



The Constitution Unit



Nations and Regions: The Dynamics of Devolution

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Monitoring the English Regions

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Key points

- The politics of English regionalism are being increasingly dominated by the preparation of the White Paper on regional governance.
- Two meetings of the new Cabinet Committee on the Nations and Regions have been held to discuss the forthcoming White Paper.
- John Prescott and Stephen Byers have formed an alliance to advance the cause of regional governance, making a number of high profile speeches making the case for devolution.
- But intense battles are underway in Whitehall, with the DTI fighting strongly to retain control of Regional Development Agencies.
- Some RDA chairmen are open in their scepticism about the case for elected Regional Assemblies.
- The issue of single tier local government continues to rear its head.
- At Westminster backbenchers, especially from the North East, raised the question of regional government with greater frequency in the new Parliament.
- The White Paper is having a number of knock-on effects. The DCMS has announced a major review of cultural policy in the regions in the light of the White Paper's preparation.
- Stephen Byers is connecting the issue of tackling regional economic disparities to that of devolution.
- But his approach to regional policy was heavily criticised in a report from the Regional Studies Association, while his decision to allow Heathrow's Terminal 5 to be built was criticised by the Town and Country Planning Association as contributing to regional inequalities.
- The proposal by ITV companies to reduce regional programming has led to a number of interventions by the ITC to stress the importance of regional broadcasting.

1 Introduction

The debate about the shape and extent of Whitehall decentralisation to the English regions, and the more distant prospect of English regional government, has finally moved from the academic to the practical and, in the context of inter-departmental argument and jockeying, the intensely political. As predicted in our last report, it is now dominating the debate on English regionalism.

On November 21st, the Cabinet's new Committee of the Nations and Regions, under the chairmanship of the Deputy Prime Minister John Prescott, met to discuss the shape of the forthcoming White Paper on the regions, due for publication in early 2002. Recognising the divisions between ministers and senior civil servants over how to proceed, Mr Prescott appears determined to chair by consensus, in an attempt to bring sceptical ministers — notably the Trade and Industry Secretary, Patricia Hewitt — on board. Divisions appeared to emerge, with Mr Prescott and the Secretary of State for Transport, Local Government and the Regions, Stephen Byers, keen to use the eight Regional Development Agencies (RDAs) as a building block for English regional devolution. The Department of Trade and Industry, sceptical about a wider regional agenda, wants to subject the RDAs to central performance targets rather than leave them in the hands of regional politicians.

In our last report we noted that the outcome of the general election appeared to have thrown-up ambiguous implications for the governance of the eight regions, with Whitehall reorganisation splitting responsibility for regional policy between three departments: the Department of Trade and Industry (DTI) assumed overall control of the eight Regional Development Agencies, while the Department of Transport, Local Government and the Regions (DTLR) retained the broad constitutional agenda (overseeing eight regional chambers, now re-branded as 'assemblies') and the Cabinet Office — under the Deputy Prime Minister John Prescott — lined up to seize the higher constitutional ground, while assuming responsibility for Government Offices.

In light of the Government's commitment to produce a White Paper on regional government early next year, this divided responsibility inevitably prompted questions about which department would take the lead. In fact Mr Prescott, and the Secretary of State at the DTLR, Stephen Byers, have forged an alliance to drive forward a regional agenda in which both departments — Cabinet Office and DTLR — will write the White Paper, with Prescott (in theory) having overall responsibility. We begin by examining the Prescott-Byers front, record the first ministerial commitment to hold, if possible, elections for the first Regional Assemblies at the end of this parliament, and point to the Prime Minister's cautious enthusiasm for a stronger regional dimension as his one-time 'flagship policy' of elected mayors in cities and towns appears to flounder.

1.1 Regions going critical?

Recent speeches by Stephen Byers and John Prescott have a common ring. Both ministers appeared on the same platform in Newcastle upon Tyne on November 9th to underline their commitment to 'decentralisation' and regional government. But there was an important caveat: any proposed change had to demonstrate added value, over and beyond central and local government while, at the same time, achieving sufficient support on the ground to justify holding a referendum to test the concept for elected Assemblies. In terms of galvanising the electorate, both ministers accepted there was much work to do.

Largely pre-occupied with his transport brief, Mr Byers has left Nick Raynsford, Minister of State at the DTLR, with day-to-day responsibility for both local government and the regions. At a meeting in London on November 20th, organised by the Campaign for the English Regions, Raynsford appeared to push the agenda further forward by acknowledging that 'it should be possible to get the first assembly into operation within the lifetime of this parliament'. His concept is a 'London-plus' model, small and strategic, with powers over transport, land-use planning, the environment, Regional Development Agencies, culture and potentially quangos, such as English Heritage and the Sports Council.

But headlines, such as 'Regional assemblies given green light' (*Financial Times*, November 21), may prove to be slightly wide of the mark. The Cabinet's Committee of the Nations and Regions has yet to reach agreement over functions and powers while — crucially — the position of the Treasury and Downing Street has yet to be determined. In this area, as we report later, Mr Byers has gone further than any other minister by publicly acknowledging that he is prepared to transfer power from his own Department to Regional Assemblies — even floating the idea of Government Offices in the Regions as a putative civil service.

Like Mr Prescott, Mr Byers refers to a 'constitutional settlement' for England as 'unfinished business'. Yet the outward enthusiasm of both men — the only senior ministers arguing the case for what we might call a 'greater regionalism' — is nevertheless laced with caution. Speaking in his Hull constituency on October 20th, the Deputy Prime Minister warned campaigners for devolution in England that the government must "take the time" to get its proposals right. (See Section 3 below) While careful to stress that the issue had not slipped off the agenda, he appeared to offer little prospect of large-scale change until Labour achieved a third-term — although at least one regional referendum before the next election is, in theory, possible, according to Mr Byers.

But within the DTLR, and in other departments and outposts of Whitehall — particularly the DTI and Downing Street — the political debate around this 'greater regionalism' has become intense as ministers, and civil servants, haggle over the content, and direction, of the looming White Paper (confusingly, another white paper on local government, which will partly concentrate on the financing of local councils, is due in early December). Within the DTLR, a difference of emphasis appears to have emerged between Stephen Byers and Nick Raynsford over another reform which has

implications for regional government: the case for elected mayors in cities and towns. Mr Raynsford, who was responsible for legislation which delivered London an elected mayor and an Assembly, is an enthusiastic advocate of mayors throughout England. Mr Byers is not — and said so in a recent article in the left-wing weekly, *Tribune* (26th October 2001). Asked if his department would be devoting more resources to the mayoral cause, he replied: 'Not while I am Secretary of State'. This internal DTLR debate is significant; it had been assumed that strong support on the ground for mayors (ironically, in 'trigger' referendums similar to those being proposed for the regions) would marginalise the regional debate. In the event, the mayoral bandwagon has yet to get fully underway. In recent referendums (on which we report later) only 6 towns and cities have backed the mayoral concept, while 8 have voted against, including voters in Tony Blair's Sedgefield constituency.

Mr Byers is focussing more on the regional agenda. A speech to the annual meeting of the Coalfield Communities Campaign, in South Shields on September 10th, was barely reported, but it marked a clear shift in thinking. He said:

...when we talk about regional government, what we must not be about is taking power away from local government. What regional government has got to be about is people like me giving up some of the powers I've got and devolving those powers down to regional level and also taking powers away from unelected bodies — the regional quangos we have still got in place, the regional government offices. The powers they've got, extensive powers, have to be moved to the regional elected level¹.

But speaking in Newcastle upon Tyne on November 9th, alongside Prescott, he cautioned: "...we have to be honest enough with ourselves to say that, at the moment, we need to do a lot more to raise awareness of the regional agenda...it is a challenge for us all to make sure that people are aware of the real opportunities that will come out of an elected regional body...it does have to make a difference. If we are to have a successful regional assembly, it has to have the powers, the responsibility, the authority, to make a difference...if we don't do that, it will be seen as a sham and it will fail."

Battle lines are being drawn elsewhere in Whitehall. At the DTI, which Mr Byers headed before the election, the Secretary of State, Patricia Hewitt, was not apparently relishing the prospect of handing over responsibility for eight Regional Development Agencies (RDAs) to Regional Assemblies, since they are now a key element in the delivery mechanism of the DTI. Since assuming responsibility for the RDAs after the election, Ms Hewitt has set the agencies demanding new targets, in line with suggestions from the Chancellor, Gordon Brown, who, for the moment at least, appears keener on 'decentralisation' than outright devolution (see Tomaney and Hetherington, 2001).

¹ Authors' record.

