

OUR REGION, OUR CHOICE
An Analysis of Government Policy for the English Regions

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Our Region, Our Choice: An Analysis of Government Policy for the English Regions

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FOREWORD

The central concern of the Federal Trust is to enlighten public debate on issues of regional, national, European and global governance. Since February 2001 the project '*Federal Britain? Devolution in the United Kingdom*' has been a major part of its ongoing research. The aim of this work is to examine the progress and process of devolution – itself part of the Government's modernisation programme. The Federal Trust has a particular interest in looking at the extent to which arrangements for devolution have incorporated federal thinking and federal ideas. Constitutional change often raises problems, particularly where different, sometimes new, institutions are concerned. Inter-institutional relations – a vital aspect of good governance – have traditionally been a major focus for all federal thinking. In analysing the Government's devolution programme, the '*Federal Britain?*' project will also examine ways in which federal thinking and federal solutions might smooth the operation of the new institutions and the links between them. The Federal Trust is able to place this work in a European context, drawing on an extensive range of research and knowledge of the operation of federal systems throughout the European Union.

This current essay by Professor Stanley Henig analyses the Government White Paper '*Your Region, Your Choice: Revitalising the English Regions*'. It is the third publication arising from the '*Federal Britain?*' project, following '*Scotland in Europe: independence or federalism?*' by Alex Wright (European Essay No. 18, October 2001) and '*Modernising Britain: central, devolved, federal?*' edited by Stanley Henig (2002). A further book by Stanley Henig, '*Governing England*', is to be published in summer 2003.

As part of the '*Federal Britain?*' project, the Federal Trust has also organised a series of seminars in Newcastle, Norwich, Cardiff, Birmingham, Belfast and Dundee. Further seminars will be held before the end of 2002 and the series will be continued in 2003.

A major new addition to the '*Federal Britain?*' project will be an examination of the potential role of stakeholders

in directly elected regional assemblies in England, made possible with support from the Joseph Rowntree Charitable Trust. Starting in January 2003 a Working Group will consider a variety of questions on 'Encouraging Democracy and Stakeholder Participation in the English Regions'. The Group will include MPs, MEPs, potential stakeholders, academics, regional civil servants etc. A preliminary report will be issued before Easter and a final report in early summer.

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ANALYSIS OF THE WHITE PAPER 'YOUR REGION, YOUR CHOICE: REVITALISING THE ENGLISH REGIONS'¹

Introduction

The White Paper represents a further stage in the process of devolution – itself part of the Government's modernisation programme. It is concerned with the establishment of directly elected regional assemblies in England with limited executive and wider-ranging consultative powers. It complements (and perhaps completes) a programme which has to date involved the implementation of devolved government in Northern Ireland, Scotland and Wales; the creation of a new London wide authority; and the establishment of Regional Development Agencies throughout England.

Philosophy

The Government appears to envisage a system sometimes described as 'variable geometry'. There will be an asymmetric regional pattern, to some extent imitating the Spanish model. Some regions will have directly elected regional assemblies; others will continue to operate on the current indirect basis. Specifically:

- assemblies will have very limited financial autonomy.
- many/most of the 'devolved powers' will be advisory, admonitory or consultative.
- assemblies will be very small; there will be a significant reduction in overall numbers of elected representatives.

Timetable

There is no timetable by which all parts of England will or should develop 'regional government'. The immediate steps will be:

- two separate Acts of Parliament, one facilitating referenda and local government review; the second allowing establishment of directly elected assemblies.
- government to assess demand for referenda, although there will be clear scope for lobbying. Expectation that Northern regions will lead the way – and that North East is likely to be the first to have a directly elected assembly.

Throughout the White Paper local government, and its relationship to regional institutions, is a major concern.

- Commitment that the powers of local government will be largely unaffected.

- Unitary local government will be a requisite in any region wanting to establish a directly elected assembly.
- Council tax will be the base for any autonomous revenue raising by a regional assembly.

The White Paper starts with a short overview, proclaiming the virtues of diversity, but arguing the need for effective regional policy to tackle disparities. Accountable regional government is the means. A short summary offers little more than titles for subsequent chapters. Chapter one examines England's regional dimension; chapter two summarises progress, lauds accountability and argues for greater co-ordination. Chapter three contains the core commitment to elected assemblies, operating at strategic level with devolved responsibilities from central government. Subsequent chapters contain the real 'meat' of the White Paper: detailing responsibilities, explaining how they will be carried out and examining arrangements and the structure of the assemblies. The final chapter deals with implementation.

