:

The government is not especially popular, nor is its leader (though the no vote in Sedgefield was among the lowest in the region), and nor are politicians in general. The government's heart, as distinct from Mr Prescott's, did not seem to be in the fight; things might have been different, ironically, with a stronger lead from the centre. As ever in referendums, the government's opponents used a vote on a specific proposal to make a more general point.<sup>60</sup>

Maintaining that regional issues will not go away, the author finishes by claiming that there may be some hope for devolution supporters after all:

Regional assemblies may be a non-starter for a generation, as the Welsh assembly was after 1979, but regions will continue to exist, just as Wales did. In the end, with greater powers, more conviction, on a stronger political tide and with real leadership, regional devolution in England will come again - and this time stay for good.<sup>61</sup>

In the North East, the *Northern Echo* (6<sup>th</sup> November 2004), which backed the campaign for an elected assembly, conceded after the "landslide" 'no' vote:

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<sup>59</sup> Leader. Right place, wrong time. *The Guardian*. 6<sup>th</sup> November 2004.

<sup>60</sup> See above.

<sup>61</sup> See above.

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No hit all the right buttons. They blasted into town with direct and simple messages and drowned out the gently optimistic mood music that Yes had been playing for years. Then they got a huge white elephant and squashed the Yes vote flat.

Whereas Yes toyed with people's hopes - the assembly, they said, would one day turn into something useful - No inflated with people's fears. There was no way a North-East assembly would be foolish enough to build a new headquarters, but No suggested it would. It took a JCB to Aykley Heads to symbolically start the digging and then it mentioned the Scottish experience, where a building estimated at £40m had actually cost £430m. Everybody immediately feared the worst<sup>62</sup>.

Tapping into a much-cited reason for the government's defeat, the author said:

People are cynical about politicians. From their expenses to their spin and their non-existent weapons of mass destruction. Does anyone believe that a politician could improve their lives?<sup>63</sup>

Newcastle's *The Journal* (5<sup>th</sup> November) said:

The drubbing marks a humiliating end to John Prescott's dream of bringing regional government to the nine English regions, after the Deputy Prime Minister pinned his hopes on winning a narrow Yes vote in the North-East.

But the public said No to his plans last night, unconvinced by the arguments that an assembly could bring extra jobs, more investment and help reduce the region's economic disparities with the South<sup>64</sup>.

In a separate report, Paul James (5<sup>th</sup> November) observed:

What had been billed as Mr Prescott's "devolution big bang", ultimately fizzled out in a downpour of criticism.

Privately, MPs from the regions - including many pro-devolutionists - said it was like "flogging a dead horse", trying to win over regions with no real sense of identity.

The North-East though was always different and Mr Prescott has since thrown his body and soul into the regional assembly debate, because, as he said recently, "If it fails here, we won't be back for a considerable period of time"<sup>65</sup>.

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<sup>62</sup> Lloyd, C. No' campaigners get message across. *Northern Echo*. 6<sup>th</sup> November 2004.

<sup>63</sup> See above.

<sup>64</sup> Hughes, Z. Wipeout for assembly. *The Journal*. 5<sup>th</sup> November 2004.

<sup>65</sup> James, P. Prescott sees his hopes go up in flames. *The Journal*. 5<sup>th</sup> November 2004.