Into this intensifying debate, leading up to the White Paper, the role of Downing Street is crucial. Lobbyists for elected mayors are still pushing their case at Number Ten for local government modernisation to be given a higher profile — at the expense of regional governance. While understandably pre-occupied with global events, the Prime Minister, once such an enthusiast of elected mayors, briefly found time to address the 'English question'. In a speech largely devoted to events after September 11th, he told the National Assembly for Wales on October 30th that devolution to Wales is part of a much wider programme of constitutional reform designed to move Britain away from a centralised state to a more democratic and decentralised one and acknowledged the emerging debate in the English regions (Blair, 2001).

Number 10, however, remains concerned about criticism that English devolution will lead to another tier of government. As in Scotland and Wales, there is a preference for a single tier of local government as a prerequisite for English devolution, but also a fear of another distracting round of local government reorganisation. This may be a particular concern for Mr Blair in his own County Durham backyard.

Intriguingly, those close to Mr Byers and Mr Prescott have suggested that the White Paper could suggest a 'holding position' — namely that the wholesale creation of unitary councils must be a commitment, in the aftermath of the first English Assembly elections. A possible clue to Downing Street's thinking came in remarks made in the House of Lords, by the regeneration and housing minister, Lord Falconer. Hinting that two tiers of local government, plus an elected Assembly, could be unsustainable, he told Peers:

In some cases it is not right that there should be two-tier authorities, and that is something that needs to be looked at, particularly in the context of where there is a regional assembly. If you have a regional assembly, and two tiers, that looks too many (Lords Debates, 12th November 2001, Col 368).

Lord Falconer's reservations, taken alongside the Prescott-Byers alliance, may have attracted little publicity nationally, but they figured prominently in the specialist press, with the *Local Government Chronicle* (LGC) (November 16th 2001) using the banner headline: 'Prescott: regionalisation means reorganisation'. The LGC made much of a Prescott comment that the structure of local government must fit in with any new regional tier "and that might require some adjustments." It expanded on the theme in an editorial, which concluded:

Regional assemblies cannot be introduced until it has been decided how transport, economic development, planning, housing and the environment will be run - and how unitary government will be established (*Local Government Chronicle*, 16th November 2001)

The *Municipal Journal* (November 16th 2001) adopted a similar theme. Under the headline 'Ministers Clash over fate of tiers under assemblies', it claimed that a 'fierce argument' is raging among ministers about the need for further local government reform to accommodate regional assemblies. It

based this claim on the fact that Nick Raynsford, the local government and regions minister, wanted the implications for town and county halls — "in particular, whether to reduce the number of councils" — included in the forthcoming White Paper on the regions. Stephen Byers, to whom Raynsford is directly responsible, was reported to be opposed to such a move.

The prominence given to the intensifying regional debate in these two weeklies underlines the nervousness in local government about the possibility — distant as it might be — of further local government reform. Northern county councils, notably Northumberland and Durham (which serves Tony Blair's Sedgefield constituency) feel particularly threatened and are lobbying hard to preserve their status. Their concerns are also being exploited by the official Opposition, with the Shadow Local Government Secretary, Theresa May, making much of the threat to long-established county councils.

In this context, it is clear that the immediate devolution question is increasingly being portrayed by the Government as more of a distinctly northern issue, designed to address regional inequalities, rather than a general debate on the case for elected regional government throughout England. With the North East, followed by Yorkshire and Humberside and the North West, seen as the most likely regions to test the mood in referendums, a question now for those drafting the White Paper is how to assuage those other regions which might feel short-changed if the north pushes ahead?²

2 Regional Structures

2.1 Government Offices

The nine Government Offices for the Regions (GOs), including London, now under the supervision of John Prescott in the Cabinet Office, were effectively re-branded with the publication of a 45-page document in early November. They were labelled 'the key agents of Government in the English regions', ensuring effective delivery of Government programmes. The

² In recognition of the anticipated leading role of the North East, ministers and their advisors have made a number of fact finding visits to the region. On October 31st, the Centre for Urban and Regional Development Studies at Newcastle University hosted a study visit by senior civil servant and advisors from 10 Downing Street, the Cabinet Office and DTLR, which heard presentations from key interest groups. The visit of John Prescott and Stephen Byers to the North East Assembly on 9th November, for the launch of the Assembly's paper on regional governance, was preceded by private discussions with regional actors. The Cabinet Office minister, Barbara Roche also visited the Centre for Urban and Regional Development Studies on 22nd November, which involved discussion with representatives of the region's business community on questions of regional governance.

document was produced in association with the Regional Coordination Unit, and bore the personal stamp of the Deputy Prime Minister. It stressed the importance of working with regional partners, including local councils, RDAs, and other organisations 'to achieve the Government's aims in a joined-up way'.

In a foreword, Mr Prescott expresses a desire for increased influence for GOs, particularly in Whitehall. 'I want to ensure that all new policy developments benefit from an understanding of the regional picture at an early stage.' He added: 'Government Offices provide both the voice of the Government and its listening ear; a friendly face which understands the local context and at the same time knows the 'ins' and 'outs' of Government departments and their policies and has a say at the highest level.'

Publication coincided with a debate about the future role of the offices, with the Secretary of State for Transport, Local Government and the Regions, Stephen Byers, floating the idea of the GOs becoming a putative regional civil service if Regional Assemblies are elected. Significantly, Cabinet Office Ministers have been charged with putting the case for a 'greater regionalism' in line with Labour's manifesto commitment to move towards elected Regional Assemblies, where there is demand — although the post-devolution role of the GOs remained a matter of intense debate within Whitehall.

The document explains that GO spending amounts to £6 billions annually, says they are funded and staffed by seven Whitehall 'sponsor' departments, and argues that they are well-placed to take a cross-departmental approach "and to provide a coherent view of the operations and interactions of Government programmes.

2.2 Regional Development Agencies

For the Department of Trade and Industry (DTI), the eight Regional Development Agencies (RDAs) are big players when it comes to delivering the DTI's objectives. Since assuming control of the RDAs from John Prescott's former Department of the Environment, Transport and the Regions after the general election, the DTI — partly under pressure from the Treasury — has been determined to ensure that the commitment to give the Agencies additional funds, and greater freedom on how to spend them, must be matched with rigorous Whitehall targets.

To the initial concern of the RDA chairmen, about the imposition of a 'one-size-fits-all-strategy' with little room for regional circumstances, this extra funding, which will rise to £1.7 billions in 2003-4, has strings. In 11 areas, from raising regional GDP per head to creating jobs and small businesses, reducing unemployment, and bringing 'brownfield' land back into use, the RDAs will have to show they are meeting pre-determined targets under a tiered structure of delivery. The internal debate, at times, has been intense and the RDA chairmen — according to one Chairman — are banking on the next financial year becoming a 'trial' or 'pilot' period before the real delivery targets kick-in.

The Trade and Industry Secretary, Patricia Hewitt, has established a strong rapport with the RDA chairmen, and, significantly, they have become something of a sounding board when it comes to the wider debate about regional governance. Here, clear differences of emphasis are emerging between campaigners for Regional Assemblies and RDA chairmen, who generally favour proceeding at a slower pace. Talk of referendums on regional government before the next election does not always meet with approval in the RDAs, where, privately, freedom from the influence of local politicians is regarded as a bonus. While the London Development Agency (the ninth RDA) is answerable to the Greater London Assembly, other RDA chairmen believe early moves to create a similar democratic structure in the regions might be one step too far. The DTI appears anxious to proceed cautiously as well, reluctant to surrender its regional remit to putative Assemblies. In the inter-departmental regional debate, leading up to the White Paper, their views — which some will interpret as a challenge, particularly, to John Prescott's Cabinet Office — will carry some weight.

The DTI, after all — then under Margaret Beckett — jealously guarded its territory in an intense Whitehall debate, after the 1997 election, that preceded the creation of the RDAs. It managed to keep key functions, such as the £400 millions regional selective assistance budget. Now its views on regional government can best be described as 'gradualist'. Alan Johnson, the Regions Minister in the DTI - and constituency neighbour of John Prescott in Hull - believes in proceeding cautiously. This clearly is the view of the RDA chairman, whose organisations — ironically — were viewed by John Prescott (when he was in charge of the RDAs) as the vanguard of the emerging agenda of 'greater regionalism', leading eventually to elected Assemblies.

Graham Hall, chairman of Yorkshire Forward, the development agency for Yorkshire and the Humber, has been appointed (by other RDA chairmen) as the 'lead' chairman to negotiate with Patricia Hewitt on the wider regional front. He bluntly puts the case for regional government in a strictly commercial context:

In business, you look at a structure to deliver a strategy and you devolve responsibility," he said in an interview with one of the authors. "In an ideal world there's 'nowt wrong with devolution and responsibility being in the region and decisions being made in the region within the overall, if you like, government framework for clear parliamentary accountability. I was on a platform with Stephen Byers (at a fringe meeting at Labour's conference) and he basically said, and I agree with him, is that what we're talking about is devolving ministers' responsibility to regions, to RDAs, not reducing local authority and RDA powers³.

