



The **Constitution** Unit

## **Unexplored Territory: Elected Regional Assemblies in England**

by Mark Sandford and Paul McQuail

*“When I say history, I mean the history of Britain, and when I say Britain, I mean England, and  
when I say England, I mean places not too far from London”*  
Parson Thwackum, in *Tom Jones*, Henry Fielding, 1740

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## Foreword

This report is a successor to our 1996 report on *Regional Government in England*, which was written by Katy Donnelly and Paul McQuail, and published as one of a trilogy of three major reports on devolution. Last year the Joseph Rowntree Foundation, which had supported our earlier work on regional government, invited us to revisit the subject. Paul McQuail once again agreed to lead the project, this time working in partnership with Mark Sandford, who is the main author of the report. Additional funding has been provided by the Regional Assembly for Yorkshire and Humberside.

Things have moved on in the five years since 1996. Regional Development Agencies were established in 1999, and are shadowed by non-statutory Regional Chambers. The Government Offices for the Regions have been strengthened. Campaigning bodies have been launched, in the Campaign for the English Regions, the Regional Policy Forum, and the constitutional conventions which have started work in five of the English regions. We could simply have charted these developments, and mapped out the likely next steps. But in keeping with the Constitution Unit's tradition of forward looking research, we decided to look further ahead, and to do a study of the options for directly elected regional assemblies. Despite all the campaigning, the precise form of elected regional government remains surprisingly indistinct. That is the gap which this report seeks to fill.

The Constitution Unit is not a campaigning body. This report should not necessarily be seen as advocating elected regional government for England. What it does seek to do, more rigorously and in more detail than any previous study, is to analyse what elected regional assemblies would do, in terms of their powers and functions; what size they would need to be; how they would be elected; how they would be financed; and what would be their impact, on central and local government. We do not pretend we have come up with all the answers, because this has been a pioneering study into unexplored territory. Some of our answers may dismay the campaigners for regional government, both outside and inside the government. But if the report forces people to think more clearly about what elected regional government would do, how it would do it, what it would cost, and what value it would add, then we will have achieved our purpose.

As always, we have many people to thank. First our funders, in the Joseph Rowntree Foundation and Regional Assembly for Yorkshire and Humberside. Next our steering committee for this project: Chris Brearley (ex-DETR), Maggie Jones (JRF), Liz Kerry (Regional Assembly for Yorkshire and Humberside), David Ritchie (ex-Regional Director, Government Office for West Midlands), John Tomaney (University of Newcastle). And last all those who have helped with information and advice: Dennis Morrison (Government

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Robert Hazell

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## Summary of Key Points

- Legislation to permit elected regional assemblies in England was promised in Labour's 1997 manifesto. The pledge was repeated in the 2001 manifesto, in shorter form. This report examines the policy options for the powers and functions of regional assemblies; their size, method of election and internal governance; boundaries; financing; effect on central and local government; and the process of legislation and referendum.
- Before introducing legislation the government must be clear whether the rationale for elected regional government is primarily economic, to boost the regions' economic performance; or democratic, to devolve power.
- The report puts forward three schematic models illustrating points along a spectrum. Model 1 is slimline and strategic, requiring an assembly budget of around £20m. Model 2 would add some executive responsibilities transferred from government and its agencies: mainly for economic development, environment, transport and culture. The budget would be £1bn to £2.5bn according to size of region. Model 3 would devolve responsibility for the full range of public services, including health and education, as in Wales (budget £6bn to £14bn).
- Model 1 risks being dismissed as a talking shop. Would people support it in a referendum, or turn out and vote for it in elections? But models 2 and 3 go further than suggested in government statements so far, and would encounter strong opposition from Ministers and their departments in Whitehall. Collective Ministerial commitment would be essential to carrying them through.
- Model 1 could be funded by precept. Models 2 and 3 would require block grant, allocated by a new funding formula for the English regions. This would be difficult to agree. The Barnett formula which determines changes in spending in Scotland, Wales and Northern Ireland could still remain in place.
- Even with strong political will the process will take several years. If the government publishes a White Paper in late 2001, the first referendums would not take place before 2003, and the first elections not before 2004 or 2005.
- If the government wishes to promote regional government but is not willing to go beyond the slimline strategic model it should consider dispensing with the requirement for a referendum.

- The requirement of predominantly unitary local government is a major hurdle, except in the North, where a substantial proportion of the population already live in unitary authorities. If the government wants to achieve unitary local government it should impose it. But it may not be necessary: in the major European countries regional government exists with two tier local government.

## Chapter 1: Introduction

1.1 England remains the gap in the devolution settlement. The Labour government elected in 1997 took decisive action to introduce devolution for Scotland, Wales and Northern Ireland; and to create a new strategic authority for London. England was meant to be part of the devolution process; but regional government in England remains as one of two unfulfilled pledges in Labour's 1997 manifesto. Legislation to permit elected regional assemblies was promised in the following terms:

"In time we will introduce legislation to allow the people, region by region, to decide in a referendum whether they want directly elected regional government. Only where clear popular consent is established will arrangements be made for elected regional assemblies. This would require a predominantly unitary system of local government, as presently exists in Scotland and Wales, and confirmation by independent auditors that no additional public expenditure will be involved. Our plans will not mean adding a new tier of government to the existing English system".

1.2 In government Labour introduced Regional Development Agencies (also promised in the manifesto) in the eight regions of England; but they are agencies of central government, appointed by Ministers, and receive their funding and guidance from Whitehall. John Prescott as the lead Minister received no support from his colleagues to go further. But the pledge remained, and was repeated in Labour's 2001 manifesto as follows:

"In 1997 we said that provision should be made for directly elected regional government to go ahead in regions where people decided in a referendum to support it and where predominantly unitary local government is established. This remains our commitment".

1.3 Behind this cursory restatement lies considerable ambivalence. There is no strong public demand for regional government in England: certainly nothing like the pressure for devolution which existed in Scotland before 1997, and to a lesser extent in Wales. Despite the emergence of campaigning groups in a number of regions, public debate of a serious kind is at an early stage. This ambivalence is reflected within the Labour Party, and found expression in the policy statement on regional government approved at the 2000 party conference. The statement acknowledged the different strands of thinking within the party, and the concerns of those with reservations:

“Labour recognises the legitimate aspirations of the English regions and believes that the essential next step for those regions which wish to do so should be facilitated towards fully fledged directly elected regional authorities which could help renew democracy, modernise the constitution and empower citizens.

Those with reservations about regional assemblies have stated that careful consideration will need to be given to ensuring that elected assemblies do not create additional tiers of bureaucracy; to the responsibilities, powers, type and size of assembly; to the appropriate test of public consent; to the type of voting system; and to the relationship between assemblies and other democratic institutions, including local government and Westminster.

Labour intends, as soon as practicable, to move to directly elected regional government where and when there is clear demand for it. The way forward will include proposals to:

request that the existing regional assemblies and chambers, working closely with the regional partners, develop detailed proposals for elected assemblies within their respective regions; and/or publish a Government Green or White Paper on regional governance.”

1.4 In the run up to the election a number of Ministers made speeches about regionalism and the need for stronger regional economies without repeating the commitment to elected regional assemblies. The most notable was the Chancellor Gordon Brown, in a speech in Manchester in January 2001. At the Labour Party spring conference in February 2001 John Prescott repeated the commitment to publish a Green Paper. During the election campaign at a speech in Wakefield Mr Prescott raised the commitment to a White Paper, and held out the prospect of a timetable similar to that for devolution in Scotland and Wales.

1.5 But in the formation of his new government in June 2001 Tony Blair has given mixed messages about the priority to be attached to regional government. Having been the sole preserve of DETR, responsibility is now split three ways. The Government Offices for the Regions and the Regional Coordination Unit will report to John Prescott in the Cabinet Office. Regional Development Agencies are transferred to Patricia Hewitt at the DTI. The only bit left behind is ‘regional policy’, which still appears in the title of Stephen Byers’ new Department for Transport, Local Government and the Regions. Press reports the weekend after the election suggested that Mr Prescott would take the lead and then hand over to Mr Byers. On 19 June it was announced that the lead in preparing the White Paper would be taken by Barbara Roche, Minister of State in the Cabinet Office working with John Prescott.

1.6 The Government will have to try to reconcile two alternative strands in Labour Party thinking about the purpose of regional government, which are discussed in chapter 4:

broadly, economic and democratic. The 1997 and 2001 manifestos had commitments of both kinds, but the actions of the 1997 Government made clear that their priorities in the English regions lay on the economic side, rather than the democratic. The lack of a clear lead from government in terms of democratic arguments has meant that the agenda for public debate so far has largely been set by advocates of directly elected regional government. This report is intended as a contribution to analysis rather than advocacy. Its central purpose is to identify and clarify the issues to be decided and the choices to be made if the new government is to make progress towards directly elected assemblies in England.

1.7 Those issues were correctly identified in the Labour policy statement at paragraph 1.3 above. They include

- what is the purpose of elected regional government?
- what powers and functions should it have?
- what size should regional assemblies be, and how should they be elected?
- what should be the internal governance arrangements?
- how should they be financed?
- what will be the impact on central government and its agencies?
- what will be the relationship with local government?
- what is the process of getting from here to there?

1.8 These are the chapter headings of our report. There is one additional chapter, on Regional Chambers. This is the current starting point in all regions; and it may represent the status quo for some time to come. The government may decide to proceed gradually, by strengthening Regional Chambers in the first instance. Some regions may choose not to hold referendums, or may see their referendums defeated. One way or another, it is quite likely that Regional Chambers will be with us for some time, in some regions if not in all. It seemed right to include a chapter on Regional Chambers, and to offer some thoughts on how they might develop, even if only as a staging post to elected regional assemblies, which are the main focus of this report.

## Chapter 2: Recent History and Current Political Commitments

### Introduction

2.1 Developments in the English regions cannot be understood apart from the political and constitutional events of the late 1990s. Therefore, this chapter examines the implications for English regional government from the programme of devolution to Scotland, Wales and London carried out by the 1997-2001 Labour government. It also looks at the developments in English regional structures in that time. Northern Ireland, due to its particular circumstances, is largely omitted.

2.2 Before the 1997 general election, there was little political or academic consideration of, and almost no public debate on, the subject of devolution to England's regions. Scotland's Constitutional Convention had been set up in 1988, and had already produced firm and detailed proposals for a Parliament. The re-establishment of an assembly in Northern Ireland had long been a live issue. And in Wales, whilst divisions within the Labour Party limited the terms of the debate, devolution was firmly on the political agenda.

2.3 In 1995, Labour produced a consultation document, *A Choice for England*, on English regional government in an exercise guided by Jack Straw. The resultant 1996 policy document *A New Voice for England* mapped out a series of steps for progressing regional government, but made no firm commitments. At the same time, proposals for economic development agencies in the regions were under development by John Prescott and Richard Caborn. These two strands of thinking within the Labour Party did not meet: this was reflected by the eventual form of the Regional Development Agencies. They were not made democratically accountable to Regional Chambers, as was initially recommended by the (Labour-appointed) Regional Policy Commission,<sup>1</sup> and there has been little development of Labour's claim to be in favour of elected regional government "where there is popular demand".

2.4 Nevertheless, regional policy has been a significant concern under the Labour Government. The establishment of the Regional Development Agencies, the quick formation of Regional Chambers in each region, and the expansion of Government Offices all represent progress, though cautious, along the road identified by the Regional Policy Commission. We describe these developments in more detail later in this chapter but first

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<sup>1</sup> Regional Policy Commission, *Renewing the Regions: Strategies for Regional Economic Development*, 1996 (also known as the Millan Report)

we briefly survey the new devolved institutions in Scotland, Wales, Northern Ireland and London.

## **The Devolved Assemblies**

2.5 The new devolved assemblies in the United Kingdom govern under very different conditions with different levels of power. Although they cannot yet teach any hard and fast lessons about devolution, their short histories are useful indicators of some of the issues and consequences and problems of devolution which may arise. They clearly show that devolution in the UK can be made to work, albeit not perfectly.

2.6 Table 2.1 shows that the devolved assemblies of the United Kingdom are very diverse. There are many divergences across even the three national bodies, let alone the very differently-conceived Greater London Authority. London's 'devolution settlement' resembles local government as much as than it does regional government. The powers given to the Greater London Authority are historically and geographically particular, and are thus unlikely to provide a template for the English regions.

2.7 Table 2.1 notes some similarities between the four bodies, however. They all use a form of proportional representation to elect their members, and sit for fixed terms. Each was approved by referendum. The range of competences in the national bodies is similar, although the Welsh Assembly lacks law-making and tax-raising powers. The Scottish and Northern Irish bodies have all powers except those reserved to Westminster, while the 1978 devolution proposals devolved only specific powers and reserved all others. And 'new politics', in the form of sustainable development, equal opportunities and civic forums, has some presence in all four territories, indicating that links exist between devolution and the wider debate over democratic renewal.

**Table 2.1: Comparison of Structures of the Devolved Assemblies**

	Scotland	Wales	Northern Ireland	London
Name	Scottish Parliament	National Assembly for Wales	Northern Ireland Assembly	Greater London Authority
Powers	Full legislative over areas of competence Power to vary standard rate of income tax by 3%	Executive and secondary legislative	Full legislative over areas of competence	Strategic planning powers Appointments General power of competence
Size	129 MSPs	60 AMs	108 MLAs	25 members
Size of Cabinet	12	9	12	21 (inc. Deputy Mayor, 5 Assembly members and 2 MPs)
Population	5.1m	2.9m	1.6m	7.1m
Structure	First Minister and Cabinet / scrutiny committees	First Minister and Cabinet / scrutiny committees OR body corporate with Executive Committee	First, Deputy First Minister and Cabinet / scrutiny committees	Executive Mayor and Cabinet (members need not be Assembly members) / scrutinising Assembly
Mandatory committees	Standards Finance Audit Procedures European Equal Opportunities Public Petitions Subordinate Legislation	Subordinate Legislation Audit Standards North Wales 'Other regions' Subject committees matching Secretaries' portfolios	Standards Audit Subject committees matching Ministers' portfolios	Transport for London London Development Agency (majority businesspeople, 4 elected members) Metropolitan Police Authority London Fire and Emergency Planning Authority

	Scotland	Wales	Northern Ireland	London
Voting system	AMS	AMS	STV	Mayor: SV Assembly: AMS
New Politics	<ul style="list-style-type: none"> <li>• Civic Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Obligation to consider equal opportunities and sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Civic Forum</li> <li>• Equality Commission</li> <li>• Human Rights Commission</li> </ul>	<ul style="list-style-type: none"> <li>• People's Question Time twice yearly</li> <li>• State of London debate yearly</li> <li>• Requirement to consult Assembly, boroughs, functional bodies and anyone else appropriate during making of strategy.</li> <li>• Obligation to consider health and sustainable development</li> </ul>
Appointment of executive	First Minister appointed by Queen after being chosen by Scottish Parliament.	First Secretary selected by Assembly.	First and Deputy First Ministers elected by Assembly: the 10 other Ministers selected by d'Hondt system <sup>2</sup> of proportional representation: appointments confirmed by Queen.	Mayor appoints Deputy Mayor. Assembly appoints Chair.

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<sup>2</sup> The d'Hondt system is described in chapter 8: it is used to calculate the number of seats under proportional representation systems. It ensures that the Executive in Northern Ireland reflects the party balance in the Assembly (except for the First and Deputy First Ministers). The executive currently has representatives from the four main political parties.

	<b>Scotland</b>	<b>Wales</b>	<b>Northern Ireland</b>	<b>London</b>
Legislative procedure	First reading, committee stage, final stage. Royal Assent required.	Scrutiny of subordinate legislation by subject committees	All decisions require majority of unionist and nationalist communities, or 60% majority including 40% of each community. Assent given by Secretary of State.	Mayor makes policies with advice from Cabinet and from advisory team / consultation. Assembly may scrutinise.
Term length	4 years	4 years	4 years	4 years
Early dissolution	On vote of 2/3 MSPs	No provision	On vote of 2/3 MLAs	No provision

**Table 2.2: Turnout at Referendum and First Elections for Devolved Assemblies**

	Scotland	Wales	Northern Ireland	London
Referendum year	1997	1997	1998	1998
Referendum turnout	60.4%	50.3%	81.1%	34.6%
Voting for assembly	74.3%	50.6%	71.1%	72%
Voting for tax-raising powers (Scotland)	63.5%			
Year of first elections	1999	1999	1998	2000
Turnout in first elections	58%	45%	69%	33.5%

**Table 2.3: Budgets of the Devolved Assemblies (2001-02)<sup>3</sup>**

	Budget	Running costs of administration	Running costs of Assembly / Parliament	Population
Scotland	£16.7 bn	£201m	£98m	5.1m
Wales	£8.5 bn	£94m	£37.5m	2.9m
Northern Ireland	£5.7 bn	£147m	£39m	1.6m
London	£3.6 bn	£27.8m	£8.4m (including Mayor's office)	7.1m

<sup>3</sup> Sources: [www.wales.gov.uk/subieconomics/content/dept\\_report/chap1\\_e.htm](http://www.wales.gov.uk/subieconomics/content/dept_report/chap1_e.htm);  
[www.wales.gov.uk/annualreport/powersandbudgets/appendixf/index.htm](http://www.wales.gov.uk/annualreport/powersandbudgets/appendixf/index.htm);  
<http://www.scotland.gov.uk/library3/finance/sbds-00.asp>; Northern Ireland Executive,  
*Programme for Government*, p.79; Greater London Authority Business Plan 2001-02

## Developments in the Devolved Assemblies and Regions

2.8 The following summary of political developments draws on the Constitution Unit's first annual review of devolution, *The State and the Nations*, and on the quarterly monitoring reports of Scotland, Wales, Northern Ireland, and the English regions, published on the Unit's website at [www.ucl.ac.uk/constitution-unit/leverh/index.htm](http://www.ucl.ac.uk/constitution-unit/leverh/index.htm).

**Table 2.4: Powers of the Scottish Parliament<sup>4</sup>**

The Parliament has full power to legislate in its areas of competence. Functions are devolved to Scotland unless expressly reserved. The Scottish Executive has executive power which correspond with the legislative powers of the Parliament.

Variation of 3% on basic rate of income tax
Business rates
Transport: Strathclyde PTE, freight shipping, inland waterways, buses, roads, ports, Highlands and Islands Airports, some railway grant powers
Economic development, area regeneration, land-use planning, Scottish Enterprise, Highlands & Islands Enterprise, inward investment
Housing, social work
Education including higher education, careers advice, vocational qualifications, research funding
Agriculture including Common Agricultural Policy, food standards, forestry including Forestry Commission, fisheries
Culture, sport, National Library of Scotland, National Museums of Scotland, National Galleries of Scotland, Scottish Arts Council, Scottish Screen, Scottish Museums Council, Gaelic language
Health, training of health professionals, NHS terms and conditions
Funding and structure of local government, local government taxation
Tourism
Civil and criminal law, judicial appointments, legal aid, prisons, the courts, tribunals, liquor licensing
Police, fire, civil defence
Environment, pollution, flood prevention, Scottish Environmental Protection Agency, sustainable development, heritage, protection of animals, Historic Scotland
Statistics, public registers, records

<sup>4</sup> Dyson Bell Martin, *Parliaments and Assemblies of the United Kingdom*, 2000

### Scotland

2.9 The Scottish Parliament is built on firm foundations. The Labour-Liberal Democrat coalition has begun to determine threads of policy distinct from Westminster, starting with student tuition fees. More recently, a more generous settlement has been agreed for teachers' pay; long-term care of the elderly may be fully state-funded. Proposals are being developed for proportional representation in local government elections. These divergences have been possible due to the generous funding settlement in Scotland – and to the Parliament's legislative powers.

2.10 There has been substantial media discontent with the Parliament, most notably over the cost of the new Parliament building; and the Executive has suffered some minor political scandals. Devolution has led to much greater accountability, as 24 Ministers replace the half-dozen at the Scottish Office, and are much more directly held to account by the 129 members of the Scottish Parliament. Their questions, enquiries and letters have put pressure on the Executive. But these problems have not been substantial; nor has the death of Donald Dewar, the original First Minister, thrown the devolution project off course.

**Table 2.5: Powers of the Welsh Assembly<sup>5</sup>**

The Welsh Assembly has executive powers only, operating within a framework of primary legislation which continues to be laid down by Westminster. The Assembly has powers of secondary legislation in fields corresponding to its executive power.

Devolved executive powers and powers of secondary legislation
Social services
Transport and highways
Welsh language
Agriculture, forestry, fisheries, food
Ancient monuments and historic buildings
Culture, museums, galleries, libraries
Economic development
Education and training
Environment
Health and health services
Housing
Tourism
Industry
Local government
Town & country planning
Water & flood defence
Various public bodies (listed in Schedule 3 to the Government of Wales Act 1998) can be absorbed by the Assembly

<sup>5</sup> Dyson Bell Martin, *Parliaments and Assemblies of the United Kingdom*, 2000

## *Wales*

2.11 Little public debate preceded the referendum on devolution in Wales. No Constitutional Convention was held; the design of the Welsh Assembly was the result of discussion within the Labour Party. This was reflected in the 0.5% margin by which the referendum was approved (see table 2.2). As Robert Hazell observed in late 2000:

“The referendum result was so close because the referendum was held far too early... In 1997 the people of Wales were bounced into a decision for which they were simply not ready... I know of no poll in the two years before the referendum in which the Don't Knows were less than 25%.”<sup>6</sup>

2.12 It is also possible that the lack of legislative powers affected the referendum vote - and may have been responsible for the poor turnout of 50%. Polls in the period leading up to the referendum showed majorities of between 4 and 7 to 1 in favour of an assembly with law-making powers.<sup>7</sup> Since the inception of the Assembly there have been regular calls for greater powers. The real difficulties in operating the system of executive devolution have ensured that this is not merely a party political issue: it has been referred to by First Minister Rhodri Morgan on several occasions. A part of the Labour-Liberal Democrat coalition agreement of October 2000 related to the setting up of a panel to review the functioning of Welsh devolution. This coincided with Assembly Secretaries renaming themselves Ministers.

2.13 After the uncertainties of the minority administration of Alun Michael, the Morgan administration has stated its intention of following a policy path distinct from the UK Government – which it has begun to do with some success, despite the Assembly's limited powers. Coalition government, as in Scotland, has been devoid of acrimony. The most significant event so far was the negotiation of £272 million of match funding for EU structural funds by Rhodri Morgan, outside the Barnett Formula. This was the first time under devolution that the Government has departed from the Barnett Formula.

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<sup>6</sup> Robert Hazell, *An Unstable Union: Devolution and the English Question*, *State of the Union Lecture*, December 2000, p. 5

<sup>7</sup> *Ibid.*, p 6

**Table 2.6: Powers of the Northern Ireland Assembly\***

Reserved powers may, in future, be devolved by means of the Assembly requesting an Order in Council at Westminster. Excepted powers are not ever likely to be devolved.

Excepted	Reserved	Devolved
Crown and Parliament	Navigation	Education
International relations	Civil Aviation	Agriculture
Defence	Post Office	Training and employment
Honours	Domicile	Enterprise, trade, investment
Treason	Criminal Law	Culture, Arts, Leisure
Nationality	The courts	Health
National Insurance	Public order	Social Services
UK-wide taxes	Police	Environment
Elections	Civil Service	Rural development, Regional Development, Social Development
	Minimum Wage	
	Import and export control	
	Broadcasting	
	National Lottery	
	Genetics	
	Intellectual property	
	Environmental protection	
	Consumer safety	

### *Northern Ireland*

2.14 The structure of the Northern Ireland Assembly has many idiosyncrasies attributable to its political circumstances (see table 2.1). Policy development in Northern Ireland has been overshadowed by conflicts between the two communities. The Ulster Unionist Party's constitutional accountability to its ruling council has led to repeated threats to withdraw from the Assembly. The Assembly was suspended for three months in early 2000 in order to avoid this. Since being reconvened in May 2000, there have been some policy developments of note: the most high-profile was the abolition of school league tables by Martin McGuinness, Sinn Féin Education Minister. However, due to the rules of Executive composition (and the consequent lack of collective Cabinet responsibility), there has been no

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\* Alan Ward, 'Labour's Strange Constitutional 'Design'', in ed. Jeffrey Jowell & Dawn Oliver, *The Changing Constitution*, 2000; Dyson Bell Martin, *Parliaments and Assemblies of the United Kingdom*, 2000.

wider direction from the top, and thus few lessons for English regions which are not available from Scotland and Wales.

**Table 2.7: Powers of the Greater London Authority\***

<p>Mayor appoints mandatory committees to the four executive bodies:</p> <ul style="list-style-type: none"> <li>• Transport for London</li> <li>• Metropolitan Police Authority</li> <li>• London Development Agency</li> <li>• London Fire and Emergency Planning Authority</li> </ul>
<p>Mayor presents mandatory strategies on:</p> <ul style="list-style-type: none"> <li>• Air Quality</li> <li>• Ambient Noise</li> <li>• Culture</li> <li>• London Development Agency</li> <li>• Transport</li> <li>• Spatial Development</li> <li>• Biodiversity Action Plan</li> <li>• Waste Management</li> </ul> <p>and any others which the Mayor desires. These must be “consistent with national policies”; and consultation must take place.</p>
<p>Mayor proposes budget for Greater London Authority, including allocation of precept between functional bodies. Assembly scrutinises and may overturn with 2/3 majority.</p>
<p>Mayor may impose road pricing (“congestion charges”), the proceeds of which must be spent on transport.</p>
<p>Mayor cannot provide any services which are, or may be, provided for by the boroughs.</p>
<p>Mayor has general power of competence</p>

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\* John Tomaney, ‘The Governance of London’, in Robert Hazell ed., *The State and the Nations*, 2000, p. 241&ff; Dyson Bell Martin, *Parliaments and Assemblies of the United Kingdom*, 2000; Greater London Authority Act, 1999, c.29

## *London*

2.15 London is a city the size of a region. Its economy and population are those of a region. It is also a city whose economic, planning and transport issues are interwoven with the rest of South-East England. Certain aspects of the Greater London Authority could not be replicated in the English regions (for example, the single-person executive, and the statutory committees for the executive bodies listed in Table 2.7). London, more than most regions, will need to maintain joint working relations with its neighbours. The London Development Agency has already been required to do so by Government guidance:

“The [London Development] Agency should take particular account of the work done by the South East of England Regional Assembly (SEERA) and the East of England Regional Assembly (EERA) in relation to matters in which London shares an interest. The Mayor may wish to consider, with SEERA and EERA, areas where collaboration would be fruitful.”<sup>10</sup>

2.16 However, recent press reports (see paragraph 5.13) indicate that the Government envisages elected regional assemblies, initially, taking on strategic responsibilities somewhat akin to those of the Greater London Authority: powers to set strategies and to call various organisations to account. Therefore, developments during the first few years of the GLA may be directly relevant to the debate over elected regional assemblies: indeed, the GLA has begun to call itself “England’s first regional government”. On her appointment as Chair of the Greater London Assembly in May 2001, Sally Hamwee stated:

“If the next government moves ahead with regional government, we will certainly make our views known about the workability of this model and the clear need for more extensive powers.”<sup>11</sup>

2.17 The GLA funds its running costs entirely from the precept on the London boroughs (most of which is allocated to the Metropolitan Police and the fire and emergency authorities). In 2001-02 the precept will raise £412.2 million, an increase of £76.3 million on the previous year. The precept operates through Council Tax: it is set centrally and divided between the boroughs on the basis of each borough’s council tax base.

2.18 As with Scotland and Wales, London’s (younger) new authority has taken time to bed down. Early evidence suggests that the relationship between the four-party Assembly and the Mayor is functioning, and is already showing signs of healthy political disagreement. The Authority’s press releases show the Mayor and Assembly appearing to brief against each other: this was particularly noticeable during the negotiation of the first Budget.

2.19 The Mayor has produced several of the strategies mandated by statute. He has also used the power of general competence given under the Government of London Act to

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<sup>10</sup> *Supplementary Guidance to Regional Development Agencies*, DETR, 23 October 2000, chapter 8

<sup>11</sup> Baroness Sally Hamwee, GLA, 9/5/2001, at <http://www.london.gov.uk/news/2001/182-0905.htm>.

innovate: examples are a review group of the Notting Hill Carnival, an anti-domestic violence strategy, and the appointment of a Children's Commissioner. The Authority, and particularly the Assembly, has suffered from a low media profile by comparison to the Mayor, and there have been occasional complaints that the contribution of the Assembly to Mayoral strategy has been ignored.

2.20 Two political events of constitutional significance for the GLA stand out. The first was the initial rejection of the Mayor's budget in January 2001. The Conservative and Labour groups on the Assembly combined to reach the necessary two-thirds majority to send the Budget back for revision. The Assembly initially voted to reduce the budget substantially, lowering the Authority's precept on council tax. In the end the two sides agreed on a budget £23 million lower than originally proposed by the Mayor, and both claimed victory.

2.21 The second is the future of the London Underground. Two points stand out: firstly, the Mayor was able to back up his opposition to the Public-Private Partnership (PPP) with his electoral mandate. But this was augmented by the Mayor's appointment of a business-friendly Transport Commissioner before the Underground passed under GLA control, thus providing the devolved administration with strong ammunition against the PPP. The dispute underlines the potential strength of even a mild form of 'devolution': without the alternative centre of political gravity provided by the GLA, there would have been no opportunity for debate over the Government's scheme.

## **Developments in the English Regions**

2.22 The structure currently existing in the eight English regions is tripartite (see table 2.8), with responsibilities and powers divided in each region between the Government Office for the Region (GO), the Regional Development Agency (RDA), and the Regional Chamber (most of which have now renamed themselves Regional Assemblies). Chapter 5 describes in more detail the nature of relationships so far between these and other regional bodies. Here we note only that in most cases voluntary co-operation has so far been successful: but the activities of these bodies take effect mainly in the long term. As regional plans begin to affect local planning and spending decisions, and RDA programmes are implemented and reviewed, the reserve of goodwill between regional actors may come under strain.

**Table 2.8: Functions of English Regional Bodies**

Government Office functions	RDA functions	Regional Chamber functions
European Structural funds	Economic development	Monitoring RDA's Economic Development strategy
Regional Selective Assistance	Inward investment and competitiveness	
Business support (shared with SBS) and enterprise		
Planning		Regional Planning Guidance (normally only local authority members)
New Deal for Communities Single Regeneration Budget	Regeneration	
Sustainable development Rural development	Sustainability	Sustainable development strategy
Local and regional transport		Regional transport strategy
Training and education (shared with LSCs) Sure Start Connexions (Careers and pastoral work for teenagers)	Skills and employment	
Neighbourhood Renewal Strategy	Land and building reclamation	
Housing		
Social inclusion		
Public health		
Crime Reduction Partnerships		
Drug Prevention Agency		
Supervision of Local Strategic Partnerships		
Culture		

2.23 Development of regional structures in England was initially cautious, as detailed below: Regional Development Agencies had fewer powers and smaller budgets than had been expected, and were not made accountable, as had been anticipated, to Regional Chambers. However, the publication of the PIU report *Reaching Out* (dealing with Government Offices and co-ordination) in April 2000 marks an apparent greater willingness to decentralise government functions, even if slowly and cautiously, to Government Offices. As we note in Chapter 5, this has brought into focus the non-statutory nature of most current regional arrangements.

