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Local Government and the
Regions Committee

Is there a future for Regional Government?

Session 2005–06

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Written evidence

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The ODPM: Housing, Planning, Local Government and the Regions Committee

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Written evidence

Memorandum by Mr Peter Martin-Kaye (RG 01)

The ODPM experiment with regional assemblies has failed.

1999 to 2004 attendance of the South West Regional Assembly and its committee meetings show that about 20 persons have dominated the proceedings throughout those years. The full Assembly only convenes on three days per year with little pretence at debate. The meetings at the ODPM of the Assembly liaison body—the English Regions Network (ERN)—reveal that many of the representatives on these key occasions are in fact officials of the Assemblies. As found by the Aulakh, Snape, Mawson study (2005) for the ERN assemblymen recognise that the places are run by small cadres of people. Virtually all decisions are taken in or, even commonly, outside the committees.

The populace feels no connection with the Assemblies, and Assemblymen none with the populace. These institutions have regrettably served to increase the general disrepute in which politics, politicians and public servants are held.

Whilst there are rather few genuinely regional issues, there are some, as for example fisheries in the SW, although oddly this has not attracted the SWRA's attention although global warming has. But there is no question that the regions should have good representation. One of the main problems with the ODPM solution is that it undermines parliament and perhaps is intended to do so. We cannot afford for parliament to be weakened in any way. This is the place that encapsulates our national status and aspirations and must be of stature and working capability that attracts the best people to it.

A system is required that not only improves regional representation but, contrary to the present arrangement, strengthens parliament. It badly needs it.

This is readily achieved by giving sitting MPs regional responsibility as well as constituency duties. This would not add an extra layer of governance. It would retain our long heritage of county structure. Nor would it be expensive. We already elect MPs and pay them. Regional issues bear on their constituents so they have to know about them. Yet if MPs are told that they have no role in them, they will neglect these issues which will thereupon receive less national attention than they will often need. MPs cannot claim overwork since they have already surrendered so many of their duties to Brussels. Without executive or legislative power the MP assemblies could nevertheless work over regional problems better to bring matured consensus to the House of Commons. With modest secretariat they could sit perhaps half a dozen times per year at various venues throughout the region, bringing much needed and improved opportunity for the public to see parliamentary process in action.

Memorandum from Veronica Newman (RG 02)

It is my belief that Regional Assemblies and RDAs should be scrapped and power over the areas that they have filched returned to our county councils.

The regionalisation of the police force, ambulance service and fire brigades should remain at county level.

All the hype about Regional Assemblies bringing power closer to the people is absolute rubbish as we have lost control of planning etc to these bodies and they ignore the wishes of the local population and impose the Deputy Leaders dictates on counties whether they are approved by these councils or not.

Democracy no longer exists in the UK. England is totally disadvantaged within the system as it exists today.

Instead of magnanimously allowing England its own parliament, as enjoyed by Scotland, all rights have been removed from the populace of England without so much as a by your leave. Instead Mr Prescott is surreptitiously dividing England regions.

I don't expect the opinions of one ordinary person will be taken into account with all the high and mighty members of this committee but its worth a try.

So much hot air is expressed about the lack of interest in politics today but surely this can be no surprise when the wishes of ordinary people are totally ignored and the general electorate generally seen as mindless idiots.

Memorandum by Mr Anthony Lenton (RG 03)

On the subject of regional government.

There is no need for a further tier of costly regional government, the further government is from the people the more remote and meaningless it becomes.

People want and need local government as it is, and has been for generations. As the saying goes, if it isn't broke why fix it.

Local government in the form of parish councils and borough councils have served us well in the past, and I see no need to change.

Regional government is an unelected unwanted body of costly people working against the wishes of the majority of the population, and should be dismantled, not replaced under another guise.

Memorandum by Mr Richard Nixon (RG 04)

I am given to understand that your Committee is examining the issues relating to regional government. Here is my submission.

Firstly, “democracy” as defined in its simplest form in my dictionary is expressed as “the will of the people”. Regional government in any form has not been requested by “the people”, and I am not aware that Government has such a mandate for the introduction of it. Unfortunately Government increasingly thinks that it has “carte blanche” to do anything it likes, and forgets that it is there to serve the people, and not the other way round. It is a strange situation that those who spend public money seem to be more important in their own eyes and rewarded accordingly (honours, salary, and pensions etc) than those who generate the money in the first place.

Secondly, we already have more than enough in the way of legislation making bodies in the shape of Parish Councils, Town/City/District Councils, Parliament, and in more recent times the European Union. Not necessarily with the best of intentions they produce legislation, sometimes this even achieving the opposite of what is intended. There is such a thing as straws and camels backs, and eventually the camel says “enough” and gives up.

Thirdly, the electorate of the North-East made it perfectly clear by nearly four votes to one in November 2004 that they did not want a regional assembly, yet Government still persists with it. As others have already stated, is there some part of the word “NO” that is not understood?

Fourthly, this is yet another breach of the Contract between Government and the Electorate that has been in being for 30 years now. Who prosecutes Government for this?

Summing up, regional government will be unable to achieve anything that cannot be done already, it is unnecessary and unwanted. Abandon it now.

Memorandum by Nicholas Capp (RG 05)

EXECUTIVE SUMMARY

Visibility and accountability are the bedrock of a truly democratic nation, therefore it’s crucial that the methods employed to achieve accountability are continuously improved, refined and re-examined.

It is desirable for issues to be democratically determined at the most local level possible. There should be a continual effort to re-evaluate each issue that is the subject of democratic debate and decision-making to see if the issue can be delegated down to the next local level. This process can steadily move much decision-making to the local level.

With a level structure in place that’s strongly focused towards local decision-making, the opportunity to increase accountability is magnified. Local level decision-making provides the best prospect of maximising democratic participation and therefore achieving very high accountability.

There is a need for union (UK through to global), national (England, Scotland, Wales, Northern Ireland), shire and local levels of democratic decision-making, because the varying nature of issues means that not all issues can be dealt with at one single level. It is undesirable, however, for a plethora of levels to exist, so whenever more than four levels are found they should be critically studied with a view to simplification. Shire-level borough councils currently serve large towns and cities, this arrangement can taken forward and refined, thus there’s no need to introduce new city regions.

At the national level there’s currently a serious anomaly with England being the only nation lacking national representation through its own parliament, so the English parliament should be established as a matter of urgency. The most cost-effective method of establishing the English parliament would be to convert Westminster from the UK parliament to the English parliament. Non-devolved UK issues could be debated at sessions attended by all of members of the English, Scottish, Welsh and Northern Irish parliaments/assemblies. These UK sessions could be held at each of the national parliaments on a rota basis.

Modern communications technology opens up new avenues that offer the potential to reach historically high levels of democratic participation. It is feasible to use modern technology to enable local constituents to register their vote on a regular per-issue basis.

It is vital that the scope of the different levels of power and their connections are clearly defined and publicised. Productivity measurements should be routinely taken by an independent body to assist in monitoring the effectiveness of service provision.

The level structure should be continually policed by an independent body, potentially even a private management services company, to ensure that any duplication of decision-making is highlighted and publicised. Issues that are subject to duplication of decision-making should be prioritised for reclassification to the most local level of decision-making possible.

To introduce further levels of bureaucracy such as city regions would reduce productivity in service provision, would consume scarce resources, and would therefore have a negative impact on both the new regional and existing shire-level bodies.

It is desirable for the shires to have sufficient autonomy to permit each of them to negotiate their own co-operative arrangements with all suitable third parties. Autonomous shires have every chance to lever the talents of their constituents in order to achieve economic prosperity, therefore autonomy of the shires is key.

Economic disparities are normal and only become a cause for concern when individual shires experience economic deprivation. The “level playing field” argument fails to stand up because there will always be differences in available resources and talent. An homogenous situation never has and never will exist.

SECTION 1

The potential for increasing the accountability of decision-making at the shire and local level, and the need to simplify existing arrangements

Visibility and accountability are the bedrock of a truly democratic nation, therefore it’s crucial that the methods employed to achieve accountability are continuously improved, refined and re-examined.

There is a need for shire and local levels of democratic decision-making, because the varying nature of issues means that not all issues can be dealt with at one single level. It is undesirable, however, for a plethora of levels to exist.

The shire and local level structure needs to be continually policed by an independent body, potentially even a private management services company, to ensure that any duplication of decision-making is highlighted and publicised. Issues that are subject to duplication of decision-making should be prioritised for reclassification to the most local level of decision-making possible.

With a level structure in place that’s strongly focused towards local decision-making, the opportunity to increase accountability is magnified. Local level decision-making provides the best prospect of maximising democratic participation and therefore achieving very high accountability.

Modern communications technology opens up new avenues that offer the potential to reach historically high levels of democratic participation. It is feasible to use the banks’ secure ATM network to enable constituents to register their vote on a regular per-issue basis; this is already being done in some countries such as Switzerland. There are many other such opportunities to use modern technology to multiply democratic participation and accountability.

In summary, there’s a huge potential to increase the accountability of decision-making, and introduce an ongoing process of simplification, at the shire and local level.

SECTION 2

The potential for devolution of powers from shire to local level

It is desirable for issues to be democratically determined at the most local level possible. There must be a continual effort to re-evaluate each issue that is the subject of democratic debate and decision-making to see if the issue can be delegated from the shire to the local level. This process can steadily move much decision-making to the local level.

Modern communications technology opens up new avenues that offer the potential to reach historically high levels of democratic participation. It is feasible to use the banks’ secure ATM network to enable local constituents to register their vote on a regular per-issue basis; this is already being done in some countries such as Switzerland. There are many other such opportunities to use modern technology to multiply democratic participation and accountability.

In summary, there’s a huge potential to devolve powers from the shire to the local level.

SECTION 3

The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships

It is vital that the scope of the different levels of power and their connections are clearly defined and publicised. Productivity measurements should be routinely taken by an independent body to assist in monitoring the effectiveness of service provision.

It is desirable for issues to be democratically determined at the most local level possible. There should be a continual effort to re-evaluate each issue that is the subject of democratic debate and decision-making to see if the issue can be delegated down to the next local level. This process can steadily move much decision-making to the local level.

The level structure should be continually policed by an independent body, potentially even a private management services company, to ensure that any duplication of decision-making is highlighted and publicised. Issues that are subject to duplication of decision-making should be prioritised for reclassification to the most local level of decision-making possible.

SECTION 4

The potential for new arrangements, particularly the establishment of city regions

There is a need for union (UK through to global), national (England, Scotland, Wales, Northern Ireland), shire and local levels of democratic decision-making, because the varying nature of issues means that not all issues can be dealt with at one single level. It is undesirable, however, for a plethora of levels to exist, so whenever more than four levels are found they should be critically studied with a view to simplification. Shire-level borough councils currently serve large towns and cities, this arrangement can be taken forward and refined, thus there's no need to introduce new city regions.