This is the crux of the debate. Stephen Byers, as we reported earlier, might argue for the devolution of some of the DTLR's functions to a regional tier. Other ministers would certainly not go this far. For the moment, Graham

³ Interview with Peter Hetherington, November 2001

Hall also relishes his role as a principal spokesman for Yorkshire in areas, from rail services to farming and flood defences, beyond the RDA brief.

People look to me now as — and I'm exaggerating for effect — the 'prime minister of Yorkshire'. There's an expectation now that Yorkshire Forward, and myself, provide this leadership role ... people like it⁴.

Like several other RDA chairmen, he has not been slow in relaying his views to the right ministerial ears. On regional government, he says:

The key thing for me is to do a cost-benefit on it (regional government)...some people in the Cabinet are evidently for it, some against...what we don't want is more bureaucracy, more overheads, we don't want slowing down...those pre-conditions are fundamental. Unless you're saving costs - and this is what I've said to Patricia Hewitt - transfer civil servants out of Whitehall and into the regions and we can show cost-benefit on it, then it won't fly. What we don't want is another layer of £40,000 a year people in the region without cutting costs at the corporate centre⁵.

2.3 Regional Assemblies

Regional Assemblies are continuing to carve out a role for themselves and in some cases reorganising their structures in order to meet their expanding responsibilities. Only one Assembly, the North East, has directly intervened in the debate about elected regional government.

2.3.1 Yorkshire and Humber Assembly

A new Yorkshire and Humber Assembly — effectively a merger of the local authority association and the government recognised Regional Chamber⁶ — was officially launched on October 22nd at a ceremony which included verse from the Barnsley poet, Ian McMillan, urging people to address the future rather than romanticise about the past:

All the old clichés come tumbling out
When you ask on the street what Yorkshire's about
Is it flat caps, whippets, pit brass bands?
Buckets and spades on Scarborough sands?
But all this muddy thinking, it seems to me
Should be chucked in the dustbin of history.

⁴ As previous footnote

⁵ As previous footnote

⁶ Hitherto the local authority association and Chamber had operated separately in Yorkshire.

With a specialist staff of planners, transport and policy advisers, as well as a public relations team, the Assembly, based in the old headquarters of West Yorkshire County Council in Wakefield, is selling itself as the voice of the region, promoting Yorkshire at home and abroad, and — according to its launch statement — 'providing regional accountability for Yorkshire Forward (the regional RDA), influencing development and scrutinising specific aspects of the work it undertakes. ... Clearly, in this area, there is a debate still to be had with the agency itself'.

Its key tasks, outlined in a series of aims, will be co-ordinated strategic land-use and economic planning, through the 'joint development of the (RDA) regional economic strategy and Regional Planning Guidance, overseen by the Department of Transport, Local Government and the Regions'.

Regional Planning Guidance for Yorkshire and the Humber was approved by the government on 31st October. The Guidance was prepared by the Yorkshire and Humber Regional Assembly (DTLR, *News Release 469*, 31st October 2001).

2.3.2 South East Regional Assembly

Significantly, the South East of England Regional Assembly, which has become something of a pacesetter for other regions under a Conservative chairman (David Shakespeare, of Berkshire County Council), announced on October 23rd 2001, a 'unique public-private partnership team' to lead the Assembly's planning committee. Assembly members Nick Skellett, Conservative leader of Surrey County Council, and David Wilson, managing director of Eurotunnel Developments Ltd, were elected planning committee chair and vice chair respectively.

The Assembly's head of regional transport planning, Martin Tugwell, addressed a seminar on European transport in Brussels on October 22nd 2001, pressing the need for the EU to invest in the transport network of the south east. 'It is important the European Commission recognise the region's 'gateway' role in investment priorities,' he said.

2.3.3 North East Assembly

The North East Assembly became the first regional Chamber to publish detailed proposals on regional government as part of its contribution to the White Paper debate (NEA, 2001). Its report was presented to the Deputy Prime Minister, John Prescott, and Secretary for Transport, Local Government and the Regions, Stephen Byers, at a meeting in Newcastle on 9th November. Its proposals are the culmination of extensive research of the functions, powers, mechanisms and structures of accountability of the key government agencies and quangos in the North East, carried out by the Centre for Urban and Regional Development Studies at Newcastle University, and wide consultation with regional and local stakeholders. As a discussion paper, it outlines the areas of consensus and raises questions on those issues that require further research and debate. It proposes:

- an Executive body with Subject Committees matching its range of powers
- initial functions to include sustainable development, economic development, cultural policy, planning, transport and spatial development and public health
- an Assembly of a minimum of 30
- Assembly members to be elected by proportional representation
- the inclusion of social partners (including business and trade unions) in shaping policy, not merely being consulted once it has been designed
- innovative mechanisms to ensure citizen re-engagement in the democratic process. Further research is needed to gauge the success, or otherwise, of existing bodies, such as Civic Forums, and voting mechanisms, such as postal voting or e-voting
- adequate resources financed by a block grant, with consideration given to mechanisms to redress the unfairness of current territorial expenditure settlements
- that unitary local government should not be a prerequisite for an elected Assembly, but that the investigation of this issue could be a task of a Regional Assembly once set up

2.4 Other bodies

2.4.1 New Policy for Regional Museums

Set up in 2000 by Chris Smith, the Regional Museum Task Force was entrusted with the development of a national strategic framework for regional museums and galleries in England. The Taskforce published its report on 23rd October 2001 (Re:source, 2001). The report stresses the importance of regional museums 'as champions of learning and education, as promoters of access and inclusion, motors of economic regeneration and encouragers (sic) of inspiration and creativity'.

However, it also noted that in spite of the examples of good work:

there were inconsistencies and missed opportunities throughout the regions as a result of the fragmented nature of the sector, and because of financial pressures leading to low morale, staff shortages, a decline in scholarship, and weak leadership.

The report proposes the creation of a centre of excellence or 'hub' in each of the nine English regions. These 'hubs' would consist of a leading museum and up to 3 partner museums, or 'satellites', which would work together to provide leadership and set new standards in the museum sector. They would be primarily based in major cities, but not exclusively so.

The new 'hubs' would be able to invest in new appointments, new facilities for education, access and inclusion and improved displays and marketing.

New forms of governance would be introduced in the selected institutions. Area Museum Councils (North East Museums, Libraries and Archives Council in the North East) will have a strategic role, but will not be responsible for service delivery.

The new framework would be set up by Re:source, the national body responsible for the museum sector, through which government funding would be re-directed to the regions. The Task Force recommends that government invest a further £267.2 million over the next 5 years to help create the new framework and reverse the decades of spiralling neglect and decay of the museum sector.

2.4.2 Review of Regional Cultural Consortiums

In October, Tessa Jowell, the Secretary of State for Culture, Media and Sport (DCMS), informed the Chairs of Regional Cultural Consortiums (RCCs) that she had decided to bring forward a planned review of their operations. The decision reflected the need to take into account the preparation of the White Paper on regional governance. The review is intended to enable the DCMS to consider the position of RCCs in this light. The RCCs were established in late 1999-2000 and aim to champion cultural interests, forge links across the sector and create Regional Cultural Strategies. All regions have now produced Regional Cultural Strategies. These developments occurred alongside the creation of Regional Assemblies and Regional Development Agencies, while DCMS representation was consolidated inside Government Offices. At the same time, Lottery Distributors have taken steps to regionalise their award systems, while a number of government agencies in the cultural field have also restructured their regional activities. In this context, the DCMS review will consider the success of the Consortiums to date, and the impact of other recent changes, as well as the potential impact of elected regional government.

2.4.3 Review of English Heritage

The Department of Culture Media and Sport also announced a review of English Heritage, which preserves the historic environment (Department for Culture, Media and Sport, News Release, 269/01, 16th October 2001, 'Review of English Heritage')⁷. English Heritage has undergone significant regionalisation of its structures in recent years (Tomaney and Humphrey, 2001) and it is likely that the review of its activities will be linked to the review of RCCs.

⁷ See:
<http://www.culture.gov.uk/heritage/search.asp?Name=/pressreleases/heritage/2001/dcms269>

3 Regional Politics and Policies

3.1 John Prescott's Hull speech

In a speech to party members in his Hull constituency, John Prescott emphasised his continued support for devolution and 'giving the regions their own political voice' (Prescott, 2001). At the same time he spelled out his ideas in greater details than previously. He linked devolution to the effective delivery of key government goals, including, the delivery of a modernised system of governance, better public services and 'bringing growth and prosperity to the regions'. He argued:

In my view we're lacking a political body — an elected assembly — which pulls it altogether at the regional level, and which has the legitimacy, critical mass and clout to set priorities and speak up for the region. He emphasised the scale of the task ahead and the need to 'take time to get right'. He acknowledged that it is unlikely to happen in every region, with demand strongest in the North East, North West and Yorkshire and Humberside. All three have predominantly unitary local government structures and therefore comply with Labour's manifesto demand.

