Nations and Regions: The Dynamics of Devolution

Quarterly Monitoring Programme

The English Regions

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1. Introduction

With a largely hostile national press breathing down his neck, and the new Conservative leadership smarting for a battle linking devolution in England with European federalism, John Prescott probably does not need reminding that 2004 will be make or break year for his regional project. But regardless of the outcome of three referendums in the northern

and more politicians — when the creation of all-unitary local government structures was meant to stifle this argument. On the contrary the alleged costs of local government reform are being emphasised. All this proves is that the emerging ‘yes’ campaigners have much ground to make up The other argument surrounding the cost of the enterprise — estimated £25 million, or so, in start-up costs for the assemblies and an extra 5p per week for the average council taxpayer — could prove harder to challenge, in spite of the argument from the local and regional government minister,

Conservatives, who launched a leaflet criticising the plans (featuring a Napoleonesque John Prescott, astride a throne, dispensing cash!) at their annual conference in October, think the deputy prime minister is treading a fine line between information and campaigning material, or what they claim is "propaganda"[2]. David Davis, Mr Prescott's former Conservative 'shadow' (now shadow home secretary) has complained to the cabinet secretary, Sir Andrew Turnbull). Indeed, at the awareness meeting in York the chairman of the "Yorkshire Says No' campaign, the former Conservative MP for Skipton and Ripon John Watson, gently told Prescott he thought the Government had overstepped the mark and was straying into dangerous partisan territory. The deputy prime minister reportedly told him: "The lawyers have gone through all the material with a fine tooth comb to make sure it is OK."

Nevertheless, at the three "awareness" meetings, all attended by several hundred regional stakeholders, the deputy prime minister, accompanied by Nick Raynsford – who steered the referendum legislation through Parliament - was upbeat, hailing his "great north vote" as representing "the most significant step forward in English devolution in the history of this country" while promising that (in the event of a 'yes') that elected assemblies "could be up and running early in the next parliament". They will, or course, require further legislation. Placing his devolution package in a wider context, Prescott added:

> The people of Scotland have a parliament. The people of Wales and Northern Ireland have elected assemblies. Now it is the turn of the English regions.

Prescott outlined what he called the "simple enough" question on the referendum ballot paper — "should there be an elected assembly in the north west/Yorkshire and the Humber/the north east?" — a month after Raynsford announced that the referendums would conducted by postal-only ballot in an attempt to boost turnout." (Significantly, after the success of a string of postal-only pilots in local elections, the government is probably moving to extend the system throughout local government – perhaps, som

In earlier reports, we have noted that the white paper, *Your region, your choice*, (May, 2002) which laid out the initial powers and structures, represented the uneven gains made by Prescott in the cabinet's committee of the nations and regions. And while the deputy prime minister might have settled for less than he initially wanted, his Durham remarks underline the fact that at least he regards the assemblies as a foundation on which to build stronger institutions. But with powers for proposed bodies still vague, ministers recognise that, ideally, they should give a firmer idea of where responsibility will lie and what will be devolved before the referendums (Unlike Scottish and Welsh devolution, powers will almost certainly be tied to Wh

Region, then the Department of Trade and Industry (DTI) — demanding a tight rein on spending. Regional-central relationships became more complicated after the 2001 general election when the DTI assumed responsibility and required the RDAs to perform according to public service agreements (PSAs), a series of centrally-imposed targets covering everything from job creation to land reclamation. Confusingly, at the same time, the agencies believed they also had to work under the umbrella of regional economic strategies they had devised.

Although the RDAs were eventually granted a 'single pot' of Whitehall funding, rather than juggling with a series of pre-determined departmental spending 'silos', in reality they had precious little room for manoeuvre; departmental permission had to be sought for every spending decision above £5 millions. Soon, however, they will be able to approve projects worth up to £10m without prior approval. This is seen as progress. But there were wider tensions. Concerned by conflicting signals from Whitehall, the nine RDAs — with budgets worth £1.6 billions — took the unusual step of asking the National Audit Office (NAO) to look at their relationship with Whitehall because of unease that the PSA targets were impeding progress on regional growth strategies, tailored for individual regions.