At the national level there's currently a serious anomaly with England being the only nation lacking national representation through its own parliament, so the English parliament should be established as a matter of urgency. The most cost-effective method of establishing the English parliament would be to convert Westminster from the UK parliament to the English parliament. Non-devolved UK issues could be debated at sessions attended by all of members of the devolved English, Scottish, Welsh and Northern Irish parliaments/assemblies. These UK sessions could be held at each of the national parliaments on a rota basis.

SECTION 5

The impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities

To introduce further levels of bureaucracy such as city regions would reduce productivity in service provision, would consume scarce resources, and would therefore have a negative impact on both the new regionalised cities and their neighbours. Instead the focus should be on stimulating the delegation of power to the most local level possible, and maximising democratic participation especially at the local grass-roots level that offers the most dynamic potential for development.

SECTION 6

The desirability of closer inter-shire co-operation (as in the Northern Way) to tackle economic disparities

It is desirable for the shires to have sufficient autonomy to permit each of them to negotiate their own co-operative arrangements with all suitable third parties. It may, for example, be possible for them to extract economies of scale from these arrangements.

Economic disparities are normal and only become a cause for concern when individual shires experience economic deprivation. The "level playing field" argument fails to stand up because there will always be differences in available resources and talent. An homogenous situation never has and never will exist.

Autonomous shires have every chance to lever the talents of their constituents in order to achieve economic prosperity, therefore autonomy of the shires is key.

Memorandum by Mr Courtney Williams (RG 06)

1. DEVOLUTION

When devolution was granted to Scotland it was granted to a country and not to a region.

When a lesser devolution was applied to Wales it was granted to a country and not to a region.

2. THE WEST LOTHIAN QUESTION

An anomaly then occurred whereby an MP's representing, in particular a Scottish constituency could vote upon English matters but an MP representing an English constituency could not vote upon Scottish matters.

This is often called the West Lothian question and has yet to be answered.

3. THE NORTH EAST PROJECT

The government then, in accordance with democratic principals, piloted the concept of dividing England into regions. The area chosen was the North East. The people of the North East rejected the idea.

4. ABANDONMENT OF DEMOCRATIC PRINCIPALS

To revisit the concept of regions for England would be to ignore the decision by the people of the northeast. A decision gained through democratic process and principals. If this government introduces regionalisation it will defy the people of the North East and abandon the principals of a true democracy.

5. THE WAY FORWARD

England must be treated with the same respect as all the countries in the United Kingdom. They must be granted the right to an English parliament. MP's of various political persuasions may view this as a disadvantage to their own political ends, but this is a true democracy and those principals must be given priority. Currently the peoples of England are being discriminated against. That cannot be allowed to continue and any other institution other than an English Parliament would be to further that discrimination.

Memorandum by Mr H W Barstow (RG 07)

My opinions are those of someone who feels that a terrible injustice is being forced upon we of England. First, I feel increasing resentment and offence that while Scotland is granted a parliament (having been offered a government backed referendum), likewise Wales an Assembly (soon to be a parliament), England's people are treated as 2nd class (or is it non-class) citizens.

Yes, the North East was granted a referendum for a Regional Assembly. It replied with a resounding "No." This was ignored with contempt and these Regional Assemblies continue (behind our backs). But then . . . we are only English.

England, one of the oldest Nations (and cultures) in Europe, is being denied those services (health being but one example) that is granted as of right to Scotland in particular, and to a lesser extent to Wales. Though when Wales gets a parliament, she will demand and she will get, those same benefits granted to Scotland. England will remain ignored, her peoples awaiting cancer treatments (etc), university education that in Scotland is free, free Care-Homes for the elderly (in Scotland) etc, etc, etc . . . all benefits granted first to Scotland, second to Wales, but denied to England. How come this is not prejudice?

In case the government does not know of the growing resentment and offence this causes we of England, then I suggest it asks itself why we of England should feel any less love of our Nation than do the Scots and Welsh theirs. We do not support our rugby and cricket teams just for fun! The emotions come from the heart! They call it patriotism . . . something the Scots (and everyone else) is allowed to feel.

In case this government thinks it can ride rough-shod over our feelings then I suggest it study very carefully its own laws on "prejudice and discrimination," and then ask itself why we of England should tolerate in silence this relentless campaign of Anglo-phobia. Should the position in which England finds herself be vice-versa then there would be riots (yes riots) across Scotland. As for Scottish MP's, there would be uproar at Westminster.

No, England must not be partitioned and broken up. She must be granted those same "Rights" already granted to Scotland and Wales. Therefore she must be granted her Parliament too. To fail to do so is to prove beyond doubt this government's institutionalised prejudices against England.

Finally, England pays many of the taxes that go to Scotland (and to a lesser degree, Wales) to fund their privileged status. I merely ask for some of their Rights. It was England that gave to the cause of democracy the Magna Carta and the Bill of Rights 1688–89. How come we of England are now excluded from these same Rights ourselves.

In short, we want a Parliament of England . . . not the partition of England by way of regionalism.

Memorandum by the English Democrats Party (RG 08)

The Elephant in the Room which nobody is mentioning, is that this Inquiry is about ENGLAND's future only. It is not about the National devolution of Scotland, about which Tony Blair said that: Scotland must have its own parliament because Scotland is a "proud and historic nation". This inquiry is also not about Wales which has its own Assembly (which is rapidly metamorphizing into a parliament). The purpose of the Welsh Assembly, as stated in the legislation, is to be a forum of debate for the Welsh "Nation"!

In England the "Regionalisation" project has its political purposes. These are:

1. ANTI-ENGLISHNESS

To attack English National identity by splitting England into competing Regions. Charles Kennedy's enthusiastic remark to Scottish Lib Dems that . . . "In England Regional(isation) is calling into question the idea of England itself", just as the ODPM's aspirational claim that "there is no such nationality as English" gives this game away.

2. GERRYMANDERING

To create Regions whose boundaries are drawn to give the maximum advantage to the ruling party. Both John Major's Conservative Government and this Government have been guilty of this, viz: The Northern/North East/North West Region boundary changes.

3. CENTRALIZATION

In no meaningful sense has the Government's Regionalisation programme devolved powers. Indeed, John Prescott's first step in "Re-invigorating local democracy" was to take strategic planning powers away from elected County Councils and give them to the unelected Regional Assemblies whose agendas are controlled by his office. The effect of Regionalisation so far is little more than to centralise local governmental powers into proxy organisations for the ODPM.

4. EUROPEANISATION

The drive to Regionalise England is partly motivated by the European Union Federalisation project for which there is no democratic mandate whatsoever.

These motives are undemocratic and improper. Further, as this inquiry is about England only, it is undemocratic for any MP representing a non-English constituency to vote on it.

The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

There is no democratic mandate for the current Regional structures. The ultimate simplification would be to abolish the muddle created mostly by this Government.

The potential for devolution of powers from regional to local level

This should read "back" since they are almost all powers which have been taken away! Let's start by returning strategic planning to the County Councils and therefore to some democratic control.

The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships

So far as Regionalisation is concerned, the arrangements are hopeless. In any case Regions are neither strategic nor local enough to be effective. So far as local government is concerned that does need a shake up to bring back effective democracy and to end the control over centralisation.

The potential for new arrangements, particularly the establishment of city regions

There is no demand for this nor any democratic mandate. It would be equally improper to use such a scheme for the same political purposes as the current Regionalisation project. The only legitimate devolution for England is for it to have its own national parliament with at least the same powers as the Scottish one.

The impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities

This cannot be fully responded to without the publication of the full details of any such proposals.

The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

This is not the right tool for this job. There may be issues for which there is sense in having such co-operation on an *ad hoc* and voluntary basis between democratically elected bodies, but this will not be as part of the political agenda of central government.

Memorandum by Mr James Paton (RG 09)

I write to give evidence to the Committee on the various points it is investigating.

My starting point is the scrutiny of the papers and subsequent report, which were presented at a regional symposium in Yorkshire and the Humber at the end of last year on regional governance. These can be accessed on the internet at the following URL:

<http://www.yhassembly.gov.uk/p—contentDocs/839—1.pdf>

You will note that the papers and report really only describe current regional arrangements rather than make any substantive headway about the future of regional governance or regional government arrangements.

See pages 48–52 of the report for the beginnings of a discussion on real issues.

A diagram from page 37 of the report shows only some current regional relationships and governance. It does not show a host of other regional partners or organisations/national bodies with regional offices eg all the regional offices of the DCMS, DEFRA, DfT non-departmental organisations eg the Arts Council, Sport England, Cultural Consortiums, Environment Agency, Countryside Agency, Highways Agency, Big Lottery Fund.

My substantive point here is that if you were going to put in place sensible, workable regional governance or government arrangements, you wouldn't start from here.

Exceptionally light touch scrutiny of the RDA, by the Assembly, means the RDA does very much as it likes. Monitoring by GO has not used existing regional scrutiny at all to form a part of its monitoring evidence base. A classic case of two government departments DTI and ODPM not joining up at a regional level.

Powers and decision-making clearly still lie with central government both in policy priorities and spending priorities. This is partly why Northern Way and city region agendas will fail if governance arrangements are not changed, as the priorities and decisions are not being made in the region and for the region.

The difficulties now surrounding any debate about regional government have been wholly created by the Government through their ill thought out and ill promoted ideas for regional government. There was no collective cabinet responsibility for this and at the time very little cabinet support for it, although there was, and still is, a manifesto commitment to devolution in the English regions. It was due to this that the people of the North East rejected, not the idea of devolution, but the Government's very limited—as compared to the Scottish Parliament, German Länder, French Department or Spanish regional—concept of devolution. The North East has a long tradition of supporting devolution ever since, and indeed before, the first referendum debate in Scotland in 1978.

Where next?

Either the Government come back with extensive and conclusive decision-making and financial control arrangements for regions ie meaningful power that may encourage people to take an interest or it forgets any concept of regional government for a generation or two.

As to regional governance, there are clear and significant improvements that Government can make to current regional arrangements.

Applying the same logic to regional governance that is being applied to renewal/reform of local government currently to devolve and reconnect local government to neighbourhoods and the citizen. Similarly the Government should bring forward proposals on an enhanced strategic role to local government to take decisions at regional level including enhanced and vigorous (meaningful) scrutiny of the Regional Development Agency, Learning and Skills Councils, Environment Agency to name but three.

Reflect on proposals for Local Strategic Partnerships in relation to local government in the delivery of Local Area Agreements and mirror these arrangements for local and national Government in relation the regional strategic partnerships (Assemblies or Chambers) delivering on the regional agenda.

Given the ongoing democratic deficit in relation to regional level decision-making (in effect a quangocracy) in terms of parliament (MPs) and local government, give more strategic power to local authority leaders to act collaboratively on regional issues. This may mean directly elected leaders for all local authorities.