Mr Prescott acknowledged that no-one wanted 'a talking shop', but that 'neither do people expect the equivalent of a Scottish Parliament for the English regions', suggesting a Yorkshire Assembly of about 20 to 25, with the added scope for Civic Forums and appointed regional representatives. On a timetable for regional government, confusion followed his claim that 'we have the possibility of a third (term of office) which will be necessary to accomplish decentralisation to the English regions'. For the North East *Journal*, this was an indication that regional government would not be achieved within this Parliament. A spokesman from Prescott's office denied this, claiming: 'The Deputy Prime Minister ... was talking about the broad concept of decentralisation to the English regions, not any specific area'.⁸ This was later clarified by Mr Prescott himself, and by Stephen Byers, at a press conference in Newcastle on 9th November, where they confirmed that regions like the North East could be ready to go earlier than a third Labour term.

3.2 A regional policy for all?

Stephen Byers' decision to approve a fifth terminal at Heathrow 'in the national interest' (HC Debates, November 20th 2001, Col: 177), while placing limits on aircraft movements, prompted a renewed debate about regional disparities. Some observers contrasted ministerial rhetoric, about the need to help underperforming regions, with the reality of concentrating more development in the south east. This is not simply a north-versus-south debate. Many councils in the south east, as well as leading politicians, hotly

⁸ 'Prescott backtracks on home rule delay', *The Journal*, 23 October 2001

oppose the £2.5 billions Heathrow expansion on environmental grounds. They feel that regional airports should be expanded instead to relieve pressure on London. National organisations representing professional planners and geographers have also questioned Mr Byers' decision.

Significantly, opposition to Heathrow expansion comes amid several critical reports from academics pointing to a growing economic divide between north and south during the past four years. One, from the Regional Studies Association (RSA), criticised Britain for spending one third of the EU average on regional policy measures (RSA, 2001). Another, from Robert Huggins, formerly of the University College of Wales in Cardiff who now runs a consultancy, showed that the gap between the three best performing regions (London, the South East and the East) and the three worst (the North East, Wales and Yorkshire and the Humber) had grown by over 30 per cent since 1997⁹.

Mr Byers recently acknowledged a growing north-south divide. In a speech to the annual conference of the Coalfield Community Campaign in South Shields, he said:

What we have to recognise is there are regional disparities and they are getting wider, they are not narrowing, and it is going to be the job of Government, with an active regional policy, to tackle these regional disparities¹⁰.

But in a subsequent speech at the North East Assembly on November 9th Mr Byers clarified these comments. An active policy did not mean the Government returning to the model of regional policy in the 60s and 70s, when the ministers intervened to curb industrial development in some areas so that it could be diverted to poorer regions.

His view, however, was challenged in a report produced in early November by a group of 10 economists and geographers for the Regional Studies Association. It questioned whether the Government had any over-arching, active regional policy, on the grounds that it was encouraging enterprise and expansion in all regions.

What the Government is still reluctant to acknowledge is the need for stronger discriminatory measures to encourage development specifically in lagging regions. Our fear is that Labour's new regional policy will prove misdirected. If it succeeds in further stimulating development in prosperous regions, it runs the risk of exacerbating Labour shortages in these areas ... insufficient emphasis on discriminatory measures could mean that the gaps in labour market opportunities between different parts of the country do not narrow at all (RSA, 2001: 2).

Questioning Stephen Byers' view that large-scale capital incentives to the poorer regions in the 60s and 70s had failed, they calculated that, on the

⁹ www.roberthuggins.com

¹⁰ Authors' notes

contrary, 600,000 jobs had come to the UK's (then) assisted areas during those decades. They also questioned whether a policy of "helping all regions to help themselves" would improve the fortunes of the poorest.

The weaker parts of the country are seen as having failed because they lack the investment in research and development, because their workforce is less highly trained than in the South East for example, and because they have low rates of new firm formation. Competitiveness, it is argued, will rely less on physical capital than on human capital...the Government's view is that what is good for the UK economy as a whole is particularly good for the weaker regions and attacks the root cause of their problems rather than just the symptoms (RSA, 2001: 4).

Although the Government now spends about £400 millions annually on selective assistance to industry (of which £110-120 millions goes to the English regions), the report calculates that, from the mid-60s to the mid-80s, the Government spent approaching three times as much at today's prices. Against this background, the Heathrow decision prompted a critical response from the Royal Town Planning Institute. It questioned the logic of making a decision on a fifth terminal in isolation from a national airports strategy 'and then articulated at regional level.' The Town and Country Planning Association (TCPA) warned that Government edicts restricting growth at Heathrow were normally overturned. The Director of the TCPA, Gideon Amos, argued: 'I am sure we will hear talk of the need for a sixth terminal within the next few weeks, and the incremental 'capacity creep' will continue'¹¹.

3.3 Voluntary organisations address regionalism

A number of voluntary organisations began to address the impact of regionalism on their activities.

3.4 TUC

At its 2001 Congress, the TUC voted to support a resolution calling for the legislative enactment of regional government in England. The resolution, proposed by the Manufacturing, Science and Finance Union and seconded by the Public and Commercial Services Union, expressed concern at citizen's disengagement from political processes and the absence within England of 'an autonomous democratic voice in line with those in most other European countries'. The motion argued that:

Regional Assemblies would provide a means to determine regional priorities for action and implementation taking into account the needs of the region concerned ... [and that] without similar such structures [to the Scottish Parliament and the

¹¹ <http://www.tcpa.org.uk/press201101.htm>

Northern Ireland and Wales Assemblies], England, 'could be disadvantaged in Europe'¹².

The resolution demanded legislative time to enact Regional Assemblies, required the TUC to engage 'constructively in the consultative process on the legislation' and instructed the General Council to establish a working party to undertake the work on the issue, reporting back to the Council by April 2002. The work should incorporate:

- a major policy forum involving trade unions, politicians and other relevant domestic and international organisations to identify opportunities and barriers to delivering regional government, ways of engaging union members and citizens in the process and establishing partnership opportunities between the participants to progress the agenda
- commissioning qualitative research amongst unions and citizens to examine ways of reconnecting people to political and democratic processes
- production of a TUC strategy for unions to use to influence political debate on regional government, highlighting opportunities for meeting unions, government and public agendas

3.4.1 Trade Union activity in the regions

Trade unions in the regions are emerging as important actors in debates about regionalism. Unions in the North West held a seminar in August aimed at stepping up the pressure for regional government. Meanwhile the Northern TUC has published research, which examines the issues which regional governance throws up for trade unions (O'Brien, 2001). The publication of the report played a role in winning the endorsement of Congress for a deeper engagement by the TUC with the issue of regional governance. The research was launched at a fringe meeting at Congress addressed by London Mayor Ken Livingstone.

3.4.2 National Trust

The National Trust has set up a Regional and Local Government Project that aims to map the institutions and policies responsible for delivering government policy on the rural economy and cultural heritage at regional level. It will then draw on the experience of Trust staff and others to identify how such mechanisms operate in practice. A final report from the project will use case studies to suggest improvements to regional policy delivery. Conclusions will reference both this and government plans to develop a White Paper on elected regional government around January 2002¹³.

¹² Congress Decisions 2001, Composite 17, 'Regional Government in England'.

¹³ Contact: Andie Allen or Sara Northey at National Trust, 36 Queen Anne's Gate London, SW1H 9AS

3.4.3 Council for the Protection of Rural England

The Council for the Protection of Rural England (CPRE) has called on the government to ensure that the forthcoming White Paper on regional government 'deals effectively with concerns about the environment and public participation in decision making' (CPRE, 2001). The statement outlines the CPRE's agenda for directly elected Regional Assemblies and reflects support elsewhere for statutory provision of functions and stakeholder participation. In particular:

- the objectives of directly-elected regional assemblies should be established in statute, and should include improved inclusivity in decision-making and public accountability of the regional institutions
- environmental, social, and natural resources issues — and their integration — should be given equal standing in statute to economic issues, and furthering sustainable development should be a statutory purpose.
- mechanisms for ensuring that rural issues are given due consideration in policy development should be developed and enshrined in statute
- the opportunities for participation, currently facilitated by the Voluntary Regional Chambers, including matters with a national and local bearing, should be retained for NGOs and local authorities, and enshrined in statute
- Regional Planning Guidance (RPG) should be put on a statutory footing and made the central policy document for regional institutions
- the functions of the assemblies should include responsibility for the Regional Development Agencies (RDAs) and their regional economic strategies, including the 'sponsorship' functions currently exercised by Government Offices for the Regions.
- resources, skills and staffing should be geared up to the demands of the new system. Regional Councillors should be required to undertake appropriate induction and training
- voluntary Regional Chambers should be retained in regions not opting for directly-elected assemblies and measures required to improve their performance should be enshrined in statute

Perhaps more contentious is the proposal concerning the future of counties. The CPRE proposes that a tier of strategic land use planning, akin to the county level, should be retained, which is the responsibility of a single authority rather than joint working. CPRE argues: 'Regional government cannot be at the expense of environmental protection, strategic land planning, or effective public participation. In CPRE's view, the White Paper will be the key opportunity for ensuring public legitimacy for Regional Government and getting the Government's regionalisation project properly on track'.