On November 19, the NAO responded with what amounted to criticism of Whitehall. In a lengthy report, it said that interference from the centre is undermining their efforts to tailor individual programmes for regions: in other words, serving the targets was getting in the way of — indeed conflicting with — regional economic strategies, which all the RDAs had drawn up as a working template. Edward Leigh, the Conservative MP who chairs the Public Accounts Committee — to which the NAO reports — noted in a statement that the South East of England Development Agency (SEEDA)..."actually went so far to produce two plans; one to show they were meeting the targets imposed by central government, and one that they could actually use." He added: "This is a preposterous situation. Of course there must be national aims, but these must meet the needs of the people on the ground. If RDAs are to continue their success, they need to be released from the straightjacket of centralised bureaucracy...and I am pleased to see that central government is, in many ways, giving the RDAs the freedom they need while safeguarding the taxpayers' interest."

The NAO report, in some respects, highlights RDA complaints about delays in communicating with Whitehall and, what the *Financial Times* called (Nov 19) a "lack of support from civil servants and the difficulties of departments in seeing the relevance of RDAs to national priorities." Whatever the tensions, the NAO says businesses; councils and voluntary groups are unsure who calls the shots in the regions. The East Midlands Development Agency, for instance, reported that Whitehall's delay in approving a large regeneration project had damaged relationships with the community. Similar delays had held up work on a national manufacturing centre at Speke, on the outskirts of Liverpool, the North West Development Agency reported. Some criticism was levelled at the RDAs

for failing to evaluate projects; the report did not examine whether the agencies were providing value for money. The report said the DTI needed to work more closely with other departments and the RDAs to "manage more tightly the bureaucratic burden faced by RDAs in their interactions with other government departments." Departments, moreover, needed to pay more attention to the RDA's regional economic strategies, especially when making policy and setting targets "so there is a better fit between regional and national priorities." The NAO's observations will be closely studied by regional lobbyists critical of similar central-regional targets which the Government had planned to impose on elected regional assemblies[5].

2.3 Regional Chambers/Assemblies

Nothing to report

3 Regional Politics and Policies

3.1.1 The emerging Yes and No camps

Slowly, 'yes' and 'no' campaigns are beginning to emerge although — aside from the launch of John Prescott's 'awareness' campaign — publicity nationally and, to some extent regionally, has been minimal. But evidence so far suggests that feisty contests will be held in the north west and Yorkshire, partly because several dissident Labour MPs have said they will campaign alongside Tories; indeed, a former Home Office minister, George Howarth, MP for Knowsley North and Sefton East, appeared on the BBC's Politics Show (Nov 2) alongside the Conservative MP for Tatton, George Osborne, to proclaim that some issues transcended conventional party politics. Elsewhere in the north west, a broad coalition of show business, the media and sport, have combined in a 'yes' campaign in which the Manchester entrepreneur, Anthony Wilson, (television personality as well as founder of a Factory Records and the Hacienda night club) is a key player. Pitched against them is a 'no' campaign, embracing Labour dissidents and led by the former Conservative MP for Rossendale (and a former junior minister) Sir David Trippier.

Across the Pennines, the Yes 4 Yorkshire campaign has broad support, with lieutenants of John Prescott (MP for Hull East) playing a role. But they have to contend with a 'no' campaign chaired by John Watson, former Tory MP for Skipton and Ripon, who has a long business background in Leeds. At least two Yorkshire Labour MPs could be

[5] National Audit Office (2003) Success in the regions. Report by The Comptroller And Auditor General (HC 1268 Session 2002-2003: 19 November 2003) http://www.nao.gov.uk/publications/nao_reports/02-03/02031268.pdf.

preparing to break cover and campaign against. In the north east, the former Labour minister, Joyce Quin, is a key player in a 'yes' campaign while, up to now, Neil Herron, the self-styled 'metric martyr' from Sunderland, is the main spokesman of the 'no' campaigners. Mr Herron, a populist, provides an uneasy bedfellow for the region's Conservatives, who appear reluctant to throw their hat in with him. On the one hand, arguments against elected assemblies, which will be supplemented by a broad national Conservative campaign, are that the proposed new bodies will be a drain on local council taxpayers and will draw powers from local government, whatever ministers say to the contrary; on the other hand, opponents argue that the proposed assemblies will be rendered relatively powerless, with too few powers. A four-page Conservative leaflet produced at the party's annual conference in October, asked in large red type: "If the answer is an army of extra politicians and an army of extra bureaucrats...what on earth was the question?" Above a cartoon of John Prescott dispensing cash in Napoleonic garb, it added: "Labour believe the way to solve your problems is by creating more politicians and more bureaucrats. That is why John Prescott has been campaigning to build an empire of regional assemblies for years."