In specific answer to the questions posed:

The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

Response

Give more strategic power to local authorities (with obvious and significant reforms to local government ie less councillors but salary them to make them professional decision-makers to better exercise leadership and more powers) to scrutinise as they have the internal and health service scrutiny expertise which they can build on.

The potential for devolution of powers from regional to local level

Response

See above. Need distinction between what needs local and what needs regional action. eg region includes waste, flooding, climate change, transport infrastructure, major economic decision-making. Note new planning laws has created a statutory regional planning power, regional level activity, particularly that not given over to regional partnerships (assemblies/chambers) should be scrutinised by the localities/local councils.

The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships

Response

Service management should be as close to the client as possible, eg community and neighbourhood level. Local authorities have proved in many cases that they are not responsive to customer/client needs and not capable of running services eg special measures for LEAs who have been incapable of administering local education eg Leeds, Bradford, Hull. Reinvigoration of real local democracy through existing and recreation of town and parish (commune?) councils with spending/contracting and decision-making powers.

The potential for new arrangements, particularly the establishment of city regions

Response

Depends on the region. They are all different. Yorkshire and Humber with three key city regions needs a degree of regional level co-ordination, agreement, compact between its city regions—particularly in the context on pan-regional activity and decision-making ie Northern Way > the regional partnerships Assembly's could be charged with facilitating and brokering arrangements.

The impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities

Response

Needs development of strategic partnerships where a city's hinterland and commuter towns have some power and say. Regional body could be the arbiter/broker of such arrangements. Should not be imposed from the centre.

Note the lack of economies of scale of district councils and that of North and North Lincolnshire Council needs to be tackled through single tier and merger respectively. Trade off is more power to parish and town councils.

The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

Response

A £100 million will do absolutely nothing to bridge the productivity gap. However strategic alignment and prioritisation of the big funding on road and rail, housing, skills and economic development combined might begin to make a difference. Why has the number of years of Learning and Skills Council funding and indeed RDA money not made “significant” impact on productivity.

Memorandum by Stoke-on-Trent City Council (RG 10)

SUMMARY

This submission attempts to address the questions posed by the Committee within a vision of non-hierarchical city regions, based on competitiveness and innovation. They would highlight bottom up and cross-cutting forms of governance and thereby complement the existing matrix of administrative regions which have an explicitly top down focus. Regional and other administrative boundaries are currently a barrier to competitiveness, and their impact should be softened by giving city region partnerships the flexibility to cross these.

1. CONSIDERATIONS ON GOVERNANCE

1.1 Good systems of governance must be tailored to meet the needs and aspirations of the communities they serve and deliver all-round improvements to their quality of life. At the very least, they should guarantee a community’s social, economic and environmental sustainability. This basic premise applies to all territorial units, from transnational jurisdictions like the EU down to local neighbourhoods. Experience also suggests that formal governance systems succeed to the extent that they support, and are supported by, a diversity of less formal (extra- and non-governmental) institutions.

1.2 From that perspective, problems arise where the formal structures of governance are not well matched to the evolving social, economic and environmental characteristics of the communities they serve. A recognised weakness in the UK is that its formal governance structures at each level remain skewed in favour of top-down policies and programmes. Successive governments have promoted initiatives that aim to “roll back the frontiers of the state”. But these have largely failed because they have been unable to devise a formula into which the competing demands of top-down, bottom-up and (increasingly) cross-cutting decision-making processes can be sensitively factored.

2. LINKING THE URBAN SYSTEM TO THE GOVERNANCE SYSTEM

2.1 There are inherent difficulties in imposing a “one size fits all” philosophy on local government structures throughout England. The country’s urban system does not correspond to a neat, pyramid-shaped hierarchy, with centres of roughly equivalent size and functions distributed fairly evenly across the regions. The reality, as recognised in the Regional Planning Guidance for the West Midlands¹ and other key strategy documents, is that the urban system is polycentric. It continues to evolve in response to a diverse range of stimuli. Some towns and cities grew as market and service centres for their surrounding areas. Others, like Stoke-on-Trent, owe their existence more to manufacturing and/or extractive industries, based on the local availability of materials of production. Others developed as ports or transport centres. Others have mixed origins, while a number constitute “special cases”.

2.2 With economic change over time, these distinctions have in some cases blurred and in others become more marked. London remains by far England’s largest and most important city, despite the efforts of politicians and planners to “buck the market”. Yet it is impossible to agree on what is the UK’s second or third city, or how England is divided up into regions of any description, without bringing political considerations or value judgements into play.

3. CITY REGIONS AND CORE CITIES: DRAWING THE DISTINCTION

3.1 The term “city region” is widely used in the current debate, but less often defined in a manner that is consistent or sophisticated. Added to this, other geographical concepts such as “core cities”, “urban fields” and “hinterlands” are used interchangeably. The Government itself does not seem to have a clear definition of city regions. It is, however, very interested in the phenomenon of competitiveness and how this can be maximised by using cities as “production units” for competitiveness. Much research in this field has been US-based. When its methodology is applied to European cities and their regions, studies have concluded

¹ *Regional Planning Guidance for the West Midlands* (2004), p 2.

that very few of these—and only London in the UK—rank among the world’s top 50 competitive cities. The proposed new wave of local government reform provides an excellent opportunity for structures to be re-designed in a way that supports competitiveness, innovation, inclusivity and a clear sense of “belonging”.

3.2 The phrase “core cities” has come to denote the eight large urban centres where Central Government Regional Offices and major agencies are located. A large population is not the sole criterion here: Nottingham and Newcastle-upon-Tyne have respective populations only slightly greater than Stoke-on-Trent. Nor is it necessary for a region to have only one core city: the North West has Manchester and Liverpool, while Leeds and Sheffield both enjoy this status in Yorkshire and Humberside. The core city for the South East and the East of England is London.

3.3 Emphatically, core cities are service centres for the “top down” diffusion of policy, rather than drivers of regional, cultural or economic cohesion. It could be argued that Carlisle, in the North West Region, is more strongly linked to Newcastle than Manchester, and the cultural ties between Bristol and the Commonwealth are more apparent than those it enjoys with Cornwall. To explain the production, distribution and exchange of goods and services in North Staffordshire/South Cheshire in terms of a tributary relationship with Birmingham would be to contradict the socio-economic realities. These include on the one hand, a series of service functions that are largely self-contained at the sub-regional level, and on the other—notably with the ceramics sector—a nexus of transnational supply chains.

3.4 City Regions, by contrast, have a broader, multi-faceted reality beyond ministerial directives and performance monitoring. They embody processes that Storper and Salais describe as “untraded interdependencies”.² Untraded interdependencies exist outside the economic sphere. Firms are attracted to particular urban areas less because of infrastructure and transportation advantages than because of the benefits of being close to other customers, suppliers and competitors where this proximity leads to shared understandings and transactions. An excellent example of an untraded interdependency is North Staffordshire’s ceramics cluster. The concept works well for this and other established clusters. But it is notably less successful when applied to the “emerging” and “aspirational” clusters that still tend to underpin DTI, Treasury and Regional Development Agencies’ (RDAs) understanding of regional competitiveness.

4. AN UNCLEAR VIEW OF REGIONAL GOVERNANCE

4.1 The boundaries of England’s administrative regions are quite simply that—administrative ones. They do not demark cultural watersheds or self-contained market areas, and are not well placed to influence market forces—notably globalisation—at the macrolevel. They began as strategic military areas during the interwar years, and are essentially what Prof Michael Parkinson has described as “territorial agencies to deliver policies made elsewhere.”³ A clear expression of this is the growth by stealth of powerful institutions such as Government Offices for the Regions (GOs) and RDAs since the mid 1990s and the conversion of regional chambers into regional assemblies whose members are not directly elected. The process of trying to align these regional jurisdictions with more locally-accountable entities has been tortuous. To most laypersons, the phrase “West Midlands” has a greater resonance with the former Birmingham-centred metropolitan county than a large and diverse region embracing North Staffordshire and the Welsh Marches.

4.2 Recently, coalitions of RDAs working with key partners have led initiatives, such as the Northern Way, aimed at promoting a united economic vision between administrative regions. Although the Northern Way has been hailed as a positive step, and undoubtedly introduces fresh elements of additionality, it still represents a top-down, core city focus on regional economies. Although broad in scope, it is not holistic, and dwells more on figurative categorisations than the inherent potential of diverse communities to foster economic growth through creativity and innovation.

4.3 The process of binding together administrative regions for such a purpose does not solve the problems of non-alignment referred to in paragraph 2.2 above. It merely pushes them down the list of RDAs’ strategic priorities. Indeed, the drafting of the Midlands Way as—in part—a riposte to the Northern Way indicates that the current system of regional governance is as likely to engender perceived threats and rivalries as genuine cohesion between regions.

4.4 There are particular implications for a city region—like Stoke-on-Trent’s—whose sphere of influence crosses local and regional administrative government boundaries. Our city region’s mix of identities, opportunities and problems extends beyond the West Midlands into both the North West and East Midlands. Yet our capacity to address these through “single pot” programmes or spatial strategies ends with the regional boundary. By contrast, the EU’s portfolio includes numerous funding mechanisms to promote transnational partnerships. Added to this, the technical networks and knowledge bases used in a government sphere are tightly drawn around regional boundaries. In Stoke-on-Trent, we have better data about certain districts on the fringe of the South West region than with our near neighbours in South Cheshire.

² M Storper and R Salais *Worlds of Production: the Action Frameworks of the Economy* Cambridge MA, Harvard University Press (1997).

³ Michael Parkinson, *Cities and Regions: Institutions, Relationships and Economic Consequences*, EIUA (2002), p 2.

4.5 Because English regions are top-down institutions that can engender a “silo” culture, these issues cannot be effectively addressed through boundary changes. There is, however, a strong case for bringing forward institutional reforms that would promote a greater diversity of measures to support bottom-up and cross-cutting initiatives within and between regions. This would not compromise the crucial role that regional institutions play in policy formation, monitoring and review. But it would help free local, sub-regional and thematic delivery bodies to implement projects and programmes more effectively and accountably. Such an approach would also help regional institutions in meeting their remits through policies and programmes that are better linked to community aspirations and capacities. And because of the greater scope for meaningful inter-regional co-operation, it would promote the better use of resources and national cohesion.

5. HOW MIGHT CITY REGIONS WORK AS A MODEL FOR GOOD GOVERNANCE?

5.1 Our Council is promoting a new, integrated vision for governance throughout the UK, where competitiveness and innovation are supported through a non-hierarchical network of City Regions. Each City Region would be driven by an agenda focussing as much around local identities as on formal administrative structures. In that respect, they would complement England’s nine administrative regions, which are not self-contained economic units or foci for expressing local loyalties.