3.5 Regional campaigns

Campaigning activity has been stepped up in advance of the expected White Paper. In particular, a number of organisations have published proposals on the functions, powers, structure and mechanisms of Regional Assemblies as contributions to the debate leading up to the White Paper. As shown below, there is a fair degree of consensus on many of the issues, but disagreement is still evident on such as the inclusion of education and health in the initial functions of a Regional Assembly and its size. All acknowledge that further debate and research is needed before detailed proposals can be forwarded.

3.5.1 Campaign for the English Regions

The Campaign for the English Regions (CFER) has maintained a high level of activity in the run up to the publication of the government's White Paper. The Regions Minister, Nick Raynsford, made a keynote speech at a joint CFER/ESRC seminar at the House of Commons on 20th November. The meeting followed a CFER delegation, including leaders of the 5 main constitutional conventions, which met with Mr Raynsford on September 10th to discuss the details of the forthcoming White Paper and timetables. CFER had sought assurances that legislation will be included in the next Queen's Speech that will allow referendums on elected Assemblies within 2 years in regions that want them.

At further meeting with Mr Raynsford, on November 7th, CFER presented its draft proposals as part of its initial contribution to the government's White Paper (CFER, 2001). Its key proposals include:

- the abolition of the position of Secretary of State for Wales and Scotland and the merging of their offices to form the core of an new 'Department of the Nations and regions', under a Secretary of State for the Nations and Regions
- initial core functions/powers will be economic development, rural affairs and environment, further education and training, transport, planning and housing, culture and public health and public safety
- financing of a Regional Assembly should be by a block grant, 'but with a commitment that the 'Barnett formula' is subject to a radical review
- there should be no loss of functions from local to regional level
- members of an Assembly should be full-time and directly elected and there should be mechanisms to ensure the full participation of citizens and civil society in decision formation
- each Assembly should have a First Minister and Subject Committee Chairs, who together will form the Executive
- openness and accountability should be guaranteed through such mechanisms as Question Times and a standing Audit Committee
- that legislation should be in place to allow referendums in May 2003

3.5.2 Campaign for Yorkshire

The Campaign for Yorkshire launched its White Paper on regional government in September, aiming to act as a catalyst to broadening the debate on devolution of power to the English regions. 'Giving the People a Voice' suggests an elected Regional Assembly for Yorkshire and Humberside that would involve:

- a strategic/executive model
- responsibility for culture, tourism, economic development, sustainable development, skills, European funding and programmes, transport, housing and spatial planning, regional health strategy and emergency services
- 30 to 50 members, elected by proportional representation
- broader mechanisms of participation and scrutiny through such as a Civic Forum, the use of Citizens Panels and the appointment of specialist members from partner organisations

It is suggested that the trigger should come in the form of a petition from the people, or some other form that represents wider civic society. The Campaign would like to see a referendum in the region within the next 5 years.

3.5.3 Campaign for a North-East Assembly

The Campaign for a North-East Assembly (CNA) published a 'position statement' on regional government in anticipation of the government's White Paper. Its proposals for a North East Assembly include:

- an executive body, with powers of secondary legislation
- functions should initially be economic development, industry and the environment, energy, rural affairs and agriculture, housing, transport, culture, media, the arts and tourism, strategic land use planning, education and public health
- block grant funding
- a 'partnership with local government' and role in the allocation of local government spending at some stage in the devolution process
- an electoral system based on proportional representation. It suggests that an electoral system based on Additional Member System would produce an Assembly of 45 in the North East
- representatives should be full-time and should not hold dual mandates
- all proceedings should be open to public scrutiny and easily accessible, with inclusivity to be secured through a Civic Forum
- Leader and Cabinet/Executive model, with each Cabinet member responsible for a specific Department

- scrutiny of the Cabinet, and input into policy, would be carried out by 'powerful committees of back-bench members
- there should be a referendum in May 2003. If a 'yes' vote, elections should be held in 2004

4 Media

4.1 ITV and the regions

The future of public service broadcasting in the English regions is exercising the minds of policy-makers. Reports suggest that ITV is drawing up plans to cut its regional programming output. According to *The Guardian* (5th October 2001), 11 of the 16 ITV franchises want to cut regional output by nearly 50 per cent, reducing programming to only 8 hours per week. Commercial pressures are being blamed and the fear is that, whilst still obliged to carry local programmes, those that remain will be marginalised in the programme schedule.

However, whilst acknowledging the current economic problems facing the industry, Patricia Hodgson, Chief Executive of the Independent Television Commission (ITC), sought to allay fears that regional programming would be marginalised in any new settlement for public service broadcasting. In a speech to the Royal Television Society in Newcastle she noted:

Programming and production from the nations and regions is an important feature of the television landscape, and the regional character of ITV is a critical distinguishing feature of the channel (Hodgson, 2001).

In her speech Ms Hodgson reported research that showed that regional programming was a priority for viewers. For instance, a recent questionnaire of 3,500 viewers revealed that:

- only 10% were not interested in regional programming
- 77% said it is important that BBC1 and ITV programmes reflect the regional diversity of the country
- 89% think ITV should have to provide regional programming

Ms Hodgson also reported the results of a citizens' jury held in Leeds in September. These showed that:

- over 90% watched regional news
- regional output was important for regional identity, even if they didn't always watch it themselves
- stereotyped regional output was criticised – poverty in Leeds, walking in Cumbria, and so on
- in an ideal world, quantity should be sustained but, looking at the practical pressures on companies, quality was more important than hours

According to Ms. Hodgson, the challenge for ITV in the regions comes from new forms of competition, through convergence, and the new digital and interactive technologies. This means that the delivery, investment and planning of regional programming must change.

She concluded:

The status quo is not an option – the current obligations on ITV remain too detailed and focus too heavily on quantity of regional output rather than quality, investment and prominence in the schedule. So we need a debate about hours, investment targets and the accessibility of the regional schedule, together with a sensible flexibility of resources in response to technological and market change (Hodgson, 2001).

In an attempt to deal with ITV's concerns, and speculation over plans to cut its regional programme output, the ITC is currently in discussion with the company about a Charter for the Nations and Regions. The Charter will aim to 'simplify current regulations whilst buttressing the underlying investment commitment' (*The Guardian*, 5th October 2001).

In article in the *The Journal* [Newcastle], the Chairman of the ITC, Sir Robin Biggam, argued that a Charter for the Nations and Regions could:

reduce unreasonable constraints on ITV business planning, but would put in its place arrangements which can guarantee the continuation of a strong regional presence on our screens, based on sufficient resources in the nations and regions. This would ensure the richness and diversity of the UK has its rightful place on television and is also in keeping with the Government's policy on devolution. I hope that agreement can be reached with ITV on this initiative (Biggam, 2001).

4.2 BBC review of political coverage

Triggered by the viewing collapse during the general election, the BBC's political coverage is currently under 'urgent review' (Barrett, 2001). Heading this review is the editor of Newsnight, Sian Kevill. The three month project was intended to ensure that politics on the BBC remains 'fresh, engaging and relevant'. One area that Kevill identified as vital to this process is devolution and the 'revival in regional politics'. The review included a major seminar scheduled for November 26th, involving senior BBC figures and outside speakers.

5 Public attitudes and identity

Nothing to report

6 Relations with Westminster and Whitehall

6.1 Regionalism at Westminster

Backbench MPs have shown themselves keen to raise the regional issue in Westminster since the beginning of the new parliamentary session. Parliamentary questions and interventions in debates have been the main vehicles. At DTLR questions on 23rd October, ministers were asked about the government's plans for elected Assemblies by senior Labour backbenchers, with North East MPs figuring prominently¹⁴.

David Clelland (Tyne Bridge): Will my right hon. Friend confirm that the Government have not ruled out the possibility of one or more of the English regions having an elected assembly by the end of this Parliament?