3.1.2 Referendum campaigns and the Electoral commission

The agency charged with preparing the ground for referendums, allocating funds to designated campaign organisations, and ensuring the fairness of the three contests, has its work cut out. This is uncharted territory for the Electoral Commission, created after the Political Parties, Elections and Referendums Act 2000, (known as the PPERA), which was designed to bring some order to a system in which rules have differed in the six referendums held in Britain since 1975. For instance, in the 1975 referendum to help determine whether the UK should remain in the then Common Market, and in Scottish and Welsh referendums of 1979 and 1997, 'yes' and 'no' campaigns were clearly defined well before the government sought to allocate campaigning funds. But for the forthcoming contests, likely to be held next October, campaign groups are only now emerging, and some are barely skeletal organisations. If this state of affairs continued, the commission recognises it would have ut fo04(ntests,)Tj12 f 0

referendums and decide how much the Commission should have to fund the campaigns overall. Once it receives a grant from the ODPM, the Commission will then allocate funds.

It has yet to decide on the mechanics of this process although John Prescott, the deputy prime minister, has talked — prematurely, perhaps — of £600,000 being available for the three regions (i.e.: £100,000 for each 'yes' and 'no' campaign). In fact, on a UK basis, the Commission can award equal grants of up to £600,000 to designated organisations. But the process is not so simple because political parties, as well as pro and anti groups, could be eligible for funding. In a briefing paper, the Commission calculates that if a UK-wide referendum were to be held based on the 2001 general elections results, spending by Labour and Conservatives would be capped at #5 million each (which could include some state funding), with the Liberal Democrats at £3m — leading some to believe that the Commission might make a calculation based on the division of votes in 2001 among the 11 million electors of the north.

Aside from party funding restrictions, however, 'yes' and 'no' campaigns can apply for designated status. If granted they will also be eligible for funds — and again, on a UK basis, they would have a spending limit of £5 million. The Commission says it has yet to decide on a formula to determine how much will be allocated, although Prescott's #600,000 might not be wide off the mark. But on the organisational front, it is moving fast. Shortly after the ODPM order setting the date of the referendums, the formal process will swing into action with a formal campaigning period of 10 weeks. This is how it should work:

- From day one, the Commission will start to register permitted participants and says that spending restrictions will apply (no individual, or organisation, may spend over £10,000 without registering as a permitted participant). There will be a four week registration period.
- During the following two weeks, the Commission will consider appointing 'yes' and 'no' organisations and then make a firm designation.
- The remaining four weeks will be the main campaigning period, assuming an overall referendum period of 10 weeks. Beyond direct funding, designated organisations will have other advantages: they will be eligible for free postal distribution of one piece of campaign literature; referendum campaign broadcasts, and free use of public rooms.

3.1.3 The Cornish Constitutional Convention

Although only the three northern regions have been granted referendums to decide whether they should have elected regional assemblies, there has been some activity in other regions in England. The Cornish Constitutional Convention (www.senedhkernow.com) reiterated its case

for political and economic autonomy from the South West region. At its monthly meeting in September, the steering group of the Convention voted to support Cornwall County Council "in making a stand at the self-appointed South West Regional Chamber . . . over proposals to merge Cornwall with much of Devon to form a sub-region within the south west." This was in response to Government legislation which would see planning decisions transferred to the Assembly, arousing fears in Cornwall that strategic planning will be taken away from Exeter. The Convention underscored its desire for a referendum for an elected Cornish Assembly, quoting Cornwall County Council's own MORI poll figures which concluded that 55% support the establishment of a Cornish Assembly and 70% want a referendum in Cornwall. Andrew George, MP for St. Ives and Vice-Chair of the Convention maintained that the South West Assembly would be "little more than a talking shop". He maintained, "It is high time the Government acceded to the will of Cornwall's community and local authorities and agreed to hold a regional assembly referendum in Cornwall." The Convention believe that Cornwall will not be served well while it remains part of a south west region, as Convention Press Officer and Penwith District Councillor Phil Rendle suggested: "The battle for Cornwall to be designated as a Region is moving to a critical stage . . . Our case is founded on democratic, economic and social realities — Cornwall can either prosper as its own Region or decline as a forgotten corner of a huge, dysfunctional and artificial economic zone."[6]