5.2 Equally, a citizen-focused democracy cannot be built around forms of governance that relate less to local identities than administrative hierarchies, or that involve an unsustainable degree of “top slicing” in favour of core cities. In that regard, our Council is working with neighbouring local authorities, public, private, voluntary and community sector partners throughout our City Region to design policies and deliver outcomes that will bring sustainable all-round benefits for every stakeholder.

5.3 Stoke-on-Trent lies at the heart of a North Staffordshire/South Cheshire City Region, whose urban and rural communities are linked together through a rich and changing mix of cultural and economic factors. It encompasses a conurbation of around 400,000 residents and a wider area with more than double that population. This is in turn set within a polycentric urban system at West Midlands and national levels.

5.4 Our future prosperity depends on being well connected to our neighbours, and working in partnership with them to deliver shared goals. Our case for articulating the North Staffordshire/South Cheshire City Region supports established regional and national policy, and this underscores our partnership working at every level. By way of a few examples, the ODPM’s Local Area Agreements Guidance sees LAAs as a real opportunity to facilitate joint working between all the appropriate partners. Our draft LAA has been designed specifically around a City Region approach.

5.5 The Regional Planning Guidance for the West Midlands (RPG) seeks to deliver regeneration through urban and rural renaissance, diversifying the regional economy and modernising the transport infrastructure. Our City Region would help deliver the RPG by giving added value to the outcomes, indicators and targets listed in its framework and by enhancing the potential for match funding streams.

5.6 The West Midlands Regional Economic Strategy (RES) promotes growth through synergy between the region’s diverse elements. It places its highest priority on a set of challenges—enterprise, manufacturing, skills, transport and economic inclusion. It showcases sub-regional economic partnerships and Regeneration Zones (RZs) as holistic ways to address those challenges in deprived areas. The North Staffordshire RZ is now operating to a City Region agenda. Renew, North Staffordshire’s housing market pathfinder, bases its strategic rationale of local sustainability around our City Region.

5.7 Our Integrated Economic Development Strategy seeks to make our area “the city region of choice for one million people by 2021”.⁴ We are particularly aware of our strong, ongoing linkages with large tracts of Cheshire, Derbyshire and Shropshire, and the potential of our City Region to provide the sort of dynamic, inter-regional partnership the UK needs to retain its international competitiveness. As a result, we are engaging more widely with new partners from all sectors (particularly innovative businesses) and from neighbouring regions.

6. OUR CITY REGION HEALTH CHECK

6.1 The ODPM Report *Cities, Regions and Competitiveness*⁵ offers an excellent framework for sustainable City Regions by setting out the special contributions that urban and rural areas bring to the mix. This list of urban-rural contributions can be used as a simple but effective health check on a locality’s level of preparedness to embrace a City Region agenda. We are following the rationale of *Cities, Regions and Competitiveness* in showing how we and our partners will enrich the relationships that define our City Region, as illustrated in the outline descriptions below.

⁴ *Integrated Economic Development Strategy for the North Staffordshire Conurbation* Manchester DTZ Peda (2005).

⁵ ODPM *Cities, Regions and Competitiveness* Second Report from the Working Group of Government Departments: The Core Cities, the Regional Development Agencies (2003), p 7.

6.2 *Contributions from our City*

6.2.1 Critical Mass of Knowledge Institutions and a Vibrant Environment for Knowledge Creation and Transfer

North Staffordshire's two universities and Further Education institutions are key symbols of its cultural identity. They work with schools, training providers, employers and the wider community to raise aspirations and provide more inclusive learning opportunities. Keele University's Science Park and medical faculty, the Staffordshire University "Quarter", Stoke College's construction industry training programmes and Business Innovation Centres are driving this forward. Programmes such as Building Schools for the Future and Closing the Gap will help build a sustainable local knowledge economy.

6.2.2 Strategic Business and Financial Services and the Connectivity to Attract Higher-Value Business

This sector is crucial to the articulation of our city region, but is still under-represented locally. A keynote of successful city regions is the presence of corporate headquarters, including government offices, banks and consultancies. We are working to support city centre regeneration through a new business district and to bring relocated Civil Service jobs to North Staffordshire.

6.2.3 Concentrations of Highly Paid, Attractive Jobs and "Key Influencers"

We recognise that North Staffordshire is not well favoured for executive employment. In part, this is due to the quality of the local housing stock and the physical environment. RENEW North Staffordshire is helping to secure a broader local social and economic mix by linking the provision of better quality housing to the wider regeneration framework. An integrated City Region would attract high quality jobs and provide the conditions for bringing in yet more in the long term.

6.2.4 Concentrations of Cultural, Leisure and Sports Facilities/Transport Hubs

A City Region framework would enable our cultural, leisure and transport offers to be properly articulated, and accentuate our strategic links with the North West and the East Midlands. Work to progress this includes the improvement of Stoke City Centre's Cultural Quarter, Staffordshire University's Media Centre, and new proposals for the city's stadiums linked to the 2012 Olympics. Local partners are delivering highway improvements, better public transport options and new, green travel alternatives.

6.2.5 A National and International Profile

A City Region's identity depends as much on recognition by those beyond its boundaries as local stakeholders. It must be outward-looking and seek out potential markets. Our acclaimed ceramics cluster is a defining element, but our long term offer must be more inclusive and flexible. Biomedical and design technology, already well represented, will be part of that offer, supported by an expanded services sector. Transnational links are expanding between local partners and medical technology businesses in Bavaria. We shall also be progressing an integrated marketing strategy for our City Region.

6.3 *Contributions from the Region*

6.3.1 Cities, Regions and Competitiveness gives equal attention to what surrounding areas can offer cities within a regional framework. These include:

- Space for economic and infrastructure projects.
- A wider range of urban and rural housing options.
- A variety of population centres with niche retail experiences, business sites and premises.
- A wider workforce and skills base.
- Opportunities for countryside leisure.
- Feedback on reputation and performance.

6.3.2 The operational areas and strategic agendas of our local Health Authority, Police, Renew and RZ partners and the emerging Local Development Framework are geared towards sustainability at a City Region level. This is mirrored in our public transport, local radio and newspaper catchments. There are unique cultural traits stemming from the Six Towns of the Potteries, the Borough of Newcastle-under-Lyme and the Staffordshire Moorlands that are embedded in the delivery style of service providers. Effectively, a critical mass of top-down, bottom-up and cross-cutting agendas within our City Region—many of these involving major, long-term resource commitments—need to be reflected within any new governance structures.

7. CITY REGION-BASED COUNCILS?

7.1 A logical conclusion of the foregoing analysis might be to bring the whole City Region together under a single unitary authority. Certainly, if one examines the component elements of county, metropolitan, unitary and district councils across England, there are inconsistencies that will need to be resolved in a fresh round of reorganisation. It is, for instance, more difficult for a unitary authority like Stoke-on-Trent, whose boundaries are tightly drawn around a built-up area, to plan for sustainability than a council with a central city and large tracts of rural land.

7.2 But, as highlighted in paragraph 4.5 above, boundary-focused solutions are no longer sufficient in a culture of governance in which public bodies work with a growing array of partners from other sectors and where globalisation continues to blur the parameters of the local state. Problems are rarely solved, or opportunities grasped, by drawing lines around them. Socio-economic progress is achieved through empowerment, not controls. The new vision for local government in England needs to be driven by a capacity for innovative, accountable partnerships to operate across administrative boundaries wherever possible.

Memorandum by Commander Bryan G Smalley RD DL RN (RG 11)

1. EXPLANATION OF THE RELEVANCE OF MY SUBMISSION

1.1 I served in the Royal Navy from 1947–70 during the founding of the North Atlantic Treaty and the period of the Cold War with the Warsaw Pact countries. On retirement I served in the Royal Naval Reserve based at Maritime Headquarters, Northwood Middlesex. On reaching RNR retiring age in 1986 I was appointed as the Naval Officer in Charge, Great Yarmouth which was a dormant appointment giving me responsibility for assisting in the planning and exercising of the Home Defence arrangements of the United Kingdom. The post ceased to exist in 1996 when the Government determined that there was no longer a threat to homeland security.

1.2 Additional to my 49 years service connected with the Royal Navy I also served as an elected member of East Herts District Council for 15 years and Hertfordshire County Council for 12 years.

1.3 Apart from the above experience, I am just an ordinary member of the electorate who is concerned about the way this country is being governed.

2. A SUMMARY OF MY CASE

The EU's objective is to divide member countries into regions

2.1 From time to time there have been plans for a type of regional government in this country but none of these schemes have involved the government giving up its entire responsibility for governing the country. Although it will not be admitted by any of the main political Parties, the current plan to force Regionalisation on the United Kingdom is part of the EU's long term plan to take over the government of this country.

2.2 There is already a strong opposition to any form of regional government because it is imposing a less democratic process than that to which we are accustomed. That is the concern that needs to be addressed before the six issues which the committee is being asked to examine. However there are some points which may be worth considering. The establishment of one Local Authority controlling more cities or large towns might be one outcome, but that arrangement already exists. The term Metropolitan Area is adequate. We should arrange our local government to suit our own purposes not those directed by the EU.

3. A HISTORY OF THE REGIONALISATION PROCESS

3.1 The country has been divided into regions from time to time even before we joined the EEC/EU. During the 1939–45 war, certain administrative aspects were organised on a regional basis but this did not impinge on any part of our traditional democratic processes.

3.2 As the cold war developed after 1945, there was a possibility that London could become a nuclear target. If that happened many of our national institutions might be destroyed. As a result, plans were drawn up for the country to be governed on a regional basis from underground headquarters which were built and which were exercised from time to time. A cabinet minister was appointed to take charge of each regional HQ. But this was a temporary plan to deal with a specific threat. The intention was to return to central government as soon as possible after such an attack.

Treaty of Rome which was signed in March 1957

3.3 However, it has been Labour Party policy for several decades to introduce regional government into this country, but that may have been as a result of knowing that this had already been introduced by the Treaty of Rome which was signed in March 1957.

Objectives of the EEC

3.4 The establishment of the EEC and the creation of the Common Market was declared to have two objectives. The first was to transform the conditions of trade and manufacture on the territory of the Community. The second, saw the EEC as a contribution towards the construction of a political Europe, and constituted a step towards the closer unification of Europe.

Preamble to the Treaty of Rome introduces regions

3.5 This led to the creation of the EU which had seven objectives which were laid down in the preamble to the Treaty of Rome. They included the objective to: “strengthen the unity of their (members) economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less-favoured regions.” The term regions went unnoticed in Britain. Observers merely thought it was a reference to general but undefined areas.

“First Commission Communication on Regional Policy” 1965

3.6 It only became clear that the EU intended disassembling national governments by dividing them into regions when in 1965 it issued its “First Commission Communication on Regional Policy”. But this again went unnoticed in the British Press and the public were kept uninformed. (Annex “A”—Major Steps Towards a Europe of the Regions and Cities in an Integrated Continent.)