**Table 2.9: Budgets of English Regional Bodies<sup>12</sup>**

	GO budget (1999-2000)	RDA budget (2001-02)	Regional Chamber budget	Population
North-East	£530m	£173m	£860k	2.6m
North-West	£1044m	£277m	£545k	6.5m
Yorkshire & Humberside	£532m	£222m	£1.5m	5.1m
East Midlands	£392m	£91m	£215k	4.2m
West Midlands	£915m	£159m	£30k	5.3m
South-West	£361m	£92m	£2.1m	4.9m
East of England	£405m	£60m	£0	5.3m
South-East	£530m	£102m	£1.2m	8m
London	£2202m	£298m	-	7.1m
<b>Total English regions:</b>	<b>£6,911m</b>	<b>£1,474m</b>	<b>£6,44m</b>	<b>49m</b>
<b>excluding London:</b>	<b>£4,709m</b>	<b>£1,176m</b>	<b>£6.44m</b>	<b>41.9m</b>

#### *The Regional Development Agencies*

2.24 The Regional Development Agencies were set up, under the Regional Development Agencies Act 1998, in the eight English regions in April 1999.<sup>13</sup> They initially inherited funding streams from a number of predecessors (English Partnerships, the Rural Development Commission, and the Single Regeneration Budget). They were permitted to vire only 10% of this funding between budget heads; this required permission from the Secretary of State. Under the Comprehensive Spending Review of 2000, this limit was relaxed to 20% for 2001-02: and it is to be abolished from 2002-03. At the same time, the total budget of the nine RDAs is to be raised to £1.7bn by 2003.<sup>14</sup> The current budgets are shown in table 2.9: the substantial range between individual regions is notable.

2.25 The RDAs are a modest version of those initially envisaged in the Millan Report. That report recommended a much more integrated approach to regional economic development than has so far emerged. RDAs were to be able to take over "Regional Skills Agencies" (similar in conception to the new Learning and Skills Councils) if this was felt appropriate, and were to have a more substantial role vis-à-vis small business finance. Regional Chambers were also to have a more substantial role, appointing the board of the RDA and gaining some powers of virement over regional expenditure. In the event, control over regional spending has remained fragmented: region by region, the LSC budgets outweigh the total budgets of the RDA by some distance.

<sup>12</sup> Sources: Government Office annual reports 1999-2000; [www.go-london.gov.uk/ar2000/fin.htm](http://www.go-london.gov.uk/ar2000/fin.htm).

<sup>13</sup> The London Development Agency 'went live' only in May 2000, after the election of the Mayor, to whom it is accountable.

<sup>14</sup> Excluding London, the figure for the eight English regions is approximately £1.4 billion.

2.26 A key early task of the RDAs was to produce Regional Economic Development Strategies (REDS), and to consult with a variety of regional stakeholders. Initially these had to be produced in six months, between April and October 1999. Given the time constraint, not surprisingly these were criticised for their uniformity and their concentration on economic issues, often to the exclusion of social and environmental outcomes. In many cases, through partnership working with the Regional Chamber, the initial REDS have undergone revision.

*Government Offices and Reaching Out*

2.27 The Government Offices for the Regions were initially set up as 'Integrated Regional Offices' in 1994, bringing together the regional functions of the departments of Transport, Environment, Employment, and Trade & Industry. Their boundaries were used for Regional Development Agencies for speed and convenience (with the exception of Merseyside, absorbed into the North-West in 1996). The offices were initially conceived of as representatives of the centre in the regions. Policy programmes remained under the sponsorship of individual departments.

2.28 The 1997-2001 Labour Government created a wide array of policy initiatives in its first three years. An increasing concern that many of these initiatives cut across one another and were hindering effective delivery of programmes led to the production, by the Cabinet Office Performance and Innovation Unit, of the report *Reaching Out* in April 2000.

2.29 *Reaching Out* found that intra-regional co-ordination between Government Office-sponsored programmes and centrally-sponsored 'area-based initiatives' (ABIs) was often poor. Health and Education Action Zones, for instance, should be integrated with economic development and regeneration programmes if possible, but often initiatives from different offices were unaware of one another. There were some examples of Government schemes destroying partnerships on the ground which had developed effective ways of working.

2.30 The report proposed that many more functions from a wider range of departments be transferred to Government Offices for the Regions, and that the GOs should make efforts to develop cross-cutting policies between their constituent departments.<sup>15</sup> Government departments which have transferred staff since are the Home Office (as part of the Crime Reduction Strategy), MAFF (which maintained a separate regional structure), and the Department of Culture, Media and Sport (which has a single representative in each Government Office).

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<sup>15</sup> At April 2000 these were DTI, DfEE and DETR. The incoming Labour government had merged the Environment and Transport departments, thus reducing the number of departments in the GOs from four to three.

2.31 *Reaching Out* also recommended the setting up of a Regional Co-ordination Unit (RCU), located organisationally but not physically within the Department of the Environment, Transport and the Regions. This was set up in June 2000, with four key themes:

- Better co-ordination of area-based initiatives;
- Involving GOs more directly in policy making;
- Making GOs the key representatives of Government in the regions;
- Establishing the RCU as a unified Head Office for the GOs.

2.32 Welcomed by some in the regions, the Unit still has to convince others of its benefits; while some see it as a potential tool of centralisation. The Government have said that its work implies nothing either way about devolution.

#### *The Regional Chambers*

2.33 Regional Chambers are voluntary bodies containing approximately 70% elected local authority representatives and 30% "social and economic partners" (SEPs). All Chambers have now been "designated" by the Secretary of State under the Regional Development Agencies Act 1998, obliging the relevant RDA to "take account of" their comments on its Regional Economic Development Strategy. This is their sole statutory role (set out in sections 8 and 18 of the RDAs Act.). The DETR's Planning Policy Guidance note 11 (PPG11) recommends that Regional Chambers should take over the preparation of Regional Planning Guidance (RPG), though few have done this so far: more often RPG is left to the local authority representatives. The Government has given no further formal guidance as to the role of Regional Chambers.

2.34 There are indications that Chambers have begun, in a limited way, to influence the policy decisions of some regional quangos, and that they are proving effective scrutineers of RDAs. They have also, in some regions, become useful tools of developing 'regional capacity' (described in Chapter 5). But the question of elected regional assemblies is, for the most part, kept off the Chambers' agendas. Chambers have so far worked by consensus, and mostly wish to avoid the political divisions which such a debate would engender.

2.35 However, Regional Chambers' statutory existence remains slim and their budgets inadequate, even for the discharge of their limited functions. In most regions they have little or no public profile and often share their secretariat with the regional Local Government Association. Until March 2001, when the DETR announced a £5m funding package for the eight Chambers,<sup>16</sup> their funding came principally from subscriptions from local authorities in the region. In their present form they would be unable to exercise more significant responsibilities than now.

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<sup>16</sup> See Chapter 5.

### *Constitutional Conventions*

2.36 By June 2001 six Constitutional Conventions had been set up in the English regions. The first was in the North-East in October 1998. This was followed by the North-West in July 1999; the Campaign for Yorkshire in Autumn 1999; and the West Midlands, the South-West, and the Cornish Constitutional Convention in 2000. The Campaign for the English Regions was launched as an umbrella group for the Constitutional Conventions in late 1999<sup>17</sup>. Its attention so far has been concentrated on bringing the work of the Constitutional Conventions, and a greater debate of the issues, into the wider public domain.

2.37 The North-East and North-West are the only Constitutional Conventions to have published proposals for elected assemblies.<sup>18</sup> The North-East envisages an assembly of 30-40 members, with a block grant, some secondary legislation powers, control over quangos and strategic policy functions, together with a Civic Forum. The Government Office would become its secretariat. There would be no immediate change to the structure of local government.

2.38 The North-West, meanwhile, proposes a strategic assembly of 30-40 members (with a population 2.5 times that of the North-East) with strategic powers over planning, transport, training and culture, together with a Civic Forum. The Government Office would become its executive arm, and the RDA and others would remain as service delivery bodies.

2.39 Both bodies firmly site their proposals in a framework of democratic renewal; this can be seen in their interest in civic forums, proportional representation, and (in the North-West's case) a suggestion of regionalised representation in the House of Lords.

## **Political Commitments of the Major Parties**

### *The Conservatives*

2.40 Although the Conservatives have come to accept devolution to Wales and Scotland, they have maintained their opposition to Regional Development Agencies since the Agencies were set up. Indeed, their 2001 manifesto proposes abolition of the entire regional tier of government, and the return of the budgets of the RDAs to local government.<sup>19</sup> They explain this policy as an opposition to interference from central government and extra bureaucracy, and to arbitrariness:

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<sup>17</sup> The North-West remain associate members of CFER. The Cornish Constitutional Convention has not joined.

<sup>18</sup> *New Way Forward, No Way Back*, North-West Constitutional Convention, 2000; *Time for a change*, North-East Constitutional Convention, 2000

<sup>19</sup> As Tomaney points out, these powers did not come from local government, but from central government departments ('The Regional Governance of England', in Robert Hazell ed., *The State and the Nations*, 2000, p.123).

“Almost no-one identifies with the arbitrary regions into which the country has been carved up – they owe nothing to where people feel they actually belong. We will abolish the Regional Development Agencies that the Government has introduced and scrap Labour’s plans for new Regional Assemblies. We will give responsibility for enterprise and development back to county councils, and to unitary authorities where appropriate, and save the £70 million a year that the RDAs are spending in administration.”<sup>20</sup>

2.41 There was a brief indication in early 2000 that Archie Norman, shadow Minister for the Environment, Transport and the Regions, was considering rethinking the abolition of the RDAs. There have been indications that some Conservative councillors who are active in the regional bodies do not share the Shadow Cabinet’s line: some would like the RDAs to remain in place, whilst some are said to be in favour of forms of elected assembly.<sup>21</sup>

2.42 The manifesto reaffirms the proposal of “English votes for English laws”. Scottish and Welsh MPs will not be permitted to vote on matters only affecting England. William Hague’s speech on 14 November 2000 committed an incoming Conservative Government to legislate for this within weeks. The implications of such a proposal are discussed by Hazell (2000)<sup>22</sup>: it would effectively lead to a ‘parliament-within-a-parliament’, an ‘English Parliament’ operating within the Westminster Parliament. It could in future lead to one party with a British majority and another with an English majority: but this would only be likely to arise if the Government’s overall majority was very small.

#### *The Liberal Democrats*

2.43 The Liberal Democrats advocate regional assemblies with substantial powers across England (with an eventual goal of federalism). Their manifesto sees elected regional assemblies as a means to democratise the regional tier of administration and quangos – though the manifesto does not specify what powers would be devolved. They also specify that current boundaries may be able to change:

“Regions will normally be based on existing Regional Development Agency boundaries, but with scope for smaller areas where local identity, geography and preferences make that appropriate.”<sup>23</sup>

They would require an assembly to be ratified by referendum, and would not impose one where none is demanded.

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<sup>20</sup> Conservative Party manifesto, *Time for Common Sense*, 2001, p.45

<sup>21</sup> For instance, see the Constitution Unit monitoring report of the English Regions for February 2001, <http://www.ucl.ac.uk/constitution-unit/leverh/index.htm>.

<sup>22</sup> Robert Hazell, *An Unstable Union: Devolution and the English Question: State of the Union Annual Lecture*, Constitution Unit 2000

<sup>23</sup> Liberal Democrat Party General Election manifesto, *Freedom, Justice and Honesty*, 2001, chapter 8

2.44 The Liberal Democrats' 2000 policy paper *Reforming Governance in the UK* stated that if a 'yes' vote was obtained, the region could decide to draw down certain powers from a 'menu', with further powers following future referendums. Moreover, elected regional assemblies would not draw up any powers from local government: they would solely be responsible for powers delegated from the centre. Three tiers of sub-national government would be acceptable.

2.45 The list of powers which would be covered by these assemblies includes economic development, transport, planning, the environment, further education and training, culture, sport and tourism.<sup>24</sup> Assemblies would also have secondary legislative powers, and might also, in the long term, take on primary legislative functions. The Barnett Formula would be replaced by a Revenue Distribution Formula worked out by a Finance Commission for the Nations and Regions. The 2001 manifesto adds that "over time, we will give the nations and regions more power to raise their own money".<sup>25</sup>

2.46 The Liberal Democrats anticipate a "domino effect": devolution to those regions most in favour of regional government would lead to the others gradually falling behind in terms of competitiveness and seeking regional governments of their own to redress the balance.

#### *Labour*

2.47 The single paragraph on regional governance in the 2001 Labour manifesto stated:

"Some functions are best tackled at the regional level. Economic development is the core of regional policy today. In our first term, we have created RDAs to drive regional economic development. Regional chambers have been set up to provide some accountability for regional economic decision-making. We are committed, as RDAs take on more power, to enhance the scrutiny functions of regional chambers. For some regions this degree of political representation will be sufficient. However, in other parts of the country there may be a stronger sense of regional identity and a desire for a regional political voice. In 1997 we said that provision should be made for directly elected regional government to go ahead in regions where people decided in a referendum to support it and where predominantly unitary local government is established. This remains our commitment."<sup>26</sup>

2.48 It was clear throughout the 1997-2001 Parliament that John Prescott, Secretary of State for the Environment, Transport and the Regions, was the leading advocate of regional government in the Cabinet, but also that his position was not shared by all leading colleagues, probably including the Prime Minister. At the Spring 2001 Labour Conference he promised a Green Paper on regional government shortly after the 2001 election, upgrading it during the election campaign into a White Paper.

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<sup>24</sup> Liberal Democrat Policy Paper 40, *Reforming Governance in the UK*, July 2000, section 4.2

<sup>25</sup> Liberal Democrat Party manifesto, *Freedom, Justice and Honesty*, 2001, chapter 8.

<sup>26</sup> Labour Party General Election manifesto, *Ambitions for Britain*, 2001

2.49 These commitments were accompanied by encouraging sounds from other Ministers, including Stephen Byers (Trade & Industry), David Blunkett (Education) and most notably, Chancellor Gordon Brown, who stated in January 2001:

“we are entering an era in which national government, instead of directing, enables powerful regional and local initiatives to work, where Britain becomes as it should be – a Britain of nations and regions where there are many and not just one centre of initiative and energy for our country.”<sup>27</sup>

But the lack of detail in the manifesto, and the emphasis on economic development to the almost total exclusion of governance issues, suggests that the resurgence of interest amongst Cabinet Ministers in early 2001 has yet to be translated into firm commitment to regional government within the Labour party hierarchy.

2.50 During the 2001 election campaign, the Labour Party also issued a briefing entitled *Q & A Regional Government*. This document indicated that the issue was being given more high-level thought than was apparent from the manifesto. It stated that regional assemblies “could expect to be accountable for a range of strategic issues (such as economic development, planning, transport and the environment) at the regional level”<sup>28</sup>. On issues of membership, voting systems, and timescale the briefing steers clear of commitment, but indicates that the party is aware of the debates.

2.51 Labour Party policy pre-1997 had set a number of tests for the creation of elected regional assemblies in England. These included:

- 1) predominantly unitary local government;
- 2) public consultation on boundaries: the initial Regional Chamber and RDA boundaries were to follow the Government Office ones, for the sake of convenience;
- 3) that the Regional Chamber draw up the plans;
- 4) that there should be no additional public expenditure;
- 5) that public approval should be expressed, probably through a referendum.<sup>29</sup>

2.52 With regard to the first condition, *Q & A Regional Government* reiterates:

“[We] believe that a move to regional government should be accompanied by a move to predominantly unitary local government...There is no presumption

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<sup>27</sup> Gordon Brown, *Enterprise and the Regions: Speech at UMIST, Manchester*, January 2001, p.2

<sup>28</sup> Labour Party briefing, *Q & A Regional Government*, May 2001, p.2

<sup>29</sup> Labour Party, *A New Voice for England's Regions*, 1996, p19-22

that any review or restructuring of local government would have to come before the introduction of elected assemblies.”<sup>30</sup>

The precise meanings of “predominantly unitary”, and “accompanied”, are not made clear.

2.53 The condition of no additional public expenditure is not repeated: but its continued sensitivity is underlined by the Briefing’s denial that the cost of slimline authorities can be calculated by multiplying the GLA running cost figure by eight.

2.54 The requirement for a referendum was reaffirmed in the manifesto, and is likely to be retained, particularly in the light of the referendums which have been held for the four devolved assemblies. It is not clear what the Regional Chambers’ involvement would be: but the Government would certainly influence the shape and functions of an elected regional assembly, because any Regional Chamber plans would need to be submitted for parliamentary approval.

## **Conclusion**

2.55 Devolution to Scotland and Wales is having spillover effects in England. A constitutional innovation, which initially attracted little public interest in England, has become an issue attracting attention, and varying levels of political commitment, at the heart of government. At the same time, the advances in regional capability, and the effective creation of a regional tier of governance, however ill-co-ordinated in England over recent decades have strengthened the case for elected regional government to exercise clearer democratic control.

2.56 However, serious political debate over devolution to England’s regions has yet to begin: interest so far has been largely limited to the view that the present settlement within the UK is unstable and that devolving functions from the centre would in principle be desirable. The next chapters, therefore, address in more detail the case for elected regional government, as well as objections and obstacles in its path; what such governments might look like and do; and what their impact would be on the other structures of governance of the UK.

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<sup>30</sup> Labour Party briefing, *Q & A Regional Government*, May 2001, p.2

## Chapter 3: European Regional Government

3.1 The United Kingdom is the only large western European state without a system of elected regional government. States of comparable population sizes – France, Germany, Spain and Italy – all permit varying degrees of autonomy to regional administrations. Advocates of regional government in England point to these countries as evidence that elected regional assemblies are both possible and desirable in England. Many of these comparisons are made without acknowledging the variation in structures, responsibilities, and efficiency – and not least, the political events surrounding the creation – of regional government in these four countries.

3.2 European experience cannot prove conclusively that the mere presence of elected assemblies guarantees good government. Nor could any one European model be imported wholesale into England. Features of different systems represent responses to issues which will figure, in differing ways and to differing degrees, in the English context; likewise, lessons and potential problems can be drawn from other countries' experiences.

3.3 Table 3.1 shows the basic features of the regional tier of government in the four large Western European states, which, by virtue of their population, are the countries which compare most closely with England.

**Table 3.1: Regional Government in four European Countries**

	France	Germany	Spain	Italy
Number of regions	22 conseils regionaux	16 Länder	17 comunidades autonomicas	20 regioni
Symmetry	Symmetrical except for special powers to Corsica	Symmetrical	7 special regions, 10 ordinary regions	5 special regions, 15 ordinary regions
Population ratio between largest and smallest	Corsica 700,000 Ile-de-France 10,600,000 = 1: 15	Bremen 700,000 Nordrhein-Westfalen 16,700,000: = 1: 24	La Rioja 260,000 Andalucia 6,900,000 = 1: 27	Valle d'Aosta 115,000 Campania 5,800,000 = 1: 50
Process of formation (with dates)	Indirectly elected 1972 Directly elected 1986	Directly elected 1948	Directly elected between 1978 and 1983	Special in 1948 & 1963 Ordinary in 1977
Sources of finance	Own taxes 48% Block grant 9% Tied grant 19% Borrowing 20% Other 4%	Taxes 66% Block grant 5% Tied grant 11% Borrowing 6% Other 12%	Ceded taxes 10% Block grant 35% Tied grant 45% Borrowing 9% Other 1%	<b>Ordinary regions:</b> Block grant 13% Tied grant 82% Borrowing 5% <b>Special regions:</b> Block grants / taxes 55% Tied grant 39% Borrowing 6%
Percentage of total public spending	2%	Most	25%	20%
Limits on borrowing	Some	None	Under negotiation	None
Number of members	30-210	80-200	33-135	30-80
Electoral system	List system based on <i>départements</i> (county-level)	AMS	List system (regions can choose)	List system

Table 3.2: Functions of Regional Government in Europe

France	Germany (concurrent functions)	Spain	Italy
Regional planning (contrat de plan)		Town and country planning	Town planning
Regional railway services	Non-federal railways	Internal railways	Regional transport
Regional transport planning	Road traffic		
Small airports	Economic development		
Tourism	Tourism	Tourism	
Natural environment, Energy conservation	Agriculture and forestry	Agriculture and Forestry	Agriculture and forestry
	Waste and air quality	Environmental protection	
Public welfare			
Canals and waterways, Fisheries	Shipping	Ports, Canals and fisheries	Fisheries, ports and lakes
Housing strategy	Land and housing	Housing	
	Hospitals	Health	Health and hospital insurance
Heritage, museums and archives		Museums and libraries	Local museums and libraries
Vocational training programmes	Training and research		Vocational training
Planning and financing high school buildings	Labour law	Sport	
	Civil and criminal law	Local government	Police
	Citizenship and immigration	Social assistance	Public charities
	Nuclear energy and weapons		
	War damage	Culture and regional languages	Fairs and markets

This table is adapted from Michael Keating, *The New Regionalism in Western Europe*, 1998, p.190-196.

## Lessons for England

“Regional government has certainly not proved an economic panacea, but has been a catalyst for organising effective development strategies, it has helped planning for infrastructure and training, and has encouraged the formation of partnerships among economic actors.”<sup>31</sup>

3.4 The divergence between the four states analysed demonstrates that there is no blueprint for regional government which the UK must follow. Each state developed regional government for distinct purposes and within distinct historical and political contexts. Thus the lessons to be drawn from the European experience by England do not trump the peculiarities of the English situation, but they do offer perspectives on the various options under consideration. Perhaps most significant is the wide divergence between the proportions of total public expenditure which is controlled by the regions – from 2% in France to 25% in Germany and Spain. This, even more than the lists of functions (see Table 3.2), underlines the very different degrees of power devolved to the regions in France, Germany, Italy and Spain.

### *Rationale for Regional Government*

3.5 The development of regional government in each of the four countries was closely connected with political events. In Spain the excessive centralism of the Franco period, combined with nationalism in the historic regions of Catalonia, Galicia and Euskadi (the Basque Country), ensured that the transition to democracy in the late 1970s would see regionalism high on the political agenda. The example of Spain is commonly adduced as evidence that very different levels of devolution can as readily be established between regions in England as in Spain, where the historic regions have much stronger powers. But a more accurate comparison is between these historic regions and Scotland and Wales within the United Kingdom.

3.6 The transition to democracy was also a driving force behind the regionalisation of Germany – though the Allies’ explicit aim was to keep Germany. For the Germans, the creation of a federation after the Second World War was a return to their historical traditions. But while some of the units, such as Bavaria, were based on historical boundaries, others of the new Länder were artificial creations, which initially were very unpopular.

3.7 In Italy, five “special regions” were set up in 1948, following the Second World War; Sicily, Sardinia, Friuli-Venezia-Giulia, Emilia-Romagna, and Valle D’Aosta. These were

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<sup>31</sup> Michael Keating, ‘Regional Devolution: The West European Experience’, *Public Money and Management*, October 1996, p. 41

given substantial budgetary control and legislative powers. Concessions to separatism, and the existence of linguistic minorities, were driving factors. Promises were made to extend regionalism across the rest of the country – but political opposition prevented this until the 1970s.

3.8 French regionalism began through informal joint arrangements between planners; over time these arrangements were set on a formal, though indirectly-elected, footing, paving the way for the progress to direct elections in 1986. But political considerations came close to derailing the regions in France: the central government postponed the first elections until the last possible date. And the new structures had been created in the teeth of substantial resistance, with many perceiving the new regions as a threat to the unity of the nation. Corsica, with a separatist movement, was a special case; but although its regional assembly has substantially greater powers than the others, it did not receive them any more quickly.

3.9 The development of regional government in France, Spain and Italy was preceded by decades of political and public debate. “Messianic hopes”<sup>32</sup> for a regional future were present in all three countries at the time of formation. Although these hopes were not justified by what transpired in France and Italy, recent opinion polls suggest that regions remain popular in all four countries. Intriguingly, in France, an inverse correlation between the popularity rating of regions and voter turnout in regional elections has developed since their inception in 1986.<sup>33</sup>

3.10 Any concern there may have been for better public administration, however, did not lead to attempts to create regions of a very similar population or geographical size, as in England. The ratio of the smallest to the largest region in Germany and Spain is 1: 25, in France 1: 15, in Italy 1: 50 (see table 3.1). In Germany and Spain the existence of the regions is constitutionally protected; and whilst there is some controversy over the allocation of resources, it has not yet led to significant pressure for boundary changes or structural reforms in either country.

3.11 Spain’s programme of rolling devolution was driven by the provinces<sup>34</sup> and municipalities, which were permitted to come together to trigger a referendum on autonomous status. There was no direction from the centre – which was taken by surprise at the speed of interest from many of the less ‘traditional’ regions. As a consequence the

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<sup>32</sup> This phrase is used by John Hopkins in *Regional Government in European Countries*, unpublished paper for Constitution Unit 1995, p.32. (copies available on request)

<sup>33</sup> Andy Smith, ‘Regional Government in France’, in Andy Smith and Paul Heywood, *Regional Government in France and Spain*, Constitution Unit, 2000, p.9.

<sup>34</sup> Spain has 51 provinces, which are the next level of government below the regions: some autonomous communities consist of a single province, whilst others contain several.

map of Spanish regions shows many anomalously small areas with autonomous governments. But (as table 3.1 illustrates) the French regions, created by the central government, are no more regular in terms of population.

### *Functions*

3.12 A broad distinction can be drawn, in terms of functions, between the weak regions in France and Italy and the strong regions of Spain and Germany (and Italy's special regions). Even in the 'strong' regions, though, the division of functions between centre and regions is not clear as in Scotland, Wales and Northern Ireland. German and Spanish regions, for instance, both possess legislative power, but in practice have only limited freedom to use it. The central government in both states also retains the right to legislate in most areas of competence; in Germany the Constitution states that federal law trumps Land law.<sup>35</sup> The Länder have exclusive rights to legislate in only a few areas. Other functions are 'shared', which in practice means that if the federal government legislates in a field of policy, the Länder can no longer do so. This provision has gradually limited the field of Länder legislative competence.

3.13 But the federal system in Germany offers substantial protection to the Länder. The second chamber, the Bundesrat, consists entirely of senior Land Ministers and has a power of veto over the first chamber (Bundestag). Thus the centre cannot push unpopular measures through: the regions typically develop an agreed line on policy in the Bundesrat. The federal government will develop framework laws and allow the Länder to fill in the details of programme delivery. Furthermore, the Länder administer most federally-funded programmes, as the federal government is forbidden, with a few specified exceptions, from running public services.

3.14 In Spain, though many functions are 'shared', the Constitutional Court has delivered a series of rulings affirming the centre's right to set the direction of policy, and to overrule competing legislation from the regions:

"Ultimately the Court has given the central state the right to enact 'basic legislation', which overrides the claim of some Autonomous Communities that they should have full and exclusive authority over those powers outlined in their autonomy statutes."<sup>36</sup>

Nevertheless, since the initial creation of the autonomous communities, further powers have been regularly transferred to them from the centre. Notably, the historic regions have

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<sup>35</sup> This relationship is described in German as '*Bundesrecht bricht Landesrecht*'; see clauses 69-75 of the German Constitution

<sup>36</sup> Paul Heywood, 'Spanish Regionalism: A Case Study', in Andy Smith and Paul Heywood, *Regional Government in France and Spain*, Constitution Unit, 2000, p.26

argued at each stage that, whatever autonomy the other regions have, they must be permitted more: this is known as the "*hecho diferencial*".

3.15 In Spain and Germany, therefore, the line between central and regional functions can be continually negotiated. But in Spain, the programme of 'rolling devolution' has not led to the growth of institutional mechanisms to enhance central-regional co-operation. This means that "it inevitably remains in a state of constant flux: without a clear end goal, such as a formal federalist structure, the regions will continue making demands of the central state".<sup>37</sup>

3.16 The French regions, meanwhile, are limited to "strategic" functions. This was a concession to the power both of the centre and of the *départements*. Their responsibilities are in the fields of planning, economic development and culture. Smith suggests that the regions' position – as one amongst many political actors in their field of competence – is a hindrance to effectiveness:

"Without a hierarchy between different levels of regional and local government, the result has been poor accountability and leaderless policy mixtures producing inefficient 'lowest common denominator' public intervention. English regions should be given clear and unilateral responsibility for certain well defined policy domains."<sup>38</sup>

3.17 French regions have a power of general competence (comparable to that now available to English local authorities and the Greater London Authority). They also possess Economic and Social Councils (*conseils économiques et sociales*), which quite closely resemble English Regional Chambers. These are purely consultative bodies for the regional assemblies' programmes, consisting of business, trade union, environmental and voluntary representatives.

3.18 Italian regions have nominal power to legislate in their (limited) areas of competence, but are very frequently hemmed in by detailed central legislation. Each region also possesses a central 'prefect' to monitor the legality of the assemblies' activities. Thus, although regional leaders have established the regions' presence and have won concessions from the centre, these have been extremely limited. Most regional spending consists of transfers to local government or to private organisations. The proliferation of parties at national level in Italy is reflected in regional politics, frequently resulting in deadlock.

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<sup>37</sup> Smith, *op. cit.*, 2000, p.37

<sup>38</sup> *Ibid.*, p. 18

### *Relations with Local Government*

3.19 Germany's Länder have full constitutional control over local authorities. Spanish and Italian provinces have limited control: they do not pass on central funding of local services. In both countries there has been a tendency by central government to play off the local authorities against the regions: for instance, central funding of local government service provision has increased in Italy. This enhances central control of local affairs, thus obviating the ostensible aim of devolution. John Hopkins asserts:

"If the region is created without a proper function, it is likely to interfere in the workings of local government in an attempt to find one. Such regional recentralisation has been seen in Germany, Italy, Spain and Belgium...To ensure regional government fulfils the democracy-enhancing role it is intended to, local government must be protected from regional encroachment."<sup>39</sup>

3.20 In France the situation is somewhat different. The regions are not constitutionally superior to, and have no power over, the traditional *départements*. When the elected regions were first set up in the 1980s, few leading politicians were interested in regional politics, preferring the national or *département* stage. Many regional assemblies have become quasi-federations of *départements*, making the development of a distinctive regional voice and agenda difficult. This state of affairs persists despite the limiting of the *cumul des mandats* system to two positions in the 1980s.<sup>40</sup> It is enhanced by the use of party lists, using the *départements* as constituencies, for the regional elections; and by the fact that political parties continue to be organised at *département* level.