The regional dimension and the new vision

Chapter one is about the 'Regional Dimension'. It starts by stressing inter-regional disparities, whilst at the same time seeking almost to mute them – perhaps for more global political reasons. A short section deals with past (in effect pre-1997) history – decline and fall – of regional policy. Regional governance is introduced as part of the search to find the 'right' delivery mechanism for public services. Apart from national economic policy, regional prosperity can be affected by regional economic policy and the best mechanism for achieving this is one based in, and accountable to, the regions. There is a sense in which the chapter 'reads well' and 'its heart is in the right place', but the endorsement of a robust form of sub-national government seems somewhat lukewarm.

Initially the beat increases in chapter two which opens with an analysis of what has been achieved since 1997 – the creation of Regional Development Agencies and (rather vaguely) a strengthening of the capacity for Government Offices of the Regions to join up national policy and regional priorities. The chapter is formally focused on strengthening the regions: its twin pillars are co-ordination (of the different agencies involved) and planning. There is reference to the report by the Performance and Innovation Unit (PIU). Part of the Government's response is to delegate more responsibilities to Government Offices. Somehow, though, the listlessness noted in the first chapter returns in the final section concerned with 'better policy-making for the regions'. It is to be all about better data, more consultation, adapting programmes to needs of individual regions, regional awareness. A glance at Annex E – 'Regional arrangements in other countries' – suggests that the new British institutions may be somewhat under-powered compared to their equivalents elsewhere in the EU (see also chapters 3 and 8 below).

¹ Office of Deputy Prime Minister and DTLR; May 2002; Cm 5511

Chapter three, containing the ‘vision for regional democracy’, is the shortest in the paper. The low-key approach continues, essentially utilitarian and pragmatic. ‘Vision’ seems hardly an apt word to sum up concepts such as ‘adding value’ or making regional governance more ‘effective’. Proponents of regional government can latch on to an assertion that ‘increasingly people want decisions which have a regional dimension to be taken by people from the region’. No evidence is offered for this key proposition which underscores an important section on accountability. However, unlike some others this chapter ends on a slightly upbeat note – placing decentralisation in a European context and referring to other EU member states. There is an apt, albeit not very well expressed, comparison with the Spanish model. Different regions have different levels of responsibility (the authors noticeably shy away from using the word ‘powers’), thus ‘variable geometry’.

Functions and funding

The end of chapter three links readily to chapter four dealing with the functions of elected regional assemblies. They will not be a significant focus of power within the region. Indeed it may be possible to reverse the old adage of ‘power without responsibility’. The new assemblies will have major responsibilities. These will include strategies to deal with sustainable development, economic development, skills and employment, spatial planning, transport, waste, housing, health improvement, culture and biodiversity. Such responsibilities are not matched by powers: rather the White Paper talks of functions or levers to facilitate delivery. Mostly these are about influence, advice and consultation. The major exception is that the Regional Development Agencies will be made directly accountable to, and appointed by, the appropriate regional assembly. In most other respects the assemblies seem to be just another player in the cluster of decision-making processes which revolve around quangos, agencies, national services and local authorities. There is a bizarre twist to the two paragraphs dealing with the Arts. Shortly before publication of the White Paper the Arts Council was restructured by the Department of Culture, Media and Sport and the regional arts boards as such were dissolved. The White Paper points out that the new system ‘will allow us for the first time to deliver national policies on the arts’. The White Paper is probably right to claim that the new structure will be both cost saving and less bureaucratic. However, it is hard to see the logic of a conclusion that ‘it will enhance regional input to arts policy in all regions’.

Chapter five deals with funding issues – long a running sore for any sub-national government in the UK. Rigid financial controls are a key feature of the relationship between central and local government and this will be replicated where regions are concerned. The proposal to ‘give regional assemblies a single block grant with freedom

to spend money as they think best’ needs to be placed in context. The North East region is exemplified: total public expenditure excluding social security amounts to more than £7 billion; an elected assembly would have direct responsibility for around £350 million and would have a significant impact on decisions involving perhaps a further £600 million. The budgetary contribution from a standard levy on council tax seems likely to be too small even to cover an assembly’s direct running costs and there would be strict limitations on the ability to increase the precept. As a generalisation, virtually the whole of both the revenue and the capital budget will come from central government: regions will have even less financial autonomy than local authorities.