Redcliffe-Maude Royal Commission—1966

3.7 Although regionalisation was being pursued in Britain by the Labour Government before the 1965 Communication on Regional Policy, the document probably encouraged the Prime Minister, Harold Wilson, to establish the Redcliffe-Maude Royal Commission in 1966. It reported in 1969 that the existing local government structures “no longer fitted the pattern of life and work in modern England”. This deliberately erroneous finding showed that the conclusion had been determined before the Commission sat.

White Paper (Cmnd.4584), Local Government Act 1972, Local Government (Scotland) Act 1973

3.8 After Heath followed Wilson as Prime Minister, he furthered the process of regionalisation. In February 1971 the Government published a White Paper (Cmnd.4584) setting out proposals for the reorganisation of local government in England outside Greater London. Legislation to give effect to these proposals was introduced in the 1971–72 session of Parliament. It became the Local Government Act 1972 introducing major changes in England and Wales in 1974, and the Local Government (Scotland) Act 1973 implementing changes in Scotland in 1975.

Introduction of Unitary Authorities

3.9 Edward Heath didn’t achieve his full objective, but it was the first step in rearranging our local government into EU Regions and what have since become known as Unitary Authorities. Further significant alterations have been made in England by a series of Local Government Acts since then.

Local Government Commission

3.10 The previous structure in England was based on two tiers of local authorities (county councils and borough or rural district councils) in the non-metropolitan areas; and a single tier of metropolitan councils in the six metropolitan areas of England. The system continued to change, step by step, and following further reviews of the structure of local government in England by the Local Government Commission, 46 unitary (all-purpose) authorities were created between April 1995 and April 1998. These were all steps to satisfy the EU’s demands that Britain should be broken up into regions.

Single European Act (1986)

3.11 Whilst local government re-organisation was taking place in Britain to conform to the EU’s requirements, the EU was also making changes to consolidate its position. The Single European Act (1986) was the first major reform of the previous treaties. There were significant changes but none which particularly affected the regional structure.

The Treaty on European Union (1992), (the “Maastricht Treaty”), Committee of the Regions (COR), Cohesion Fund

3.12 The Treaty on European Union (1992), known as the “Maastricht Treaty” institutionalised cooperation in the fields of foreign policy, defence, police and justice. Additionally, it established the Committee of the Regions (COR) and a Cohesion Fund through which grant aid would be paid to regions. (Note—Not to Central Government). The COR came into being in November 1993 with representatives drawn from local authorities and unelected regional chambers. The COR’s stated purpose is “to ensure that the public authorities closest to the citizen are consulted on EU proposals of direct interest to them, especially when they are responsible for implementing these policies after they are adopted”. But the smoke screen of consultation ignores the fact that the Regions will be responsible to Brussels. The UK has 24 seats on the committee. All representatives are appointed by central government. A proportion of them are referred to as “stakeholders” ie lobbyists.

3.13 As soon as the Committee of the Regions was established, EU regionalisation began to move inexorably forward. In 1996 the idea of Regions was given further substance with the publication of the European Commission’s regional booklets. In these booklets all Regions are described in the same way, ie London in Europe, Scotland in Europe, Wales in Europe etc, making it clear that their allegiance is to the EU and that they are not free and independent.

Treaty of Amsterdam (1997)

3.14 The next treaty was the Treaty of Amsterdam (1997). This increased the powers of the EU by creating a Community employment policy and by transferring to the EU some of the areas which were previously subject to intergovernmental cooperation in the fields of justice and home affairs. The treaty refers to the Committee of the Regions on 47 occasions.

Scottish Parliament, The West Lothian Question

3.15 Soon after the Labour Party took office in 1997 it started the process of devolution in Scotland, Wales, Northern Ireland and London. Devolution is another term for regionalisation. The Scottish Parliament now has legislative power over health, education, local government, housing, law & order and the implementation of the Common Agriculture and Fisheries Policies. This has unbalanced the British Constitution in that MPs representing those regions which have devolved government can legislate for England, but English MPs cannot legislate for those regions. This situation is known as the “West Lothian Question”. The citizens of Scotland, Wales and Northern Ireland may think that they have taken a step towards independence. They have not. They are simply regions of the European Union and subordinate to it.

The Government of Wales Bill

3.16 Wales is about to be given legislative powers under the Government of Wales Bill which is currently being debated in Parliament.

An English Parliament? EU map of the EU disregards England

3.17 Although Scotland, Northern Ireland and Wales have been devolved to fit into the new plan for the European state. There is no possibility of establishing an English Parliament because the EU bureaucrats have already divided England into nine separate regions. (See enclosed map—Annex “B”—“The European Community—a community with no internal frontiers”) published by the Office for official publications of the European Communities, 2nd Quarter 1992. It makes no reference to England, only the Regions within England.

The Democratic Renewable Debate, Regional Development Agencies Act (1998)

3.18 After completing the regionalisation of Scotland, Wales, Northern Ireland and London the Labour government then instituted the programme to break the rest of England into eight regions. In 1998 it launched “the Democratic Renewable Debate” and in the same year enacted the Regional Development Agencies Act (1998). The Act brought about the establishment of Regional Development Agencies (RDAs) in each of the English Regions. RDA members are appointed by the government. They co-ordinate land use, transport, economic development, agriculture, energy and waste. Responsibility for these functions has been removed from county and district/borough councils. All RDAs have Brussels offices, and most have other offices at various points throughout the world. It can be seen that as these Regions acquire authority, the cohesion of England as a unit of government within the UK is being eroded.

Colloquium of Constitutional Regions, Intergovernmental Conference (IGC)

3.19 The ability for regions to by-pass Westminster has already been demonstrated. Scotland's First Minister, Henry McLeish MSP, (now departed) signed the Colloquium of Constitutional Regions in Flanders. This entitles Scotland to participate directly in the debate on the future of the EU and allowed Scotland to participate in the preparatory work for the Intergovernmental Conference (IGC) which was held in 2004.

The Treaty of Nice (2001)

3.20 The Treaty of Nice (2001) was essentially devoted to the "leftovers" of Amsterdam, ie the institutional problems linked to enlargement which were not resolved in 1997. The treaty makes little reference to the regions apart from adding a number of issues on which the COR should be consulted and also clarifying details of its membership.

Planning Green Paper—2001

3.21 On 12 December 2001 the Government introduced a Planning Green Paper. It resulted in the removal of county councils from the planning process. It introduced a two tier system with district councils and the unelected Regional Development Agencies becoming the planning authorities.

3.22 On the 15 November 2001, Lord Falconer Minister for Transport, Local Government and the Regions, stated in the House of Lords that three tiers of Government are too many and the Government is "looking at county and district councils".

White Paper: "Your Region, Your Choice—Revitalising the English Regions"

3.23 Then on the 9 May 2002 the Government introduced its White Paper: "Your Region, Your Choice—Revitalising the English Regions". The main argument in the paper was that by establishing elected Regional Assemblies, decision making would be brought closer to the people. This claim is totally unfounded. Discussions with local government officers and councillors make it clear that they are well aware that both county councils and district or borough councils will cease to exist. They will be replaced by unitary authorities where these do not exist already. It follows that these will be larger than existing district/borough councils which will make local government representation more remote.

"Moving local government further away from the people"

3.24 The situation regarding regional assemblies is even more crucial. The White Paper suggests that they should comprise 25–35 members. It is hard to imagine how so few people, who will cover an area comprising several counties, will be more accountable or accessible. In its 110 pages, the White Paper only allows approximately two pages to discuss the EU. It makes no reference to the Regions being responsible to the Committee of the Regions nor to the fact that Regions will, in due course, have legislative powers—or more precisely that they will implement EU laws. The Labour Government's manifesto pledge was to introduce "directly elected regional government". The net result will be to take government further away from the electorate and transfer even more sovereignty to Brussels.

Directive: Regulation (EC) 1059/2003 of 26 May 2003

3.25 Regulation (EC) 1059/2003 of 26 May 2003 delineates the regional structure. Although it claims to be for statistical purposes, it is obvious that statistical records must relate to administrative boundaries.

All new members must "regionalise" before joining EU

3.26 The EU's programme of dismantling nation states became even more obvious when the EU expanded in 2004. All the new members had to change to regional government before they were allowed to become members.

Fire Services and Police Constabularies being Regionalised

3.27 Apparently spurred on by the ease with which it can make these changes, and with opposition Parties, giving tacit support, the Government has accelerated the programme. Several traditionally county based services have been regionalised. The Fire Service was the most recent and the Police Services are in the process under a false claim that they will be more efficient.

Discussions with Gorbachev to join EU, Possibility of a “Senate” now termed “The European Council”

3.28 It is not common knowledge that even the USSR had discussions about joining the EU. In an effort to prevent the USSR from falling apart, President Gorbachev’s emissary Vadim Zagladin met with the French President Mitterand’s aide Jacques Attalie on 3 April 1990. He was told that: “Currently a plan to establish a new body is being thought over in the European Communities. A Senate of Europe is expected to be created soon, alongside the European Parliament. In the Senate, separate regions, rather than countries, will be represented.” Gorbachev was offered a place on the Senate. This Senate is referred to in the dormant EU Constitution as “The European Council”. (It should not be confused with the Council of Ministers. See Note 1)

3.29 There is no doubt that the EU’s plan is to transform the UK into a land incapable of defending itself or articulating its national interests. Regionalism is a key part in the two-pronged attack on the nation state: federalism from above, through Euro-laws which makes it impossible for a state to govern itself, and federalism from below, through regions which dissemble the country and enable the EU to bypass national governments.

Local Government Act 2000, Cabinet Government

3.30 In addition to regionalisation, the Local Government Act 2000 abolished our traditional system of Councils being run democratically by committees. It replaced them with the continental system of cabinet government. The British have long believed that government by locally elected councillors rather than Executive Members was the most democratic system of local government.

4. CONCLUSIONS

4.1 First, Regions are a creation of the EU. Second, the British Parliament no longer governs the United Kingdom. Our institutions and civil servants are still in place, but they have all become agents of the European Union, implementing European law. We want our country back, and we want to return to a democratic system of Government. Resisting the tide of regionalisation will be a step towards that goal.

Annex A

PAMPHLET

“Major Steps Towards a Europe of the Regions and Cities in an Integrated Continent” published by the Committee of the Regions. It traces the steps by which the EU has created regions which in due course will divide the country and encourage each region to compete with its neighbours for Brussels handouts. [Available from the Committee Office]

Annex B

MAP

“The European Community—a community with no internal frontiers”

Note 1 The above quote is published in the booklet “EUSSR. Soviet roots of European integration” (Sovereignty publications, ISBN 0-9540231-1-0) by Vladimir Bukovsky and Pavel Stroilov. The original document is kept in the archive of the Gorbachev Foundation, Moscow. [Available from the Committee Office]

Memorandum by the Institute of Local Government Studies (RG 12)

1. Any consideration of “the potential for increasing the accountability of decision-making at the regional and sub-regional level” has to start from first principles by clarifying why we might want to decentralise.