3.21 Nord Pas-de-Calais is an example of a successful region: it has a long tradition of regional partnership. More 'traditional' regions have not shown significant success. This is often attributed to lack of interest from leading politicians, who provide vital links between central and local institutions in French politics. The regional boundaries may also be a factor: Smith asserts,

"The rationality of regional frontiers in this country can ... be contested for two reasons. First, in terms of gross regional product, some regions are particularly affluent, whereas others are particularly poor. Second, in many cases these

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<sup>39</sup> John Hopkins, *Regional Government in European Countries*, 1995, p.64

<sup>40</sup> *Cumul des mandats* is the name for the practice, common in France, of holding multiple political positions at the same time ; for instance, one person might be both a *département* member and a National Assembly member. The system was traditionally seen as facilitating the promotion of localised concerns at a higher level than otherwise possible. After the introduction of elected regions, the number of posts which could be held was limited to two: and every senior politician who had to stand down from one position abandoned their regional role.

frontiers make no sense to economic actors for whom their markets and fellow producers belong to other geographical areas.”<sup>41</sup>

3.22 The political parties of the regions and the centre tend to be intertwined. Spain is the only one of the four countries which has regionally-based parties in most of the autonomous communities. It is not uncommon in Germany, for instance, for a member of the Bundestag to move to a senior position in a Land Government for one or two terms of office. In France, the political ‘usual suspects’ are seen at all three levels; mayors of large cities will also often be National Assembly representatives.

3.23 A related issue is that both Spain and Italy intended their second chambers to allow representation of ‘regional interests’, but they have not done so effectively. In Germany, where the regional governments themselves are represented in the second chamber, they have far more leverage over central policy-making. The representatives (including the indirectly-elected ones) in the Spanish and Italian second chambers have few effective links or constitutional mechanisms through which their members can effectively represent the interests of the regional governments against the centre.<sup>42</sup>

#### *Finance*

3.24 The financial arrangements for these European regional governments differ significantly from those available to the UK’s devolved governments. Most significant is the common presence of central grants tied to particular policy programmes. Scottish, Welsh and Northern Ireland’s block grants are not subject to such restrictions.

3.25 Table 3.1 shows that tax revenues of one kind or another are available in all four countries studied. Within this observation, however, each country tells a different story. France’s apparently substantial tax-raising power amounts, in fact, to small quantities of cash, as the sums spent by French regions are comparatively small.<sup>43</sup> Elsewhere the taxes which are freely available to the regions are in fact fairly insubstantial. The German Länder do not have any control over tax rates. Some Spanish autonomous regions are able to levy surcharges, but this has only been done once, when Euskadi (the Basque Country) raised income taxes by 1% to pay for repairs to severe flood damage. The current political unpopularity of direct taxation constrains regional as much as it does national governments.

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<sup>41</sup> Smith, *op. cit.*, 2000, p.7

<sup>42</sup> Meg Russell, *Reforming the House of Lords: Lessons from Overseas*, Oxford University Press, 2000, chapter 10

<sup>43</sup> For instance, Rhône-Alpes, one of the larger regions by population, has a budget of 7.5 billion francs (approximately £750 million) for 2000-01 (see <http://www.cr-rhone-alpes.fr/elus/elus.htm>.) By comparison, the North West RDA budget for the year was £277m.

3.26 Regional taxes are not a decisive issue in European regional politics, and their presence is not seen as a necessary condition for effective regional governance. Like the Council Tax, they are subject to the "gearing" where large rises in regional taxes would produce only small overall rises in revenue.

3.27 Both Spain and Germany, where regional spending is substantial, operate formulae for regional equalisation. Spain operates an 'inter-territorial compensation fund'. In Germany the division of funding is agreed in the Bundesrat; efforts are made to equalise funding as exactly as possible between the Länder. This issue is not as significant for the French and Italian regions. Economic disparities in France have, in fact, increased since the introduction of the regions.<sup>44</sup>

3.28 Another significant freedom which European regional governments normally have is to borrow money freely. This has been a controversial issue in Spain particularly, where the levels of borrowing by autonomous communities have caused considerable political controversy. The Spanish Government is presently negotiating borrowing limits with the autonomous communities in return for greater powers of virement.

#### *Process*

"European experience shows that regional autonomy is something that tends to spread once started."<sup>45</sup>

3.29 The process of moving towards regional autonomy was long and drawn-out in both France and Italy, reflecting the unwillingness of central government to let go of substantial power. Notably, neither made use of referendums in establishing their regions, a device often regarded as indispensable in the UK context. France imposed directly elected regions; Italy did not subject either special or ordinary regions to referendum. The German Länder were also imposed.

3.30 Spain was the only country to use referendums in the process of establishing regions. This was not done in the Basque Country, Catalonia and Galicia; these regions were granted a fast-track process by the 1978 Constitution. It was accepted that the case for their autonomy had been made. The Constitution specified that other autonomous regions fell into two categories: under Article 143 of the Constitution, a region could apply for limited

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<sup>44</sup> See Patrick Le Galès & Peter John, 'Is the grass greener on the other side? What went wrong with French regions and the implications for England', *Policy and Politics* vol 25 no.1, 1997

<sup>45</sup> Michael Keating, 'Regional Devolution: The West European Experience', *Public Money and Management*, October 1996, p. 41

autonomy which would be subject to a transitional period of five years. Article 151 allowed for autonomy approaching that of the 'historic regions' following a referendum.

3.31 Moves toward autonomy in Spain speeded up unexpectedly in the early 1980s. The original provisions of the Constitution were not followed in a number of cases: many 'non-traditional' regions requested, and were permitted, a high degree of autonomy. It is also worthy of note that, after several regions had been granted autonomy, the centre encouraged the creation of regions in the 'remainder' areas of Spain, hoping that these regions would form a bulwark against the more separatist ones.<sup>46</sup> Also of interest is that functions, and levels of autonomy, have been agreed bilaterally between each region and the centre, instead of following one or two standard formats.

3.32 By contrast, France built up its regional institutions over several decades, and delayed the introduction of regional elections for four years after it was promised. Le Galès suggests that "the long wait between 1982 and 1986... did not help regions establish their legitimacy in those crucial early years".<sup>47</sup> This may be pertinent to the caution displayed by the present Government.

3.33 Le Galès also suggests that the French determination to retain centrally-set boundaries did not particularly benefit the French regions early on. Though it is well-established that regions with no historical identity can develop a modern political one (as in Germany), this does not obviate the likelihood of flexibility over regional boundaries proving an advantage.

3.34 In Spain, where boundaries were open to definition, the move towards elected regions was (initially) a voluntary one: this produced a stable system but a curious patchwork of regions, with disbenefits to efficient governance. Notably, conferences of regional *diputados* (MPs) were closely involved in the process. The (so far) more dirigiste character of English regionalism, with greater central government interest and sponsorship, may be inclined not to permit this.

## Conclusion

3.35 This chapter has related the experience of the largest West European countries to the current English regional debate. It demonstrates that a variety of different forms of regionalism and of regional assemblies are viable. The choices made derive from the existing political fabric of the

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<sup>46</sup> See John Hopkins, *Regional Government in European Countries*, 1995, p.46. These remainder regions included Madrid and its surrounding areas: there are parallels here with London and the South-East.

<sup>47</sup> Patrick Le Galès & Peter John, 'Is the grass greener on the other side? What went wrong with French regions and the implications for England', *Policy and Politics* vol 25 no1, 1997, p.58

state and to historical circumstance. Most basic of the differences is expressed by the range of control by regions over resources: from 2% of public expenditure in France to 25% in Germany and Spain. 'Regions' can be radically different kinds of body.

3.36 A variety of rationales and circumstances have carried varying weights in the different countries: no country introduced regional government purely for reasons of administrative efficiency, regional identity, economic equalisation, political expediency or extending democracy; but for different combinations of these. The German pattern was imposed and that in Spain made unavoidable by the collapse of an autocratic and centralist regime.

3.37 It is worth noting that the European Union has played, at best, a peripheral role in the constitutional design of regional government in the four states examined. Despite the frequent use of the phrase 'a Europe of the regions', there is little evidence of a long-standing Brussels imperative towards regional government, or that EU policy or structural funds have impacted decisively on the outcomes in each country. The variation between regional structures in the countries examined indicates that domestic factors were the primary driving force.

3.38 Most important is the lesson that a clear vision and wholehearted commitment of government increase considerably the likelihood of a well-functioning system of regional government. Such vision characterised the introduction of federalism in Germany: the vision was shared by the Allies and their constitution making partners. In the other countries under review the vision had uncertain origins (as in Spain, except for the historic regions, and in Italy); or was not consistently pursued (as in France).

## Chapter 4: Why Regional Government

4.1 This chapter addresses the case for (and against) directly elected regional assemblies. It is a key question, requiring a clear answer; because on the answer depends, not only the basic issue whether the case has been made, but a number of intensely practical matters, notably:

- what form should regional government take?
- what powers should it have?
- how to bring it about?

always bearing in mind the underlying point:

- what good would it do to the lives of the people of England and its regions?

4.2 The answer must come in the first place, no doubt after debate, from government. The form of legislation required, the resources to go with it and the political objectives to be achieved, are ultimately for the Government to decide; and behind those decisions must be clearly stated purposes. Without that, the instruments chosen will be defective; expectations will be unrealistic; and the project will falter. This is not to say that every step on the road must be planned in advance, but only that a clear stated purpose is the first requirement. It is to be hoped that the anticipated White Paper will set out an explicit and persuasive rationale for regional government.

4.3 This chapter examines the case that has been made for regional government; notes that discussion has been mainly left in the hands of convinced advocates; and considers the objections and obstacles, some substantive, some tactical, which need to be taken into account. There is a fundamental point to be made: the position in England is very different from what it was in Scotland and even Wales in the approach to the 1997 election. There had been long debate in both countries, with strong political support for devolution expressed by all the political parties except the Conservatives. Political pressure is very different in England in 2001; in many regions debate has barely started. There is a wider point in the difference between most of the English regions and Scotland, where there remains significant strength both in continuity of civic society and in the location of the headquarters of important firms, including banks - with the decision making power and commercial resource which goes with that. Only the South-East of England can match that kind of commercial power.

4.4 It is, in important ways, artificial to consider what regional government is for in isolation from the actual powers that regional government would have. We address that in chapter 6. For the purposes of the present discussion it is held in suspense.

4.5 There are three main strands in the arguments of advocates of directly elected government for the regions:

- that it would correct the significantly different life opportunities between the regions of England;
- that decentralisation of power from the centre is a democratic necessity which would at the same time produce solutions better tailored to individual regional problems;
- that it is anomalous, even perverse, that England has been left out of the devolution settlement, given devolution to Scotland, Wales, Northern Ireland - and London.

Differences in the weight given by different Ministers in the 1997-2001 Government to the democratic and economic strands, mentioned in paragraphs 2.48-2.50, are well known.

4.6 These three strands might be labelled **economic**, **democratic**, and **constitutional**.<sup>48</sup> There are other elements to the case. One is **European**: this rests on the importance of regions within the EU, and the subsidiary argument that elected regional government improves the prospect of inward investment and of funding from EU sources. Another is an **efficiency** argument: that certain functions require a more strategic co-ordinated approach across areas wider than local authorities - the existence of Government Office regions indicates that regional government exists, but in unco-ordinated and undemocratic form. The PIU report *Reaching Out* (discussed in paras 2.27 - 2.32), fully documents the shortcomings of co-ordination in the regions. Other relevant considerations might be classed as **regional identity**, linked for many with the expression of a regional voice, and **popular demand**. And of course there is an inescapable **political** dimension - broadly and in the narrow sense of a calculation of who will control new bodies.

4.7 These themes may be distinguished analytically, but several overlap in reality and in the terms of the public debate. They must not be treated each on its own, since they reinforce each other. At the same time, it is right and necessary to accept that the considerations here are about values, ideals and politics; all notoriously difficult to quantify, but not the less powerful for that.

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<sup>48</sup> These, and other, elements to the case are discussed in Wendy Russell Barter, *Regional Government in England: A Preliminary Review of Literature and Research Findings*, DETR, October 2000

## Democratic

4.8 The democratic arguments for regional government are closely linked with concern about centralisation, that decisions affecting people in the regions are taken remotely; and without proper regard to the diversity of conditions, needs and wishes between different parts of the country. This is (naturally) seen as wrong in itself, and also likely to produce worse decisions in the interest of England as a whole, not just the individual regions. Some advocates of regional government believe that establishing new centres of power outside London will bring much-needed new energies (and new people) into elected public life.

4.9 A particularly offensive aspect of government by the centre has been the powers exercised on the Government's behalf by quangos and other agencies, working in the regions but with no accountability except through London. It is not just advocates of regional government who wish for decentralisation and devolution from London. Local government, at present the only source of democratic legitimacy apart from the centre, also argues that central intervention, through policy "guidance", national inspectorates, and area-based initiatives by Government departments is excessive and increasing and that the trend should be reversed. The Local Government Association, following the inquiry chaired by Lord Dearing in 1999-2000, have publicly accepted that "Further change in the regional arrangements in England is inevitable".<sup>49</sup>

4.10 Elected assemblies in the regions are proposed as a means of overcoming the remoteness of decision making for England, relieving the strain on an overloaded, centralised executive, and making policy delivery more effective. This group of arguments has been sharpened in recent years even as central government has tried to increase regional input into policy making and delivery; though some central initiatives remain perverse. Area Based Initiatives may interfere with cross-cutting strategic programmes delivered by Government Offices or RDAs. Moves following the PIU report to strengthen the GOs and improve co-ordination are probably, as the Government claim, neutral in the argument for elected government.

4.11 The 'democratic' group of arguments leaves open the question which functions ought to be carried out over which areas, for reasons of efficiency or of common interest or identity; and of the relationship between new regional bodies and the existing democratically elected local authorities.

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<sup>49</sup> *Regional Variations: A Report of the LGA's Hearing on Regions*, Local Government Association, 2000, p. 4

## Economic

4.12 The proposition that there is a North/South divide (code for the need to shift power and resources from London to the regions) has been disputed. The Prime Minister himself appeared not long ago to argue that the North/South divide was a myth, though his position has modified and more recent Ministerial statements have accepted that the divide is indeed a reality. Differences between areas within all regions may be greater than those between regions, in employment levels, educational attainment and health. Nevertheless, on a number of the most important measures - employment prospects, education and health are certainly among these - people in the three northern regions are in aggregate worse off and have worse prospects than in the remainder of England. For example, those three regions have a lower GDP per head than any other English regions. They have a higher standardised mortality rate (though Yorkshire and Humberside is matched by the West Midlands); and they have lower attainment levels at GCSE or SCE Standard Grade. The structure of employment, based on declining industries, is unfavourable.

4.13 The fact of this difference is strongly felt in the regions, most of all in the North. It is a main engine of pressure for discrimination in national policies in favour of those regions. The force of rancour against London-centred decision making there is hard to overestimate. Feelings of this kind are not peculiar to England: they exist in all political systems in the tensions between the centre and the periphery, which grows greater as distance between centre and periphery increases. Resentment in the North of England is increased by the perception, especially after devolution, that neighbouring Scotland (more than Wales) is better treated than it "deserves". It is further increased by seeing the Scots exercising their rights to adopt policies not available south of the border. These propositions and facts commonly lead to demand for review of the Barnett formula for changes to resource allocation within the UK. They are also a key part of the pressure for elected regional government:

"The regions require far more space to determine their own priorities across a range of policy areas. Without such space, the regions will continue to be frustrated in their efforts to stimulate development. Policy will fail to match local conditions, and efforts to close the gap between the poorest and wealthiest regions will have less chance of success."<sup>50</sup>

4.14 Gordon Brown's assertion earlier this year that "the need for regionally balanced growth"<sup>51</sup> was to be central to the Government's economic policy, perhaps not by accident, stopped short of commitment to elected regional government. More recently, John Prescott, clearly establishing

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<sup>50</sup> David Marquand & John Tomaney, *Democratising England*, 2000, p.10

<sup>51</sup> Gordon Brown, *Enterprise and the Regions*, speech at UMIST, 29 January 2001

a post-election position, spoke of his ambition to have referendums on regional government (of a 'strategic' kind) in the next Parliament.<sup>52</sup>

## Constitutional

4.15 The constitutional issues concerning the English regions are variously seen as:

- following devolution to Scotland, Wales and Northern Ireland there is an "ostensible anomaly"<sup>53</sup> in the people of those countries having both their own elected institutions and continued influence within UK politics as a whole - and particularly over matters affecting England only. The regions of England do not have the same ability to decide their own priorities. As policy in Scotland especially has begun to diverge from UK practice, devolution envy in England, known in the North as the "Berwick effect" has increased;
- that England, almost alone within the UK and the EU, has no level of government between central and local; it is by far the largest example of wholly unitary government in the EU;
- that there is perversity in suppressing alternative decision making processes which everywhere else are seen as a key component of effective participative government.

These are influential arguments, and strong evidence not simply of constitutional business being unfinished, but of its not having been thought through.

## European

4.16 The relevance of the European Union, and the concept of a 'Europe of the regions' to the debate has some specific elements, including the belief that elected regional government improves the chances of success in attracting structural funds and attracting inward investment. There is increasing doubt about the weight of the first of these points with the prospect of reducing returns for the UK from the structural funds, particularly as the EU is enlarged.

4.17 The experience of regional government in France, Germany, Italy and Spain is described in Chapter 3. The example of successful European regions is perceived to demonstrate how models of devolved responsibility do work to the satisfaction of citizens. This perception further undermines the basic case for a monolithic centre, as in England; and reinforces the pressures

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<sup>52</sup> Peter Hetherington, 'Scots and Welsh face subsidy axe', *The Guardian*, 24 April 2001, p.35

<sup>53</sup> Alan Harding, *Is there a 'missing middle' in English Governance?*, 2000, p.9

flowing from Scotland and Wales. Especially for the extremities of England, in the North-East and Cornwall, the leverage effectively applied by peripheral regions – Corsica, Catalonia, Bavaria and Sicily - is taken to show what can be achieved by the forcible presentation of a regional case. It is almost as important to the debate in England that the undoubted success of Lille or Barcelona (to take contrasting examples) is believed to be due to their being in regions with directly elected forms of government as to consider whether that is really the explanation.

## **Efficiency**

"There is much implicit assumption that regions would reflect the Government Office boundaries, and an assumption that regions should have a population of 3-5 million, though the basis and appropriateness of these assumptions remain unexplored."<sup>54</sup>

4.18 There is general agreement that 'strategic' functions are among those which could be carried out by English regions - though with little indication of what defines a strategic function, or of why these are the appropriate ones for regions of the size of those in England. In the end, the basis of regional government has to be a group of functions linked with a geographical area that makes sense, and which can be effectively and efficiently operated for that area. Also implied in the English context is a set of functions for which the existing English counties are inadequate: in other words an area requiring higher-level co-ordination and - for some purposes - delivery. This is a criterion which would raise a question about the case for Cornwall as a regional authority; but as mentioned in paragraph 3.11, unusually small regions are not uncommon in European countries.

## **Popular Demand**

4.19 Strong popular support for regional government would be a powerful argument in its favour. The Economist poll of March 1999 showed clear support for regional government in London and the North-East, lower levels of support in the West Midlands and the South-West; and with figures of support in all regions of at least the high twenties in percentage points. Large majorities in every region, however, agreed that regional assemblies "would look after regional interests better than central government". Also, 49% of English respondents "most identify with" their (standard) region, while only 41% "most identify with" England.<sup>55</sup>

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<sup>54</sup> Wendy Russell Barter, *op.cit.*, DETR, 2000, p28.

<sup>55</sup> MORI poll on British Identity, conducted for the Economist, November 1999 - <http://www.mori.com/polls/1999/ec991027.shtml>. Respondents in this question (q.4) were able to select two or three entities with which they "most identify".

4.20 A BBC poll (using BBC regions, which are quite different) in late 2000 indicated that regions farthest from London were most likely to support regional assemblies; but the State of the Nation poll, at the same time, showed support ranging from 24% to 43% for elected assemblies "to decide how to generate new jobs, develop major roads and public transport, and other similar issues".<sup>56</sup>

4.21 These polls cannot be taken as showing a sustained public mood, strongly indicative though they are of opinion in some regions. First, respondents can have only a general idea of what an elected assembly might look like, what powers it might have, or who the members might be. Second, as Dr John Tomaney points out,<sup>57</sup> several polls indicate strong mistrust of politicians generally.

4.22 One thing is certain: we are so far dealing with levels of information and interest much lower than in Scotland and probably Wales at a similar stage of discussion in advance of legislation and referendums. Even in the North-East there is no League with a separatist agenda.

## **Regional Identity**

4.23 Plainly enough, strong regional identity is not an absolute requirement for regional government: European states with regional government typically include regions with powerful regional identities, along with others which are more like amalgamated sub-regions. The same would inevitably be true in England also. Some argue that identity is misleading as a criterion; and that what must be looked for is common interest within the chosen regions. But strong regional identity will be an asset, for those regions such as the North-East which have it, when it comes to mustering voter support in elections.

## **Democratising England**

4.24 The most coherent recent attempt by advocates of regional government to present a synthesis of the various elements, slightly differently expressed, in the case for regional government is in *Democratising England* by David Marquand and John Tomaney. They propose four closely related reasons for establishing directly elected regional government:

- a tier of regional government exists (Government Offices and a range of quangos and agencies), but is fragmented and poorly co-ordinated;

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<sup>56</sup> Joseph Rowntree Reform Trust, *State of the Nation Poll*, October 2000

<sup>57</sup> John Tomaney, 'The Regional Governance of England', in Robert Hazell ed., *The State and the Nations*, Imprint, 2000, p.144

- too much public policy is designed centrally in ways that do not match local conditions;
- there is insufficient democratic scrutiny of the hidden regional state;
- English politics needs to accommodate greater diversity and pluralism if it is to survive and generate wide interest (an acknowledgement of low levels of turnout in local elections, and decline in general elections).

4.25 They describe a dynamic for change, supporting their case by saying that "the evidence of continental Europe suggests that strong sub-national government is a necessary condition for more balanced forms of regional development in the emerging 'knowledge economy'"<sup>58</sup> They acknowledge that regional government is unlikely to be a panacea for the North/South divide - warning that "it would be wrong to claim too much".<sup>59</sup> They refer to damage done by imposing single policies on diverse regions; and to the lack of the effective political leadership and integrating policy capacity needed to settle priorities and to formulate and deliver the regional strategies for sustainable development which have now to be prepared (and which are fundamental to the other strategies which have to be prepared at regional level). Finally, referring to the example of the GLA, they point to the lack of an effective political voice for the regions. They clearly have in mind a function broader and deeper than fighting a region's corner on specific issues.

4.26 Their particular proposition for the form and function of regional government is discussed in paragraph 6.6. But in brief, they propose an authority with a broad range of strategic, not service delivery powers, constructed in part from existing regional bodies. They set two criteria:

- that disruption should be minimised (this would be a more complex, and probably more gradual, process than the establishment of the Scottish Parliament and Welsh Assembly);
- that the tasks and powers should be credible: a set of functions sufficient to generate public interest.
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### **Why Not Regional Government?**

4.27 This section of the Chapter considers some objections of principle that the advocates need to meet (equity); some practical objections (risk and turbulence); and some unavoidable features of the political process (scepticism and vested interests).

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<sup>58</sup> David Marquand & John Tomaney, *Democratising England*, 2000, p.6

<sup>59</sup> David Marquand & John Tomaney, *Democratising England*, 2000, p.6

4.28 There is no Campaign Against the English Regions. The opposition of the Conservative Party has not been as fully articulated as that of the advocates. The Government, though formally in favour of regional government in certain specified and restrictive conditions, has felt it necessary to stonewall, with individual Ministers taking recognisably different public positions, sometimes in code. But the arguments do not all run one way. Wendy Russell Barter's even-handed discussion of the literature on the rationale for regional government observes:

"The arguments surrounding the merits (or otherwise) of regional government are well-rehearsed in the literature, though there is little research evidence to support them."<sup>60</sup>

4.29 The Labour Party conditions at the time of the 1997 election (outlined in paragraph 2.51) were widely seen as being intended to rule out regional government by setting hurdles that were implausibly high. But they reflect genuine concerns, based on political assessment, that regional government should not become an additional layer of bureaucracy or an additional cost, drawing resources from the provision of services. It is reasonable also to expect evidence of public support for a change as radical as the advocates of regional government propose.

### *Equity*

4.30 The importance of national standards in health care, education, and certain other key services is deeply ingrained. The unfairness of different opportunities and outcomes as a consequence of being on either side of a boundary that is arbitrary from the point of view of the individual (the "post-code lottery") has powerful resonance. The strongly centralising actions of the present government owe much to this impetus. The counter-argument, forcibly advanced in some regions, is that centralised decision making and delivery mechanisms have not achieved the promise of equity. At some point down the road to regional decision making, those potential differences and unfairnesses will be increased when regional assemblies choose their own priorities within and between services. As discussion of the Scottish Parliament's decisions on teachers' pay and other matters underlines, that choice is the purpose of devolution. The example of Scotland will, increasingly, show how tolerant people are of different priorities and greater variability of provision within the UK.

### *Risk*

4.31 Concern for equity has been one motive for greater intervention by government in setting standards, adding to the influence of national inspectorates, ring-fencing finance, promoting area-based initiatives and public-private partnerships, and legislating for change in local government. Another has been lack of confidence in existing structures to deliver the results that the government believe the public wants. Devolving substantial functions to new and therefore untried regional government bodies requires a striking change of heart. The risk of failure could

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<sup>60</sup> Russell Barter, *op. cit.*, p6

be reduced by approaching the process gradually, and there would be strong pressures to move slowly.

### *Turbulence*

4.32 Depending on the range of functions proposed, the transfer of power could be a complicated and turbulent business with significant transitional costs, for example (but not only) in setting up arrangements for one region at a time. The setting-up costs of the more ambitious models would be significant, the continuing costs also.<sup>61</sup> It is not a sufficient answer to this that a fixed block of expenditure would be provided to include set-up and running costs. The fear would remain that these would be inflated, and (necessarily) found at the expense of services.

4.33 Devolution to Scotland and Wales (and establishment of the Greater London Authority) was in principle simpler than it would be in England: in each case discrete functions, and staff to go with them, were handed over to new bodies. That would not be the case if a Regional Assembly for the North-East, for example, were set up with extensive functions. The Labour Party appear to have given up local government reorganisation as a precondition of regional government, instead requiring the former to “accompany” the latter; but the issue will not go away. It will still appear as an argument about functions if there are to be three sub-national tiers of government. That can hardly be stable.

4.34 A potentially vulnerable aspect of the case for regional government is excessive reliance on economic arguments. The facts of economic inequality between regions are beyond doubt, together with the linked social, environmental and cultural consequences. But what is the link between economic success in a given region and elected regional government? The evidence inevitably relies on experience in other countries and is at best inconclusive.<sup>62</sup> David Marquand and John Tomaney fairly point out that, in the economic sphere, not too much should be claimed for regional government – though they see it as a necessary condition for success.<sup>63</sup> The divergence between regions in countries where regional government is the rule is as wide as in England: average income in the Paris region (Île-de-France) is almost twice that in the east and south of France, for example. Peter Robinson<sup>64</sup> points to some of the measures, including redistribution of national resources, necessary to making regional performance more equal which are (and must remain) in the control of central government. Beyond these measures, success must turn also on European and world forces, and the facts of geography.

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<sup>61</sup> The likely running costs of regional assemblies are discussed in both Chapters 6 and 9. A particular bone of contention in both Scotland and Wales has been the cost of the new Parliament and Assembly buildings.

<sup>62</sup> Russell Barter, *op.cit.*, DETR, 2000, p17-20.

<sup>63</sup> David Marquand & John Tomaney, *Democratising England*, 2000, p.6

<sup>64</sup> Peter Robinson, *Does the Government Really Have a Regional Policy?*, 2000

### *Scepticism*

4.35 There are doubts to be overcome on other fronts also. Professor Robert Hazell has asserted that "England remains the gaping hole in the devolution settlement. It is the space where everything is still to play for".<sup>65</sup> The fact that something is an anomaly may not matter in itself: it is necessary to look at the substantive arguments about change. The Campaign for an English Parliament proposes a body equivalent to the Scottish Parliament for the whole of England. That would produce symmetry of a kind, but would do nothing for the English regions in itself - though it need not preclude regional government. At the same time, English regional government, particularly if introduced in some regions only would not produce symmetry between the nations - even if symmetry is the goal.

4.36 The figures of popular opinion quoted above are at best inconclusive. Here again, there is a profound difference between English regions and Scotland or Wales. Whatever the differences between North and South Wales, Lowland and Highland Scots, all knew they were in distinct entities, known for centuries as countries. Referendums would be a much more realistic, and tougher, test of public opinion.

4.37 It is also likely that there are many in influential positions who are simply not convinced by the arguments (or may as yet barely have met them). Some such people may be in industry or commerce as much as in the public realm. Evidence from the Local Government Association hearings in 1999-2000 suggests that the business world, while not wholly sceptical (and probably less so than at earlier stages of the debate), remains to be convinced that elected regional government is worthwhile. Sceptics may also believe that regional government will not come free; that pressure for preferential treatment from regional assemblies will have a price-tag which would have to be met at the expense of regions without elected government. Even at the modest end of the range of functions put forward, "strategic" functions, if they are to be effective, must affect priorities and policies within the region - and potentially between regions.

### *Vested Interests*

4.38 These include:

- **Inertia:** a kind of vested interest, the way in which England's administration, famously centralised, hangs together as a whole; and the weakness of regional identity that is another aspect of inertia.

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<sup>65</sup> Robert Hazell, *An Unstable Union: Devolution and the English Question*, State of the Union Lecture, December 2000, p.8

- **Whitehall:** often cited, and not to be underestimated; but perhaps not top of the list. Civil servants have shown themselves willing to legislate for almost anything - in the case of Scotland with much enthusiasm. Institutional resistance would no doubt be powerful, but would not be decisive against determined and clear-sighted Ministers.
- **Ministers:** there is no need to expand on the extent to which Ministerial rewards and motivation at present turn on their command over functions organised centrally and not territorially. There is a key difference from the Scottish and Welsh positions: in those case a coherent set of functions was being handed over, with no impact on the generality of Ministerial and departmental authority, as would be the case with regional government with major functions. Collective commitment is fundamental.