Stephen Byers (Secretary of State for Transport, Local Government and the Regions): I can confirm that progress is being made on the White Paper that the Deputy Prime Minister and I will publish in the new year. Regional elected assemblies could be voted on by the time of the next general election, depending on when it is called. We are making progress. I share my hon. Friend's desire for effective regionally elected bodies, and we are putting in place the measures that will see that in action (*HC Debates*, 23rd October 2001, Col 128).

Liberal Democrats also raised the issue.

Alan Beith (Berwick-upon-Tweed): What possible reason could there be for not giving the people of regions such as the north-east the opportunity to decide whether to have a regional assembly within the lifetime of this Parliament?

Steve Byers: A third-term Labour Government will need to address many pressing issues, and we look forward to that. As the Deputy Prime Minister said clearly in his speech on Saturday, one of them will be the delivery of a constitutional settlement. That does not prevent progress from being made during this second term in English regions such as the north-east, which perhaps have a greater desire for a regional assembly than other parts of England. They can make progress more quickly, and I certainly want that to happen (*HC Debates*, 23rd October 2001, Col 128).

Not only North East voices were raised:

Gordon Marsden (Blackpool, South): [...] given public opinion surveys and the evidence of conventions on the ground that show support for regional assemblies--particularly in the

¹⁴ An indicator of backbench Labour interest came at the October meeting of the Parliamentary Labour Party Regional Government. The PLP Regional Government, which elected the former minister Joyce Quin as its new chair, heard from John Prescott. Over 80 MPs attended the meeting.

north-west, the north-east, Yorkshire and the west Midlands-- does he agree that it would be sensible and, indeed, prudent to make allowance in the White Paper that the Secretary of State has just announced for a permissive process of referendums as soon as possible, so that if public opinion is in favour we might have regional assemblies in those areas by 2004?

Nick Raynsford (Minister of State for Local Government and the Regions): My hon. Friend will be aware, given the Secretary of State's announcement, that we will set out our detailed proposals in the White Paper, which we intend to publish early next year. I can confirm that that will create a permissive framework, whereby those regions that wish to hold a referendum will be able to do so. The precise timing and other details for the holding of referendums and the creation of regional assemblies and their powers will be spelt out in more detail in the White Paper (*HC Debates*, 23rd October 2001, Col 132).

The issue of regional governance was also raised at DTI questions on 1st November 2001.

Joyce Quin (Gateshead, East and Washington, West): Given that economic development is such an important part of the Government's regional decentralisation programme, can my right hon. Friend assure me that she will work closely with the other relevant Departments to promote regional government in those areas that want it through a referendum and that she will back up that process by continuing with a very active regional policy at national level in her Department?

Patricia Hewitt (Secretary of State for Trade and Industry): Yes, I can. I share my right hon. Friend's enthusiasm for devolving decisions as far as possible to the people whose lives they affect. I am pleased that, since the election, regional development agencies are now among the responsibilities of the Department of Trade and Industry. We are working closely with those agencies and with colleagues to ensure that we have the strong effective regional policy that we need throughout the country (*HC Debates*, 1st November 2001, Col 100).

The issue of regional representation was raised in the debate on the government's proposal for the reform of the House of Lords on 7th November 2001:

Mr. Peter Mandelson (Hartlepool): Some of us regret the lack of progress that the Government have made in bringing devolution to the English regions, but, as my right hon. Friend said, they are now finalising their views. Will the Government think imaginatively about ways of accommodating within the arrangements that they make for regional devolution in England the representation of people from those regional bodies in a newly composed House of Lords? Does he agree that we need creativity and more joined-up thinking in carrying through

constitutional reform if we are to achieve the new politics and the reinvigoration of our political institutions that so many of us want?

Robin Cook (Leader of the House): Like my right hon. Friend, I fully support the development of a regional dimension to United Kingdom politics. We have already done that through the devolution of power to Scotland and Wales, and the creation of the Northern Ireland Assembly and an elected assembly in London. That work must continue, and a White Paper on regional assemblies will come before the House shortly.

On the question of representation in the House of Lords, there are two ways in which the regional dimension is relevant. The first is whether we should use elections to those regional devolved bodies as the basis on which elections for the elected Members of the House of Lords take place; that is one of the questions that we submitted for consultation. The second was the issue of indirect election from those bodies to the second Chamber. As I said earlier, that is a route for which the Wakeham Commission found no support, but the proposals are now back out for consultation. If the devolved bodies and the existing regional bodies are interested in that involvement and route to election to the House of Lords, they have three months in which to express that view; it is down to them and my right hon. Friend to express it (HC Debates, 7th November 2001: Col 249).

[...]

Andrew Turner (Isle of Wight): [...] Is he aware that, of the 267 persons elevated to the peerage since 1 May 1997, three come from the east midlands, five from the north-east, seven from Wales and seven from Northern Ireland? I shall not go on, except to say that 117 appointees come from London. Will the right hon. Gentleman ensure that, in making the new, balanced range of appointments, the Appointments Commission and the political parties are asked to correct that deplorable imbalance achieved by his right hon. Friend the Prime Minister?

Robin. Cook: [...] it is our objective to try to achieve fairer representation by region and by nation in the United Kingdom. That will be a statutory requirement, and it will be binding not only on the Appointments Commission but on the parties.

6.2 Joint Liberal Democrat-Labour Cabinet Committee

A statement by Charles Kennedy and Tony Blair announced that the joint Liberal Democrat-Labour Cabinet Committee on constitutional reform has been suspended. Commenting on the suspension, Charles Kennedy stated that the Committee had 'nothing more to discuss' Of key concern, according to one report, was Labour's refusal to put the issue of regional government

on the Committee's agenda, despite repeated requests to do so by the Liberal Democrats¹⁵. In response, Downing Street insisted it had not ruled out discussing the issue with the Liberal Democrats, possibly before the publication of the White Paper.

6.3 Changes at DTI

Patricia Hewitt, Secretary of State for Trade and Industry announced changes to the structure of the Department for Trade and Industry (DTI), which may have implications for the English regions (DTI, 2001). Her aides described the proposed changes as 'the biggest shake-up of the department since 1983'¹⁶. Following a six-month review of the DTI's structure and services to business, which concluded that the department was falling 'well short' of its goals, a new 7-strong strategy board is to be formed in which leading business executives are to be given a central role.

Among the specific proposals with an impact on the regions are:

- A clarification of who does what in the English regions, with regional Development Agencies as DTI's strategic partners.
- An increased role for RDAs in the distribution of regional selective assistance, including authority over all grants up to £10 million, leaving only the biggest awards to be set centrally
- Significantly greater involvement of business-people and others in the Department's strategy development and decision-making through involvement on DTI's Boards

Other changes will include the axing of more than 150 business grant schemes and funds, with those remaining being put into one of five larger pots overseen by a 'portfolio management' board. These boards will also include outside 'non-executive directors'.

Trade unions have condemned the plans, reflecting their fears that the changes could give big business undue influence over government policy and could lead to dangerous consequences for employment relations¹⁷

7 EU issues

¹⁵ Paul Linford and Nick Woods, 'Row over home rule', *The Journal*, 21st September 2001

¹⁶ R. Shrimley and B. Groom (2001) 'Leading business people to shape strategy at DTI', *Financial Times*, 22nd November 2001.

¹⁷ 'Hewitt accused of 'favours not fairness' for business', *TUC Press Release*, 22nd November 2001 (<http://www.tuc.org.uk/newsroom/tuc-4039-f0.cfm>)

7.1 English Regional Representation on the Committee of Regions

In light of the emerging regional agenda, and the development of new regional bodies in England, the Department of Transport, Local Government and the Regions (DTLR) is consulting on proposals to change the method by which people are selected for the European Union's Committee of the Regions (COR)¹⁸. Members are appointed by the European Commission, following proposals made by each Member State. The second 4-year term of the Committee will end in January 2002 and the selection process for the next 4-year term, to 2006, will open shortly after 25 January 2002. There are 32 English places to be filled on COR: 16 Members and 16 Alternates. The Treaty of Nice requires that COR members must hold a regional or local authority mandate, 'or be politically accountable to an elected assembly'. Since Regional Assemblies/Chambers in England are not elected, then COR members from the region can only be those elected to local authorities.

The government is seeking to propose a selection procedure for the COR that will allow representation from existing Regional Assemblies/Chambers. Its proposals have taken into account comments made to a draft paper from the Local Government Association (LGA), the English Regional Network, the Greater London Authority (GLA), as well as other local and regional players. Following consultation with stakeholders, it is anticipated that each Regional Assembly and the GLA will propose 2 nominations, one man and one woman, to the LGA. Those nominated need to be legally eligible for COR membership but need not be members of the nominating body. The LGA will then nominate 14 representatives itself. The selection of all members must be as balanced as possible. From those nominated, the government will make the decision on those who will act as members or alternates. The Secretary of State will reserve the right to modify the LGAs suggestions. Those nominated by the Regional Assemblies will, if appointed, be the principal link with individual regions.