Elections and structures

Chapter six deals with regional boundaries and elections. Consistent with previous Government statements, there is no short or medium term possibility of boundary changes. The argument that the boundaries have gained greater acceptance through usage and recognition seems reasonable: it is also consistent with experience in other European countries. The major questions relate to the East of England, the South East and the South West. From most points of view these are not natural economic entities: their shape has in effect been largely determined by the decision to retain historic boundaries with no economic rationale for Greater London. Certainly all the projected regions are ‘a credible size’.

To promote inclusivity, the White Paper proposes to use an additional member system for elections – around two thirds elected ‘first past the post’ in single member constituencies and the rest by regional list. This kind of electoral system will normally produce ‘balanced’ assemblies in most regions with no single party in overall political control. Numbers are specified in the following chapter – assemblies of between 25 and 35. Assuming, therefore, that the North West were to have the maximum 35 members with say 24 being elected ‘first past the post’, the average regional assembly constituency would have a population of more than 275,000 – equivalent to around three parliamentary constituencies.

Chapter seven prescribes the constitution of regional assemblies. The Government wants them to be democratic, inclusive and representative, but also small, streamlined, effective and efficient. These are not always compatible objectives. Clarity in the allocation of responsibilities will be achieved through a split between executive and scrutiny functions. There will be a leader and cabinet appointed by the whole assembly. There is a long, and slightly inconsequential, section on how best to involve those called ‘key stakeholders’. It is worth noting that these constitute around a third of the membership of the current assemblies/chambers – the rest are local government councillors. The White Paper holds out the possibility that stakeholders could be co-opted onto scrutiny committees, be appointed as

policy advisers or could join assembly members on consultative forums.

A good deal of chapter eight on the relationship of English regions with other tiers of governance seems slightly vacuous. There are two exceptions. The first is a repeat of an oft given commitment that regional assemblies will not be taking responsibilities away from local government which will remain the community champion. The impact of what could be considered as a desire to 'leave local government alone' is perhaps slightly muted by reform proposals in the subsequent chapter. The other is the final section dealing with the European dimension where there is a slightly tenuous but potentially interesting link to a wider debate in the EU. The European Commission's own White Paper on reform included the role that regions and other sub-national government can play in the European system of governance. Unsurprisingly, the British Government insists that responsibility for involving the regional and local level in EU deliberations including the European Convention should rest with national governments. However, it claims it will use that responsibility to facilitate appropriate involvement.

Implementation

The final chapter of the White Paper is concerned with implementation. The trigger for the establishment of a directly elected regional assembly will be, as in Northern Ireland, Scotland, Wales and London, a referendum with the requirement of a simple majority of those voting. However, there is one major difference. The system of local government was not at issue in the earlier cases. Much of England retains a two-tier system of local government. The White Paper argues in a rather cursory fashion that 'a third elected tier [...] below national government [...] would be one tier too many.' It therefore proposes that prior to any regional referendum, the Boundary Committee would conduct a review of local government in those parts of the region with a two-tier structure. This would enable voters to be 'aware of the implications for local government when deciding to have an elected regional assembly.' Following a 'Yes' vote local government reorganisation 'would be taken forward in parallel with the creation of the assembly', but 'there would be no requirement that reorganisation had to be completed before an assembly could be established'. The Government notes that voters in two-tier areas are often confused about the distribution of functions: confusion might well be intensified during the interim period of reorganisation. Finally there is some indication of the actual timetable. A first parliamentary bill will provide for referenda and local government reviews. This will be followed by one or more referenda in regions expressing the greatest interest. Only after at least one region votes in favour would there be a further bill allowing the establishment of directly elected assemblies. The White Paper envisages a first regional assembly 'up and running' early in the next Parliament.

Local government reorganisation

There was speculation that part of the reason for the long delay over the production of the White Paper was controversy at cabinet level over the future structure of local government. The inconclusive outcome to the 1990s review in England has left highly controversial unfinished business together with an uneven and often illogical pattern of two-tier and unitary authorities. In theory Labour has long backed a unitary system, but it has little stomach for reopening the controversies of the nineties. Whatever the political philosophy, 'turkeys tend not to vote for Christmas'. Attitudes of authorities and their councillors are usually conditioned by their own likely fate or fortune in any reorganisation. A regional vote to prescribe the system of local government has the advantage of looking democratic – at least in theory. Perhaps even more important, it cushions the government from taking sides. Thus, for example, reorganisation of local government in Cheshire, Cumbria and Lancashire would to a very large extent be determined by Greater Manchester and Merseyside (two thirds of the voters in the North West region).