## Conclusion

4.39 Discussion of the rationale for regional government suggests that:

- if the democratic arguments are leading motives for establishing regional government, there would need to be a substantial body of functions for an assembly to carry out;
- if the economic motive is in the lead, it needs to be recognised that the election of regional government will not settle the issue without other measures on the resource front.

4.40 This chapter has sought to tease out the elements of the rationale for regional government; but also to analyse the key points of principle or practice which need to be weighed in the balance - as well as some obstacles which the implementation of regional government, if decided, would need to negotiate or overcome. Following a consideration of some alternatives to elected regional government in the next chapter, Chapter 6 goes on to consider a range of options for the functions of directly elected regional assemblies. This chapter began by asserting the need for a clear rationale, based on discussion, for regional government. The issues set out in this chapter underline the importance of that: it remains relevant, indeed fundamental, to the discussion of functions.

## Chapter 5: Alternatives to Elected Regional Government

5.1 This chapter focuses on two possible developments designed to meet some of the objectives of advocates of regional government. We concentrate on two forms of regional governance, which present themselves as solutions to the issues identified in chapter 4: that is, that they are possible alternatives within the debate which is currently taking place. These are a) the continuation of the voluntary Regional Chambers and b) the concept of 'city-regions'. We also briefly mention the impact of directly-elected local authority mayors.

### Regional Chambers

5.2 The eight Regional Chambers will necessarily play an important part in the development of regional government for a long time to come. Given the Government's willingness to permit asymmetry, Chambers are likely to remain in place for the foreseeable future in those regions in which there is no elite or popular enthusiasm for elected assemblies. Indeed, it is unwise to view the Regional Chambers as merely a poor substitute for the 'real thing': they already have some substantial achievements to their name, which are briefly described here.

5.3 In many regions, the Chambers have sought to expand beyond the bounds of their limited statutory responsibilities to a wider regional role. They have engaged private organisations and businesses, and also regional statutory bodies, in policy discussions. This has been done with varying success: there has been a vacuum of central guidance, into which some Chambers have stepped more effectively than others, in advancing regional networking, co-ordinated planning and co-operation. Many of the Regional Chambers have re-styled themselves "Regional Assemblies": we refer to them collectively as 'Chambers' here to avoid confusion.

5.4 The Constitution Unit has published a report, *Next Steps for Regional Chambers*,<sup>66</sup> examining the progress of the Regional Chambers so far and suggesting possible means for the Chambers to extend their role within the current statutory framework. Extension of their roles is a live issue at present, both due to the lack of enthusiasm for elected

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<sup>66</sup> Mark Sandford, *Next Steps for Regional Chambers*, March 2001, available free on the Constitution Unit website at [www.ucl.ac.uk/constitution-unit/reports/reportpage/repnew.htm](http://www.ucl.ac.uk/constitution-unit/reports/reportpage/repnew.htm). This report, on which the present chapter draws heavily, was prepared for the Regional Assembly for Yorkshire and Humberside. The present authors would like to acknowledge gratefully the support of the Assembly.

assemblies in some regions and to the central funding for Chambers' functions announced in March 2001.<sup>67</sup> Labour's 2001 manifesto included the statement:

"We are committed, as RDAs take on more power, to enhance the scrutiny functions of regional chambers. For some regions the degree of political representation will be sufficient"<sup>68</sup>

5.5 Some Chambers have successfully begun to build up the 'regional networks' which, it has been argued, must underpin the claims for economic and strategic planning efficiency which are made for elected regional government<sup>69</sup>. Such networks were notably absent in most parts of England before the late 1990s. They are means of more efficient regional co-operation in themselves, and allow expansion of the regional capability whilst avoiding the starkly political issue of elected assemblies. Table 5.1 shows the structures of the Chambers so far.

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<sup>67</sup> DETR, *Strengthening Regional Accountability*, Mar 2001

<sup>68</sup> The text of the full paragraph on regional policy is at paragraph 2.47

<sup>69</sup> For instance, see Alan Harding, Richard Evans, Michael Parkinson & Peter Garside, *Regional Government in Britain: An Economic Solution?*, 1996. Some regional chamber officers have suggested, in private conversations with one of the present authors, that their regions are not yet ready for elected assemblies because the region lacks the networks of civil society necessary for 'regional working': the chambers promote such networks as an aid to strategic planning and region-wide policy delivery.

**Table 5.1: Structures and Statistics of Regional Chambers**

<i>Region</i>	<i>Date of formation and designation</i>	<i>Numbers (local govt / stakeholders)</i>	<i>Meetings per annum (sub-groups)</i>	<i>Budget (inc. RPG money where applicable)</i>	<i>Concordat with RDA and GO</i>	<i>Sub-panels</i>	<i>Staffing</i>
East	12/3/1999 21/7/1999	42 (28:14)	4 (6)	None distinct from EELGC	In draft	Europe; EEDA-EERA liaison; Health and Social Inclusion; Regional Planning; Housing	8 jointly with LGA and others
East Midlands	17/12/1998 18/5/1999	105 (70:35)	4 (4)	£215k	About to be signed	Environment; Housing; Social Inclusion; Transport; Integrated Regional Strategy	15 jointly with LGA
North-East	10/1998 22/6/1999	63 (44: 19)	4 (4-6)	£860k	Yes	Regional Development; Social Issues; Promotion of NE; Inclusivity	12
North-West	10/1998 19/5/1999	80 (56:24) +27 non-voting	4	£545k	Yes	Europe; Planning, Environment, Transport; Skills & Economic Development; IT	20
South-East	20/1/1999 21/7/1999	111 (77: 34)	3 (exec 7)	£1.2m	No	Regional planning; health; Europe; Sustainable Development, Social Inclusion	15
South-West	24/4/1998 21/7/1999	117 (79: 38)	3 (6-8)	£2.1m	In draft with RDA	Transport & Planning; Waste; REDS; Social Inclusion	4: c. 40 from July 2001
West Midlands	28/1/1999 19/5/1999	60 (42:18) (expanding)	4 (-)	£30k	No	Under construction	5 with LGA
Yorkshire & Humberside	20/7/1998 27/7/1999	35 (22:13)	4 (8)	£1.5m	Yes	Economic development; skills; infrastructure; quality of life (+ social inclusion); sustainability	3

Sources: John Mawson (Aston Business School), Tony Blake (LGA), present authors' interview data.

This table does not take account of the £5m fund proposed by the DETR consultation paper *Strengthening Regional Accountability* in March 2001.

5.6 Some commentators have argued that this kind of voluntary regional working could be a full substitute for an elected regional assembly.<sup>70</sup> It is argued that a further layer of politicians would add little to effective regional capability, and that the aim of improved regional functioning does not require the substantial and costly reform of government and institutional structures implied by elected assemblies. Democratic accountability would be provided by the majority of elected councillors on the Chambers: and the grip of the widely-perceived 'dead hand' of local government is reduced by the presence of the community stakeholders. The stakeholders (also called Social and Economic Partners) have been one of the most successful innovations of the Chambers.

5.7 It will be a further three to four years before this possibility can be fully assessed, by which time the effects of the current round of Regional Planning Guidance and the regional economic strategies will become clearer. Regional Chambers are still in the process of bedding down as organisations. Few have long-term plans at present: they have been occupied with progressing current initiatives, from what was, in most cases, a standing start. Those regions where "good practice" is in evidence largely owe this to the vision of a small number of individuals. In particular, there is no discernible relationship between the effectiveness of the individual Chambers and a strong sense of regional identity. Low levels of funding, leading to frequent use of part-time or shared staff and other resources, have also hindered effective progress towards becoming a forum for regional collaboration. And, it must be acknowledged, there are inherent limits on how far indirectly elected Chambers can perform the full range of functions expected of directly elected assemblies. The limits derive from constitutional issues limitations, because implicit in the voluntary co-operation on which Chambers are based is the requirement of consensus. The Chambers cannot, in the end, go beyond the collective will of the region's local authorities.

5.8 But despite these limitations, it would be wrong to conclude that Chambers are mere talking-shops. There have already been instances of effective intervention over the RDA Regional Economic Development Strategies (REDS), which the RDA must pass to the Chamber for consultation: most notably in the East of England,<sup>71</sup> East Midlands, and Yorkshire and Humberside, have drawn up integrated regional strategies, and several regions have co-ordinated responses to the floods of late 2000 and the outbreak of foot and mouth disease in 2001.

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<sup>70</sup> For a fuller exposition of these arguments, see Alan Harding, *Is there a 'missing middle' in English Governance?*, pp45-46.

<sup>71</sup> John Tomaney & Peter Hetherington, *Monitoring the English Regions*, May 2001, p.16-18, <http://www.ucl.ac.uk/constitution-unit/leverh/pub.htm>.

### *Regional Structures*

5.9 Regional Chambers, at present, exhibit wide variation in structure, reflecting particular regional concerns. There is much support for allowing this to continue rather than seeing a national pattern imposed as part of any Government initiative in the regions. Meetings are infrequent (see Table 5.1): no attendance allowance is paid.<sup>72</sup> Decisions are reached by consensus: there are almost no instances of a vote being taken. This reflects the voluntary nature of the bodies, but future contentious issues may make voting unavoidable, in which case the true strength of the Regional Chambers would be tested.

5.10 Chambers have also formed sub-panels to consider particular issues. These also act as a point of contact for stakeholders outside the Chamber. Sub-panels rarely follow traditional policy boundaries, instead following cross-cutting or 'joined-up' issues. Again, these are not executive panels but regional forums: it is too early to judge their effectiveness. In some regions they have developed relationships with regional quango executives, leading to some influence over regional policy delivery; but in all policy areas, influence is dependent upon goodwill, which may not be maintained forever.

5.11 The issue of goodwill is important in any analysis of the Regional Chambers. So far most of the Chambers report overwhelmingly good relationships with their respective Regional Development Agency, Government Office for the Region, and other regional executives and quangos such as the NHS Regional Executives, Environment Agency and Highways Agency. All parties can see the benefits of co-operation in regional planning, and there are indications that this goodwill stems partly from the voluntary and co-operative approach which Regional Chambers have to use. There is evidence of some fear, though inchoate, that an elected assembly with substantial power and resources would, in contrast, attempt to impose policy in a top-down fashion and alienate the institutions which have so far co-operated successfully.

### *Strategic Bodies*

5.12 Having no executive power or statutory foundations, the Regional Chambers have functioned as forums for the drawing-up of strategies, to be agreed between all the main regional players. East Midlands and Yorkshire and Humberside have both produced single integrated regional strategies, which act as a benchmark for all future strategies. This resembles the responsibilities of the Greater London Authority, and recent press reports

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<sup>72</sup> At least one region is considering introducing an attendance allowance with the government funding made available by *Strengthening Regional Accountability*.

speculate that the anticipated White Paper on regional governance will propose elected structures with similar responsibilities in the English regions.<sup>73</sup>

5.13 It is, again, too early to assess the effectiveness of any of the regional strategies: none have yet faced the litmus-test of effectiveness, that of upsetting some regional interests in favour of others. In a scenario of co-operation, making tough decisions may become increasingly difficult, especially while the majority of the Regional Chambers' funding continues to come from local authority sources. The lack of dedicated staff available to some Chambers is also a constraint, depriving the Chambers of an independent base of knowledge and research, which they may need, for instance, to challenge the plans of the RDA or to develop truly innovative thinking of their own.

#### *Possible Statutory Foundations*

5.14 If, as seems likely, Regional Chambers are to be preserved as an alternative form of regional governance for those regions where elected assemblies are not desired there is a strong case for changes to their structure to allow them to function more effectively. The Government took a step towards this with its announcement, in March 2001, of funding of £5 million per year, for three years, between the eight Chambers.

5.15 Other possible measures include:

- putting the Chambers on a firm statutory footing, defining their existence and responsibilities. Specifically, the strategies they are required to produce could be defined. This need not give the Chambers the power to compel other bodies to take any action, but would raise their status both in reality and symbolically;
- making clear the role of Chambers in the absence of any move towards elected regional assemblies – i.e. as an alternative. Both this and point a) ought to be addressed by the anticipated White Paper;
- power to raise money by precept;
- extension of the £1m collective fund (which is additional to the £500k available to each individual Chamber) proposed in *Strengthening Regional Accountability*, possibly on a match-funding basis, to which project-specific bids could be made. This would raise questions of accountability and the nature of the Chambers' executives;
- paying RPG monies, either in full or in part, to the Chambers instead of direct to local authorities;

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<sup>73</sup> For instance, Kevin Brown, 'Prescott backs regional bodies', *Financial Times*, 5/4/2001, p.3; Kevin Brown, 'Search for models of decentralised decision-making', *Financial Times*, 19/4/2001, p.30.

- the use of the powers contained in various Acts setting up statutory bodies (for instance, the Environment Act 1995, which created the Environment Agency), which permit the Secretary of State to direct the body(ies) to give account of themselves to a specified body;
- a schedule of quangos or bodies which could be expected to appoint a specified number of Chamber members at board level;
- a schedule of quangos required by statute to consult with Chambers over significant decisions;
- regular appearances of Ministers before Regional Chambers to account for the effects of their policies on the region.

5.16 Some of these proposals are for the medium- to long-term, and would clearly require a degree of political commitment in advance of what has yet been seen. Ministers, for instance, have so far refused to appear even before the elected Greater London Assembly to account for policy. But they do represent a direction for voluntary Chambers to look towards; and they would be feasible whether or not directly elected assemblies are created in some regions.

5.17 Some of the above proposals would represent changes in the constitutional status of the regions, and could increase pressure for directly-elected bodies to carry out such substantial functions. There would also be a case for greater standardisation in the size of Chambers, and particularly in the selection of social and economic partners. At present methods of selection vary substantially across the region: the more responsibilities the Chamber takes on, the stronger the case for some form of accountability of these members will grow.

5.18 The establishment of a directly elected assembly in a region need not mean the abolition of the Regional Chamber, though their functions could be reduced to take account of functions allocated to assemblies. The role of representing local authorities in the region would be at their core. At present, the Chambers remain voluntary, and thus cannot be abolished (although their statutory functions and funding could be removed) by central Government. In the French regions, similar stakeholder bodies known as *conseils économiques et sociales* (economic and social councils) exist alongside the elected assemblies. They have no executive power, but enable greater participation in the decision making process by a range of regional interests. A similar system would be feasible in the English regions.

## City-Regions

5.19 The case for 'city-regions' has at times been conflated with the issue of elected mayors in local authorities, though the two are, in principle and potential practice, quite distinct. The commitment of the Government, and the Prime Minister personally, to elected mayors is well-established and expressed in the Greater London Authority Act and the Local Government Act 2000; and there has been speculation that Ministers link the development of mayors with that of city-regions. This does not necessarily relate to the form of city-region advocated by some academics and campaigners.

5.20 The City-Region Campaign advocates the division of England into 43 city-regions, which would each possess a single-person executive. They would vary in population between London (7.1 million) and Carlisle (500,000). Their plan, produced by Dr Mike Coombes<sup>74</sup> in 1996, resembles a similar plan by Derek Senior, a dissenting member of the Redcliffe-Maud Commission which carried out the review of local government in the late 1960s. Each drew boundaries for unitary city-regions based broadly on travel-to-work patterns. Neither author, however, was able to reconcile some inherent problems with the city-region model, which are drawn out by Harding (2000):

"Both of these attempts to define city-regions produce 'solutions' that in some cases have already proven unpopular.. or make little more sense than the standard regions. The example of the East Midlands is an instructive one. Here, the Coombes model proposes city-regions, based upon the three core cities of Nottingham, Derby and Leicester, which are little different to the three existing county areas. And yet in the last, piecemeal local government reorganisation, all three central city authorities grasped the opportunity of becoming unitaries. It is difficult to see how ...[this] would be any more popular, or politically feasible, than an East Midlands regional authority."<sup>75</sup>

5.21 This is in addition to the inappropriateness of naming rural areas such as Cornwall and Cumbria 'city-regions'. It is not immediately clear how this proposal differs, except in boundaries, from the traditional county structure of governance in England. Nor does it deal with the issue of carrying out 'strategic' functions on a wider area than that of a traditional county area. And it would certainly require further local government reorganisation, which would be politically very unattractive.

5.22 But these are criticisms which deal with a total city-region pattern for England. A more persuasive case can be made for the development of a city-region pattern based on sub-regions where there really is community of interest, starting with the major conurbations,

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<sup>74</sup> Mike Coombes, *Building a New Britain*, 1996

<sup>75</sup> Alan Harding, *Is there a 'missing middle' in English Governance?*, 2000, p.41

though not necessarily confined to them. Professor Brian Robson and Iain Deas develop such a case in a recent paper,<sup>76</sup> acknowledging that “any proposal to redraw the boundaries of local government may be dismissed as political suicide”.

5.23 Robson and Deas argue for the development of city-regions based on “functional entities” such as Greater Manchester and Greater Merseyside. They propose that these could be based in the first place on Local Strategic Partnerships, and an acceptance by the RDAs of the reality of city-region geography in developing their action plans. They make a link with the city mayor concept in suggesting that elected mayors “could make more sense at this scale rather than having a veritable chain gang of mayors in each of the conurbations”. They do not suggest that a sub-regional mayor is a possibility under present legislation. But it is hard to reconcile the underlying idea of building up the city-region (even if the whole region is not necessarily covered) as the primary driver of strategic renewal (economic, physical, social and political) for its area with a strong strategic role for regional government, as its advocates conceive it. There would, in any case, be issues that would need to be faced at, roughly, the scale of the present regions. These include physical planning and transport: however coherent individual city-regions may be, none of them are self-contained.

### **Elected Mayors in Local Authorities**

5.24 Local authority elected mayors, which can be created as a ‘new form of executive’ under the Local Government Act 2000, constitute executive forms of local government within present boundaries. They form part of the range of measures brought forward in the last Parliament for strengthening local government. They are not in themselves an alternative form of regional government. As Robson and Deas imply, a mayor of Birmingham or Sheffield would have no power over those suburbs outside his or her local authority, let alone any ‘rural hinterland’. The Mayor of London, similarly, is the executive of a new authority created for the whole of London – from which his power derives. But it has been argued<sup>77</sup> that there is competition for political priority between elected mayors and regional assemblies. Elected mayors, with Mr Blair’s open support, are certainly first in the field.

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<sup>76</sup> Brian Robson & Iain Deas, *Slim Pickings for the Cities of the North*, Centre for Urban Policy Studies, University of Manchester, February 2000.

<sup>77</sup> Robert Hazell, ‘Regional government in England: three policies in search of a strategy’, in eds Wright & Chen, *The English Question*, 2000, pp39-41. Gerry Stoker also argues strongly that there is no competition between the development of mayors and that of regional government (*The Guardian*, June 13 2001).

5.25 It is possible that directly elected mayors, if enough of them were present in a region or sub-region, could occupy the political space envisaged for regional government by its advocates. Professor Gerry Stoker, a prominent advocate of city-regions, suggests that this could become an organic process:

“City mayors could pave the way for a new politics of city regions in which coalitions of mayors facing the same strategic concerns join in partnership to meet those concerns together. Ultimately, the demand for an elected regional body might emerge out of this... That would be a far healthier development than the prospect of regional government being handed out to the English as a compensation prize for not being Scottish or Welsh.”<sup>76</sup>

5.26 Elected mayors have not yet seen the required level of interest at the time of writing; the first referendum, in Berwick-upon-Tweed, saw a rejection of the elected mayor option by 10,212 votes to 3,697.<sup>77</sup> Three other authorities (Watford, Cheltenham and Gloucester: all predominantly urban district councils) have set dates for referendums, though some dozen more have expressed interest. Thus there is little sense that directly-elected mayors will lead to a rapid reordering of governance in major conurbations.

5.27 Nor is it plausible that ‘coalitions of mayors’ would be a feasible way of addressing joint problems. Disagreement between city and suburbs, and between neighbouring urban authorities, is as much the norm as co-operation; and mayors’ coalitions of this kind would do nothing to address the issues of policy centralisation and lack of democratic accountability pointed to by advocates of elected regions.

## Conclusion

5.28 Regional Chambers are here to stay in regions where directly elected assemblies are not established. It is important to recognise and build on their achievements, drawing lessons from experience. There are a number of ways in which they could be strengthened, but there are constitutional and practical limits to what indirectly elected bodies controlled by local authorities with their own constituencies can achieve.

5.29 Alternatives of a different nature which have been put forward are the development of city-regions and elected mayors. City-regions, if developed fast and successfully, would

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<sup>76</sup> Gerry Stoker, ‘Is regional government the answer to the English Question?’, in eds. Wright & Chen, *The English Question*, Fabian Society, 2000, p.76.

<sup>77</sup> However, Berwick is the only referendum so far to have been triggered (as the 2000 Act allows) by a petition of 5% of the population, and the move was not supported by Berwick-upon-Tweed Council: it may not, therefore, be a reliable yardstick for future developments.

weaken the case for a regional level of elected government, though there is no sign of the political impetus that would bring this about. Elected mayors, as at present permitted by legislation, are an important initiative in the field of local government; but are answers to a different question from that posed by the case for directly elected regional government.

## Chapter 6: Functions of Regional Government

6.1 Functions for regional government should logically follow discussion and decision about what regional government is for. A discussion of the main arguments for regional government is found in Chapter 4.

6.2 Precise criteria for the choice of functions for regional government are not appropriate, but questions to be asked in settling those functions include the following:

- for which functions is the region the most appropriate unit?
- do the proposed functions make a coherent and intelligible whole?
- what will be the effect on quality of decision-making and service delivery?
- and on overall governance, including revival of democratic effectiveness?
- if there is a specific economic goal, such as increased prosperity for the most disadvantaged regions, how is that reflected in the functions?
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### Current Models

6.3 Advocates of regional government have brought forward a range of proposals about functions; these have naturally used the examples of Scotland, Wales and London as points of reference. The most fully developed proposals are those of the North East Constitutional Convention. Under their proposed model<sup>80</sup> there would be an Assembly of 30-40 members, in partnership with a Civic Forum, responsible for:

- planning
- economic development
- transport and infrastructure
- training
- arts and culture.

It would also “exert influence over” health and education.

6.4 The Assembly would have responsibility for “setting the strategic policy framework for the development of the region”.<sup>81</sup> The existing Government Office staff would report to the Assembly. There would be regional public service agreements about health and other

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<sup>80</sup> North-East Constitutional Convention, *Time for a Change*, 2000, p.8

<sup>81</sup> *Ibid.*, p.8

services. There would be a single block grant from central government, possibly also independent financial resources, though initially no taxation powers. There is a "good case for powers of secondary legislation over specified areas".<sup>82</sup>

6.5 There are clearly important points of detail and practicality to settle about this description, which may reflect differences of view within the Convention as to whether the Assembly should be essentially a "strategic" body or should have executive and even legislative functions.

6.6 David Marquand and John Tomaney have moved the debate forward in *Democratising England*.<sup>83</sup> They propose:

"a regional assembly with a broad range of strategic powers, currently within the remit of RDAs and other 'regional' quangos, but with additional responsibilities for the production of Regional Planning Guidance (including transport planning) and Sustainable Development frameworks.

This would create an assembly with a capacity to achieve 'joined-up government'<sup>84</sup> in the regions, but with primarily strategic responsibilities, rather than service delivery ones, enabling it to be streamlined and non-bureaucratic.

It should be concerned with the promotion of sustainable development, through the integration of the range of public policy, at the minimum across the fields of economic development (including European structural funds), planning, environmental protection, housing, transport and rural development.

A very strong case can be made for adding responsibilities exercised by regional NDPBs, including arts boards and tourist authorities. A further strong case could be made for giving such an assembly a public health responsibility.<sup>85</sup>

6.7 These suggestions are less far-reaching than those of the NECC; but they too slip here and there from being 'primarily strategic' to being clearly engaged in service delivery. In more detail, proposals that the assemblies should have responsibility for the budgets of Learning and Skills Councils, and of regional NDPBs; and for the appointment of RDA

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<sup>82</sup> Ibid., p.8

<sup>83</sup> David Marquand & John Tomaney, *Democratising England*, Regional Policy Forum, 2000, p.12

<sup>84</sup> An intriguing definition of 'joined-up government' appears in a new Oxford-Hachette French dictionary: "initiative de co-ordination gouvernementale pour simplifier la vie des personnes et des entreprises".

<sup>85</sup> Ibid., p. 12

Board members, among other functions, sets a broad and not wholly consistent definition of "strategic."

6.8 The fundamental issue is whether the proposed functions would permit the assembly to make choices that would make a real difference, for better or worse, to the region; hardly less basic is whether they are substantial enough to attract public interest in regional elections or in the initial referendum.

6.9 This chapter organises discussion, for illustrative purposes, around three possible models with progressively greater levels of devolution. The three models are referred to as follows:

1. **The Strategic / Co-ordination model:** strategic co-ordination and democratic accountability;
2. **The Strategic - Executive model:** adding to the strategic functions a sufficient number of executive responsibilities, and control of resources, to enable the assembly to make significant choices between priorities for the region;
3. **The Welsh model:** a range of functions comparable with those in Wales.

6.10 None of the three is put forward as a definitive proposition. They are ideal types to illustrate three possible points on the spectrum. There are many possible variations, around and between them. But enough detail of each is given to make clear the scale of devolved power implied; and to indicate the resources required, and the size of staff needed to serve an assembly and regional executive with these functions.

6.11 These three models are referred to under the above names for the remainder of this report. To sharpen people's thinking, we have attempted to include in these models as much detail as possible, in the following discussion and the subsequent chapters. We hope, in this way, to expose the choices to be made, and thus provide a focus for future debate. These are not infallible and unchangeable models, but schematic types.

6.12 Each model is also presented in diagrammatic form in a table. The table is intended to bring out the key features, and to express the basic relationships which each model would entail with other public bodies, and with central and local government. We do not pretend that each table presents a complete or correct picture: leading examples are offered rather than comprehensive lists. Their purpose is to get the reader thinking, are these the bodies the assembly will need to work with to deliver this function? Do they appear in the right column? Is the assembly's relationship with the body one of influence and persuasion, or

should it be one of control? And if the relationship is one of influence, what levers (if any) should the assembly have to bring its influence to bear?

### **Model 1: Strategic/Co-ordination**

6.13 The first model is a “slimline, strategic authority. Even for this model, it is a logical requirement that the functions go a good deal further than those that could be effectively carried out by indirectly elected Chambers (even as strengthened on the lines suggested in Chapter 5). The central purposes of a directly-elected assembly on these lines would be:

- to provide democratic accountability for the co-ordination of public agencies in the region
- to develop the key strategies for the region
- to provide a strategic framework for key spheres of private as well as public activity
- to promote the interests of the region as a whole.

6.14 The main functions of the Strategic/Co-ordination model are illustrated in Table 6.1. This table is illustrative, not comprehensive. Readers will be able to list many other public bodies, and bodies from the private and voluntary sectors, which will be involved. The distinction between the Assembly’s close strategic partners (column 3) and those operating at one remove (column 4) is not hard and fast. Some bodies may be a close partner for some purposes but not for others. The more complex reality of the working relationship is explored in paragraphs 6.18 -6.23 below.

6.15 The assembly would have features in common with the GLA, set up as a slimline strategic body (though the GLA oversees agencies with major executive functions). Delivery would remain the responsibility, in the public sector with local government and central government and its agencies. With one possible exception (the RDA) the assembly would not have direct control over those agencies; but would need effective mechanisms for influence. Excluding the costs of the RDA, the approximate running costs of this model are likely to be around £20 million for an average-sized region.

**Table 6.1: Functions of the Strategic / Co-ordination Model**

Possible executive portfolios	Main strategies	Strategic partners working closely with the assembly	Strategic partners working at one or more removes
<b>Economic development</b>	Regional Economic Development Strategy EU Structural Funds Training strategy	Regional Development Agency Small Business Service Learning and Skills Councils Local authorities	Regional Development Agency Regional CBI Chambers of Commerce
<b>Sustainable development, environment, public health</b>	Sustainable development strategy Environmental protection strategy Rural development Public health strategy	Environment Agency Countryside Agency English Nature Local authorities	NHS Executive Water services companies Council for the Protection of Rural England
<b>Planning and housing</b>	Regional Planning Guidance Spatial Development Strategy Housing Strategy	Local authorities Housing associations	Housing Corporation House Builders' Federation Town & Country Planning Association
<b>Culture, tourism, sport</b>	Regional Cultural Strategy	Regional Arts Councils Sport England Regional Tourist Boards Resource	English Heritage National Trust
<b>Transport</b>	Transport strategy	Local authorities Strategic Rail Authority Highways Agency	Train operators Bus operators Railtrack

### *Framework and Strategy*

6.16 With no direct control over executive bodies, the assembly needs mechanisms for influence. Such mechanisms would start with a duty to prepare a statutory Sustainable Development Framework, akin to that required for Wales. That framework would be supported by a number of thematic strategies, comparable with those which the GLA are required to prepare.<sup>66</sup> The supporting strategies may differ from region to region (some of those for London are particular to a wholly urban area). A core list might be:

- economic development (via the RDA);
- planning guidance;
- promotion of the region
- transport;
- housing;
- training;
- culture;
- public health;
- EU structural funds.

These strategies would require (and be reinforced by) wide consultation and the participation of all relevant public and private bodies, not least local government.

6.17 Some of this strategic work would be taken from the Government Office, including regional analysis and research and the lead role in preparing applications for EU structural funds; some from the Regional Chamber; some would bring together work being done in a range of public agencies. But much of the strategic work is not at present being carried out at all. The functions described, if they were to be credibly carried out, would need a substantial policy and research staff capable of policy thinking at a high level. Even with some transfer from Government Offices and agencies and perhaps the Regional Chamber, new and different staff would be needed.

### *Working with Government and its Agencies*

6.18 Commitment by government to strong regional government is fundamental to the successful working of this model. Some resistance is inevitable. To overcome it the government will need to direct its quangos and other public bodies to co-operate with the regional assembly. Quangos and other government agencies receive detailed directions and

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<sup>66</sup> The strategies which the GLA have to prepare are for economic development, spatial development, transport, culture, ambient noise, air quality, waste management, and a biodiversity plan. There is a duty to take sustainable development into account in all activity.

guidance from sponsor departments in a variety of documents, normally reflected in annual corporate and business plans. Directions and guidance would need to be adapted to ensure that the agencies actively collaborated in the preparation and delivery of the strategies.