2. There are three different arguments for decentralisation. Each leads to different kinds of “region”:

- (a) Central Government does not have the capacity, or the detailed knowledge, to decide everything in Westminster or Whitehall. Nor is it good at co-ordinating decisions which are influenced by more than one part of Central Government. It therefore needs agencies which do have that knowledge, and to which it can delegate budgets, and expect that they will co-ordinate spending. This is the administrative argument for decentralization.
- (b) Certain actions, or investments, are of greater importance when looked at from a perspective out of London than they are from the point of view of the centre. This particularly applies to capital investment—in ports or airports or roads or railways—but also to economic development. For example, in the creation of new clusters of high technology industries, or the redevelopment of strategic sites. This is the argument for local leadership.

- (c) Finally there is an argument about local government, which will become acute in a system of unitary local authorities, ie without powerful county councils able to mould and influence education and social services, and even more so were we to break up the present unitary or metropolitan district councils into smaller units corresponding to towns or suburbs. There will be a need to co-ordinate the activities of small councils, and to maintain economies of scale.
3. The administrative argument requires a small number of large regions, perhaps 8–12, headed by strong bureaucrats capable of co-ordinating [ie banging heads together] and strong political leadership. If there are more than about 12 of these regions, the centre will find it hard to deal with them, and some are likely to be neglected and unengaged. Our present structure of standard regions is broadly constructed on this basis.
4. The argument for local leadership does not require a particular size. It does require energy, drive, initiative, and the ability to deal with sources of finance in the public and private sectors [not least the EU structural funds, now to continue to be a major force in the less prosperous parts of the UK]. It is the foundation of the argument for city-regions, because this type of leadership and vision is often associated with cities. This was certainly the case in years of old. It is closely linked with a drive for economic development.
5. The argument for co-ordinating local government requires not too large a scale—probably not much larger than many counties—ie 30–40 for England outside London. They may well comprise cities and their hinterlands, but many of the cities will be relatively small. It is primarily an argument about service delivery, dealing with issues which the centre does not want to get involved with [eg co-ordinated admissions systems for a range of local schools].
6. The present system does justice to none of these arguments.
7. The most radical innovation, with extremely important long-term implications, was the creation of Government Offices in the English Regions. This was done by the John Major government, which is perhaps why many Labour politicians underestimate its significance. At first it was only possible to get four Departments of State to agree to co-ordination of their activities in the regions [Trade and Industry, Transport, what was then Employment (now the Employment and Skills part of the Department of Education and Skills), and the then Department of the Environment, whose responsibilities included local government and housing]. The Home Office put one official in each Government Office. So did Culture, Media and Sport when this Ministry was created. Eventually DEFRA came on board [this becomes urgent when the Common Agricultural Policy is increasingly used for diversification out of agricultural production]. The Department of Health is still reluctant.
8. This system potentially facilitates the co-ordination of government policy and spending at regional level. The Government Offices could be as strong as the Scottish or Welsh Offices were before devolution: they are dealing with populations comparable in size to Scotland and larger than Wales. But what they lack at present is political leadership. They do not have strong champions or advocates at Westminster, nor do they have any clear relationship with Regional Assemblies or any other political structures in the regions. Recommendations 1–7 derive from this point.
9. The less radical innovation was the creation of Regional Development Agencies by the 1997 incoming Labour Government. These have suffered because they are essentially regional agencies of national government, with boards and key staff appointed centrally, and only loose relationships with regional assemblies. They also suffered because power was held in other national agencies, especially English Partnerships, the Housing Corporation, the Learning and Skills Council, Connexions, and JobCentre Plus. They also had to deal with local government and many programmes run through the Government Offices.
10. They were set up as Non-Departmental-Public-Bodies, when they could have been Companies Limited by Guarantee. The latter status would have given them a greater feel and propensity for entrepreneurship. What has actually happened is that they have set up companies as subsidiaries, eg Urban Regeneration Companies, the Regeneration Zones of Advantage West Midlands, and other companies created to develop areas of land or to promote new technologies. The resulting patchwork quilt is confusing for everyone concerned. Recommendations 8–9 reflect these points.
11. The currently fashionable argument for city-regions is ultimately a distraction. They are being promoted wherever it suits local interests. Thus the Northern Way includes the large cities of Northern England, but excludes the rural areas, where some of the greatest pressure on housing, and rapid population growth, are likely to occur. In the West Midlands the term is being used for the conurbation: the 7 metropolitan districts that comprised the former West Midlands County Council. City-Regions are being promoted in Essex and Cambridgeshire. There is every prospect, if we go down this road, of another type of patchwork quilt, of different sizes and types of city-region, and long-term uncertainty as to their freedoms and flexibilities, and terms of reference.
12. Any system to replace what we have at present needs to be simple and effective, with cross-party political support to maximize its chances of survival long-term. It is not possible in the short or medium term to hold direct elections. But then there are advantages in indirect election, because this is a means of knitting the regional institutions to the sub-regional.

13. The argument above leads to the following recommendations, which, if taken together, would bring both the Government Offices and Regional Development Agencies into close relationships with the Regional Assemblies:

Recommendation 1. The process, started by John Major, of developing strong government offices in the regions, should be continued, through to its logical conclusion, where the regional activities of all relevant government departments are co-ordinated through them.

Recommendation 2. They should be headed by powerful civil servants, appointed by the Regional Assembly.

Recommendation 3. The Regional Assembly should develop structures [“portfolios”] which would mirror the main activities of the Government Offices.

Recommendation 4. The Chair of the Regional Assembly should have a title: First Minister, President, Convenor, or perhaps Lord Lieutenant (recognising, in constitutional terms, that he or she would also be the Queen’s representative in that region).

Recommendation 5. Each portfolio should be overseen by an Overview and Scrutiny Committee, involving elected members from a number of local authorities across the region concerned.

Recommendation 6. There should also be a cabinet member in the Westminster cabinet responsible for each region [this would be in addition to holding another portfolio, but it would give each region a voice at the highest table].

Recommendation 7. English Partnerships, the Housing Corporation, the Learning and Skills Council, Connexions, JobCentre Plus, and perhaps the Further Education Funding Council should be wound up as national bodies, and made responsible to the Government Offices at regional level.

Recommendation 8. The Regional Development Agencies should be reformed as companies limited by guarantee, and be seen as agencies for developing regional investments in land or intellectual property, with a board wholly or largely appointed by the Regional Assembly and reporting administratively and for budget purposes to the Government Office.

Recommendation 9. All existing companies set up to develop sites or areas, for example Urban Regeneration Companies, should be reviewed, to decide if they would be better served by reporting administratively and for budget purposes to the Government Office.

Recommendation 10. The boundaries of regions should be reviewed, as a whole, and with the above schema in mind. In particular the present South East Region should be divided into three sub-regions (Kent; Sussex, Surrey, Hampshire, Isle of White; Berkshire, Oxfordshire, Buckinghamshire [possibly with Bedfordshire, Milton Keynes and Hertfordshire]). The South-West could be divided into two, the area more closely relating to Bristol and Bath, and the area that more closely relates to Exeter.

Recommendation 11. The Regional Assemblies/Government Offices should have direct funding from Westminster, which would cover expenditure on the main services administered by local government—a similar model to the Welsh and Scottish Offices pre-devolution. They would have access to capital funds from the EU, and from prudential borrowing.

**Memorandum by Mark Robins, Chair of the South West Regional Environment Network
(SW REN) (RG 13)**

1. REN is an independent network of environmental bodies, working to promote, protect and enhance the South West’s environment. It acts as a shared voice, a forum, a customer for certain regional activities (eg the environment module of the SW Regional Observatory), and accepts certain other regional tasks (eg it is the constituency from which three SEEPs are nominated into SW Regional Assembly).

2. There are equivalents to REN, call them “regional environment link” groups, in most (all?) English regions, but they are formatted and operate differently according to circumstance.

3. REN wishes to raise a simple but central point about the environment in a regional governance context. There are clearly many parties, statutory agencies, and third sector groups (with some large NGOs), operating at the regional level whose interests are environmental or impact environmental outcomes, but these “regional environment link” groups provide the single forum and voice (and champion?) across the environment sector at the regional level.

4. At least in the south west, there is more to be done to enhance the capacity and effectiveness of REN as the link group, building its communications function, bringing together information, intelligence, common understandings and so on to have more impact. The formal and informal relationships between REN and other regional bodies need strengthening to suggest stronger impact on environmental outcomes driven from the regional level.

5. REN suggests the ODPM Committee should consider the form and function of these regional environment link groups and how they better become fit for purpose in regional governance structures.

Memorandum by the Mayor of London (Greater London Authority) (RG 14)

SUMMARY

1. Citywide government in London has proved to be a success and the Government has recognised this by publishing proposals for additional powers and responsibilities for the Greater London Authority (GLA). Following the failure of the referendum for directly elected regional government in the North East, the future for further devolution in England should focus on applying some of the lessons from London's success—namely providing additional powers to the city-regions outside of London.

THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

2. In London, accountability for decision-making at a citywide level is already firmly established. The Mayoral system, together with an elected assembly with scrutiny powers and publicly accountable functional bodies to manage transport (Transport for London) and economic development (the London Development Agency) are serving London well. The specific accountability arrangements—beyond the fundamental one of facing the London electorate every four years—include:

- I appear before the London Assembly 10 times a year to answer Assembly Members' questions;
- the Mayor's London Plan—London's Spatial Development Strategy—was approved by the Secretary of State, and adopted in 2004, after an extensive public review process and its implementation is monitored by the Assembly's Planning Committee;
- the annual budget-setting process is conducted in public, involving three principal stages in the December to February period;
- Transport for London (chaired by myself) holds its board meetings in public;
- a series of public events are held on a regular basis, including the six monthly People's Question Time and the annual State of London Debate.

3. The current arrangements in London are broadly working and therefore are not in need of any fundamental overhaul. As part of the ODPM's current Review of GLA Powers exercise, I am pressing for some adjustments in certain areas of governance, eg a one stage rather than two stage consultation process on my draft strategies and a reform of the arrangements for GLA staff appointments so that I, rather than the Assembly, appoint the GLA staff undertaking work for the Mayoralty. This is partly about simplification and partly about accountability.

4. Both in London, which has devolution at a citywide level, and the rest of England, where local decision-making takes place at council level, there are too many national targets and performance frameworks that fail to reflect local priorities and needs. For example, the Learning and Skills Councils in London have been tasked by the DfES to concentrate on Level 2 standard training for 16–18 year olds. However the needs of the capital are more complex—by 2010 46% of jobs in London are likely to require higher-level skills (Level 4 or above), markedly up from the current level of 38%. Existing targeting arrangements are far too rigid and fail to address London's specific needs.