The incidence of two-tier and unitary authorities differs from region to region. Nearly 90 per cent of the population of Yorkshire and Humberside live in unitary areas, almost the mirror opposite of the Eastern region. All told for the regions outside London nearly 54 per cent of the population live in two-tier local government areas. In total there are some 355 authorities of which just 83 are unitary. Two consequences flow from these figures.

First, those regions with the highest incidence of unitary areas – Yorkshire and Humberside, North East, North West and West Midlands – would be able to move to directly elected regional government with the least controversy. As it so happens, and it is probably no co-incidence, these are also the four regions which usually show the greatest support for regional government. There is an interesting contrast between the West and East Midlands. In the former 60 per cent live in unitary authorities; in the latter only 20 per cent. There is a great deal of support amongst the local authorities in the East Midlands for maintaining the present system of a regional assembly dominated by local councillors.

Second, the establishment of a unitary system throughout England – the pre-requisite for all regions having a directly elected assembly – would require the abolition of a substantial number of councils and a significant reduction in the numbers of elected representatives. Again the North East exemplifies the argument. 68 per cent of the population live in ten unitary authorities; the remaining 32 per cent are in 13 shire districts in two counties. If the latter are re-organised into new unitary authorities with populations similar to those in the unitaries, the two county councils and 13 district councils will be abolished and replaced probably by no more than 5 new unitary authorities. Obviously there is no basis yet for any exact calculations, but the implication is a reduction in the total

number of elected councillors by several hundred. It is also worth remembering that the North East is the smallest region and only Yorkshire and Humberside has fewer two-tier authorities. Directly elected regional assemblies across the whole of England would imply a massive reduction in the number of elected representatives.

An assessment

Until 1997 the United Kingdom was the most centralised state in Western Europe. In constitutional terms the devolved regimes for Northern Ireland, Scotland and Wales have made a major difference. However, because the population of England is so large a proportion of the whole, there has been very little change in the governance arrangements affecting the average British citizen. The focus of *'Your Region, Your Choice'* is an extension of devolution to the English regions: bringing the UK into line with most other EU member states. However, it does fall short in a number of respects.

The central focus is economic policy, somewhat narrowly conceived. The direct powers of an elected regional assembly to determine the regional economy are very limited.

In general the role of the assemblies will be strategic and consultative. They will have important responsibilities but hardly any real powers, and no significant source of autonomous finance.

As a result there is a danger that the new structures will increase rather than reduce cynicism and disenchantment with the political process.

- Central government will continue to be heavily involved in most of the areas of activity of the devolved authorities.
- The existence, limited powers and wider responsibilities of the new regional authorities are in no way entrenched. In theory at least they can simply be taken away at any time by central government.
- Despite frequent comparisons with sub-national government in other EU states and acceptance of the importance of the European agenda, there is no formal recognition in the White Paper of the value of federalist thinking in devising modern forms of governance.

Perhaps this paints too bleak a picture. Although there was a good deal of controversy over devolution in both Scotland and Wales (especially the latter where the referendum vote was so close), the process is now widely regarded as irreversible. In both cases the major controversy is over whether the devolved powers are sufficiently wide-ranging. Whilst technically the UK Parliament has the constitutional power to reverse the process, this is probably not practical politics. The Government anticipates an asymmetrical pattern to regional devolution in England. There is every indication that the three northernmost regions will be the first to hold referenda, and that the North East will be the 'at least one directly elected assembly' in place early in the next

Parliament mentioned in the White Paper. Its strong campaign for regional government has been fuelled by distance from London and closeness to Scotland. The latter is seen as 'getting a better deal' from London. In financial terms this does of course predate devolution, but in practice it hardly affects the emotional argument. A different central government might want to reverse the process, but the practical political implications would always be some deterrent. More immediately the Government may be anticipating some sort of domino effect: directly elected regional assemblies – 'regional government' – in the three northern regions and the West Midlands could fuel the demand for similar developments elsewhere. The alternative will be continuing asymmetry in both local and regional governance.

POSTSCRIPT

The first of the bills mentioned in the section on Implementation was introduced in the House of Commons on 14th November 2002, immediately after the Queen's Speech.² It is very much along the lines indicated in the White Paper: there are no indications of any significant shifts in Government thinking during the six months separating the two.