3.1.4 The West Midlands Constitutional Convention

In October, the West Midlands Constitutional Convention launched a report with proposals for the establishment of regional government in the West Midlands. Entitled 'Our Region – Our Choice – Making a Difference', the Convention seeks views on the report by 31st March 2004[7]. The Convention was founded as a voluntary association in 1999 and in 2002 was formally constituted as a Company Limited by Guarantee, with the aim of promoting and encouraging informed debate about democratically elected regional government. The report argues that the West Midlands is losing out to London, Scotland and Wales, each which have their own directly accountable national or regional Governments. The Convention expresses concern that, with the three northern regions to hold referendums to decide on having regional government, the West Midlands will continue to lose out. The report draws comparisons with Wales (the West Midlands neighbour), which, it states has been able to make major policy decisions which have benefited the region such as in higher education, transport and health. In Wales, the report states, public investment per head is £5052 per annum compared

[6] See: Cornish Constitutional Convention. *The Battle for Cornwall*. Press release. 22nd September 2003.

[7] See: www.wmccweb.org.uk

with £4203 for the West Midlands, a difference of £849 per head of the population[8]. The Convention suggests that local government in the region lacks sufficient solidarity or clout and that central Government is too distant to be able to address the problems of the West Midlands. Thus the report suggests a regional tier of government to be the solution. This, it suggests, would be able to address the region's transport, education and training, public health, housing and key public service needs by drawing power away from Whitehall, Westminster and the unaccountable quangos. Reflecting on the report, Colin Beardwood, Chair of the Convention stated: "Only with directly elected Regional Government can we expect to provide the leadership and focus that is needed to draw power from Westminster and Whitehall and engage voters in the better government of their locality and the region."[9]

4 Media

4.1 The National Press — Fleet Street Says No

From the right to the centre-left, the national press responded on November 4th to the launch of John Prescott's 'awareness campaign' with cynicism and hostility. In the case of the *Daily Mail*, the deputy prime minister's arguments for elected regional assemblies were linked with the soaring costs of the Scottish Parliament — £400 millions and possibly rising — under the headline 'McMonstrosity', over the sub-line..."Prescott wants more local assemblies. Look at the way Scots have wasted YOUR money on their obscene vanity." That was just the start. The Euro-sceptic tabloid reported in a news story on the opposite page that..."council tax bills will rise dramatically if plans for elected assemblies in three English regions get the go-ahead..." The *Mail* noted that while the government was committed to signing away the EU constitution, the deputy prime minister "refused to give an inch over calls for a referendum on the issue." Its main editorial - headline: 'An affront to local democracy' - began: "Break it up. Tear it down.ont to loca

early 70s, and the creation of 'vast' metropolitan authorities, such as Greater Manchester, Merseyside, West Yorkshire and Tyne and Wear, it said: "We have seen this sort of giantism before... (they) became bywords for failure and were abolished 20 years' later...a devolved structure of government already exists at the county, city and borough level; the challenge is to make it work."

Like the *Mail*, the *Daily Telegraph* linked the government's proposals with Europe. "While we cannot be trusted to vote on the European constitution, the government will allow referendums on whether to split England into nine regions (eight, actually, and three initially!)", its editorial said. "These new assemblies will not draw their powers from Whitehall, but from local authorities. In order to make space for them, Mr Prescott proposes to demolish a system of county administration which has existed in England for 12 centuries...people feel an affinity with their shires and with their country. But when is the last time you heard someone describe themselves as a south easterner?"