6.19 Each of the proposed functions would need to be considered in detail to ensure that the assembly could act effectively in exercising its strategic role while at the same time permitting the delivery agencies to be clear about their responsibilities both to the devolved region and nationally. Formal protocols would be required, to which Ministers sponsoring national service delivery agencies would have to subscribe. Most significantly, practical working arrangements would need to be devised to ensure that the assembly and its staff worked in partnership with the delivery agencies.<sup>77</sup>

6.20 The considerations in making these arrangements are likely to be different as between different public bodies: some are already regionalised to a greater or lesser extent. More could be done to promote regionalisation. Some Government departments, but not all, have strong regional organisations already. Where these do not exist, sponsoring departments would need to ensure that an appropriate regional structure was established. In the case of health, likely to be a key concern of a regional assembly, the latest proposals for reorganising the NHS would need to provide for a regional capacity to participate in a regional public health strategy, along with other agencies. To the extent that the remit of the Regional Co-ordination Unit needs to be extended to secure effective representation in the regions, that should be done. But even more important would be the wholehearted commitment to devolution of sponsoring ministers and departments.

6.21 On the assumption that regional assemblies will not be set up in all regions at once, quangos and other public agencies will remain as national bodies. The functions of some of these bodies can more easily be regionalised than others: the utility regulators are examples of bodies whose consistency across regions is important and would remain so a very long way down the road to regional devolution. But even in these cases arrangements can be made, or existing arrangements improved, to provide accountability on those of the functions which have a significant effect in the region.<sup>78</sup> Some important organisations, including the NHS and MAFF, are reorganising on GO boundaries, thus making it easier to analyse policy impact at regional level. Also important is establishing effective strategic relationships that support the overall vision and purpose set by the assembly.

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<sup>77</sup> See the discussion of relations between statutory regional bodies, NDPBs and other agencies in the Constitution Unit, *Regional Government in England*, 1996, Chapter 6 and paragraphs 225-232.

<sup>78</sup> Some examples of such accountability are already available from the experiences of the Regional Chambers: see chapter 5, paragraphs 12-14.

6.22 New lines of responsibility to a regional assembly, under this model, would not replace existing lines of supervision for the agencies, by Parliament, sponsoring Ministers, audit and the Ombudsman. These are required for political and financial oversight of public money and action taken in the public name. For many activities, these central forms of scrutiny provide a valuable comparative picture across regions which contributes to accountability at both national and regional levels.

6.23 But in the end directions from Ministers and public scrutiny are likely to be less significant than establishing proper relationships with the agencies themselves at regional level. This will be a complex, but vital, task.

#### *Action Plans*

6.24 Strategies by themselves will not be enough. On their own they risk being dismissed as pieces of paper, and the assemblies as mere talking shops. To be effective, they need to be supplemented by action plans with activities identified, allocated and given priority; timetables negotiated; outputs and outcomes defined and targets set.

#### *Monitoring and Scrutiny*

6.25 An essential requirement for delivering strategy, and a key function for the Strategic/Co-ordination Model, is monitoring and scrutiny. Information systems would be required, with a research and analysis function; and a formal review process set up. This could include provision for accountability hearings in public. As with Parliamentary Select Committees, these would give the opportunity for the assembly to review the performance of agencies against their action plans (see above), to ensure that the outputs and outcomes required by the various regional strategies were being delivered. Targets could then be revised in the light of experience. The assembly would help monitor the performance of the strategic partners and keep them up to the mark.

#### *Legal Enforceability*

6.26 Provision could be made in the legislation for some strategies being backed up on the lines of Regional Planning Guidance, where there is a duty for local planning authorities, which may be tested in the courts, to take account of RPG in the preparation of Structure and Unitary Development Plans:

#### *Financial Incentives*

6.27 In principle, financial incentives could be given to key players to alter their behaviour in accordance with particular statutory requirements: the GLA has certain grant-giving powers. But the assumption here is that this would not be consistent with the idea of a slimline

Strategic/Co-ordination model: resources for financial incentives other than at the margins would transform the model. Incentives, through the strategies, would be only those available under existing regimes.

*Private and voluntary sectors*

6.28 In most strategies, as in the overall Framework, private firms, voluntary bodies and individuals would have a part to play. Some firms (such as Railtrack and other public utility companies) and major regional employers would have a key part in contributing to the strategy. The mechanisms for engaging them in the process will be less formal, but as important, as with the public agencies.

*Two policy choices: the RDA and Regional Planning Guidance*

6.29 For total consistency, a Strategic/Co-ordination model would not have executive control over the RDA. But those bodies are so central to the regional initiative that there is a serious case, in terms of accountability and effectiveness, as well as in explaining the proposal to an electorate, for giving executive responsibility for the RDA to the elected assembly (as in London). This would make the RDA an operational agency of the assembly, much increasing its overall budget, which would otherwise be almost entirely for running costs.

6.30 The other key choice relates to planning. There is a case for the Secretary of State to retain a reserve power to intervene in the last resort if Regional Planning Guidance seriously conflicted with the interest of other regions; or for reclaiming jurisdiction over individual proposal of the greatest scale – for example Terminal 5 at Heathrow. The reserve power would need to be closely circumscribed in the legislation. There is a choice between the assembly taking on the role of the Secretary of State in approving RPG (a relatively narrow role); or it could assume the role of initiating RPG, at present in the hands of the Regional Chamber – but opening the prospect of a more actively regional perspective.

6.31 Last, a brief word about the size and constitution of the model, and its resources. A small elected assembly is assumed: in chapter 8 we suggest 27 members (specifically for a region the size of the East Midlands, but a similar number in each region). Of these, there might be an executive of six: the First Secretary, together with Secretaries for Economic Development, Sustainable Development, Planning, Culture, and Transport (see first column in Table 6.1). There would remain 21 ‘back-bench’ members both to scrutinise the executive and to engage in the strategic and partnership development and monitoring of results described above. Detailed functioning would be at the assembly’s own discretion.

6.32 To give some indication of the resources required for this model, we have considered the resources allocated to comparable strategic functions by the Greater London Authority,

and scaled them down by applying them to a region the size of the East Midlands. The GLA budget for the current year is £36m: not all of this, however, is running costs. Taking the strategic tasks of an elected assembly as broadly equivalent to those of London, a *prorata* ball park figure for the running costs of an assembly on this model would be up to £20 million. This represents approximately 60% of the equivalent figures for the Greater London Authority (60% is the percentage of the East Midlands' population in relation to that of London). It may be that a region lacking London's specific problems could function on less; and we have noted the Labour Party Briefing during the election campaign disputing the claim that multiplying up the GLA figure by eight would represent the additional cost of strategic regional assemblies. But substantial and complex new work is implied; elected members would demand a proportionate resource. A figure in the range up to £20m is a reasonable estimate of cost<sup>99</sup>: under the variant of the assembly controlling the budget of the RDA, the resources of the assembly would increase to £100m or more.

*A sufficiently robust model?*

6.33 A model along these lines, with the duty of preparing a regional framework for a number of specified strategies, is strategic in the sense of dealing with important issues across the region for which the assembly has been directly elected. The word 'strategy' has come into civilian hands only in the last few decades; the 1965 Shorter English Dictionary defines it as "The art of a commander-in-chief; the art of projecting the larger military movements and operations of a campaign." The demobilisation of the word has given it a much vaguer meaning or meanings, and in particular has detached it from the control over resources without which any commander-in-chief would regard a strategy as empty. (There are a few cases where the strategic functions proposed could have a resource consequence: approval of RPG and the Sustainable Development Framework are such cases).

6.34 It is possible that a body given functions on the lines of the Strategic / Co-ordination model would not satisfy two key groups: the voters whose interest and support would be required; and the politicians who would be required to run it, especially if (as many argue) there is a need to bring into play a new source of energy to democratic government - people who have not found traditional local government attractive. It may even be that there is not a convincing model for a body with "primarily strategic responsibilities, rather than service delivery ones", if the body really is confined to strategic responsibilities only.

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<sup>99</sup> The KPMG report *Transition Arrangements for the Greater London Authority*, 1999, estimated staffing of 255-295 and running costs of £19.5m to £21.8m for the GLA: though these figures were based on limited knowledge and substantial working assumptions, they indicate the approximate likely staffing and running costs of a 'slimline' regional assembly.

6.35 There is a useful lesson in the history of the metropolitan counties. They were set up in 1974 as strategic authorities for the main conurbations, following an exhaustive consideration by the Redcliffe Maud Royal Commission on the structure of local government. Only a decade later, they were abolished in 1986 by Mrs Thatcher's government with hardly any fuss: certainly, abolition was opposed by the Opposition of the day, but without vigour. They had more delivery functions than proposed in this example for regions (structural planning, transport provision, waste disposal, police and emergency services); but they never established themselves as politically necessary, either to the electorate or to the metropolitan districts - even though these were mainly in the same political control.

### **Model 2: Strategic / Executive Model**

6.36 Model 2 is derived from Marquand and Tomaney's *Democratising England*<sup>100</sup>: they set out a set of "possible functions of a regional assembly", identifying current "owners" from whom the functions would be taken over. The precise definition of functions rests on working interpretations by the present authors.

6.37 This model illustrated in Table 6.2 shows a body with a range of significant functions and budgets attached to them. An assembly with the ability to vire between the services described would have very substantial freedom to respond to regional priorities: central government would implicitly be accepting the possibility of significant variation in priority between regions. Further analysis in detail would be required to distinguish for each agency where the line should be drawn between responsibilities transferred to regional assemblies and those retained by the remaining national agency. Some are more readily separated into regional arms than others. Table 6.2 takes in most of the functions suggested by David Marquand and John Tomaney, which, as they observe, corresponds well with the links shown by the *Reaching Out* report between the GO for Yorkshire and Humberside and government agencies. Under this model, almost all current functions of the GOs are transferred.

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<sup>100</sup> David Marquand & John Tomaney, *Democratising England*, 2000, p.12

**Table 6.2: Functions of the Strategic / Executive Model**

Main functions and strategies	Strategic partners <sup>91</sup>	Services delivered in-house	Services delivered by agencies
Economic development Regional Economic Development Strategy EU Structural Funds		Regional Selective Assistance (GO) New Deal for Communities (GO) Neighbourhood Renewal Strategy	Regional Development Agency Small Business Service
Environment Sustainable Development Strategy Rural development		MAFF (GO functions)	Environment Agency Countryside Agency English Nature Forestry Commission
Further Education and Training	Universities Further education colleges Employment Service	Connexions Youth programme Sure Start	Learning & Skills Councils
Transport	Railtrack Strategic Rail Authority British Airports Authority	Local transport programme (GO)	Highways Agency
Planning and Housing Regional Planning Guidance Spatial Development Strategy Housing strategy		Single Regeneration Budget Housing Investment Programme (GO) Capital receipts initiative (GO)	Housing Corporation
Culture, tourism, sport	National Lottery distributors		Regional Arts Councils Sport England Regional Tourist Board Resource
<i>Public Health and Public Safety</i>	NHS Regional Executive Health & Safety Executive	Crime Reduction Partnerships Drugs Prevention teams	

<sup>91</sup> Local authorities would be important strategic partners in all of the policy areas described.

6.38 The key difference between Model 1 and Model 2 is that under Model 2 the assembly is not just a strategic body, but also has significant responsibilities for service delivery. This would require a slightly larger executive: two additional portfolios are proposed, shown in *italics* in column 1. And to fund the service delivery functions Model 2 would require a much larger budget: chapter 9 suggests this would range from £1 billion to £2.5 billion, depending on the size of the region (see Table 9.3)

6.39 The new service delivery responsibilities are shown in columns 3 and 4 of Table 6.2. The assembly could choose whether to deliver these services in house (column 3) or through an agency (column 4). Many of the services listed in column 3 are currently supplied by the Government Office, which would be largely taken over by the assembly; column 4 lists those services currently provided through an agency.

6.40 Though significant - and with substantial budgets - the group of functions listed is not complete. The package has a strong bias to economic and environmental issues and functions. Major omissions are health, education and police and emergency services. The most recently announced reorganisation of the National Health Service<sup>22</sup> points to difficulties with transferring substantial executive functions to new regional bodies; a joint plan for public health between the assembly and the National Health Service in the region would however no doubt be a priority. A further basic omission is that a continuing central grant system for local government is assumed: to transfer that to regional assemblies would not in principle be contrary to the spirit of commitments to leave local government powers undisturbed, since distribution is a key role for central, not local government. Even so, local authorities might well not be enthusiastic about assemblies making decisions about resource distribution for housing, say, between local authorities in the place of GOs. Devolving the national grant systems belongs to a later stage in the process.

6.41 A possibility that sits most comfortably with this model is that different regions could have different powers, with a menu being set out in the primary legislation and a mechanism provided for selection à la carte. This would certainly be possible structurally, but would create major uncertainty for the national agencies involved over a number of years, leading to low staff morale, loss of staff altogether, and opposition from senior management. These are significant issues for this model: a fuller examination would be needed if the model were followed. The purpose of this model is to illustrate devolution on a scale which would offer the opportunity for regional choices of a significant kind.

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<sup>22</sup> As detailed in Alan Milburn, 'Shifting the Balance of Power in the NHS', speech in April 2001. This proposes the reorganisation of NHS regional executives into a smaller number of 'unitary' health authorities. At the time of writing it seems likely that some functions will remain at regional level, however: and this plan is not scheduled to take effect until 2004 at the earliest.

*Size, Constitution and Resources*

6.42 Chapter 8 proposes an assembly of 37 members for this model: the functions are more extensive than under the former case; but beyond the strategic, promotional and scrutiny functions, the responsibilities under this model, taken mainly from existing agencies, are of a nature to be exercised at arm's length - as, under the first model, with the Regional Development Agency. Nor need the size of the executive be proportionately greater, though a different definition of functional responsibilities might be required.

6.43 The resource requirement for this model is composed mainly of the budgets of the transferred regional functions of the agencies specified. A number of the agencies break down their expenditure regionally. Where that is the case, these are the figures used. In other cases, a purely arithmetic division of national figures is used. Aggregating these figures (see chapter 9 Table 9.3) suggests that the total budget required for Model 2 in a region such as the East Midlands would be around £1 billion.

**Table 6.3: Functions of the Welsh Model<sup>93</sup>**

Main functions	Strategic partners	Services delivered in-house	Services delivered by agencies
Health			NHS Regional Executive Personal social services
Economic Development		Regional Selective Assistance (GO) New Deal for Communities (GO)	RDA Small Business Service
<i>Local Government and Public Safety</i>		Drug Prevention Agency Crime Reduction Partnerships	Education Police, fire and emergency services Health & Safety Executive
Education, FE and training		Connexions Youth programmes Drug Prevention Agency Sure Start Crime Reduction Partnerships	Learning & Skills Councils HEFCE Universities Further education colleges
Transport	Strategic Rail Authority British Airports Authority	Local transport programme (GO)	Highways Agency
Environment	Public utilities	MAFF (GO) Waste management Air quality Pollution	Environment Agency Countryside Agency English Nature English Heritage Forestry Commission
Housing and Planning		Housing Investment Programme (GO) Capital Receipts Initiative (GO) Single Regeneration Budget (GO)	Housing Corporation
Culture, tourism, sport	National Lottery distributors		Regional Arts Councils Sport England Regional Tourist Board Resource

<sup>93</sup> Source: National Assembly for Wales (Transfer of Functions) Order 1999, Statutory Instrument no 672 of 1999.

### **Model 3: Welsh Model**

6.44 Some advocates of regional government speak of nothing less than the Welsh example being acceptable. That model is adopted in Table 6.3 to illustrate what is likely to be the maximum conceivable degree of devolution within England, taking as a working assumption that the Scottish model is out of reach even in the long term. The scope of the Welsh settlement is set out in Chapter 2 above; briefly, this model would devolve the whole domestic agenda to the regional assembly. The big additional items are health and education and local government, including social services. These have very big budgets, and the East Midlands Assembly's budget would increase to £7.5bn. (The budgets for other regions, depending on size, would range from \$6 billion to £14 billion: see Table 9.4) Chapter 8 proposes an increase in size to 79 members for the East Midlands on this model, reflecting the significant extra range of powers available.

6.45 The process of establishment would necessarily be more complex than in Wales where there existed both a complete and for many purposes self-contained set of functions and an administrative machine to match. It would be far otherwise in England, where parts of functions and organisations would have to be identified, costed, and passed over. Some of these issues are discussed later in this report; it is sufficient to note that such a major change would require a radical reappraisal of resource allocation between all the regions of England.

### **Conclusions**

6.46 Table 6.4 summarises and compares the three models of assembly described. Of these three possibilities:

- the Strategic / Co-ordination model is a marked advance in legitimacy on Regional Chambers. There is a prospect that its members would act from a regional and not a local authority delegate standpoint; and that a regional view would emerge. On the other hand, without executive powers it runs the danger of being seen as a talking shop. There is a danger that, in the vital tests, it would not be seen as influential enough to attract support in a referendum or in continuing elections. The mechanisms to give it real authority set out in the text depend on real commitment by central government and Ministers in the setting-up stage – and afterwards.

- the Welsh model goes a great deal further than there has been a hint of in Ministerial or Labour Party statements. In particular, it would go against the grain of important strands in government thinking as demonstrated in Labour's first term:
  - distrust of local government's capacity to deliver services to the required standard without inspection, reporting, and intervention;
  - in particular, concern with the maintenance of a National Health Service and an education system with consistent and improved standards. Handing these to new bodies consisting of either a new political class or members of the old one would require an astonishing reversal of position.
- the Strategic / Executive option would be more plausible; but to carry conviction (and to attract enough popular support to get off the ground) it needs more sustained exploration – in particular of what functions the national agencies could carry out under the control of a regional assembly. This model also goes a lot further than suggested in Ministerial or Labour Party statements, and would encounter a lot of opposition from national agencies and from Whitehall.

**Table 6.4: Summary of key features of the three models**

Essential features	Model 1: Strategic/Co-ordination	Model 2: Strategic-Executive	Model 3: Welsh model
Balance between strategic and executive functions	Strategic	Strategic and executive	Mainly executive
Functions additional to Model 1 and Model 2		<b>Executive responsibility for:</b> Single Regeneration Budget Regional Selective Assistance Environment Housing investment Highways Agency Culture, sport, tourism	Health Education (including higher and further education) Local Government Police Fire and emergency Agriculture
Size of assembly	27	37	79
Size of executive	6	8	10
Annual budget for East Midlands	£20m	£1.1bn	£7.5bn

## Chapter 7: Regional Boundaries

7.1 As a starting-point, Map 7.1 shows the present boundaries of Government Offices for the Regions. As Professor Brian Hogwood pointed out in his exhaustive study *Mapping the Regions*,<sup>94</sup> of all the standard regions used by the Government at the time he wrote (which had had their origins in wartime), only one English region, the West Midlands, had remained with unchanged boundaries over the previous 25 years. This history demonstrates the instability of the pattern of English regionalism, and the lack of an overwhelming logic informing it. It also reflects the fact that it is probably impossible to identify a regional structure covering the whole of England that is totally coherent.

**MAP 7.1**  
**ENGLISH REGIONAL BOUNDARIES**



<sup>94</sup> Brian Hogwood, *Mapping the Regions*, Policy Press, 1996

7.2 Some regions, and sub-regions, may have a strong regional identity or be identified and held together by economic and geographical fact. But there remain, by any criterion, parts of England which do not clearly belong to any "region". That is not particularly surprising when the experience of other countries is considered: to take two leading examples, only some of the French regions and German Länder are coherent entities with a clear identity. Indeed, the French regions are generally believed to have been devised in part as a deliberate means of breaking down some regional patterns based on historic provinces.

7.3 Key points of reference for the choice of boundaries ought to be the issues considered in previous chapters about the purpose and functions of regional government. Criteria might include regional identity; common regional interest; strength of regional feeling; appropriateness to the functions proposed; size; and efficiency. But these do not provide definitive answers. Professor Hogwood suggested criteria which might be taken into account in devising new boundaries, tailor-made, to fit the functions proposed for regional government. This requires clear knowledge of the functions intended, possibly in the long run. And the weight of the various criteria will vary from region to region and service to service: regional identity might argue for a Cornish region, while management of the water services might suggest a different regional division in the South-West based on river basins.

7.4 The Regional Co-ordination Unit's Action Plan, if successful, will strengthen the GOs, and co-ordination between programmes of Government agencies in the regions. To that extent, the focus of the case for democratic oversight of Government agencies on the Government Office regions would be increased, though not decisively. More significantly, the establishment and consolidation of the RDAs, based on GO regions, whose democratic oversight must be a leading function of assemblies, provides a practical reason for not disturbing the existing pattern. So too does the experience of the Regional Chambers, which have generally succeeded in creating dialogue and agreement over a range of issues affecting the region.

7.5 In 1973, the Royal Commission on the Constitution opted for the standard regions of the day on the grounds that they "not only provided areas of suitable size for the functions of provincial councils, but also roughly reflected such sense of regional identity as existed in various parts of England". On similar grounds today, there is a robust case for taking them as the starting point for regional assemblies, subject to a process of consideration and consultation on a small number of disputed areas. With regard to these, the most recent Labour Party document to address the question, *Q & A Regional Government*, states:

“We will consider all the issues surrounding the boundaries for elected assemblies. Our preference is to stay as close as possible to the government office / RDA boundaries, but we recognise the need for some flexibility.”<sup>95</sup>

7.6 The leading areas of debate are:

- the South-East, where areas of the South-East England Development Agency (SEEDA) and the East of England Development Agency (EEDA), and the two GOs, are in economic, travel-to-work and other planning terms essentially part of the same Greater London region;
- Cumbria, which has in the past belonged (together with the North-East) to a Northern region, and to which there are some voices for it to return;
- Cornwall, which has its own regional campaign, partly out of a claimed sense of identity and nationhood.

7.7 There would be logic in creating a region for the whole South-East, covering the areas of the GOs for the South-East and East of England; but logic would also point to including London, which already has an elected Assembly. It would also create a single region with a population of about a third of England. It is true that the region is, in important economic and geographical senses, an entity: this points to the need for some framework for the wider South-East.<sup>96</sup> But this entity contains much diversity as well; and at the boundaries the influence of London increasingly extends even beyond the boundaries of these two regions into Dorset and Northamptonshire at least.

7.8 The options would be between a region of the whole South-East, and two regions, based on the existing Government Office boundaries (possibly with marginal amendments). In either case, more substantial co-ordinating arrangements for the planning, transport and travel-to-work needs of the South-East would be

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<sup>95</sup> The Labour Party, *Q & A – Regional Government*, 30 May 2001, p.3

<sup>96</sup> After the demise of the planning bodies, SERPLAN (South-East Regional Planning Body, covering London, the South-East, and Essex, Hertfordshire and Bedfordshire) and SCEALA (Standing Conference of East Anglian Local Authorities), in April 2001, the East of England Regional Assembly, South-East England Regional Assembly and the Greater London Authority have set up a joint committee called the “Advisory Forum on Regional Planning for London, the South-East and East of England”. It will meet three times a year and consists of three elected members from each region. It has no executive authority, instead aiming to co-ordinate the resolution of planning disagreements between the three regions.

needed. This is not the only case where cross-boundary links will be required, but it is by far the most complex.

7.9 The southern part of Cumbria (mainly most of the old county of Westmorland and Furness) has traditionally looked south to the North-West region, and transport links are stronger that way than over the Pennines. But the decision about Cumbria should be made, if demand for transfer to the Northern region is maintained, in a short process of consultation to enable the issues to be publicly aired.

7.10 Cornwall is a different case. It has the characteristics typical of peripheral areas: a feeling of neglect and an experience of deprivation recognised by EU Objective 1 status - as well as by aspirations to nationhood. The strength of feeling is demonstrated by the existence of the Cornish Constitutional Convention, set up in July 2000. This group has collected 50,000 signatures in support of a Cornish Assembly distinct from the rest of the South-West.

7.11 Proponents of Cornwall's regional status rightly point to the South-West as the least coherent of all the English regions. It is diverse and spread out (Moreton-in-Marsh, at one end of the region, is nearer to Newcastle on Tyne than to Land's End). These special circumstances have been recognised by the establishment of a sub-GO for Devon and Cornwall, though that does little for Cornish feeling. Yet to give Cornwall, a single county with a population of just under 500,000, the status of a region would present difficulties unless co-ordination over a wider area than a single county were relaxed as a criterion for establishing regional government. Much may turn on the extent of the powers (and resources) proposed for regions.

7.12 Once the initial stage is passed, it could be desirable to provide some formal means by which, either by agreement between regions, or following a referendum, perhaps in a single district, boundary changes were made.

## **Conclusion**

7.13 There is a strong practical case for adopting the existing boundaries of the Government Offices as those of regional assemblies, but there are particular cases - notably the wider South-East, Cumbria and Cornwall - which for different reasons should be considered in more detail. A more wide-ranging review from first principles would certainly be time-consuming and so contentious as to lead to no better-based result. Other cases may emerge in the course of consultation after the proposed White Paper; provision for dealing effectively and fairly with these needs to be made, as for possible changes in the long run.

## Chapter 8: Regional Government and Democracy

8.1 A significant issue in the debate over elected regional government is the correction of the 'democratic deficit'. Though an over-used and glib phrase, it captures protest at the centralisation of the British state in London, distrust of unaccountable public bodies and quangos in the regions, and the existence of strong devolved institutions in Scotland, Wales and Northern Ireland.

8.2 In particular, those bodies have incorporated many of the features long desired for Westminster by electoral reformers: proportional representation, power-sharing executives, working rather than debating parliaments. This was possible because those assemblies represented new frontiers for the constitution of the UK: the hope amongst proponents is that the archaic and apparently unreformable traditions and procedures of Parliament can be superseded by regional assemblies, a kind of 'Westminster bypass':

"The structures should be designed to make it as attractive as possible to the very best people the regions have to offer - family-friendly working practices, sensible working hours and no schoolyard shouting matches. We want regional assemblies that are accessible to the whole community and inclusive in the way that they work."<sup>77</sup>

8.3 Irrespective of how far such aims inform the development of Government policy, the expected White Paper will need to deal with a number of issues of 'constitutional design' of regional assemblies, notably:

- the number of elected members;
- the voting system to be used;
- the form of executive and of scrutiny structures;
- the titles given to the members of the assembly and its leaders;
- the role, if any, of participative forms of democracy.

8.4 The White Paper will need to make clear how far the answers proposed to these questions are determined by the functions proposed for elected assemblies, and how far (if at all) they are informed by aspects of democratic renewal. The new structures suggested under the Local Government Act 2000 may provide some indications of

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<sup>77</sup> CFER, [www.cfer.org.uk/frame4.htm](http://www.cfer.org.uk/frame4.htm), 'Dispelling the Myths about Elected Regional Government', 2000

the Government's likely intentions: in particular the issues of executive structures and participative forms of democracy.<sup>98</sup>

## Number of Members

8.5 Criteria to be considered when fixing the number of members in an assembly are:

- the ratio of population to elected members, and the range of this ratio within the UK;
- that enough members are elected to carry out the given functions of an assembly, so that it is "large enough to be effective, small enough to be responsive"<sup>99</sup>.

8.6 Table 8.1 shows the ratio of population to elected members in the devolved assemblies of the UK, together with the largest and smallest regional assemblies from the four countries considered in Chapter 3. In the British context, a clear division can be seen between the 'Celtic' and the London assemblies. The former have full devolved responsibility for most domestic issues, and operate a Cabinet and scrutiny committee system of government: thus, there is a substantial workload.

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<sup>98</sup> For further details of Government thinking on these issues see the DETR's *Modern Local Government*, Cm 4014, July 1998

<sup>99</sup> CFER Policy Statement, [www.cfer.org.uk/frame3.htm](http://www.cfer.org.uk/frame3.htm), 2001

**Table 8.1: Ratio of Population to Elected Members in Regional Assemblies in UK and Europe<sup>100</sup>**

Region	No. members	Population (m)	Pop. Per member
Scotland	129	5.1	40,000
Wales	60	2.9	48,000
Northern Ireland	108	1.7	14,000
London	25	7.3	280,000
Ile de France	209	10.9	52,000
Limousin	43	0.7	16,000
Bremen	100	0.8	8,000
Nordrhein-Westfalen	231	17.6	76,000
La Rioja	33	0.284	9,000
Andalucia	109	6.9	63,000
Campania	58	5.8	100,000
Valle d'Aosta	35	0.112	3,000

8.7 The Greater London Authority has purely strategic responsibility over a strictly limited set of functions: this, in part, explains why it has only 25 assembly members plus the Mayor.<sup>101</sup> There is some indication that the job of London Assembly Members is not a full-time one – some still hold local government positions or sit as members of the House of Lords. Should Strategic/Co-ordination Model assemblies be considered for the English regions, consideration could be given to making the elected members explicitly part-time. But this should be offset against the issues of executive – back-bench ratios in paragraphs 41-46 below. Moreover, a part-time assembly could limit the range of potential candidates.

8.8 Small, 'streamlined' assemblies appear to be in the spirit of the age: local government reform has included reduction of the number of committees. Given the

<sup>100</sup> This table shows the number of members per representative in the four UK devolved assemblies, and in the largest and smallest (by population) regions in each of the four European countries studied in chapter 3. Sources: ONS website for British data; various European regional government websites for their respective data.

<sup>101</sup> The 'Celtic-London' division is reflected in the proposals of the Constitutional Conventions: the North-East initially proposed a 54-member assembly with functions akin to Wales, whilst the North-West suggested a 25-30 member assembly with a purely strategic role

political sensitivity of English regional assemblies and the interest in efficiency shown by the present Government, it seems likely that small assemblies would be proposed ahead of large ones. Northern Ireland's Assembly has a very large number of members per head of population: but its large size was chosen in order to achieve a high degree of representativeness of Northern Ireland's district communities.

8.9 Assemblies can, however, be too small: executive domination (discussed further below) would threaten the functioning of a very small assembly. A shortage of back-bench members would also affect an Assembly's capacity to staff committees and carry out scrutiny functions. The Welsh Assembly has real concerns about this issue, and the Scottish Parliament is finding the workload of its committees difficult to manage. Moreover, very small assemblies lead to poorer electoral balance: party representation may not be proportionate to votes cast, and smaller parties can often suffer when fewer seats are on offer. For regional assemblies to represent the region adequately, they must have enough members to be broadly proportional to party and other interests, and sufficient to staff the assembly's committees.

8.10 London's Mayor can overcome the numerical limitation of the 25-member London Assembly by appointing non-Assembly members to his/her Cabinet. Also, some members of the functional body committees must be appointed from outside the Assembly. If regional assemblies were to be constructed along similar lines, issues of accountability would be raised: to whom would the appointees account for their decisions or voting patterns? This becomes a larger issue the more powers regional assemblies are granted.

## **Voting Systems**

8.11 Four different voting systems available to elected assemblies are summarised and described in Table 8.2. Each of these four systems has been used in the UK. There are many possible alternatives to, and variations on, these systems: we focus upon them as probable front-runners.<sup>102</sup> They are examined in more detail in Appendix 1, at the end of the chapter.