5. Accountabilities arrangements would therefore be improved and simplified if there were less intervention and dictat from central government. Later in this submission I describe the benefits which would accrue from the development of city-regions in England along the lines of the London model.

THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

6. My strong belief is that powers should be exercised at the most appropriate level of government, on the principle of subsidiarity—ie that power and responsibility should rest at the most local level consistent with good government. My approach to the current review of GLA powers is therefore one that is not piecemeal, but which sets out how certain functions should be devolved from central government (such as skills and housing) while some others should become the responsibility of the Mayor, rather than resting exclusively with boroughs (such as waste planning and management and the exercise of some planning powers). To take the example of planning:

- At national level, the overall planning policy framework should be set and mechanisms for hearing final appeals and call-ins to the Secretary of state should be preserved.
- At citywide or regional level, strategic planning applications should be considered and a vision for the physical development of the area be agreed. This same level should be charged with the responsibility of ensuring that local development plans are in general conformity with the city regional plan, and also have a role to determine strategically significant planning applications alongside the boroughs concerned.
- At local level, the vast majority of planning applications should be decided and a local plan—in general conformity with the city-regional plan—be developed.

7. To take another example, policing, at present London has England's only regional police force. This is not to say that all decisions relating to policing are only taken at a regional level. My Safer Neighbourhoods initiative illustrates quite the opposite can occur in practice—regionally funded and led initiatives can be delivered at a local level. Government plans for police force reform support the view that leadership and capacity are often required at a regional or sub-regional level.

8. However it is premature to talk about the potential for devolution to or from regional to local level, as outside of London, England does not have directly elected regional government. My preference is for further devolution from the centre to the city-regions—that is more strategic alliances of cities and their hinterlands—which would of course involve close working with existing local government structures.

THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

9. Current arrangements in London have proved to be effective. This is because the GLA has been set up as a city model that is consistent with a regional model.

10. In my first five and a half years as Mayor I have:

- published the London Plan, providing a clear strategic direction for the capital;
- ensured that £10 billion investment programme in transport is underway, to give Londoners a twenty-first century transport system;
- overseen an increase in bus use of one third since 1998;
- introduced the congestion charge which has reduced congestion in London by 30%;
- provided the Metropolitan Police with sufficient budget to increase police numbers in the capital by nearly 8,000 since 2001;
- worked in partnership with the government to establish a three-year childcare affordability programme;
- played a leading role in London being selected to host the 2012 Olympic Games.

11. This is not to say that more cannot be done or that the current inter-relationships always function perfectly. The following constitute the key challenges going forward:

- making the case to Government that in certain key areas (waste disposal, skills, planning and housing), the Mayoralty requires further strategic powers (see below);
- creating links between agencies charged with delivering major physical regeneration schemes and housing capacity and those charged with providing support to businesses and skills training;
- integrating services and budgets across the GLA Group (City Hall working with Transport for London, the London Development Agency, the Metropolitan Police Authority and the London Fire and Emergency Planning Authority together with any new bodies set up as a result of the Review of Powers exercise) so that regional government in the capital is an efficient and effective as it can be.

12. In respect of the Government's review of GLA powers, I am making the following case:

- Housing: the Mayoralty should be given responsibility for the London Housing Strategy to be developed in conjunction with the spatial development, economic development and transport strategies. Decisions on how the Regional Housing Pot is spent in the capital would also be made at citywide level.
- Skills: London's five Learning and Skills Councils should be rationalised into one body and be made accountable to the Mayoralty to deliver London's unique needs.
- Planning: the Mayor should be granted the power to direct a local planning authority not to adopt a Local Plan if it is not in general conformity with the London Plan. Additionally the Mayor's power to direct refusal of a strategic planning application should be extended to directing approval.
- Waste: a Single London Waste Authority accountable to the Mayor should be created to be responsible for the planning, treatment and disposal of the capital's waste and also enabling the Mayor to identify specific sites for waste management.

THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY-REGIONS

13. I strongly support the Government's emerging plans for the establishment of city-regions. England's "core" cities of Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield, together with other major provincial cities, will play a major role in the country's future prosperity and are critical to any moves towards a more inclusive and sustainable society. These arguments are made very powerfully in the ODPM's report "Our Cities Are Back", published in 2004.

14. It is widely acknowledged that England has some of the least empowered city governments in the developed world. This needs to change and I would argue that the London experience has much to recommend in it as a model for England's other city regions—ie the “core” cities and their surrounding metropolitan areas.

15. Recent evidence, much of it from the ODPM itself, clearly points towards cities and their hinterlands being the key drivers of economic growth. They are certainly the most sustainable form of land use, and offer a critical scale that can drive forward new approaches to securing a more sustainable pattern of development and infrastructure.

16. New ideas for supporting working across local authority boundaries need to be found, especially in the city-regions. Some initiatives are already underway. For example, the seven metropolitan authorities in the West Midlands are currently looking to appoint a project director (at a senior level) to provide oversight of that city-region area.

17. In some cases voluntary alliances might be the way forward, as is the case with the West Midlands at present, but for others there is an argument that a GLA-type structure could work best, provided local communities and councils approve.

18. The over-riding point is that city-regions are the most logical organising unit for local government at a strategic level, including consideration of planning, transport and regeneration issues. It is particularly striking how little devolution there is outside of London on transport decisions and priorities.

19. With directly elected regional government now unlikely to occur in England for the foreseeable future, there needs to be far greater clarity about the principles and powers that should rest at the city-region level. I have suggested a couple of areas above but, while London's lessons are important for the rest of the country, the city-regions themselves must set out, through dialogue with Government, the direction they wish to take.

20. Part of the devolution agenda will involve a paring back of the government offices with a transfer of many of their responsibilities to the city-regions and local government, or to county councils in more rural areas.

THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

21. The experience in London has been that citywide government has had a positive impact on peripheral towns and cities. A major city functioning in an efficient and competitive manner is bound to have a positive impact on surrounding areas.

22. Many of those working in London are commuters from outside of London's borders—just under a fifth of London's workers commute from outside of London and, additionally, one in 10 employed residents in the South East and East of England regions rely on London for work. These commuters benefit from improvements to London's transport infrastructure and reductions in congestion.

23. In other parts of the country, the position of major cities in relation to their surrounding areas will no doubt differ. However a vibrant Manchester, Newcastle or Bristol can only be good for those parts of the country in which they are located.

24. The London Plan stresses the importance of close inter-regional co-operation, particularly between London and its immediate neighbours—the South East and East of England regions. Whether this in itself can tackle economic disparities is questionable. London's status as a world city makes it almost inevitable that it will operate in different economic circumstances from the rest of the country. It is important to note that while London is, generally speaking, “wealthy”, 41% of children in London, and 51% in Inner London, are living in poverty, compared with 28% nationally.

25. A recent report by GLA Economics (Growing Together—London and the UK Economy) makes a number of telling points on the economic interdependence of London and England's other regions:

- The relationship between London's economy and the rest of the UK's economy is one of mutual and positive interdependency.
- Economic growth in London and other parts of the UK have moved in tandem for at least the last 20 years.
- Individuals tend to move out of London to other parts of the UK later in their careers taking their skills and experience with them to the benefit of those regions.
- The concentration in London of wholesale financial and related professional business services creates the opportunity for London and the rest of the UK to benefit from inter-regional trade.
- A stronger London benefits the rest of the UK by providing funds for better public services throughout the country as London continues to generate more in tax revenues than it receives in public spending.

26. London and England's city-regions need to grow together. Devolution in London will remain incomplete as long as the core cities—and their neighbouring metropolitan areas—continue to function with so little autonomy.

Memorandum by the South West Public Transport Users Forum (SWPTUF) (RG 15)

1. The South West Public Transport Users' Forum CIC (SWPTUF) exists to carry on activities which benefit the community and in particular to make representations in the interests of public transport users in the South West of England (comprising the counties of Cornwall, Devon, Dorset, Gloucestershire, Somerset and Wiltshire and the unitary authorities of Bath and North East Somerset, Bournemouth, Bristol, North Somerset, Plymouth, Poole, South Gloucestershire, Swindon and Torbay). It was registered as a community interest company in August 2005. SWPTUF's origins are in an organisation of the same name, established in 2001, using powers granted to the Rail Passengers' Committee for Western England by the Railways Act 1993.

2. The original forum grew out of discussions between the Social & Economic Partners' Group of the South West Regional Assembly and the statutory Rail Passengers' Committee for Western England. The forum linked almost 100 not-for-profit organisations with an interest in promoting the interests of public transport users in the South West region. One of the purposes of this forum was to provide policy guidance to the member of the Regional Assembly's Social & Economic Partners' Group who was appointed to represent the views of public transport users. The RPC provided funding and administrative support for the original organisation. The forum was overseen by a steering group that included representatives from the RPC, the National Federation of Bus Users (now Bus Users UK), Transport 2000, the SW Transport Activists' Roundtable and Railfuture. Following enactment of the Railways Act 2005 and the consequent abolition of the Rail Passengers' Committee for Western England the Forum was re-established as a social enterprise. It now receives financial support from the South West Regional Assembly and local authorities in the region, as well as from public transport operators and equipment providers. SWPTUF is the sole representative body for public transport users throughout the South West region and its representative continues to sit as a Social, Economic & Environmental Partner in the South West Regional Assembly and as a member of the Advisory Group that advises the Board of the South West of England Regional Development Agency on infrastructure issues.

3. Sister organisations have developed in three other English regions. Each has its own characteristics and corporate form. Their commonality is a cross-modal approach to public transport issues and engagement in the work of their relevant regional institutions. These regionally-based organisations meet at a national level on a quarterly basis with a view to their further development, identifying common research activities (eg, trends in bus fare increases), exchanging information on issues of common interest that span regional boundaries (eg, rail franchise specification and tendering), delegating collective representation on national policy matters (eg, contributing to the work of the Transport Select Committee on train fares and ticketing) and in exchanging experiences of best practice (eg, research on multimodal ticketing).