Both the *Telegraph* and *The Guardian* - which earlier this year supported the broad concept of elected regional assemblies, while bemoaning thei

According to the paper, Newcastle Central MP Jim Cousins had urged Tony Blair to "make a keynote speech about the issue when the actual date of the referendum is announced." *The Journal* drew attention to ten

have: "Over the year ahead, a full and wide-ranging debate must be held, yet this cannot be achieved without answers to some hard questions."[18] In North Yorkshire, in *The Ryedale Press* Yorkshire and Humber MEP Timothy Kirkhope (Con) argued that the DPM was "proposing a costly talking shop with few actual powers, which would be a drain on taxpayers in Yorkshire and the Humber."[19]

4.3 The Lyons Review

The Lyons Review of public sector relocation made its interim report in September. The Chancellor and Deputy Prime Minister have invited Sir Michael Lyons to lead an independent review to examine the scope for relocating a significant number of public sector activities from London and the South East to other parts of the United Kingdom. This was announced in the 2003 Budget on 9th April. The terms of reference for the review are 'in light of the need to improve the delivery and efficiency of public services, and the regional balance of economic activity, and taking account of departmental pay and workforce strategies, *to make recommendations to the Deputy Prime Minister and the Chancellor for the relocation of civil service and other public sector workers by November to inform the next spending review.*"ber.es314 0 c6oy74079 T6S5Tm(e)9Tc 0.034

> future devolution of responsibilities to regional and local tiers of Government will be linked to progress in developing a coherent and joined up machinery of service delivery at local and regional level. The view has been put to me that, in many instances, the delivery of programmes on the ground is poorly co-ordinated and under-resourced. I am keen to explore what role relocation might have in addressing such deficiencies, drawing on the views of key regional and local players such as the Government Offices for the Regions, the Regional Development Agencies and local authorities (page 15).
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> … The preference for policy making to be based in London has a prominent human dimension. There seems to be a widely held view that people outside the Whitehall village are 'outside the loop' in terms of communications and career opportunities. Some public servants may feel they need to be near Ministers and where 'the political action' takes place. This view should change as devolution advances to the point when 'political action' is felt to take place not only in London (page 18).

5 Public attitudes and identity

Nothing to report

6 Relations with Westminster and Whitehall

6.1 Westminster Hall: Regional Disparities

On 16th October, **Andrew Bennett (Denton and Reddish)** opened a debate in Westminster Hall on the Ninth Report of the Select Committee on the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions, "Reducing Regional Disparities in Prosperity", of which he was chair. The debate highlighted the concerns of northern MPs about persistent regional inequalities and the ways in which this issue is being linked to the question of regional assemblies.

Mr. Bennett noted that:

> The report has been well received on the whole, although I notice that since it came out various people have been keen to produce their own figures, some of them suggesting that great amounts of wealth really are produced in London, and that the regions should be thankful for the few crumbs and sops that ar

> The English regions have lost substantially in the past 50 years, and they have not received the compensation that they should have had. Throughout the time in question, whichever political party has been in charge, and when the Bank of England has set interest rates, the United Kingdom economy has, on the whole, been dominated by the problems of London and the south-east. Whenever the economy starts to overheat, interest and exchange rates move to take that dominant part of the economy into account. I do not have a difficulty with that, except that often it means that interest rates have often been one, two or sometimes many points higher than they needed to be for the English regions (*WH Debates*, 16th October, Col 138WH).

Mr. Bennett continued:

> I praise the Government for coming up with the public service agreement, which states that they want there to be growth in all regions but that they also want to reduce the gap. . .The central issue is whether the Government will *(sic)* the means to get anywhere close to that target. Many people question that (*WH Debates*, 16th October, Col 139WH).

Mr. Bennett chastised some Whitehall departments for a lack of concern with regional policy:

> . . . the recognition must be seamless across the Government. It was worrying that the Department for Work and Pensions and one or two other Departments did not realise that their activities should have a regional dimension. For example, the money going to the north-east does not look too bad if we consider all Government expenditure, but if we take out the amount that is being paid by the DWP, we find that the position in the north-east is that much worse, because almost all the money that makes the north-east look not too bad is paid as benefits and compensation for lack of jobs, rather than in other ways. I hope that there will be a regional dimension to the forthcoming spending round and that English regions — particularly the northern regions — will get more money." (*WH Debates*, 16th October, Col 140WH).