The Bill places the Secretary of State (John Prescott) firmly in control of the drive towards English regional government. He may order a referendum to be held in any region provided that two conditions are met. First, the Secretary of State has to consider the level of interest in the region in question. The degree of consideration and the subsequent assessment are entirely at the discretion of the Secretary. Once he determines that there is sufficient interest, he must ask the Boundary Committee to undertake a local government review. The second condition is that the Boundary Committee has made its proposals to achieve a unitary system of local government throughout the region in question. Regional boundaries cannot be altered; neither can existing unitary authorities. It would appear that the Committee could at its discretion base unitary authorities on existing Counties or Districts. It can recommend dividing Counties or merging Districts to form the basis for new unitaries. It would appear also that to achieve a new unitary pattern the Committee could recommend splitting Districts or crossing County boundaries so long as they are in the same region.

Once the Boundary Committee has reported, the Secretary of State can order a referendum to take place in a particular region. The question asked will be 'Should there be an elected assembly for [...] region?'

The ballot paper will also contain a general statement about the future role of the elected assembly together with a notice about the reorganisation of local government. Details of the proposed restructuring and other information on the implications of a 'Yes' or 'No' vote will be made available to voters in one of two ways. The Electoral Commission can designate one organisation to campaign for a 'Yes' vote and one for the 'No'. If this is not done, then the Electoral Commission can itself take responsibility for making available information, which will promote awareness of the arguments for and against. Such information would presumably include the detail of the proposed local government restructuring.

There is no indication in the Bill as to whether referenda are likely to be held simultaneously in different regions. However, a reference to the implications for the Boundary Committee of carrying out more than one review at the same time may be a pointer. The section on implementation is equally vague – presumably because the Government does not intend to introduce the second piece of legislation until after at least one region has voted 'Yes'. Clause 15 applies to a region which has had a referendum and where 'the Secretary of State proposes that an elected assembly

is established'. It is then for the Secretary of State to give effect to 'all or any of the recommendations of the Boundary Committee [...] with or without modifications'.

A concluding note

Devolution has been a major plank in the modernisation programme of the Labour Government. Nonetheless its implementation – pragmatic, piecemeal and asymmetric – has been 'very British'. The first of the two bills implementing 'Your Region Your Choice' continues in this tradition. At the time of writing it still seems likely that referenda will take place separately in those English regions expressing the greatest interest. And it hardly needs to be said that a 'Yes' vote in the first region(s) is essential to continuation of the process.

² Regional Assemblies (Preparations) Bill

About the Federal Trust

The Federal Trust is a London based, independent think tank committed to enlightening the debate on good governance. It is registered as a charity for purposes of education and research. It acts as a forum that explores issues of governance at regional, national, continental and global level. Founded in 1945 on the initiative of William Beveridge to study democratic unity amongst states and peoples, it provides a platform to debate often-controversial issues.

The Federal Trust remains politically non-partisan, and it has no allegiance to any political party. It enjoys corporate, institutional, academic and individual support. The Federal Trust is able to draw on a wide variety of intellectual resources. Its distinguished Patrons and Advisory Board members are high-profile individuals from various backgrounds and professions. Research Fellows and staff combine expertise in diverse disciplines including law, finance, economics and politics. It also attracts a broad range of high-level external experts who participate in its activities and projects, thus allowing the Trust to reflect differing ideas and perspectives. The Trust helped to establish the Trans-European Policy Studies Association (TEPSA) in 1974, a network of like-minded institutes from all the countries of the enlarging European Union. It also has close links with think tanks in non-EU countries. The Federal Trust runs a number of projects on issues relating to its main concerns encompassing various aspects of good governance at the domestic, European and global level, political co-operation, international citizenship and international economic policy.

Its project work involves setting up working groups providing a forum of debate for experts from a wide range of backgrounds, organising conferences and seminars with high-level speakers from academia, business and finance, civil society, the media, government and politics and developing an extensive publishing programme on topics close to its research concerns.

This paper forms part of the Federal Trust's project '*Federal Britain? Devolution in the United Kingdom*'. Previous work within this project included the organisation of a series of seven seminars throughout the UK, and the publication of '*Scotland in Europe: independence or federalism?*' (Alex Wright, European Essay No. 18, 2002) and '*Modernising Britain: central, devolved, federal?*' (edited by Stanley Henig, 2002). In 2003 the Trust will convene a Working Group on 'Encouraging Democracy and Stakeholder Participation in the English Regions'.

For further details about the Trust's programme on devolution in the United Kingdom please contact Ulrike Rüb on +44 (0)20 7735 4000 or at ulrike.rub@fedtrust.co.uk

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