7.2 Alliance between Objective 1 regions in England and Wales¹⁹

Three sub-regions in England joined with Wales in a £200 million initiative to help foster growth among their small and medium-sized businesses (SMEs). The three 'regions', South Yorkshire, Cornwall and Merseyside, are, together with Wales, amongst the poorest areas in the EU and each qualifies for aid under the European Union's 'Objective One' of its Structural Funds.

With backing from the private sector, the alliance will create four investment funds to provide loans and equity investment to small business start-ups and expanding SMEs. It is the first time that the four 'regions' have

¹⁸ The European Union (EU) 'Committee of the Regions' (COR) was set up under the Treaty of Maastricht as an advisory body consisting of representatives of regional and local authorities. The European Commission (EC) and Council are obliged to consult the COR in a number of areas of EU policy, including economic and social cohesion, transport, social policy, health, employment and culture.

¹⁹ Sheila Jones, 'Regions form alliance to foster growth', *Financial Times*, 5th November 2001

worked together alongside the EU and a high street bank to provide SME finance. Barclays will contribute £84 million to the fund and £92 million will come from the EU. Regional pension funds will provide an additional £24 million for SMEs in the three English regions. The four funds aim to lever in a further £286 million from private sector investment. The overall aim is to assist more than 3,000 growing businesses and 400 start-up companies, and hence contribute to long-term economic regeneration, and to reduce the dependency of poorer regions on grant aid.

8 Local government

8.1 Mayoral Elections: Mixed Messages So Far

The case for electing executive mayors in English cities and towns has always run alongside the debate for a 'greater regionalism'; indeed, almost every other party conference features a fringe meeting with the title 'Mayors or Regions?', as if the creation of one institution somehow excluded the other. Certainly, lobbyists for elected mayors, notably the New Local Government Network (NLGN), largely backed by business, have shown little enthusiasm for stronger regions, along with some advisers in the Prime Minister's office.

But the mood appeared to change in the autumn of 2001. First, as we reported earlier, the mayoral debate has not — as expected — taken off in the big cities, where it was meant to have the greatest impact. Secondly, in the first batch of mayoral referendums — the essential first legislative step to test electoral approval before a full-blown mayoral election — the outcomes were mixed: in 15 contests so far, voters in six towns and cities have backed the concept while in nine they rejected it. Nick Raynsford, the Local Government and Regions Minister, is an enthusiastic advocate of executive mayors.

Seemingly undeterred by the mixed response, combined with relatively low turnouts using mainly postal ballots, he remained convinced that the concept would gain momentum — although like his ministerial predecessor John Prescott, Stephen Byers, Secretary of State at the DTLR, is no mayoral enthusiast. Interviewed by *The Guardian* before six contests on October 18th, Raynsford said: 'I have always taken the view this would be a gradual process because it is quite a major constitutional change and people are often cautious.'

Defending the idea of an elected 'first citizen', he added:

People identify with the person in charge, feel there is someone representing their city who they can go to...anything that demonstrates a greater sense of involvement - ownership - in local government seems to me a good thing (with) a clear line of accountability with the person deciding the key issues of the city, or town, being a very visible person (they) electors can go to and hold that person accountable (*The Guardian*, 15th October, 2001).

But as two of the leading local government academics have pointed out (*Local Government Chronicle*, November 2nd 2001), the results of the mayoral referendums so far "continue to give succour to both sides of the argument." Colin Rallings and Michael Thrasher, of the University of Plymouth, have calculated that in the 13 contests to November, 48.8 per cent of votes have been cast in favour of mayors and 51.2 per cent against.

Nevertheless, they say local factors are important. If mayoral supporters can seize the initiative, as they did in Middlesbrough (where a suspended senior policeman, Ray Mallon, has put himself forward as a possible candidate on a populist platform), a decisive victory is possible: over 84 per cent supported a mayor, by far the highest margin so far. However, in cities and boroughs where the NLGN was most active — Brighton and Hove and the London borough of Lewisham, for instance — the results, ironically, were disappointing for mayoral campaigners. In spite of an expensive and extensive campaign Lewisham, regarded as the model New Labour borough, registered a 51.4 per cent Yes on a turnout of just 18 per cent; in Brighton and Hove, the concept was rejected when 62 per cent voted against. A bitter contest, in what is England's newest city, exposed divisions in the controlling Labour group. The result also means that the city council will be returning to a version of the old town hall committee system, rooted in the 19th century. This is because, on the ballot paper, the system was presented as the 'fall back' option.

As Rallings and Thrasher point out, turnouts in these referendums rarely better those achieved in local elections, in spite of postal ballots, which were expected to generate much more interest. With the next significant referendum due in Plymouth in January 2002, both sides again are finely balanced. Generally speaking, mayoral campaigners have found support from the local press an advantage. They can hardly be impressed with the front page headline of a recent Plymouth *Evening Herald*: "Bumper £65,000 salary for mayor." As Rallings and Thrasher point out, this is beyond the comprehension of most readers!

Table 1 *Mayoral Election Results*

Council	Election Date	Result	For	Against	Turnout	Ballot Type
Berwick-upon-Tweed	7 June	No	3,617 (26.2%)	10,212 (73.8%)	64%	In Person
Cheltenham	28 June	No	8,083 (32.7%)	16,602 (67.3%)	31%	Postal
Gloucester	28 June	No	7,731 (32.1%)	16,317 (67.9%)	30.8%	Postal
Watford	12 July	Yes	7,636 (51.7%)	7,140 (48.3%)	24.5%	Postal
Doncaster	22 September	Yes	35,453 (64.6%)	19,398 (35.4%)	25%	Postal
Kirklees	4 October	No	10,169 (26.7%)	27,977 (73.3%)	13%	In person
Sunderland	11 October	No	9,593 (43.4%)	12,209 (56.6%)	10%	In Person
Brighton and Hove	18 October	No	22,724 (37.9%)	37,214 (62.1%)	31.6%	Postal
North Tyneside	18 October	Yes	30,262 (57.6%)	22,296 (42.4%)	36%	Postal
Sedgefield	18 October	No	10,628 (47.2%)	11,689 (52.8%)	33.3%	Postal
Middlesborough	18 October	Yes	29,067 (84.3%)	5,422 (15.7%)	34%	Postal
Hartlepool	18 October	Yes	10,667 (50.9%)	10,294 (49.1%)	31%	Postal
Lewisham	18 October	Yes	16,822 (51.4%)	15,914 (48.6%)	18.3%	Postal
Redditch	8 November	No	7,250 (44.1%)	9,198 (55.9%)	28.3%	In Person
Durham City	20 November	No	8,327 (41%)	11,974 (59%)	28.5%	Postal

Sources: *The Guardian*, *Local Government Chronicle*, *Northern Echo*

Some councillors have resisted moving in the direction of executive mayors. Newcastle city councillors voted narrowly against putting the proposal to the electorate, voting to maintain the current decision-making structure of a leader and cabinet. Bradford, Dudley and Southwark councils have received letters from government warning them that they may face enforced referenda on the subject if they fail to have 'due regard to the responses to consultation'.²⁰ Ministers believe that, based on consultation responses, Bradford and Southwark should have ordered referendums, whilst they are unhappy about Dudley's consultation exercise because the public response was exceptionally low. Nick Raynsford has made a decision concerning Southwark only, ordering the council to hold a referendum by February 1 2002. Birmingham may be added to the list, after a consultation ballot, held

²⁰ Alan Pike, 'Councils may be forced to hold referendums on elected mayors', *Financial Times*, 12/10/01

in August, proved inconclusive, prompting councillors to reject the option. Newcastle was also threatened with such action, but, following weeks of political pressure from within the city, Raynsford has said 'he would leave Newcastle alone'.²¹

9 Finance

Lord Barnett, originator of the formula which bears his name, led a debate in the House of Lords on the subject on the 7th November. Lord Peston noted that of the 19 backbenchers who took part in the debate, 14 came from Wales or Scotland (Lords Debates, 7th November 2001: Col 243). However, the impact of the Barnett Formula on the English regions was a central theme of the debate. The debate's proponent made the argument that the effect of the Formula was to disadvantage some English regions, notably the North East.

Lord Barnett: [...] The latest available figures come from the Treasury and the Office for National Statistics [...]. The documents show that in 1999 — most recent figures available — GDP per head in Scotland was £12,512, in Wales it was just £10,449 and in the north-east of England it was £10,024. What is called "identifiable" managed government expenditure per head in 1999-2000 in Scotland was £5,271, in Wales it was £5,052 and in the north-east it was only £4,837. I shall not quote many more figures, but I hope that those are simple enough to make the position clear. [...]