Before handing over the debate to the Hall, **Andrew Bennett** directed his speech to the issue of regional assemblies. Whilst acknowledging that "that devolution alone will not deliver an extra penny to those regions." he stated that:

> In a sense, it is a separate argument and we must recognise that, although it may well be that strong regional elected assemblies will have a stronger voice than some Members have had in the House of Commons for their region . . . I leave the Chamber simply with this thought: it is time we got justice for the English regions (*WH Debates*, 16th October, Col 143WH).

> was certainly not, "What can I do to stimulate regional economic growth?" (*WH Debates,* 16th October, Col 174WH).

Phil Hope (Corby), Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister, responded for the government. **Mr. Hope** concluded his speech in support of regional assemblies:

> I want to emphasise the importance of devolution and support for the elected regional assemblies. . . Regional assemblies are crucial to the success of the economic regional strategies that we are developing and I hope that when the campaigns get under way next year hon. Members will be in the forefront of championing their constituencies not only here, but out there when regional assemblies are elected in the future (*WH Debates,* 16th October, Col, 181WH).

6.2 Regional Government (North East)

On 12th November, a debate on Regional Government (North East) was secured in Westminster Hall by **Joyce Quin (Gateshead, East and Washington, West)**, noting that it was timely given the launch of the Deputy PM's information launch in the region the previous week.

Considering the media coverage of the launch of the 'Your Say' information campaign, **Ms. Quin** claimed:

> I was interested to see the media reaction to the Government's information campaign, which was launched last week. In many cases, it was disappo0.09 426.2607 Tm(inform)12 229. PM's informJoyce

> "they will have to answer some tough questions. So far, those questions have not been answered." (*WH Debates*, 12th November, Col 107WH).

Mr. Atkinson sought to defend the Conservative record of regional development in the North East, concluding:

> If you want an assembly, you should watch your pockets and count your silver spoons (*WH Debates*, 12th Novmeber, Col 108WH).

A feature of the debate was a strong showing of MPS from Teesside emphasising the relevance of the devolution to the sub-region. Dr. Ashok Kumar (Middlesbrough, South and Cleveland, East), outlined the role for Teesside in a potential elected regional assembly, claiming that the sub-region remains the "industrial powerhouse of the region" (*WH Debates*, 12th November, Col 109WH). Summarising, Dr. Kumar stated:

> In short, Teesside needs a renaissance, and a regional assembly could be the focus for it to achieve that. However, a regional assembly can do more—not just for Teesside, but for the north-east (*WH Debates*, 12th November, Col 110WH).

Dr. Kumar also drew links between the centralised UK state and regional disparities:

> An over-centralised state is prone to fall into the trap of making decisions inappropriate to regions such as the north-east, because it tries to square the circle by m

Table 1: the regions in parliament

Source	Date	Column numb

7 EU issues

that the reform process will be shelved if electors vote against elected regional assemblies. That, however, does not answer two questions: what happens if the turnout is so low ("derisorily low" in the words of local and regional government minister Nick Raynsford) that the government decides that the referendum lacks legitimacy, regardless of a 'yes'; and how will ministers respond if the Boundary Committee reports that it has discovered strong support for the creation of unitary authorities, regardless of the vote on the substantive question for or against regional government?

Sources have told us it is now clear that some councils — districts have formed themselves into groups of potential unitaries — have developed such an appetite for change that the government could be hard-pressed to resist the call for reorganisation. During the last reorganisation exercise in the mid-90s, the Banham Commission (chaired by the former CBI director-general Sir John Banham) made a string of recommendations to create unitaries and abolish counties, such as Cleveland, Berkshire, and Avon. This time reorganisation would be easier: ministers could simply ask the Boundary Committee to conduct a post-referendum structural review (fast-tracked because of the ongoing current review) and make full recommendations, rather than present at least two options.

9 Finance

A major study was published in September 2003 which investigated the flow of domestic and European expenditure into the English regions[20]. The study "in large part … a feasibility study: to identify what expenditure data exist and what methodological techniques might be applied to enable regional estimates to be produced". The study demonstrated the weakness of the data available at the regional level in England and made a series of recommendations to improve it.

[20] I MacLean et al. (2003). *Identifying the flow of domestic and European expenditure into the English regions*. Report to the Office of the Deputy Prime Minister. Oxford: Nuffield College. (http://www.nuff.ox.ac.uk/projects/odpm/Identifyingtheflow.pdf)

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