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<sup>102</sup> The system of "AV+" recommended by the Jenkins Commission in 1999 is not discussed in this section, as it was designed for the particular requirements of Westminster.

**Table 8.2: Comparison of Voting Systems**

Name	First Past the Post (FPTP)	Additional Member System (AMS)	Single Transferable Vote (STV)	Regional lists (closed)
How it works	Voting for individual candidates in single or multi-member constituencies, with the same number of votes as seats available. The candidate(s) with most votes win the seat(s).	Each voter has two votes: one for use in single-member constituencies as per FPTP. The other is cast for a party list (though independents may also stand). Seats are allocated from this list via the d'Hondt method*, but taking into account the number of seats in the region already won in the constituencies. Hence the overall balance of seats, not merely the additional ones, reflects the proportions of the second votes.	Each voter votes once in multi-member constituencies, ranking candidates in order of preference (1, 2, 3 etc.). Constituencies normally contain between three and eight members. Seats are allocated via d'Hondt method to ensure proportionality.	Each voter casts one vote for a party list or list of individuals, in multi-member constituencies, which correspond to the English standard regions. Seats are allocated via d'Hondt method to ensure proportionality.
Used in elections to	UK Parliament British local government	Scottish Parliament Welsh Assembly Greater London Authority	Northern Ireland Assembly Northern Ireland local government	European Parliament
Positive effects	<ul style="list-style-type: none"> <li>• Familiarity</li> <li>• All members have direct constituency link</li> <li>• Commonly produces majority government and opposition.</li> <li>• Traditional British system, understood by public</li> </ul>	<ul style="list-style-type: none"> <li>• Retains constituency link and allows broad proportionality</li> <li>• Allows representation of minor parties.</li> <li>• Tends to result in more women being elected</li> <li>• Permits "split-ticket" voting, i.e. voting for a constituency candidate from one party and a different party on the list</li> </ul>	<ul style="list-style-type: none"> <li>• All members have direct constituency link</li> <li>• Broad proportionality is achieved</li> </ul>	<ul style="list-style-type: none"> <li>• Constituency link retained</li> <li>• Broad proportionality is achieved.</li> </ul>

Name	First Past the Post (FPTP)	Additional Member System (AMS)	Single Transferable Vote (STV)	Regional lists (closed)
Negative effects	<ul style="list-style-type: none"> <li>• Poor proportionality; largest party normally wins many more seats than voting share would allocate.</li> <li>• In local government this often leads to continuous government by a single party ('one-party states').</li> <li>• Favours parties with geographically concentrated support</li> </ul>	<ul style="list-style-type: none"> <li>• Creates 'two classes of member'</li> <li>• Can lead to proliferation of parties (unless a threshold is imposed)</li> <li>• Closed party lists allow political parties to ensure permanent election for their leading representatives.</li> <li>• By-elections are not available for list members (if a list member steps down the next person on the list takes his or her place).</li> </ul>	<ul style="list-style-type: none"> <li>• Tends to discriminate against minor parties. English regions are unlikely to follow the Republic of Ireland's tendency to elect independents under this system.</li> <li>• Proportionality is not as great as under AMS</li> <li>• Does not permit "split-ticket" voting</li> <li>• Very large constituencies may strain 'constituency link'.</li> </ul>	<ul style="list-style-type: none"> <li>• Closed lists lessen voter choice (some countries use open lists, allowing voters to express preference for individual candidates.</li> <li>• Constituencies are extremely large, reducing voter identification, possibly inflaming sub-regional tension</li> </ul>

8.12 Tables 8.7-8.9 (at the end of the chapter) show modelled results for English regional governments based on the results of the 1997 general elections. These are adapted from Weir, Dunleavy and Margetts's *Making Votes Count*<sup>103</sup> (see this paper for a more extended discussion of the merits and drawbacks of different voting systems). They indicate that AMS and STV would have produced lower numbers of seats for the largest party in each region than FPTP.

8.13 Criteria for the selection of a voting system are as follows:

- to produce a spread of seats in assemblies which is broadly proportional to the votes cast;
- to permit regular changes of government when the electorate so wish;
- to allow the formation of an effective executive;
- to be comprehensible to voters.

8.14 Of these voting systems, it seems likely that an Additional Member System resembling that in Scotland and Wales is the front runner. AMS is the most proportional of the four systems; it combines constituency representation with proportionality and opportunities for smaller parties to be represented; and it has proved workable and popular in Scotland and Wales<sup>104</sup>. It seems likely also that a number of top-up constituencies based on sub-regions would be used.

## **Executive Structures**

8.15 The form of executive suggested in any proposals for English regional government is likely to be influenced by current political fashion; but this should not obscure the objective advantages and disadvantages of different models.

8.16 The defining features of an effective executive are: being structurally able to govern, whilst being subjected to effective scrutiny by non-members of the executive, and ensuring that the executive does not dominate the assembly by dint of its size. Three distinct options are available:

- a leader-cabinet / scrutiny committee model, as used at Westminster and in Scotland, Wales and Northern Ireland;

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<sup>103</sup> Patrick Dunleavy, Stuart Weir & Helen Margetts, *Making Votes Count*, Democratic Audit Paper no. 11, 1997

<sup>104</sup> Wise after the Event? Attitudes to Voting Reform following the 1999 Scottish and Welsh Elections, Constitution Unit, March 2000

- a clear split between legislative and executive, as in London, where the executive Mayor is able to appoint non-elected officers to government posts;
- a body corporate, in the traditional local government manner, where the entire assembly is responsible for decisions made.

8.17 It would be highly surprising if the final option was entertained by the Government: the Local Government Act 2000 obliged the larger local authorities, and recommended to all, to move away from this structure. The White Paper leading to that act, *Modern Local Government* (Cm 4014, July 1998), summarises many perceived inefficiencies of the body corporate and traditional local government committee structure. Though the Government of Wales Act allows the Welsh Assembly to operate in the traditional local government mould, it has chosen not to do so: and even now, after only two years, it seems unthinkable that it ever will.

8.18 A separate executive, such as London's Mayor, is a largely untried innovation in the UK. There are some concerns that the Greater London Assembly's powers vis-à-vis the Mayor are inadequate: and the concept of mayors (so far) is linked, in the British context, with cities. A single-person executive would be more open, in the more diverse English regions, to accusations of bias toward a particular sub-region. Though proposals for 'regional prefects' have been made, most notably by Edward Balls and John Healey,<sup>105</sup> they have attracted little support in either the centre or the regions.

8.19 Were a cabinet / scrutiny committee model used, it would have the advantage of familiarity: the roles of portfolio holders and scrutiny committees are well-established. However, the problem of executive domination could then rear its head: this occurs when assembly executives are so large that their influence outweighs that of the scrutiny committees.

8.20 Executive domination is a risk in all small assemblies. It is particularly prevalent in the small provincial parliaments of Canada, due to the Canadian tradition of representing all regions and voices in very large provincial cabinets. A shortage of governing party back-benchers tends to lower the quality of scrutiny and policy making, and also often leads to newly-elected, inexperienced politicians taking on significant portfolios.<sup>106</sup>

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<sup>105</sup> Edward Balls & John Healey, *Towards a New Regional Policy*, 2000

<sup>106</sup> Graham White, *The Canadian Model of Cabinet: Lessons from Canada's Provinces and Territories*, September 2000.

8.21 Proposals for English regional assemblies would need to avoid these problems by ensuring that the ratio of executive to scrutinising members is kept in balance, either by expanding the assembly, co-opting scrutiny committee members, or appointing the executive from outwith the assembly.<sup>107</sup> Co-opting members on to certain committees already takes place in local government: it does, however, raise questions of democratic legitimacy.

8.22 Table 8.3 shows the ratio of executive to total number of members for the devolved bodies of the UK:

**Table 8.3: Size of Executives and Cabinets in UK Assemblies**

	No. members	No. back-bench members	Size of executive	Size of cabinet	Ratio of cabinet to back-benchers
UK	659	517	110 (23)*	20 (2)*	1: 26
Scotland	<b>129</b>	<b>93</b>	<b>24</b>	<b>12</b>	<b>1: 7.75</b>
<b>Wales</b>	60	42	16	9	1: 4.6
<b>Northern Ireland</b>	108	94	12	12	1: 7.8
<i>London</i>	25	25	1**	20	

\* Figures in brackets include members of House of Lords

\*\* The Mayor has appointed a part-time advisory Cabinet of 20, of whom 5 are members of the Greater London Assembly. The resulting ratio figure is omitted from the table as it obscures the present discussion.

8.23 Considerations in deciding the size of executive are the powers devolved and hence the number of portfolios available, and retaining enough 'back-benchers' to carry out effective scrutiny. The smaller the assembly, the more difficult these are to meet: hence many of the 44 back-benchers in Wales must sit on at least 2 scrutiny committees each. However, the problem commonly experienced in Canada, where very few members of the governing party sit on the back-benches, is not replicated here: 19 Labour or Liberal Democrat members hold no office in Wales.

8.24 This problem would be most acute in the smaller assemblies (as seen below) and would vary in severity between regions: the important point is that each region will have to work within certain practical limits.

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<sup>107</sup> The Greater London Authority uses the latter two of these methods.

**Table 8.4: Models of Regional Assembly**

- The figures in these models relate to possible structures for the East Midlands region. Suggested executive portfolios and committees relate to all regions.
- The East Midlands has 44 parliamentary constituencies, and contains five county areas – Leicestershire (and Rutland), Lincolnshire, Nottinghamshire, Derbyshire and Northamptonshire. These counties are two-tier with the exception of Derby, Leicester, Nottingham and Rutland unitary authorities.
- Each model uses the Additional Member System of proportional representation.

Model (see chapter 6)		Strategic/Co-ordination	Strategic – Executive	Welsh
<b>Number of members</b>	Constituency	15	22	44
	Top-up	12	15	35
	Total	27	37	79
Executive portfolios		Economic Development Sustainable development Planning and Housing Culture, tourism, sport Transport	Economic Development Environment FE and Training Transport Planning and housing Culture, tourism, sport, Public Health and Public Safety	Health Economic Development Local government and public safety FE and training Transport Environment Housing and planning Culture, tourism, sport Education
Committees (Executive scrutiny committees plus: )		7 Health Housing	10 Health Standards Equal Opportunities	13 Audit Standards Equal Opportunities Legislation
Title of executive		Deputies (First Deputy)	Secretaries (First Secretary)	Secretaries (First Secretary) or Minister (First Minister)
Size of executive		6	8	10
Ratio of executive to assembly		1: 4.5	1: 5.8	1: 8
Ratio of committees to back-benchers		1: 3	1: 3	1: 5.3
Source of finance		Precept	Central funding	Central funding

## Modelling

8.25 Table 8.4 illustrates suggested answers to the questions posed by this chapter. This table corresponds to Tables 6.1 to 6.3 in Chapter 6: in particular, the suggested executive portfolio titles from those tables reappear here, and are replicated in the subject committees. As with the tables in Chapter 6, these portfolios are illustrative only; their aim is to enhance the degree of focus on the likely shape of regional assemblies. It is quite possible that the assembly executive would wish to create portfolios with different responsibilities, possibly focusing on 'cross-cutting' issues: those in Wales and Scotland do not follow the pattern set by Westminster.

8.26 The models use the East Midlands as an example region. This region has been chosen because of its average population size (compared to the other English regions), and because it is a region not known for its identity or enthusiasm for regionalism, as opposed to a 'vanguard' region like the North-East. This helps to demonstrate that regional assemblies are a practical possibility in all regions. The electoral arithmetic would have to be re-calculated for each individual region.

8.27 AMS is taken as both the most proportional and the most familiar electoral system for English regional assemblies.<sup>108</sup> To achieve strong proportionality, we have postulated a similar proportion of constituency to top-up members to that of the Scottish Parliament (approximately 43% top-up members). The actual figure varies slightly between models in order to produce top-up regions containing the same number of seats.<sup>109</sup>

8.28 The number of members selected for each model rises according to the functions of each assembly. Thus, for the Strategic/Co-ordination model, the limited executive role suggests a slimline assembly, similar to the Greater London Authority: we suggest that 15 constituencies could be obtained by dividing (approximately) the 44 parliamentary constituencies in the region by 3. Alternatively (as in London) amalgamations of local authority areas could be used.

8.29 For the Welsh model, the construction of the Welsh Assembly is replicated: one member for each of the 44 parliamentary constituencies plus 35 top-up members. 35 are suggested as it divides easily into 5 top-up regions, each with seven top-up

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<sup>108</sup> In the proposals for the Strategic/Co-ordination model of assembly, it is likely that there would be little difference in outcomes between using AMS and STV.

<sup>109</sup> That is to say, the number of top-up members must be divisible by the number of top-up constituencies, which in this case is 5, to avoid top-up regions of varying size.

members: these regions could be the five counties of the region (with a few alterations to equalise population).

8.30 The Strategic-Executive model steers a course between the other two, though the number of members is on the small side. The same Additional Member regions as suggested for the Welsh model could be used, with three top-up members each.

8.31 The ratio of executive members to 'back-benchers' in our models declines according to the number of members available. The Strategic/Co-ordination model has a particularly low ratio, so that members might need to sit on a number of committees: but, as mentioned above, the experience of the 'strategic' Greater London Assembly is that committee work in such an assembly is not overwhelming in terms of time.

8.32 The remaining models have sufficient back-bench membership to form subject committees for each executive portfolio, and to form extra cross-cutting committees if they so desire.

8.33 In some respects the decisions made for these models are arbitrary: more or fewer seats could have been allocated, different top-up regions could have been chosen, different executive portfolios could have been recommended. This reflects the fact that there are no hard and fast principles by which to settle these issues of constitutional design: if and when these decisions are made in the English regions, politics will inevitably play a major role in the outcome. Thus this modelling exercise aims to sketch a set of detailed possibilities rather than to make firm recommendations. But this level of detail helps to point up some of the more fixed points of constitutional design of regional assemblies.

### **Titles of Members and Executive**

8.34 The titles chosen for members of the executive are important symbolically: this was demonstrated when the Welsh executive renamed themselves Ministers, instead of Secretaries, in October 2000. The title of 'Minister' was felt in some quarters to overstate the powers and importance of the Welsh Cabinet. English regional assemblies would need to consider the scale of their authority when deciding on titles for their executive.

8.35 The options available include 'Minister', 'Secretary', 'Cabinet member' and 'Deputy'. Scotland, Wales and Northern Ireland all now use 'Minister'. 'Deputy' is used by the cabinet in Lewisham Borough Council (representing 'deputy mayor'),

and 'Cabinet member' by the Mayor of London's (advisory) cabinet. Other local government cabinets use 'Secretary'.

8.36 There would be merit in using 'Secretary' for a Strategic-Executive model assembly, and possibly a Welsh model; the latter could move to 'Minister', if it so wished, when it had become more established. Either 'Secretary' or 'Deputy' could be used by the more limited Strategic/Co-ordination model. The leader could be styled the First Secretary (as in Wales) or the First Deputy (as in Lewisham).

8.37 The non-executive members, meanwhile, could reasonably be styled 'Member of the Regional Assembly' (MRA), or 'Assembly Member' (AM, as in Wales) in any model of regional assembly.

8.38 The assembly executive would need also to name itself collectively. The most likely option is the 'Executive', as in Scotland and Northern Ireland: the term 'Government', suggested by Scottish First Minister Henry McLeish in late 2000, caused a ripple of concern in Westminster. The term 'executive' does not carry any meanings related to specific levels of government or specific powers.

## **Democratic Renewal and Public Participation**

8.39 The Government has made improving democratic systems, and enhancing public participation in the democratic process, important parts of its programme for reform of local government. Advocates of elected regional assemblies often include participatory issues in their proposals: this reflects, usually, their desire to break with present practices, especially the perceived remoteness of central government.

8.40 Democratic renewal can be divided into three issues:

- improving the representativeness of the regional assembly, compared to Westminster or local government;
- reform of electoral procedures (making postal voting and early voting easier, changing electoral cycles);
- use of methods of deliberative democracy.

8.41 The concern to improve the ethnic, gender and age balance in a regional assembly – to make political representatives truly representative – is expressed strongly in *Democratising England*. Marquand and Tomaney see a preponderance of middle-aged to elderly white men dominating the present political class, and believe that elected regional assemblies have a unique opportunity to break with that past.

This is linked to the concern that regional assemblies will simply provide “jobs for the boys”.

8.42 The electoral system chosen is fundamentally important in creating the opportunity for wider representation. Of the four systems described, AMS performs best in allowing representation to minority parties. In Scotland and Wales, women’s representation has shot up in the devolved institutions: at the time of writing women form a majority in the Welsh Cabinet. On the other hand, there are no non-white representatives in either body. Party initiatives were responsible for improving women’s representation, via ‘twinning’ of constituencies (where the twinned constituency parties select one male and one female candidate) and alternating male and female candidates on the top-up lists.<sup>100</sup>

8.43 Tables 8.5 and 8.6 show the numbers of members in each assembly with previous political experience, together with a breakdown of their career background.<sup>101</sup> It demonstrates a considerable number having prior political experience, which is perhaps a result of career progression within parties. There are few holding dual mandates.

**Table 8.5: Breakdown by Profession of Members of UK Devolved Assemblies**

Profession	Scotland	Wales	London (not including Mayor)
Business	12	2	3
Public sector	42	16	4
Professions	18	7	4
Media	10	2	3
Voluntary sector	4	1	
Others	25	15	5
Not specified apart from politics	17	16	6
Manual work	1	0	0
<b>Total</b>	<b>129</b>	<b>60</b>	<b>25</b>

<sup>100</sup> For further details, see Meg Russell, *Women’s Representation in UK Politics: What Can be Done Within the Law?*, 2000, p.9. The Labour manifesto of 2001 includes the statement: “We are committed, through legislation, to allow each party to make positive moves to increase the representation of women”.

<sup>101</sup> Members are counted once in each table, except for those who did not have prior political experience, who are not included on Table 8.6.

**Table 8.6: Previous Political Experience of Members of UK Devolved Assemblies**

Experience	Scotland	Wales	London
House of Lords	2	1	3
House of Commons	14	7	0 (+ Mayor)
Local government	38	28	19
Former MPs / PPCs	26	0	1
Researchers / party officers	14	10	0
Total with experience	94	46	23
Percentage of total with previous political experience	73%	77%	92%

Note: Members are allocated to categories in Table 8.6 in the preference order of the levels of experience shown. Thus, a member of the House of Lords who has also been, or is, a local councillor, is allocated to the 'House of Lords' category; a former prospective parliamentary candidate who has also been a party officer is allocated to the 'PPC' category, and so on.

Source for both tables: author's own research, using [www.scotland.gov.uk](http://www.scotland.gov.uk), [www.wales.gov.uk](http://www.wales.gov.uk), [www.london.gov.uk](http://www.london.gov.uk).

8.44 These statistics indicate that most Assembly / Parliament members do have previous experience in politics – which is not, in itself, surprising, as most representatives tend to progress up a career path within their party. Table 8.5 indicates that members come from a considerable range of backgrounds in terms of their 'day jobs'; on paper at least, this range should aid the representativeness of the bodies in question. It is striking that the three Assemblies tabulated have only one former manual worker between them.

8.45 Reform of electoral procedure, meanwhile, has already been piloted in the May 2000 local authority elections, with varying success. All-postal voting was the only system found to impact significantly on turnout, sometimes increasing it by up to 50% - though there was a resulting increase in costs. Extended polling hours and postal voting on demand, whilst popular, had little impact on turnout.<sup>112</sup>

8.46 Deliberative democracy aims to increase public involvement outside the electoral system. It can aim to test public reaction to policies or plans, to add detail and add value to policy through local knowledge, or to bring into the political

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<sup>112</sup> For in-depth analysis of these pilot schemes see *Elections – the 21<sup>st</sup> century Model*, LGA Research Report 14, IdeA Publications.

process people who are frequently excluded from it. Citizens' juries, referendums, and research conferences are the best-known: these are described in greater detail in the DETR publication *Enhancing Public Participation in Local Government*.<sup>113</sup>

8.47 There are no accepted guidelines on when a particular deliberative method should be used. It is possible, however, that many of the initiatives tried at local government level would be difficult to carry out at regional level: directly consultative methods such as citizens' juries and research conferences have so far been used only for specific, locally-based policies, whilst regional assemblies are expected to take responsibility for strategic functions. It would also be difficult and costly to achieve a balanced representation of the regional population: balance is an important test of validity for deliberative methods. Large rural local authorities are more likely to use web-based and questionnaire methods, with most jury and conference initiatives taking place in small urban areas.

8.48 London's Mayor is mandated by statute to carry out public consultation on many of his or her strategies. However, the Mayor is permitted wide latitude in deciding how to carry out this responsibility. Regional assemblies could be given similar statutory requirements: an appropriate level of funding would need to be provided to carry out consultation. In non-statutory matters, regional assemblies, like local authorities, could reasonably be allowed to decide for themselves whether and when to use deliberative methods.

8.49 Another possible enhancement of traditional democratic structures is the use of a Civic Forum, already under way in Scotland, Northern Ireland and London. The current role of the social and economic partners in Regional Chambers (or, indeed, the Chambers themselves) could grow into such a body. It is possible that members could be co-opted on to scrutiny committees, thus alleviating any problems caused by small numbers of assembly members. The democratic implications of involving non-elected members in this way would have to be carefully considered, as would the methods of selection of Civic Forum members.

8.50 Alternatively, the current members of Regional Chambers – or other regional actors – might assume the role of special advisors to members of the executive or to scrutiny committees, thus maintaining close contact between stakeholders and the elected assembly and allowing elected members the benefit of the expertise and regional contacts of the social partners. It is false to assume that an elected assembly must inevitably build walls around itself to keep other regional actors out: indeed,

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<sup>113</sup> DETR / LGA Democracy Network, *Enhancing Public Participation in Local Government*, Sept 1998

the debate around 'regional networks' indicates that the success of elected assemblies will ride upon their not doing so.

## **Election Timing**

8.51 A term of office for English regional assemblies of four years would be in line with the Scottish, Welsh and Northern Irish assemblies, the Greater London Authority, and most of local government. An alternative to a fixed period would be five-year or flexible terms, but the latter is already the subject of criticism in the case of Westminster.

8.52 A four-year term could also permit the assembly elections to be linked to some local government, or the Scottish and Welsh, elections.<sup>14</sup> An alternative would be to link them to the European elections, which now use the regional list system: these are held every five years. In practice, it is likely that (initially at least) elections to regional assemblies will be staggered, because not all regions are likely to vote for assemblies at the same time.<sup>15</sup> These issues will only be raised when the pattern of regional assemblies (if any) becomes clearer.

### **Conclusion**

8.53 The introduction of directly-elected regional assemblies, an entirely new form of governance in England, permits significant opportunities for democratic renewal. In the present context this will have to be measured against the economic development and planning issues which are central to the Government's interest in regional governance. The character of any regional assemblies which are established will be heavily influenced by the decisions referred to here: a region-wide sense of ownership will be vital to making such constitutional innovation work. The Government may also have to address issues of voter indifference: the issues of democratic renewal emphasised by advocates, and making explicit the distinctions between proposed assemblies and Westminster, may play an important part.

8.54 The number of members at regional level will depend significantly on the functions selected as being appropriate for elected assemblies. Up to a certain point, the more functions, the more assembly members will be required to carry them out:

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<sup>14</sup> Robert Hazell, *Unfinished Business: Implementing Labour's Constitutional Reform Agenda for the Second Term*, Constitution Unit, 2001, p. 21

<sup>15</sup> This assumes that the government's 'voluntarist' approach to the creation of regional assemblies remains the same: as Robert Hazell points out, "The government may want to bunch the regions into groups rather than allow referendums to be held one by one" (*Unfinished Business*, op. cit., p. 25)

and this depends on the political will behind any devolution which takes place. It is likely that the experiences of Wales and London, from which a (limited) number of lessons can already be learned, will play a significant part in decision making.

8.55 The Choice of electoral system will also depend upon political considerations, though there is consensus amongst advocates of regional government that some form of proportional representation - either AMS or STV - is appropriate, in order to prevent single-party domination of assemblies and to include a wider range of voices. The four-party system in Scotland and Wales (deriving from the electoral success of the two nationalist parties) appears to have made some headway in this: AMS's ability to include minority parties would encourage a similar effect in English regions. AMS's use in Scotland and Wales has been successful, and it would appear to be the front-runner, mixing a clear constituency link with wider regional representation.

**Table 8.7: First Past the Post in the English Regions, 1997**

Region	Party			Total seats (% seats won by largest party)
	Labour	Con	Lib Dem	
North-East	28	1	1	30 (93%)
North-West	64	9	2	76 (84%)*
Yorkshire	47	7	2	56 (84%)
West Midlands	45	13	1	59 (76%)
East Midlands	30	14	0	44 (68%)
South-East	23	52	8	83 (63%)
East	22	33	1	56 (59%)
South-West	15	22	14	51 (43%)
London	57	11	6	74 (77%)
England	331	162	35	529 (63%)*
UK	420	162	46	659 (64%)*

\* plus Martin Bell (Independent)

Source: UK-Elect software.

**Table 8.8: AMS in the English Regions, 1997**

Region	Party			Total seats (% seats won by largest party)
	Labour	Con	Lib Dem	
North-East	20	6	4	30 (66%)
North-West	42	22	12	76 (55%)
Yorkshire	30	16	10	56 (53%)
West Midlands	30	21	8	59 (51%)
East Midlands	22	16	6	44 (50%)
South-East	35	27	21	83 (42%)
East	24	21	10	56 (43%)
South-West	20	14	17	51 (39%)
London	39	23	12	74 (53%)
England	262	166	100	529 (49%)

**Table 8.9: STV in the English Regions, 1997**

Region	Party			Total seats (% seats won by largest party)
	Labour	Con	Lib Dem	
North-East	24	2	4	30 (80%)
North-West	49	17	10	76 (64%)
Yorkshire	32	12	12	56 (57%)
West Midlands	33	14	11	58 (57%)
East Midlands	24	12	8	44 (55%)
South-East	27	33	24	84 (39%)
East	25	19	12	56 (45%)
South-West	23	13	14	50 (46%)
London	44	15	16	75 (59%)
England	281	137	111	529 (53%)

Source: *Making Votes Count*, Patrick Dunleavy, Stuart Weir and Helen Margetts, Democratic Audit Paper no. 11, 1997. These tables are slightly altered versions of the originals due to the original authors using some STV and AMS regional constituencies which spilled over the standard regional boundaries. This is why the total number of seats within some regions are not the same across the three tables. The tables should therefore be taken as indicative only.

Bold figures indicate overall majorities which are proportionately greater than the Labour Party's 'landslide' majority in the 1997 general election, upon which these calculations are based.

It should be noted that Scottish, Welsh and European experience suggests that voting habits alter under proportional systems, with less likelihood of overall majorities as a result. Experience would also suggest greater minor party representation under AMS and possibly STV.

## Appendix 1: Voting Systems

### *First Past the Post*

8.56 First Past the Post (FPTP) is used at present in parliamentary elections in the UK. It is familiar, and normally delivers a working parliamentary majority for a single party whilst enabling regular changes of government and the formation of an Opposition as a 'government-in-waiting'.

8.57 However, FPTP has come under attack for its lack of proportionality: possible consequences at regional level are illustrated by table 8.7. The figures in bold in this table mark regions with proportionately larger majorities, at 1997, than the Government's landslide majority.<sup>116</sup> Due to the continually strong regional divides in voting patterns in Britain, FPTP would be unlikely to permit regular changes of government in some regions: South-East, East of England, North-East, and possibly North-West. The long-term consequences of this are likely to be similar to those found in local government by Margetts and Dunleavy<sup>117</sup>: low and declining levels of voter interest, compounded by poor policy performance and occasional examples of corruption.

### *Additional Member System*

8.58 The Additional Member System allows each voter two votes. The first is cast as under First Past the Post. The second is cast for a regional list: regional members are then allocated to bring the overall allocation of seats into line with the second vote. Table 8.8 indicates that this would lead, on 1997 voting patterns, to coalition government in a number of the English regions.

8.59 Proposals for an assembly elected by the Additional Member System would have to decide;

- what proportion of the total should be top-up members (the larger the proportion, the more proportional the assembly);
- how many top-up constituencies should be used;
- whether a voting threshold - i.e. a minimum percentage of votes which a party must gain to be permitted seats - should be used. This mechanism is used in some countries to prevent the proliferation of smaller parties.

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<sup>116</sup> The equivalent figures from the 1992 general election give similar majorities (of 90% plus) for the Conservative Party in the South-East and East regions.

<sup>117</sup> Helen Margetts & Patrick Dunleavy, *Proportional Representation for Local Government: An analysis*, 1999.

The decisions made in Scotland, Wales and London are shown in table 8.10.

**Table 8.10: The Additional Member System in the UK**

Assembly	Constituency members	Additional members (top-up)	No. AMS constituencies	Default threshold (approx.)	Top-up as proportion of total
Scotland	73	56	8	5.9%	43.4%
Wales	40	20	5	7.7%	33.3%
London	14	11	1	3.85%*	43.4%

\* The "default threshold" is the approximate vote share required to win a single seat on the respective assemblies. It is calculated by dividing 1 by the total number of seats available in a top-up region plus one (thus corresponding to the d'Hondt formula - see Table 8.2). The Greater London Assembly election of 2000 operated an "artificial" voting threshold of 5%.

8.60 The number of regional list members must be weighed against the desire to maintain the 'constituency link' and any ambition to keep down overall numbers of members – and to prevent party leaders from assuring themselves of permanent seats by topping lists<sup>118</sup>. There is no special significance in the figures of 43% (Scotland and London) or 33% (Wales).

8.61 A study carried out by the Constitution Unit following the 1999 Scottish and Welsh elections showed that voters were happy with AMS: and while they did not always understand how AMS translated votes into seats, they understood well enough to cast an informed vote under the system.<sup>119</sup>

#### *Size and shape of top-up regions*

8.62 The Scottish Parliament and Welsh Assembly both use the pre-1999 European Parliament constituencies as Additional Member top-up regions. Each region supplies an equal number of top-up members (7 and 4 respectively). Thus the chances of being elected (i.e. the "default threshold") are approximately the same across each country.

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<sup>118</sup> However, the practice of finding 'safe seats' under First Past the Post in the UK has a similar effect (except in very large electoral swings such as that in 1997). It has been a feature of devolution in Scotland and Wales that very few Cabinet members so far, and certainly far less than a proportionate number, have been list MSPs / AMs. The reasons for this are unclear.