Action taken on the basis of these figures alone would not solve the present unfairness of the allocation of resources. For example, within each area and region there are large differences. In the north-west of England, Merseyside is very different from my area of Greater Manchester — and most other parts of the region — in respect of GDP per head. Even in what is thought of as the affluent south-east, there are pockets where there is undoubtedly a need for higher levels of public expenditure. Relatively prosperous London, which is always much in the news, has the highest income per head, at approximately 130 per cent of the UK all-region average, yet I am sure that government expenditure there is much higher than in the north-east or the north-west. It is about the same as in Wales, where income per head is only 80 per cent of the UK average. I am sure that that will not stop the Mayor of London seeking even more.

Despite clearly doing very well in terms of income and expenditure per head, I am sure that Scotland can and will argue its case for even higher levels of expenditure. I am sure that we shall hear the arguments of sparsity of population, a colder

²¹ Nick Woods, 'Further blow to Blair's elected mayors plan', *The Journal*, 22nd November 2001

climate, poor health records and problems of education. The case is further confused by the lumping together of capital and current expenditure. Yet even the general figures show conclusively at least one example of terrible unfairness. The latest figure for income per head in Scotland is £12,512 and government expenditure per head is £5,271, while in the north-east, with income per head at only £10,024, government expenditure per head is lower, at £4,837 (Lords Debates, 7th November 2001: Cols 227-8)

This forthright analysis of the problem led the former Scottish Secretary, Lord Forsyth of Drumlean to claim that the purpose of debate on Barnett is 'to grab money from Scotland for the north-east of England' (Lords Debates, 7th November 2001: Col 237).

Strong Scottish and Welsh voices dissented from the view that predicament of some English regions necessitated reform of Barnett.

Lord Thomas of Gresford: It is unacceptable that the prosperity gap between Wales and England should be widening and that the Welsh Assembly should be deprived of funds to deal with the endemic problems that Wales faces —problems that will no doubt be increased by fresh burdens on Welsh agriculture and the Welsh rural population. It is said that there are inequalities between the English regions. Well, it is up to them to press for the framework of government that they require. Wales cannot wait while areas of England complain about their relative poverty but do nothing about it. We already have some of the machinery to effect change in the Welsh Assembly. However, we in Wales pay our taxes entirely to the Westminster Government and nothing to the Assembly. We want that money back, and with it a fair share of the wealth and prosperity that accrues to the United Kingdom as a whole (Lords Debates, 7th November 2001: Col 231).

On the other hand, another Welsh peer spoke up in favour of the English regions.

Lord Morgan: [...] the formula contains a misconception of England. England is presented as a unit. There is no observation of regional variations within England. It may be fair to Scotland; it may have once been thought fair to Wales, although I do not believe that. But the north of England, especially the North East, has been a big loser under the Barnett formula. There is no conceptual way or policy mechanism by which the needs of the north of England can be spelt out and dealt with. We have heard the statistics that show that gross domestic product, income per head, and so on, in the north and north-east of England are unfavourable, and the region receives no assistance under the Barnett formula (Lords Debates, 7th November 2001: Col 232).

The former Chairman of the House of Commons Treasury Select Committee highlighted the financial impact of Barnett on the English regions.

Lord Radice: [...] However, of course, it is now a matter of controversy. For example, in the North East, which I represented in Parliament for 28 years, there is a widely supported campaign if not to abolish the formula then certainly to reform it radically. The campaign for the English regions takes a similar position. It calls for a replacement of the Barnett formula and the establishment of a new mechanism to distribute public money on the grounds that the present system is over-generous to Scotland and discriminates against the English regions [...]

Of course, there may be strong arguments for high public spending in Scotland, Wales and Northern Ireland. I shall not raise that issue. But many of those arguments apply also to the English regions. My own region, the North East, which I know best, has lower GDP per head, higher unemployment and greater educational problems. It is very difficult to justify the following pattern of educational spending: £686 per head in the North East compared with £863 per head in Scotland. Perhaps there are good reasons for that, but I believe that people in the North East would like to know what those reasons are.

I believe that the time has now come for a fresh appraisal. It should be possible to devise a mechanism which takes more account of needs and brings the English regions into the equation as well. Therefore, I believe that the exercise should draw on the experience of the standard spending assessment. We have a model for local government expenditure. It is based on population, but it takes additional needs into account (Lords Debates, 7th November 2001: Col 236-7).

Others maintained that the position of regions like the North East had little to do with the operation of Barnett.

Lord Peston: [...] We then have the special case of the North East. Although prima facie on a needs-basis it does not receive enough public expenditure, that must be the result of central government policy rather than anything to do with the formula. It is probably an unintended result, but there is no doubt that it is a result (Lords Debates, 7th November 2001: Col 243).

Some Scottish and Welsh contributors took up this argument.

Lord Sewel: [...] A major component of the Barnett formula's bad press, which has emerged during the course of today's debate, is the belief on the part of some English regions that they are being short-changed as a result. But from the perspective of English regional expenditure to concentrate on Scotland's level of expenditure is very much a blind alley. Quite simply, any reduction in Scottish expenditure would make precious little impact on the amount available to deal with imbalances within

England. Regional imbalances and the claims of the North East, North West and far South West are not a product of the Barnett formula or any Scottish-English debate; rather, they are essentially an internal English matter and are determined by decisions made within Whitehall departments (Lords Debates, 7th November 2001: Col 245-6).

Liberal Democrat peers strongly argued for a reform of Barnett on the grounds that it discriminated against the English regions:

Lord Newby: [...] In the northern regions of England, people increasingly ask why they should receive substantially lower expenditure than Scotland when they are poorer, their education attainment levels are lower and, on the basis of a number of indicators, they are more needy. In the South East and in London, the questions are the other way around. People there ask why they should subsidise Scotland, Wales, Northern Ireland and the majority of the English regions when they are in need of higher rates of investment in transport, education and housing and when, in the case of London, there are pockets of extreme deprivation that are among the worst in the UK [...]

Speaking for the government Lord McIntosh defended the Formula on the grounds of its efficiency and transparency.

Lord McIntosh of Haringey: [...] The Barnett formula has survived because it is generally accepted as effective in determining the allocation of public expenditure in Wales, Scotland and Northern Ireland. It has produced public expenditure settlements that have been perceived as generally fair and broadly acceptable since it was introduced. It has been used without query or major change by both Labour and Conservative Governments — governments with different representation in England and the other three countries of the United Kingdom.

It is right ... to demand transparency, but surely the Barnett formula is relatively transparent, relatively straightforward, relatively durable and a simple rule for reaching spending settlements without direct negotiation. Compare it with local government spending assessments, which are renegotiated every year on a multi-variant analysis and are utterly incomprehensible to 99.99 per cent of the population (Lords Debates, 7th November 2001: Col 261).

10 The political parties

10.1 Liberal Democrats

Nine Liberal Democrat councillors within England have contributed to a pamphlet that brings together personal views on regional government (LGA Liberal Democrat Group, 2001). The pamphlet, '*Restoring the Balance*', discusses such issues as:

- cities and regions
- electing regional government
- the impact of regionalism on local government
- is there a demand for regional government?
- what role for regional quangos?
- what would a regional government do?

10.2 Regionalism at the Labour Party conference

Regionalism figured strongly at Labour's Annual Conference fringe, despite the low key nature of the event following the events of September 11th. A range of organisations hosted fringe meetings, revealing broad interest in, and in some cases Ministerial support for, the regional government agenda. The meetings included:

- *Regional Government — Opportunity of Threat for Local Government*, hosted by the Local Government Information Unit. Speakers included Nick Raynsford, Local Government and Regions Minister
- *Regional Government — on the back burner or progressing nicely?*, hosted by the Campaign for the English Regions and chaired by Tony Robinson, Labour Party National Executive Council member. Speakers included Joyce Quin, MP, and Rhodri Morgan, leader of the Welsh Assembly
- *Regional Strategies: All points North*, hosted by the Northern Regional Development Agencies. Speakers included Stephen Byers, Secretary of State for Transport, Local Government and the Regions
- *Putting the public into public policy*, hosted by the Institute for Public Policy Research. Issues for debate included developments in new democratic arrangements, for example, the introduction of Citizen's Juries
- *Mayors versus Regions - no contest?*, hosted by the New Local Government Network. Speakers included Nick Raynsford and Peter Mandelson, MP
- *Prosperous Cities Make Prosperous Regions*, hosted by the Core Cities Group and chaired by Peter Hetherington, Regional Affairs Editor, *The Guardian*. Speakers included Lord Falconer, Minister for Housing and Planning

- '*A radical agenda for democratic regional government*', hosted by the magazine, Red Pepper. Invited speakers included Jim Cousins, MP

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