<sup>119</sup> Constitution Unit, *Wise After the Event: Attitudes to Voting Reform in Scotland and Wales*, 1999

8.63 To achieve this numerical balance, the constituencies often have little geographical coherence, not necessarily representing “natural communities”: this raises a question as to whether additional member regions ought to form geographically meaningful constituencies which are represented by the top-up members, or whether they are devices to achieve electoral balance. The Government would have to decide which is the more significant factor on which to base top-up boundaries.

8.64 Alternatively, it would be possible to create a single top-up constituency for the entire region. This was done in the much smaller and more geographically homogeneous area of London. The fewer top-up constituencies exist, the more proportional the assembly.<sup>120</sup> The more diverse regions of England, however, may prefer a system which equalises sub-regional representation (as was stressed with regard to the Highlands and Islands in Scotland), in order that some parts of the region do not believe themselves to be ignored.

#### *Single Transferable Vote*

8.65 Single Transferable Vote (STV) constituencies may contain between three and six seats. Weir, Margetts and Dunleavy state that “political science research establishes conclusively that PR electoral districts must elect at least four MPs before they deliver proportional outcomes”.<sup>121</sup> The balance of seats is broadly proportional, and would be likely to result in coalition government in a number of the English regions.

8.66 In the British context, with three large parties dominating elections, STV would only rarely allow minority parties into assemblies, instead redistributing votes amongst the established parties. Though the Republic of Ireland often elects independents under this system, there is no recent tradition of independent politicians at national level (and only rarely at local level) in England.

8.67 There is some limited evidence that STV delivers results of substantially less proportionality than AMS. Weir, Dunleavy and Margetts find that it would have over-represented Labour by 9% in 1997, allowing them to retain their overall majority, while disadvantaging the Liberal Democrats. Anomalies would also have occurred in 1992 under

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<sup>120</sup> Assuming that the overall number of additional members remains the same: this is because a lower voting threshold is required to elect each additional member due to the larger number of seats on offer. The single constituency for London did not produce a proliferation of parties because of the small number of seats available.

<sup>121</sup> Patrick Dunleavy, Stuart Weir & Helen Margetts, *Making Votes Count*, Democratic Audit Paper no. 11, 1997, p. 26

STV. The authors suggest that “STV is only a contingently proportional system – that is, one that will usually produce a fairly proportional result, but not invariably”.<sup>122</sup>

### *Regional Lists*

8.68 Regional lists were introduced for the 1999 European elections in Great Britain. The constituencies used were those of the standard English regions. The number of members in each constituency varies from 4 (North-East) to 11 (South-East). In the 1999 elections a “closed list” system was used; some other countries use open list systems, which permit voters to vote for particular candidates rather than simply the party. This is intended to permit greater voter choice over which candidates are elected from the party lists.<sup>123</sup>

8.69 Under this system, decisions would have to be made whether to use the entire region as a constituency, or to break regions into sub-regional units. The 1999 European Parliament elections saw turnout drop from 36% (in 1994) to 24%. It is possible that the very large constituencies played a part in this drop.

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<sup>122</sup> Ibid., p. 27

<sup>123</sup> See Constitution Unit, *Elections under Regional Lists*, Jan 1998. This briefing indicates that open list systems rarely lead to substantial reordering of candidates by voters (p.5).

## Chapter 9: Financing Regional Government

9.1 The arrangements for financing English regional assemblies are critical to their effective functioning. The level, and method, of finance available needs to relate to their functions. The frontrunners are likely to be those available to the devolved bodies in the UK; but there are other possibilities, as experience in other countries demonstrates. The principal options are:

- assigned central taxes;
- a block grant with full freedom of virement;
- tied grants for specific functions;
- precept on local authorities;
- regional taxes;
- borrowing.

The range of practice in European regions is illustrated in Table 9.2.

9.2 The most substantial study of the subject is still the 1996 Institute for Fiscal Studies report *Financing Regional Government in Britain*.<sup>124</sup> Their central conclusion is that, because most taxable items are already taxed by central or local government, it would be difficult to find new taxes which could wholly finance regional assemblies with substantial programme functions. It follows that the Strategic/Executive and Welsh models of regional government would be largely dependent on central government for their funding. But the IFS argue that some independent sources of revenue would be highly desirable. They advance three principal candidates for regional taxes: a regional income tax, regional sales tax, and a regionally varying business rate. Of the three they prefer a regional income tax, because it is least likely to lead to major locational distortions; it is more transparent in its burden and incidence; and it would provide better accountability.

9.3 Box 9.1, reviewing the main theoretical possibilities, draws on the IFS report and on a report by Tony Travers and Rita Hale for the Local Government Management Board, *Sources of Revenue for Local Authorities*, which faces related issues. The first three major taxes in Box 9.1 come from RFS; the last three (much lesser) taxes from Travers and Hale

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<sup>124</sup> *Financing Regional Government in Britain*, Smith, Blow and Hall IFS, 1996.

### **Box 9.1: Revenue-Raising Power**

The IFS report suggests a number of criteria for new regional taxes. They must be easily and efficiently collectable; the revenue 'take' must be stable; their levying must not be covert or unaccountably carried out; they must not be likely to cause a widening of the wealth gap between regions; and they must not lead to offsetting reductions in the block grant or to control over Council Tax for the regional government.

#### **a. The business rate**

The non-domestic rate (business rate) was set locally before 1990. In Scotland and Wales, the devolved institutions set the rate, pool the proceeds and distribute them directly to the local authorities by head of population.<sup>125</sup> This suggests that a 'Welsh model' assembly in an English region could certainly do the same. This does not provide much 'new money' for regional assemblies, but might allow slightly more purchase on regional economic conditions.

#### **b. Regional income tax**

The Scottish Parliament has the power to raise or lower the standard rate of income tax by 3%. It would be possible to administer varied income tax rates through a separate tax code for all taxpayers resident in the region: the extra revenue would be channelled to the region. But the costs of maintaining a separate list of taxpayers in the region are not insignificant; and the region might not be willing to levy a 'new' tax, any more than the Scottish Parliament has been.

#### **c. Regional sales tax**

A retail sales tax would be fairly simple to set up and administer (possibly through the VAT system). It would, however, be regressive. It might also lead to some (though not a critical amount of) "cross-border shopping", as takes place between south-east England and northern France now.

#### **a. Road openings tax**

A tax on the digging up of roads by the public utilities, possibly levied per metre.

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<sup>125</sup> For 2000-01, the poundage (by which the rateable value of property is multiplied to arrive at the business rate) was 42 in England, 41.2 in Wales, and 45.8 in Scotland.

**b. Tourism tax**

A flat, or percentage, rate per night on each hotel bed occupied. This would, however, produce very different 'take' in different areas and might damage the tourist trade.

**a. Road pricing**

"Congestion charges", as permitted to the Greater London Authority. Travers and Hale suggest that the proceeds could be hypothecated to transport improvements, as is the case for the GLA. But there are doubts about the practicability of such a tax in regions outside London.

9.4 The IFS report argues:

"Where regional government is intended to function as a more independent level of democratic decision-making... some independent power over revenue is essential if the opportunity for regional government to make independent choices is not to be a meaningless fiction."<sup>126</sup>

The experience of the Welsh Assembly, and still more the Scottish Parliament, suggests that so far this may not be entirely true. They are funded entirely by block grant, and so far they have been completely free to make expenditure choices within their blocks: none of the funding they receive from central government is tied to a specific purpose.<sup>127</sup> Even though they have no control over the total size of their budget, they have considerable discretion within it. But in time, as the Barnett squeeze (see Box 9.5) begins to bite, they will feel increasingly constrained by the total size of the budget, and start to demand some control over their own sources of revenue. UK practice so far underlines the likely limitations on independent sources of revenue. The Scottish Parliament's marginal power to add 3 pence to the basic rate of income tax remains unused; and some have argued it is unlikely to be used. The GLA's power to raise money through a road-pricing scheme is specific to a wholly urban area and is unlikely to be a practical possibility as a source of revenue on any scale elsewhere in the country.

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<sup>126</sup> Smith, Blow and Hall, *Financing Regional Government*, 1996, p.35

<sup>127</sup> With the possible exception of the special increase in funding to assist the Assembly in drawing down EU Objective 1 programme funds.

**Table 9.2: Sources of Finance for UK and European Regional Assemblies<sup>128</sup>**

	Taxes	Block grant	Tied grant	Borrowing	Other
French regions	48%	9%	19%	20%	4%
German regions	66%	5%	11%	6%	12%
Spanish regions	10%	35%	45%	9%	1%
Italian special regions	0%	55%	39%	6%	0%
Italian ordinary regions	0%	13%	82%	5%	0%
Scotland	(3% option) <sup>129</sup>	100%	0%	0%	0%
Wales, Northern Ireland	0%	100%	0%	0%	0%
London	11% (precept)	0%	80%	0%	9% (income)

### Block vs Tied Grants

9.5 The autonomy of regional government would be considerably less if it was dependent on tied rather than block grants. Table 9.2 shows that specific central grants are common in Europe, in proportions ranging from 10% of the total revenue of regional government in Germany, to 80% in the ordinary regions of Italy. The Greater London Authority is similarly dependent on specific grants for 80% of its revenue. The White Paper *A Mayor and Assembly for London* justified this as follows:

“Allowing a Mayor a degree of flexibility does not mean running risks with the standards of services... A large proportion of the funds for Transport for London and the London Development Agency will be earmarked central government grant.”<sup>130</sup>

9.6 The political room for manoeuvre of a regional assembly would be reduced to the extent that some or all of its expenditure were similarly earmarked. The form and nature of the GLA, which has something in common with upper-tier local government, may be consistent with such constraints, though they have been contested by the Mayor and the

<sup>128</sup> This table is derived from Table 3.1.

<sup>129</sup> The Scottish Parliament can vary the basic rate of income tax by up to 3%. Currently this would lead to a 5% increase in its budget.

<sup>130</sup> *A Mayor and Assembly for London*, Cm 3897, 1998, p79. A stronger case for limiting powers of virement might be fear of concentrating too much power in the hands of one individual; but that was not the case made.

Assembly. 'Running risks with the standards of services' might have been a similar Treasury concern in relation to devolution in Scotland, Wales and Northern Ireland, but if so it was not expressed publicly. No doubt it helped the new bodies that the Scottish Office, Welsh Office and Northern Ireland Office had previously been funded by block grant. Block grant is the model which regional government in England should expect and hold out for.

## **Options for the English Regions**

9.7 A block grant with full freedom of virement has been provided in Northern Ireland, Scotland and Wales. Given these precedents and the constraints identified by the IFS, it is most likely to be the solution favoured for English regions with substantial programme expenditure, as with the Strategic-Executive and Welsh models illustrated in Chapter 6. In these cases, the block grant would presumably be composed by aggregating the cost of the programmes transferred, from whatever source, though predominantly from central government.

**Table 9.3: Approximate Block Grants: Strategic-Executive Model.**

	London	South-East	East of England	South-West	East Midlands	West Midlands	North-West	Yorkshire & Humberside	North-East
Total identifiable spending	£2,130m	£1,025m	£642m	£639m	£649m	£1,336m	£1,652m	£970m	£838m
Total arithmetical spending	£846m	£945m	£627m	£581m	£486m	£628m	£771m	£606m	£311m
<b>Total all spending</b>	<b>£2,976m</b>	<b>£1,970m</b>	<b>£1,269m</b>	<b>£1,220m</b>	<b>£1,135m</b>	<b>£1,964m</b>	<b>£2,423m</b>	<b>£1,576m</b>	<b>£1,149m</b>
% arithmetical of total spending	28%	48%	49%	48%	43%	32%	32%	38%	27%
Population	7.1m	8m	5.3m	4.9m	4.2m	5.3m	6.5m	5.1m	2.6m
Population percentage of total	14.5%	16.3%	10.8%	10%	8.6%	10.8%	13.3%	10.4%	5.3%
Per capita spending (on these figures only)	£419	£246	£239	£249	£270	£370	£373	£309	£442
Per capita spending index (England = 100).	129	76	74	77	83	114	115	95	136

Source: see notes to Tables 9.3 and 9.4 below.

**Table 9.4: Approximate Block Grants: Welsh Model.**

	London	South-East	East of England	South-West	East Midlands	West Midlands	North-West	Yorkshire & Humberside	North-East
Total identifiable spending	£18,001m	£13,151m	£8,798m	£8,158m	£7,043m	£10,003m	£13,590m	£9,462m	£5,401m
Total arithmetical spending	£872m	£974m	£646m	£598m	£501m	£647m	£795m	£624m	£321m
<b>Total all spending</b>	<b>£18,873m</b>	<b>£14,125m</b>	<b>£9,444m</b>	<b>£8,756m</b>	<b>£7,544m</b>	<b>£10,650m</b>	<b>£14,385m</b>	<b>£10,086m</b>	<b>£5,722m</b>
% arithmetical of total spending	5%	7%	7%	7%	7%	6%	6%	6%	6%
Population	7.1m	8m	5.3m	4.9m	4.2m	5.3m	6.5m	5.1m	2.6m
Population percentage of England	14.5%	16.3%	10.8%	10%	8.6%	10.8%	13.3%	10.4%	5.3%
Per capita spending on these figures only	£2658	£1766	£1782	£1787	£1796	£2009	£2213	£1978	£2201
Per capita spending index	132	87	88	88	89	99	109	98	109

## Notes to Table 9.3 and 9.4

The 'total identifiable spending' figure is the total spending by regional agencies which is identifiable by region. The 'total arithmetical figure' is derived from those national agencies which do not break down their spending by the standard regions. We have allocated this spending to the regions by dividing each agency's spending for England by the percentage of population, of each region, of the population of England.

The agencies and bodies with **identifiable spending** are, for the Strategic-Executive model: Regional Development Agency, Small Business Service, Training and Enterprise Councils, Housing Corporation, Sport England, Resource, Government Offices, and Training and Enterprise Councils (the budgets of which were used as those of the new Learning and Skills Councils were not available when going to press).

For the Welsh model, the following bodies' identifiable expenditure was added: NHS Regional Executive, local government, police, fire and emergency services, HEFCE.

The agencies whose regional spending was estimated from national (arithmetical spending) figures are, for the Strategic-Executive model: Environment Agency, Highways Agency, Forestry Commission, English Heritage, English Nature, English Tourist Board, Regional Arts Boards, and FEFCE (now Learning and Skills Councils – see previous paragraph).

For the Welsh Model, the expenditure of the Health and Safety Commission was similarly estimated.

The per capita spending figures and index in the last two rows of each table are based on the total spending figures in both Table 9.2 and 9.3.

The figure for London does not include the functional bodies of the Greater London Authority.

*Source: various annual reports, statistical tables obtained via author's own research.*

9.8 Tables 9.3 and 9.4 provide estimates of the sums of money which would be available to assemblies on the Strategic/Executive and Welsh models in each of the English regions, if they took on the functions suggested in chapter 6. Some of the agencies in question do not break down their budgets regionally, and thus accurate figures cannot be obtained: this is accounted for in the tables, which show separately the spending which can be identified by region, and that which we have allocated by formula. What the tables show is that the Strategic-Executive model requires budgets ranging from £1.1bn to £2.4bn; while the Welsh model would require budgets ranging from £6bn to £14bn.

#### *Strategic/Co-ordination*

9.9 For the Strategic/Co-ordination model, with strategic functions and therefore running costs only, the average budget would be much less, at around £20m, unless it were decided (see paragraph 6.37) to give it executive control over the RDA. That would increase the assemblies' budgets to the range of £100m to £300m each (see Table 2.8), of which all but the assembly's running costs would be passed on to the RDA. There are no existing funding streams to cover these costs (apart from small expenditures of Regional Chambers and GOs). In these circumstances there is a choice available between:

- funding by precept on local authorities, as with the running costs and certain other functions of the GLA; and
- funding by a block grant.

9.10 From the points of view of transparency and independence of the assembly, there would be value in having to account within the region for the cost of the functions by means of a precept, rather than by negotiation (based on a formula which would not be straightforward to devise) with the Government. Whether, as for London, there should be a reserve power for the Secretary of State to intervene in the level of the precept, is a decision to be taken.

#### *Strategic/Executive*

9.11 With the second model, there could still be a case to consider for funding running costs by precept. But with such substantial programme responsibilities, the bulk of the £1bn to £2bn expenditure will have to come from a block grant. In that event, it should be possible to devise a satisfactory formula based on total expenditure which includes an allowance for running costs within the single block.

#### *Welsh Model*

9.12 With the third - Welsh - model, a block grant as with Wales to cover the whole of the transferred expenditure would be the most obvious solution. There is no way in which regional assemblies could raise the £6bn to £14bn required without receiving the bulk of their funding from central government. In the case of Wales, the running costs of the Welsh administration as a whole (broadly the transferred cost of the former Welsh Office) are 1.1 per

cent of the block (£94m), while the running costs of the Assembly itself are equivalent to £36 million or 0.44 per cent of the block. It would be reasonable to assume comparable outcomes in an English region, with running costs of around 1 per cent of total expenditure.

9.13 On the Welsh model the bulk of the assembly's budget would be spent on the big budget public services in health, education, local government and social services. The assembly would be responsible for deciding on the budgets of each of these services, and distributing the funding to them. It would also be responsible for distributing revenue support grant to local government, and it would need to determine a Standard Spending Assessment or similar formula for distributing funding to the local authorities in its region.

### **Does Regional Government Require a Regional Funding Formula?**

9.14 The distribution of funding across the English regions is becoming an increasingly live political issue, with the North-East and North-West looking enviously across the border at Scotland's generously funded education and health services. Pressure has been growing for a detailed assessment of the spending needs of the English regions. This has become caught up with demands for a review of the Barnett formula, which plays no part in determining government expenditure in the English regions.

9.15 The Barnett Formula (see Box 9.5) has been used since 1980 to determine levels of new spending in Scotland, Wales and Northern Ireland, in line with spending increases in England. It was intended to gradually reduce the historically higher levels of spending in Scotland, Wales and Northern Ireland, but so far has failed to do so. Over the same period, Scotland's economic position has improved substantially, leading to assertions that some of the English regions (to which Barnett does not apply) are 'losing out'.

### Box 9.5: The Barnett Formula

The Barnett formula was created in the late 1970s by Joel Barnett, then Chief Secretary to the Treasury, as part of the 1974-79 Labour Government's plans for devolution. Its aim was to provide a formula for the allocation of extra public spending to Scotland and Wales. Extra spending was allocated in the proportions of England: 85, Scotland: 10, Wales: 5, based on the rounded share of the three nations' population of Great Britain in 1976. For every £85 increase in planned expenditure on comparable services, Wales would receive £5 and Scotland £10. (A parallel formula allocated 2.75 per cent of the change in equivalent expenditure in Great Britain to Northern Ireland).

The Barnett formula is much misunderstood. It does not determine total budgets, and does not directly address actual needs.<sup>131</sup> The 1974-79 Government decided not to disturb the existing Scottish and Welsh blocks, which already exceeded per capita expenditure in England (in the case of Scotland, by some 22 per cent). Instead they would adjust new expenditure at the margin. The hope was that over time incremental changes at the margin would bring about a gradual convergence of levels of spending in Scotland and Wales closer to the levels in England.

Press claims that the formula causes higher public spending in the devolved countries are incorrect: the higher spending results from the historically high levels which the Scottish and Welsh blocks had already achieved before the introduction of the Barnett formula. But the Government's hope that over time these spending differentials would be reduced has not materialised. When in 1997 the Treasury Select Committee conducted an enquiry into the Barnett Formula it received evidence that no convergence had occurred. The latest Treasury figures show that the differentials still persist: taking a UK per capita spending index of 100, public expenditure per capita runs at 96 in England, 113 in Wales, 118 in Scotland and 133 in Northern Ireland.

A detailed explanation of the operation of the Barnett formula was published by the Treasury in March 1999.<sup>132</sup> Prof David Bell has suggested that from now on the Barnett formula may start to become the 'Barnett squeeze', gradually bringing expenditure per head in Scotland, Wales and Northern Ireland closer to English levels.<sup>133</sup> If the squeeze starts to bite pressure may grow in the devolved administrations for a review of the formula.

The Barnett formula is not used at all to allocate regional spending within England.

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<sup>131</sup> For a detailed explanation of the Barnett formula and its history, see House of Commons Research Paper 98/8, *The Barnett Formula*, January 1998.

<sup>132</sup> HM Treasury, *Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly: A Statement of Funding Policy*, 31 March 1999.

<sup>133</sup> 'The Barnett Formula and Needs Assessment', Dept of Economics, University of Stirling, November 2000.

9.16 A new UK-wide or England-wide needs assessment would be required to set appropriate funding levels for regional assemblies with substantial executive responsibilities and funding requirements (Models 2 and 3 in chapter 6). Because these hardly exist as a unit of government, there is no generic funding formula for the English regions. It would be possible to devise such a formula without touching the Barnett formula. The English regions comprise some 85 per cent of the population of the UK; the Barnett formula could be left in place to distribute funding to the remaining 15 per cent. This might not be an equitable approach as between England, Scotland, Wales and Northern Ireland; but it would be logically and politically feasible.

9.17 The running costs of the strategic/Co-ordination model could be funded by precept without a formula. It is likely that only Models 2 and 3 outlined in chapter 6 would require a funding formula. The funding formula for a regional assembly (distinct from the region itself) must be related to the functions of the assembly. It would make no sense to allocate block grants to assemblies on the Strategic-Executive model on the basis of a needs assessment which related to health and social deprivation, when that assembly had no responsibility for those issues. Likewise, it would be impossible to apply a service level funding formula to the Strategic/Co-ordination model, as it has no service delivery powers.

9.18 A needs assessment and funding formula would certainly be required for assemblies on the Welsh model, with their substantial £6 billion to £14 billion budgets. It is less certain that a needs assessment would be required for the Strategic -Executive model. Initially central government departments might be able to calculate funding requirements through a regional breakdown of their spending in the executive functions concerned

## **Conclusion**

9.19 Methods of financing regional assemblies depend on the functions they are to fulfil. Of the models set out in Chapter 6, the Strategic/Co-ordination version could be financed either by block grant or by precept on local authorities in the region. There are arguments for preferring the latter. The two models with substantial programme expenditure would need to be financed by block grant.

9.20 There is no necessary connection between financing regional assemblies and the issue of resource distribution between the nation regions of the UK; but introducing regional government in England, and devolving budgets, will heighten demand already existing for a new needs assessment and redistribution of resources within the UK and between the English regions.

## Chapter 10: The Impact of Regional Government on Central Government

10.1 The nature of any devolution settlement for some or all of the English regions will be decisively influenced by what the centre (in the form of Whitehall and Parliament) is willing to devolve. What impact English regional assemblies have on the functioning of central Government depends upon the functions (and financial freedoms) they are permitted.

10.2 This chapter analyses the probable impact on the centre of each of the three models of assembly presented in Chapter 6. Both the administrative and political impacts are analysed: the two are closely related but will impact on different players at the centre.

10.3 The discussion does not attempt to track the effects of devolution of different groups of functions to different regions. It is sufficient to say that this would complicate matters considerably.

### Effects under the Strategic/Co-ordination Model

10.4 The Strategic/Co-ordination model would make the least impact on the functions of central Government. There would be opportunity for conflict around the strategies produced. But responsibility for the general direction and implementation of all policy and, above all, for the distribution of resources, would rest unambiguously with the centre and its agencies.<sup>134</sup> The funding streams for the various regional bodies (possibly excluding the RDAs) would remain distinct from that of the assembly, and no issues would arise for the centre over the source of regional funding, if the assembly raised its running costs by precept.

10.5 However, in the longer term, differences in strategy between regions would lead to divergence of policy and practice, different demands on central agencies, and new pressure for change. The collective effect of this is impossible to predict.

10.6 The Mayor of London's record so far has already demonstrated that even a very restricted portfolio of powers can provide a platform for political conflict. While a strategic regional assembly would have no specific mandate to become involved in political conflict with the centre, direct election would confer an electoral mandate and an alternative political centre of authority.

### Effects under the Strategic-Executive Model

10.7 The Strategic-Executive model of regional government offers a substantial budget and decision making powers over the specified areas of policy competence. The model illustrated

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<sup>134</sup> The Mayor of London is obliged to make his strategies 'consistent with national policy'.

in Chapter 6 does not devolve any powers and functions directly from central Government departments, but it does subsume control of some important national bodies into regional assembly capabilities and budgets. These national bodies are currently sponsored by central Government departments, with the usual powers of patronage and control which go with the agency relationship. Breaking them up, as would be required, would be difficult in some cases. The ability to vire funds between programmes and agencies would permit considerable variation in policy making between regions, and between the centre and the regions.

10.8 Central government is unlikely easily to let go of its powers over policy delivery at regional level. This became apparent even in the modest case of the RDA 'single pot': attempts were made to limit freedom of virement in practice through the introduction of an array of performance indicators.<sup>135</sup> Graham Hall, the chief executive of Yorkshire Forward, stated:

"The concept of the 'single pot' must be made a reality. This concept is so counter-cultural to the way Parliament votes money, the accountability mechanisms and the command-and-control nature of large parts of Whitehall that it is not as simple as it first seems."<sup>136</sup>

10.9 Quangos have important uses in delivering policy, as successive government, Labour and Conservative, have found. Single-purpose agencies at arm's length from Government will continue to attract Ministers who are in politics to deliver results. Apart from single-mindedness, quangos have strengths, for example:

- in areas of technical complexity where scarce resources can be concentrated;
- independence (at least for a time), perhaps in response to outside opinion, to pursue its purpose in ways not congenial to the Government that created it;
- flexibility: though powers are defined in statute, these can be amended or interpreted to meet new circumstances;
- a degree of operational and financial freedom, as the RDAs are finding.

Splitting up national quangos could lead to some of these strengths being lost or adversely affected. Transitional periods are likely to be needed.

10.10 The Select Committee on Public Administration has, however, concluded recently that the democratic oversight of quangos provided in Scotland and Wales "is required for the English regions...the quango state may be here to stay, but this makes it even more important to decide how it is to be properly accommodated."<sup>137</sup>

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<sup>135</sup> Constitution Unit, *Monitoring the English Regions*, Feb 2001, <http://www.ucl.ac.uk/constitution-unit/leverh/pub.htm>, pp 9-11.

<sup>136</sup> *Ibid.*, p.11

<sup>137</sup> Public Administration Select Committee, *Mapping the Quango State*, HC367, 2000-01, paragraphs 43-44

10.11 Administratively such letting-go should be feasible, but it goes against a deeply ingrained Whitehall culture. It would be a shift from the current position of the regions, where both Government Offices and RDAs are accountable to Ministers through central government civil servants; and where national quangos, created with a fixed purpose, also report to Ministers. These freedoms would draw a symbolic line in the sand between central and regional responsibilities: certain areas of decision making would be removed from Ministerial control de jure as well as de facto.

10.12 In all areas of devolved competence, Government departments will need to build relationships – and probably establish Concordats – with their regional counterparts. Some limited relationships already exist with the current voluntary Regional Chambers: these would grow in importance with important functions devolved and substantial regional administrations created.

### **Effects under the Welsh Model**

10.13 The creation of further regional bodies resembling the Welsh Assembly would have very big effects on central government:

- It would involve the transfer of huge budgets (some £100bn of central government expenditure) to regional control;
- It would devolve to the regions the determination of policy and priorities on health and education, two programmes of great political importance;
- It would gut a number of Whitehall departments, in particular those covering agriculture, culture, economic and industrial development, education, the environment, health and social services, transport;
- It would devolve to the regions control over local government, and the distribution of local government finance between local authorities;
- Central legislation on devolved matters would need to be looser, framework legislation, to allow for regional variation;
- It would replicate, in other regions, the inherent problems of executive devolution in Wales (which are discussed briefly below).

10.14 The organisational future of the Government Offices for the Regions would also have to be decided. The current proposals from the North-East Constitutional Convention suggest that they would be absorbed as regional assembly secretariats. This appears a logical move on the surface; under the Welsh model, all the functions currently carried out by GOs (and a lot more functions carried out in Whitehall) would be transferred to regions. However, the need to maintain close links with central government suggests that central government would want to maintain some presence in the regions (as in Germany, France and other European countries).

“If executive devolution is to prove effective, two fundamental problems will need to be resolved. First, primary legislation for Wales will have to be drawn up more loosely than primary legislation for England, so as to give scope to the Assembly... Second, principles must be devised to regulate the dividing line between primary and secondary legislation.”<sup>138</sup>

10.15 The Welsh model of executive devolution allows the Welsh Assembly to make Orders permitted by specific clauses of Acts of Parliament. This power was (and in England, still is) exercised by the Secretary of State. The shortcomings of executive devolution have become rapidly apparent in Wales:

- Assembly powers must be specifically devolved, where appropriate, by each new Act of Parliament;<sup>139</sup>
- The ‘principles’ to regulate the divide between primary and secondary legislation have not yet been forthcoming;
- The Assembly has a patchwork of secondary powers, which creates administrative problems and means that, on many issues, it must request primary legislation at Westminster. This continuing dependency on Westminster and Whitehall already creates strains, and could become a lot more strained after a change of government in either Westminster or Cardiff.

10.16 In the context of a number of equivalent English assemblies, the departmental Secretaries of State would maintain a far-reduced policy role, with no influence over the implementation of policy through secondary legislation. For Welsh-model English regions, primary legislation, to make executive devolution work, would need to be ‘framework’ legislation, of the kind carried out (in some policy areas) by the federal Government in Germany. Theoretically this should be done at present for Wales, but the Assembly has often complained that it has not.

10.17 But through this route, a future government could still severely restrict the powers of the assembly – and any equivalent English regions - by restricting the capacity for secondary legislation to the minimum. There would be a need for concordats to regulate central-regional relations, and for a set of principles along the lines proposed by Richard Rawlings in *Quasi-Legislative Devolution: Powers and Principles* (2001).

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<sup>138</sup> Vernon Bogdanor, *Devolution in the United Kingdom*, 1999, p.259-260.

<sup>139</sup> Cabinet Office Devolution Guidance Note 9 specifies the procedures which should be followed for each Westminster Bill which relates to matters devolved to Wales. In particular it specifies that the Welsh Cabinet should be consulted on proposed Bills, as far as possible, and that bills should be read for compliance with the devolution settlement: extra assemblies would make these procedures far more onerous.

## Resource Allocation

10.18 Establishment of a devolved administration for the first region with an elected assembly would require the preparation of a framework for possible extension of assemblies to all regions. This would need to provide above all for the resource consequences of the decision (discussed in chapter 9), but with an eye also on policy effects. How elaborate a framework that would be depends on the extent of functions to be devolved. Devolution on the lines of the Strategic/Co-ordination Model would be comparatively simple, since the only resources to be provided would be running costs (unless the assembly were to control the RDA). But examples are suggested in Chapter 6 of cases where the centre needs to consider whether reserve powers might be required in relation to devolved functions in the interest of England's other regions.

10.19 In principle, the same appears to be true with the Strategic/Executive model: the resources are to be transferred on the basis of the costs of the functions to which they relate. But (as Tables 9.3 and 9.4 demonstrated) the costs of some of these functions are not at present broken down by region, and there will be practical and conceptual difficulties in arriving at allocations that are realistic and "fair" – either to the devolved region or to the others. There is also an issue to be faced in constructing the block grant, in dealing with 'lumpy' items of public expenditure. This year's figures, or even a five-year average, may not capture the effect of that. Issues of this sort, with a set of functions as substantial as those in this model, are likely to require a more systematic basis for allocations of resources between a devolved region and the rest than transfer of identifiable resources. A full needs assessment for England would certainly be required for allocation of resources to any region under the Welsh model .

## Other Effects on Central Government

### *A Reduction in the Number of MPs*

10.20 One or two elected assemblies might add little to the arguments already heard about the need for a reduction in the number of Scottish and Welsh MPs, but a nation-wide series of assemblies with executive devolution would strengthen calls for a reduction in the overall number of MPs in Parliament. At present it is too early to judge whether devolution in Scotland and Wales has lightened MPs' workload in those countries sufficiently to the extent that fewer of them are required<sup>100</sup>: but pressure for such a change may develop if and when regional assemblies take over more responsibility and become established. The Conservative and Liberal Democrat manifestos of 2001 both pledged to reduce the number of MPs at Westminster.

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<sup>100</sup> The Constitution Unit is currently undertaking research into the workload of Scottish and Welsh MPs. The number of Scottish MPs is set to fall from 72 to around 60 at the next parliamentary boundary revision, under the Scotland Act (s81); but there is no provision for a reduction in the number of Welsh MPs, although Wales is also over-represented at Westminster.

### *Role of National Audit Office*

10.21 Whilst the Audit Commission examines local government, Scotland, Wales and Northern Ireland each have their own auditing institutions. These report to the devolved Assembly or Parliament in each territory. The Auditor-General for Wales acts independently of the National Audit Office, though there is no formal statement of where the NAO's responsibilities end and the Auditor-General's begin: the NAO may audit the expenditure of the Wales Office, but most of this consists of the block grant which is passed on to the Assembly after deducting Wales Office costs.

10.22 A Welsh model regional assembly could reasonably expect to operate a similar regime, budgeted for from its block grant and requiring an Audit Committee in the assembly itself. However, if regional assemblies with more limited powers are set up, the Government may treat them as falling under the National Audit Office, or the Audit Commission. The latter would be more likely to apply if they raise some or all of their funds via a local authority precept.

10.23 In principle, output targets might be set, as is being done for the Regional Development Agencies. However, the RDAs are agencies of central government, whereas assemblies would be accountable to their electorate. Central government monitoring of targets (with the implication of follow-up action) would be hard to reconcile with devolution, but the case for devolved audit arrangements, as exist in Scotland and Wales, would remain.

## **Conclusion**

10.24 All the models of regional government would have an impact on the workings of Whitehall. The greater the powers, functions and budgets devolved, the greater the impact on central government. But it should not be overstated. Under the Strategic/Co-ordination, and even Strategic-Executive models, Parliament would still retain primary and secondary legislative power: Whitehall would retain the responsibility to set overall government policy. The regional assemblies would have only a limited power to adjust policy in specified fields of competence. There would be few requirements for administrative change on the Strategic/Co-ordination model, rather more on the Strategic – Executive model.

10.25 The Welsh model, conversely, would represent an enormous change in UK governance as a whole. It would lead to a much-reduced central state apparatus, setting only the broad framework of legislation. There would be a case for a reduction in the number of Cabinet ministers, and probably the number of MPs as well.

10.26 Coherent alternative arrangements would need to be thought out for those regions which choose not to move towards elected assemblies, or in which a 'no' vote is obtained in a referendum on the subject. These arrangements would relate to form of governance and means of resource allocation, and are difficult to speculate on before the full impact of one or two regional assemblies can be assessed.

## Chapter 11: The Impact on Local Government

11.1 The relationship between elected regional governments and local government will focus around two issues: the respective powers and resources of each tier, and whether regional government requires a unitary pattern of local government.

11.2 Various local government perspectives on the debate over regional government in the 1990s have one point in common: while few argue that regional government is in itself a bad thing, all insist that its functions must be drawn down from central government, not up from local authorities. Local government has lost a considerable portion of its functions over the last few decades: there is a natural fear of losing still more to a measure presented as an enhancement of democratic accountability.

11.3 Local government has some responsibility for some of the functions which are conceived of, in the debate over regionalism, as being best carried out at regional level. The LGA hearings of 2000 saw an overwhelming message for a regional dimension in economic development, transport, and land-use planning. Regional Planning Guidance must be formulated by regional conferences of local government (latterly in their form as Regional Chambers). The creation of assemblies with powers in these fields would make it necessary to review the boundaries between the tiers in order to promote co-operative working and reduce the likelihood of conflict. Other major losses of local government power have been in the fields of education, environment, and personal social services, either via centralisation or moving of the functions to national (or regional) agencies.

11.4 It would be wrong to assume that conflict will inevitably occur whenever bodies from local and regional level are required to interact. The experiences of local authorities in relation to central government over the last 20 years give the impression that these relations must always be rocky. Experience from Europe shows that this is not necessarily so.

### Three Tiers of Sub-National Government?

11.5 Labour's latest position on 'predominantly unitary local government' as a precondition for elected assemblies is described in paragraphs 2.51-2.52. Some have interpreted the requirement as a deliberate impediment to the establishment of regional government, but it is in itself an understandable response to criticism that a third tier of sub-national government is one too many. The charge of 'bureaucracy' and 'over-government' will be live in the discussion over establishing regional assemblies whether or not the condition is maintained: its significance will be the greater, the more power is proposed at the regional level.

11.6 The issue is likely to be least pronounced in the three northern regions; a substantial proportion of the population of the North-East, North-West, and Yorkshire & Humberside live under unitary authorities. However, in the remaining regions, where two-tier authorities

remain in most areas, it may become a rallying-point for opponents of regional assemblies. The counties are likely to lead the opposition: as the existing upper tier, they will be most under threat.

**Table 11.1: Local Government Structures in England<sup>111</sup>**

Region	Counties	Districts	Unitary authorities
North-East	2	13	10
North-West	3	24	19
Yorkshire & Humberside	1	7	14
West Midlands	4	24	10
East Midlands	5	36	4
East of England	6	44	4
South-East	7	55	13
South-West	6	35	10

11.7 Local government has no appetite for further reorganisation. Any reorganisation would be politically and financially costly. Central government would need to be very clear about its objectives before it embarked on a repeat of the last round of local government reorganisation in the early 1990s. The inconsistent pattern that emerged reflected lack of clarity in the Government's objectives. An imposed reorganisation, such as took place in Scotland and Wales, might cause fewer problems than one open to wide public debate, although it would certainly provoke political resentment.

11.8 The North-East Constitutional Convention has floated the alternative possibility that the local authorities themselves in a given region may be able to come to an agreement about reorganisation. This might be plausible in a region such as the North-East, which has a strong sense of regional identity, but it is unlikely to be undertaken voluntarily in those regions where boundary disputes, or principled opposition to regional assemblies, are stronger: "the new regional chambers, two-thirds of whose members are councillors, will not be able to reach consensus about reorganisation while the Government stands by".<sup>112</sup> As we noted in paragraph 5.6, it has proved impossible even to discuss elected regional government in Regional Chambers, let alone an ensuing (or preceding) reorganisation of local government.

11.9 The Local Government Commission did, however, set some principles for reorganisation of local government into unitary authorities (despite not always following them itself). Unitary authorities should ideally have a population of 150-200,000; their geography should take account of 'natural communities'; public opinion and local identity should be heeded. The requirement which led to the above population recommendations was a critical mass of population, allowing strategic / specialist services to be provided. To achieve England-wide

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<sup>111</sup> Adapted from Alan Harding, *Is there a 'missing middle' in English governance?*, 2000

<sup>112</sup> Jo Dungey, *Regional and Local Government*, *New Economy*, March 2001, p.45.

unitary government on this model implies mergers of two or more district councils (or the creation of 'unitary counties').

11.10 However, whilst cost-effective provision of services (and hence population) is an important factor in considering a reform of local government, the LGC recommendations are far from hard science. It is possible that the presence of a regional assembly would alter the criteria listed in the above paragraph, but this remains speculation. There is no easy option: the choice may be between an imposed restructuring, and relaxing the requirement of predominantly unitary local government. Other European countries, such as France and Spain, have two tiers of local government as well as regional government: England may follow their example.

### **The Impact on Local Government of the Three Models**

#### *Strategic/Co-ordination Model*

11.11 The Strategic/Co-ordination regional assembly does not represent a substantial change, in terms of specific functions, on the current voluntary Regional Chambers. But the creation of a regional body, with its own political constituency, distinct from local authorities and the regional Local Government Association, will have substantial implications for the workings of the assembly and its relationships with local authorities. In terms of political clout and resources it would be a step change.

11.12 The current Regional Chambers are, in most cases, very clearly voluntary associations of the local authorities in the region. Up to now they have been almost entirely local-authority funded;<sup>143</sup> they meet in plenary no more than four times per year; they rarely employ staff, instead using a 'host' local authority; and their deliberations are normally restricted to matters of common concern to the local authorities. They function by consensus, and divisive subjects such as elected regional government are deliberately avoided.

11.13 A Strategic/Co-ordination-model assembly would differ from this in the following ways:

- It would sit full-time, with its own dedicated research and policy making capacity. Regional Chambers are part-time, receiving research support in kind from member authorities. The volume and quality of research, and potentially its regional orientation, is likely to increase.<sup>144</sup> Better research will allow the region to challenge local authority plans and priorities, and new conflicts will need to be worked through;

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<sup>143</sup> Excepting the £500,000 proposed by the recent DETR consultation paper *Strengthening Regional Accountability*.

<sup>144</sup> The study *Next Steps for Regional Chambers* has clearly shown the need for this: see <http://www.ucl.ac.uk/constitution-unit/reports/reportpage/repnew.htm>.

- The assembly members would not all be members of local authorities. The present Chambers still essentially are local government conferences, plus the social and economic partners. No doubt there will be some dual-mandate holders amongst the first elected representatives. But local authorities would have to deal with several regional representatives with a separate electoral mandate and power base. New relationships would have to be built;
- The assembly's remit would run wider than matters amenable to a consensus of local authority members. It would provide an alternative political centre of gravity to local authorities, and the strategic plans which it would create would require specified commitments from local authorities stretching into the future.

11.14 These factors would require relationships to be forged which are at present taken for granted because of the shadowy status of voluntary Chambers. Local authorities collectively would have no direct control (though they would have input) over the various plans produced by this model of assembly. This would constitute a removal of local government powers, albeit powers which could only be exercised collectively: particularly in relation to Regional Planning Guidance. It is unlikely that a Strategic/Co-ordination model assembly could impose an unpopular regional plan in the teeth of local government opposition: it would not have the power or resources to force local authorities into submission. New, and unpredictable, methods of joint working would need to be found.

#### Strategic-Executive Model

11.15 The effects of the Strategic-Executive model on local government would be similar to those of the Strategic/Co-ordination model, but on a larger scale. The Strategic-Executive model would provide democratic accountability over a range of functions which are administered at present by non-accountable bodies. The substantial powers and undoubted clout of this model could give plenty of opportunity for conflict between local and regional authority levels. But this model would have no control over local government budgets and no powers or resources to replicate their functions – though, as noted above, there are important fields in which both regional and local authorities would have functions.

11.16 The two levels would have to co-operate most of the time, or face deadlock. Conflicts are not necessarily a sign of inefficiency or incompetence: they may indicate the existence of a healthy, functioning democracy, and they may arise even when the party control at the two levels is the same.

11.17 Although a Strategic-Executive assembly would not draw its central functions from local authorities, it could lead to seepage of some further powers, not directly related to service delivery, up from local authorities. Strategic planning, transport plans, waste, economic development and highway development all fall within the remit of county councils; but these also feature, to a greater or lesser extent, in the functions which most proponents suggest for regional government. Regionalising the police, fire and emergency services, for instance, could well be put forward. Though such seepage would be opposed by most county or

unitary authorities, it could still take place. On the other hand, there is nothing in a move to regional government which would lead inexorably to such a shift. It has not yet been threatened in Scotland or Wales.

#### *Welsh Model*

11.18 The Welsh model would give the assembly significant powers over local government, particularly in relation to funding. Funding for Welsh local authorities (and national parks) constitutes part of the block grant for the Welsh Assembly. The Assembly is able to set the Standard Spending Assessment (SSA) for the local authorities, and to adjust the calculation process for it. The Welsh Assembly calculates the allocations of Revenue Support Grant annually; for 2001-02 it has adopted proposals for changes in the SSA formula made by an independent review commissioned jointly with the Welsh Local Government Association. The devolved bodies also have the power to cap Council Tax via the Local Government Finance Act 1992.

11.19 This level of control over local government budgets creates the potential for significant conflict. The budgets allocated by central government to local authorities would pass to the regional assembly, which could choose to retain some of the budget at regional level. The assembly might do this because of its own budgetary constraints, because of political conflict with the local authorities, or simply because it wished to centralise certain functions.

11.20 The Welsh Assembly is mandated by the Government of Wales Act to set up a Partnership Committee, with members from both the Assembly and the Welsh Local Government Association, as a focus for relations between the Assembly and local government. Welsh local authorities have welcomed the prospect of influencing Assembly policy, though it is unclear that the Committee has yet any substantial achievements to its name. But the Committee does ensure that relations between the Assembly and local government remain regular and should not easily break down.

11.21 Similar committees would play a positive role in English regional assemblies: however, these would also have to balance the interests of county and district authorities. This balancing act might make relationships more tricky. On the whole, Welsh local government welcomed the arrival of the Assembly, but some English local authorities are hostile to the concept of regional assemblies – both on principled grounds and because they fear the abolition of either the county or district tier.

## **Conclusion**

11.22 The effect of regional government on local government would need to be mapped over several years. It is understandable that local authorities are fearful of regional government. Some of their functions would inevitably be affected, especially strategic planning, economic development, waste, transport plans and highway development. But, as with all political

arrangements, the relationship between the two layers would need to be continually re-negotiated through regular encounters and co-operation between the two. This would hold for any form of English regional devolution.

11.23 Whether or not there is pressure for further local government reform depends in part upon what model of regional assembly is proposed. It seems implausible that a Strategic/Co-ordination-model assembly would provoke calls for reform, and even a Strategic-Executive model one would be unlikely to do so. The models of regional government proposed in this paper carry out quite different functions from those currently dealt with by local government. The reasoning behind a further reorganisation would have to be a combination of 'unfinished business' and public perception – perhaps justified – about too many levels of government.

## Chapter 12: Getting from Here to There

12.1 The present positions of the political parties are described in Chapter 2. The key first step is likely to be publication of a White Paper, as anticipated by John Prescott's speech in May 2001. That will presumably clarify the options under consideration, including the functions proposed for elected assemblies; methods of financing; constitutional issues such as electoral system, timing of elections and size; proposed timescale for action; the procedure for the referendums; and other basic issues. In particular, the White Paper will need to clarify whether any of the preconditions for elected regional government formerly set by the Labour Party remain in place (see paragraphs 2.49-2.51).

12.2 The key question following the White Paper would be whether there should be one or two stages of legislation. The process might reasonably follow the pattern set for establishing the Greater London Authority, with the White Paper followed after a period for consultation and decision by a Bill to enable referendums to take place possibly with some other paving provisions. The White Paper would need to reflect decisions at least on the following:

- whether there should be referendums in each region simultaneously, or (more probably) where demand was established;
- if on demand, what criterion should determine the matter: for example, initiation by the Regional Chamber, or petition by a specified number of voters (as with the 2000 Local Government Act's provisions for elected mayors);
- the functions proposed for the regional assembly, in outline; giving enough detail to make the proposition clear to voters in the election;
- method of financing assemblies, audit, inspection, reserve powers of intervention by the UK Government;
- constitution of assemblies, electoral system, electoral cycle, size of assembly and its cabinet;
- procedure following 'yes' vote in a referendum.

Given the complexity of the issues, and the number of departments involved, it would be reasonable to expect that this White Paper would take some months to prepare.

12.3 Following the consultation process, there would first be a referendum bill: the referendum itself would require a public statement of the key features (notably powers) proposed for assemblies. If the London precedent were followed, a second stage of primary legislation would be required, with the difference that it would need to provide for the staged introduction of assemblies across the regions. The second bill would need to provide for:

- the assembly to be set up by Order in any region where there had been a yes vote;

- the functions and powers of assemblies; these could be in defined tranches, perhaps with a standard set, requiring further Orders to transfer specified other functions set out in the bill;
- financial and constitutional arrangements as above;
- consequential matters for regions without elected assemblies. If the functions of the assemblies were on the lines of the Strategic/Co-ordination model, the consequential matters would be modest. If on a larger scale, with resources to match, they could be considerable, requiring a framework for progressive transfer of functions and resources from central government to the regions.

12.4 But the two stages required for London have necessarily become three: two statutes and an Order subsequently establishing each assembly. This adds to the time required, probably by a whole parliamentary session. Early referendums could be held between the two stages of legislation, in vanguard regions; some, perhaps most regions would wait until after the passage of the second bill.

12.5 The alternative would be to compress the whole process, including authorising the referendums, into a single bill. That is technically feasible, but has the disadvantage that popular demand for regional government is not tested until after the passage of the legislation. That was the path followed in the 1970s, when the Callaghan Government expended huge amounts of political capital and parliamentary time pushing through devolution legislation, only to have it rejected at referendum. The 1997 Labour Government chose to test the level of demand first, before introducing the devolution legislation for Scotland, Wales and Greater London. The 2001 Government is likely to follow the same road.

12.6 A bill confined to setting up referendums could be narrow and precise, though as suggested above it would need to be accompanied by decisions of principle on the key substantive issues set out in the White Paper. But the main legislation, whether or not combined with the referendum provisions, would be complex and controversial. There would be debate on the powers and functions: there would be pressure from regions wanting more than was on offer, and pressure from regions, mainly in the south, who saw little prospect of a 'yes' vote, or were opposed in principle, and feared the effect of competition from the north. There would also be acute political pressure on matters not strictly related to the setting up of assemblies - most notably the distribution systems for central government resources through the Barnett Formula and SSAs. Not all the pressure would be confined to England: the voices of Scottish and Welsh MPs might be raised on issues which impinged on the wider devolution settlement.

12.7 Whichever route were followed, there must be at least an outside chance that, even in the north, the package on offer is not attractive enough to secure a 'yes' vote in a referendum; or a high enough turnout to carry conviction. To have gone through the whole process of legislation and referendum with that result would be a great embarrassment at best. As

argued above, the advantage surely lies in having two stages of legislation, the first for establishing referendums only.

12.8 But this risk does at least point to considering an alternative approach. If the Government were to decide for strictly strategic assemblies, and further soundings of opinion in the White Paper stage revealed that support or likely turnout was in danger of being low, it must be worth contemplating the establishment of assemblies without putting the project to the test of referendums. Either a different (and less demanding) test of public support might be devised; or provision could be made for elected regional assemblies in all regions with the standard set of strategic powers. This was the route followed in France: although the regions there have taken time to establish themselves, they are now doing so. The action would be clear-cut and decisive. It could be presented as the first stage of a process that could develop organically, depending on demand. The implications for local government need be no different from that following referendums.

### **The Effects of Asymmetry**

12.9 Labour and Liberal Democrat policy would permit asymmetrical devolution – parts of England having devolved assemblies whilst other parts remain without them. The emphasis in both parties is on voluntarism: regions will not have assemblies imposed unless supported in a referendum. But the existence of an asymmetrically devolved England – perhaps with one or two devolved northern regions, perhaps with five or six devolved regions leaving a ‘rump’ in the South-East – will cause particular strains, distinct from the effects of devolution as a whole.

12.10 This distinction is important for the centre: a United Kingdom with certain functions devolved throughout the country is very different to one where the same functions have been devolved to only parts of the national territory. This fact is already visible in relation to Scotland, Wales and Northern Ireland: while the whole of England remains under central control, those countries (15% of the UK’s population) could be more easily ‘let go’.

12.11 The effects of partial devolution in England will vary depending on what model of assembly is selected. Generally speaking, the difficulties caused to the centre by asymmetry will be greater, the greater the powers devolved. But some issues will be raised by the existence of any devolved assembly. An assembly will give the region a greater political voice than regions without assemblies, and provide an alternative electoral mandate to that of Westminster. The Greater London Authority demonstrates that this function should not be underestimated, despite its very modest executive role. As noted in paragraph 10.17, the establishment of even one directly elected assembly would require the construction of a framework for devolution of resources for the whole of England. This would be a complex and controversial task in itself.

12.12 It is also likely that any form of devolution will increase the likelihood of the 'domino effect' – i.e. that once one or two regions have assemblies, all the regions will want one. 'Devolution envy' already exists in the north of England, looking over the border to Scotland. The domino effect would be most pronounced on a Welsh-model assembly (the 'Berwick effect' mentioned in chapter 4), but could play some part in even a mild form of devolution.

### **Asymmetry under the different Models**

12.13 The Strategic/Co-ordination model would cause few of the problems around asymmetry. The presence of such assemblies in a few regions but not all is likely, therefore, to present few significant administrative problems. Few have been forthcoming in London (apart from London's duty to liaise with the East of England and South-East). This could lead to an alternative form of the 'domino effect': pressure to strengthen the voluntary Chambers in those regions which do not support elected assemblies. We have set out some options for change in chapter 5.

12.14 But the most significant impact of the Strategic/Co-ordination model would be on the regional quangos and national agencies which this model would need purchase over. Decisions would need to be made for each body. If a national agency were to form regional boards, composed partly of assembly appointees, that agency and its sponsoring department would need to decide whether to detach that body entirely from its own control, or to maintain ultimate control at the centre.

12.15 Under the Strategic – Executive model, the effects would be in the same direction, but much stronger and more clear-cut. The 'regional voice' would be stronger for an assembly with substantial executive responsibilities. National agencies would be under greater pressure to separate out into regional arms: the pressure would increase the more regions devolved. As suggested in paragraph 6.45, there would be much merit in changing agency structures at a single stroke instead of following in the wake of a rolling devolution programme. This would necessarily include decisions on whether any agency functions should remain at the centre.

12.16 Asymmetrical devolution under the Welsh model could lead to many different permutations of the West Lothian Question; the centre might maintain extensive powers over a 'rump' of non-devolved territory, whilst devolving most of the domestic agenda to regional assemblies in the devolved regions. This raises the possibility of the centre obliging the 'rump' territory to devolve (as took place in Spain).

12.17 Full freedom of virement between programme budgets would also render problematic the construction of central policy initiatives in devolved areas of competence. Regional assemblies with block grants would not be obliged to direct new expenditure into the policy area which it was intended for. Thus (as at present in Scotland, Wales and Northern Ireland) central announcements regarding policy areas which are devolved would carry no weight in devolved regions.

“We live in a political system where local government as service deliverer is, in effect, the local delivery arm of the national state. National politicians win elections on manifestos which are about changing the nature of public services. Not surprisingly, those same national politicians, when in government, want to deliver.”<sup>145</sup>

12.18 This would be less acute if a single region was devolved: but if most or all were, the centre would be reduced to announcing extra money with no specified destination, which would be far less politically attractive than the current situation. Spain and Italy address this problem by tying substantial tranches of grant to specific programmes, only allowing regions to vote within, for instance, the health budget.

## Timetable

12.19 Table 12.1 illustrates two possible timetables for the introduction of elected regional assemblies in England. These timetables take into account the other constitutional commitments of the Labour Party; for instance, the likelihood of a referendum on the single currency being held in the new Parliament.

**Table 12.1: Possible Timings for Establishment of Regional Assemblies in England**

	London Pattern	One Stage Legislation
December 2001	White Paper	White Paper
March 2002	End of consultation	End of consultation
November 2002	Bill for referendums	Bill for referendums and substantive and procedural issues
February 2003	Royal Assent	
May 2003	Referendum in any region where demand established	
July 2003		Royal Assent
October 2003	Substantive and procedural Bill introduced	Referendum in any region where demand established
December 2003		Order to establish assembly where yes vote obtained
May 2004		Elections for assemblies
July 2004	Royal Assent	Assemblies take up powers
October 2004	Order to establish assembly where yes vote obtained	
May 2005 (first date for General Election)	Elections for assemblies	
July 2005	Assemblies take up powers	

<sup>145</sup> Michael Clarke, *Rebuilding Trust*, European Policy Forum, 1998, p. 7

12.20 The table demonstrates that the procedures required will take a considerable amount of time. Even in Scotland and Wales, where the Government threw its whole weight behind establishing the devolved bodies as early as possible, the first elections did not take place until two years into the new Government.

12.21 It is thus very unlikely that a full quota of regional assemblies will be in place by the time of the next general election in 2005/06. In particular, if this election were to return a Government hostile to regionalism, those regions not in the 'first wave' might miss out entirely.

## Chapter 13: Conclusions

*This study has attempted to set out in as much detail as is feasible the decisions to be made if a future Government decides to proceed to establish English regional assemblies. Quite deliberately, the question of whether regional assemblies are politically desirable has been put to one side. The Constitution Unit remains neutral on this, as we do on all aspects of the constitutional reform agenda. The purpose of this study has been to explain the practical implications of elected regional government in England and the main policy options open to a Government which wants to move in this direction.*

13.1 Devolution to Scotland and Wales has left the question of democratic devolution in England noticeably unsettled. Establishing an elected authority for London with a high profile Mayor underlines that fact, appearing (once again) to favour London against the rest of England. The other principal measure taken so far in England, setting up Regional Development Agencies, has created bodies reporting direct to central government with a weak form of accountability to democratic representatives in the region.

13.2 Pressure for change is strongest in the north, furthest from London and where economic and social inequalities are most pronounced. Significant pressure groups in favour of devolution in some form have been established in several English regions, though without, so far, attracting widespread popular support for specific measures of devolution. Debate about the subject has been at a very general level, compared with that which preceded devolution in Scotland and Wales, where it was sharpened by the existence of strong support for the Scottish Nationalists and Plaid Cymru, to a level at which change became irresistible.

13.3 The new Government's Manifesto commitment is to "directly elected regional government...in regions where people decided in a referendum to support it and where predominantly unitary local government is established". A White Paper on the subject has been promised by the Deputy Prime Minister. That White Paper is the opportunity for the Government to bring before the public the essential issues for debate and decision. Of those issues the most fundamental are:

- the rationale for elected regional government in England; and
- what regional assemblies would do if established.

13.4 There are various strands of argument put forward in favour of regional government, notably the "democratic" and "economic" strands. There is a substantial case for regional government on the grounds of decentralising power from the centre, as in all the other large Western European countries. But this in itself is unlikely to be a remedy for deep and widespread economic inequality: separate and supplementary action from the centre would still be required. There are also objections and scepticism, not all unreasonable, to be overcome, and some objections of principle which need to be faced. Prominent among the

matters to be overcome is the strong centralising tendency of Government. The interest of all regions is not the same. Public support for major change is critical.

13.5 These issues cannot be faced without also facing the choice about what powers and functions regional government would have. Here, European example is instructive without being particularly helpful. There are countries where elected regional governments have a uniform set of powers (Germany and France); and where there are different levels (Spain and Italy). German Länder and the three historic Spanish regions have very extensive powers: French regions are by comparison very limited in their functions.

13.6 There is a continuous spectrum of possibility, but this report takes three points on that spectrum to illustrate the choice and to bring it down to practicalities by being as specific as possible.

13.7 The first example is a model of a "strategic" Assembly, since that is the language which Government spokespeople have been using. We are not persuaded that functions of that kind, with a budget of up to £20m for a typical region, would be sufficient to attract the necessary support from the electorate, in a referendum or in subsequent elections to be sustainable, even if the Assembly were given responsibility for the Regional Development Agency. At the other end of the scale, the illustration of a model for an English Assembly based on the powers given to Wales (budget £6bn-£14bn) illustrates what a radical and complex change would be involved, with revolutionary implications for the structure of central government and its administration. England is not ready for that. There remains a range of intermediate stages, of which that illustrated, drawing on the regional functions of quangos and other agencies, with a budget of £1bn-£2.5bn, would permit the Assembly significant choices between priorities.

13.8 There is a further option which would require relaxing the stipulation of a referendum. Here, European experience is relevant: referendums were not held in Germany, Italy, France, or the historic Spanish regions. The French example is of elected regional government, with a modest range of functions and resources, being established uniformly. They have taken time to establish themselves, but are now agreed to be key players with a distinctive place in French democratic life. If the Government were not willing to devolve substantial powers, the French way might be the best route forward.

13.9 These issues - why regional government, and what would it do - should be at the centre of the promised White Paper. But there are other important issues to deal with, discussed in this report:

- the constitutional questions of size, electoral system, and internal governance;
- boundaries;
- financing the Assemblies;
- the effect on local government;

- the process of establishment, with particular reference to the implication of permitting directly elected assemblies to be established in one or more regions but not in all, as the referendum route implies.

13.10 The last of these is likely to be the most difficult and contentious, because of the prospect of acute pressure on issues of resource distribution between English regions. Discussion of that kind is bound also to bring into question the distribution of resources between England and the other countries of the UK, already the subject of strong feeling in the English regions.

13.11 But the key question for the White Paper is the basic political one: how serious are the Government willing to be in devolving power from the centre? *It is important that the Government does not attempt to introduce regional assemblies in a reluctant or reticent manner. A firm commitment, and confidence in the answers decided upon to the issues raised by this report, will be vital should the Government decide to move ahead with it. This commitment was forthcoming for Scotland, Wales and Northern Ireland, and the devolved institutions, despite initial problems, have been the stronger for it.*

13.12 *English regional government is a new idea to the majority of the English public. Many people, as we noted in chapter 4, are unconvinced or firmly against the idea. Public debate has barely begun. If the Government adopts a 'hands-off' approach to the creation of regional assemblies, arguing that the debate is the responsibility of each region, the result is likely to be a mess. This does not mean that a dirigiste approach is necessary, but the issue must be seen to be firmly part of the Government's programme and must not become a policy that dare not speak its name. It requires leadership and collective Cabinet support.*

13.13 *Finally, it is proper to point out that it is very difficult for advocates, opponents or neutrals to know what regional government will look like before it is tried. England has the precedents of Scotland, Wales, Northern Ireland and London to draw on; but none of these offers an exact model. We have done our best to paint as detailed a picture as we can. But we fully recognise that ultimately it requires vision and political courage to make the change.*

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