4. From SWPTUF's perspective, the existence of the South West Regional Assembly and its willingness to receive representations from a wide range of stakeholders—some of them, like SWPTUF, giving access to otherwise hard-to-reach groups—has had some useful effects. First, it a regional partnership that has enabled representation of the views of public transport users to those charged with developing strategies and with providing public transport service. Secondly, it has brought about an improved consideration of the needs of public transport users and of the contribution that high quality public transport can make towards alleviating the problems, for both car users and those dependent on public transport, of access, economic regeneration and congestion in the context of spatial planning. Thirdly, the mechanism of the Regional Assembly enables local authority members to bring their experience to bear on matters from a more disinterested perspective than might be the case were they operating on a purely local canvass. When prioritising local schemes for inclusion in regional bids there appears to be growing recognition—possibly stimulated by the presence of social, economic and environmental partner stakeholders with a regional perspective—that the challenge is to identify what such schemes can do for the overall welfare of the region as well as their benefit to the authority member's locality. Fourthly—and this, to some extent, is another aspect of the previous point—the existence of a body at regional level that comprises both nominees from every local authority in the region, as well as properly accountable representatives of the region's social, economic and environmental stakeholder groups, has enabled the region to develop thinking on some realistic but challenging policy options. Evidence of the South West Regional Assembly's preparedness to take "tough" policy decisions is reflected in the transport policies it has developed as part of its emerging statutory Regional Spatial Strategy. The assembly argued that congestion and urban renewal should be tackled through a framework for new transport investment that combines a "step change" in public transport linked with stronger demand management measures in the region's strategically significant cities and towns. The relative insulation of local authority Assembly members from immediate electoral pressures, combined with the willingness of the Social, Economic and Environmental Partner members to draw on their own regional standing, enabled the Assembly to show leadership on "tough" policy issues; in more exposed electoral conditions, the temptation might have been to kick such decisions into touch. In other

words, the Regional Assembly may act as a catalyst for action on necessary but difficult issues: measures for which local authorities might not wish to take responsibility, however sympathetic to the need for intervention, can be attributed to the Regional Assembly.

5. It was against this background that SWPTUF developed its own contribution to the preparation of the Regional Spatial Strategy for the period to 2026. This took the form of a draft Regional Public Transport Strategy which was developed over the two years from 2003–05. The process involved public consultations and workshops with stakeholders throughout the region. SWPTUF was able to put forward a draft Regional Public Transport Strategy which won the unanimous, enthusiastic support of the Regional Assembly’s Social, Economic & Environmental Partners. It addressed the problems of urban congestion, social exclusion and economic regeneration by carefully developing solutions around the linked concepts of high quality public transport provision and the introduction of appropriate demand management measures. This approach has been echoed subsequently in the South West’s draft Regional Spatial Strategy and in the region’s advice to the Government on the Regional Funding Allocation over the period to 2016 of the next three Comprehensive Spending Reviews. This would have been difficult to achieve in the absence of a regional assembly: the temptation would have been to seek alliances and trade-offs between local authorities in pursuit of long-cherished local aspirations rather than to address the need for regional prioritisation on the basis of the consistency with national and regional policies, a proper evidence base, stakeholder buy-in and deliverability required by the Government.

6. THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

(a) As indicated above, SWPTUF welcomes the increased accountability reflected in the development of the South West Regional Assembly and the mutually agreed arrangements for the Assembly’s scrutiny and strategic reviews of the South West Regional Development Agency’s key policies (thus enabling the Assembly to discharge its duties as the designated regional chamber under the Regional Development Agencies Act, 1998). We believe that these have contributed to regional coherence and the preparation of strategies will help the region address future challenges in ways that are likely to gain wider endorsement than would otherwise have been the case. That is not to say that all is perfect.

(b) The fact that members of the Regional Assembly are sheltered from public election clearly limits its potential and credibility. It provides potent fuel for those who regard regional assemblies as an unnecessary and undemocratic bureaucratic imposition. There is even a sense that terms like “Assembly” or “Regional Chamber” are a reflection of deceit, for the body is clearly not a regional legislature. At its best, and in the absence of direct elections, the current institution is a vehicle for the promotion of Regional Partnership working—bringing together each of the local authorities whilst maintaining a political balance that reflects the share of vote taken by each of the significant political groups in the region and the key regional stakeholders, representing social, economic and environmental interests. The participation of these stakeholders (who are required to be able to demonstrate a mechanism for effective representation and feedback to the bodies and networks to whom they are accountable, all of which must be able to represent the region as a whole) does something to provide a nexus with the people of the region in the absence of direct election of the local authority representatives.

(c) As a social enterprise that seeks to benefit the wider community, particularly the interests of public transport users, SWPTUF is well aware that important elements of regionally-relevant decision-making presently lie outside the direct influence of the Regional Assembly. The Government Office for the South West, which represents central government in the region, has executive and strategic responsibilities that impact on the lives of those living in the region. Some of these responsibilities, such as those for public health, education and community safety, may have a determining impact on the delivery of such as the Regional Spatial Strategy (for which the Regional Assembly is responsible) yet these responsibilities are discharged without any accountability to the Regional Assembly. This is a barrier to “joined-up” thinking and a potentially weak link in the chain of accountability.

(d) A number of public sector bodies—such as the Highways Agency and, until its abolition, the Strategic Rail Authority in the transport field—suffer from an inadequate connection with the Regional Assembly. This can give rise to conflicting strategies. This became increasingly evident in the work of the Strategic Rail Authority with, for example, its Route Utilisation Strategy for the Great Western Main Line and with its subsequent Invitation to Tender document that it issued in connection with the new Greater Western Franchise during the course of 2005. In both cases, the Authority proved itself unwilling to take account of the emerging evidence-based conclusions around the “refresh” of the Regional Economic Strategy and the Regional Spatial Strategy. This work showed that the South West Region is likely to experience a continuing high level of population growth over the next twenty years, particularly amongst the older demographic groups. This latter point has particular implications for public transport provision as did the emerging Regional Spatial Strategy with its emphasis on the role that public transport would in future play in helping the region to address urban congestion and regeneration and inter-regional connectivity issues. The SRA, and its successors at the DfT, appeared unwilling to acknowledge the relevance and authority of the region’s planning work and persisted in its assumptions of low growth. Interestingly, FirstGroup is reported to have based its successful franchise bid on the basis of projections that are more closely aligned with those of the region. The point remains, however, that the opportunity to draw on or, indeed, influence the views of some

key public sector organisations is weakened by the apparently arbitrary way in which they contribute to and draw on the benefits of Regional Partnership working. This does not facilitate coordinated and informed planning.

(e) This situation may arise because of a perception that, due to financial constraints, the staffing of the Regional Assembly is under resourced. The Assembly certainly and properly makes extensive use of the expertise of third parties, whether local authorities, Government Office South West, the Regional Development Agency or consultants. But in the absence of sufficient in-house expertise and with the existence of a number of public bodies whose strategies help determine life in the region, but who remain determinedly unaccountable to it, it is inevitable that attention is diverted away from the Assembly to those third parties.

(f) We are mindful that a number of key areas for public sector decision making and intervention in the region are vested nationally. We welcomed the government's initial moves to engage regional stakeholders in determining the financial priorities for their region in relation to Devolving Decision-Making. We note the outstanding aspiration of the ODPM, Treasury and DfT that funding for rail services in the regions might receive similar treatment and look with admiration and some envy at the achievements in the public transport sector of the devolved administrations. The power to shape strategies should be matched by the power to advise on the disposition of funds—particularly in those areas that are crucial to realising those strategies for which the region has already been given responsibility.

7. THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

(a) The South West region has the largest land area of any of the nine English regions yet it has the lowest population density. The population is predominantly rural while its principal settlements have established clear identities, which they tend to guard with fierce independence of one another. To some extent their distinctiveness from other parts of England is a unifying factor, as is the sense that the South West is outside the mainstream of national concern, other than in the August holiday season or as people contemplate retirement.

(b) It is notable that the working of the Regional Assembly is characterised increasingly by a constructive collegiality and the three main political parties within the Assembly all now seem committed to consensual working in the region's interest. That is not to deny any tensions within the wider region. The UK Independence Party is inclined to portray the South West Regional Assembly as a vassal institution of the European Commission while the geographic peripherality and economic and social disparities of Cornwall (reflected in its EU Objective One status) reinforce Cornish sensibilities of Cornwall's "difference".

(c) From a public transport perspective the region is remarkably self-contained, with the exception of that part around Bournemouth, Christchurch, Poole and south Dorset. In large part it is the English spatial legacy of the Great Western Railway and the old sub-regional bus companies like Bristol Omnibus, Western National and Devon General. There can be no doubt that the activities of the Regional assembly have realised the opportunity to bring greater coherence to transport planning without under-estimating the continuing need for strong sub-regional management if the needs of the urban conurbations and their rural hinterland are to be accommodated successfully. The activities of the Joint Strategic Planning & Transportation Unit, which serves the four unitary authorities that formerly comprised the County of Avon (Bristol, Bath & North East Somerset, North Somerset and South Gloucestershire), is an example of sub-regional collaboration in the region. Its shortcomings are also a reminder of the difficulties that a major urban conurbation and its travel-to-work area encounter when they are denied the benefits of a Passenger Transport Executive, especially where there may be underlying tensions between constituent parts. Sub-regionalism has its limitations too.

8. THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THEIR VARIOUS LEVELS AND THEIR INTER-RELATIONSHIPS

(a) A useful distinction can be made in the transport field between the strategic work that is done at the regional level and the execution that is carried out through Local Transport Plans (LTPs). At the strategic level a coherent regional Transport Strategy has only begun to emerge in the context of the current work on the draft Regional Spatial Strategy. In future it is important that Local Transport Plans should reflect this over-arching strategic work. We are still in an era where traditional local authority boundaries have an undue impact on the provision of services or concessions, particularly in matters related to public service provision of bus services or in relation to concessionary fares' schemes. The Regional Assembly needs to develop mechanisms to ensure the strategic compliance of LTPs with its Regional Transport Strategy and, by examining carefully those areas where there may be conflict, identifying the short-comings in its own thinking.

(b) The effectiveness of the region is constrained by its geographic extent—Tewkesbury in the north of the region is nearer to Scotland than it is to Penzance—and by the arbitrary nature of some of its boundaries. The population of the Christchurch-Bournemouth-Poole conurbation almost certainly feels greater affinity with Southampton than it does with Bristol or Swindon or Plymouth. This is scarcely surprising: not only do the principal transport corridors favour these links but Christchurch and Bournemouth were part of

Hampshire until 1974. Likewise, towns such as Ashchurch and Tewkesbury in the northern fringe of the region are almost certainly influenced by their closer proximity to Birmingham than to Bristol. It is possible that people's perceptions of what forms a region that is recognisable and appropriate to them are more influenced by the vagaries of the broadcast transmission network and the territory of regional television news than by any other single thing. Geographically, the South West region is still little more than a planner's expression although it is true to say that opinion surveys show that principal themes of concern in the region—poor public transport, lack of affordable housing, low wages and the need to protect a unique environment—are common throughout.

(c) We have referred above, and will refer again immediately below, to the lack of co-ordination with regional strategies that has characterised the activities of some public sector agencies. It is worth noting the success that has been achieved in the way that the Regional Assembly has successfully pioneered an over-arching Integrated Regional Strategy, providing a clear framework for integration of the many regional strategies that have since been developed by a range of organisations. The Integrated Regional Strategy has not only secured endorsement from these organisations; the very processes of engaging people from across the region in developing and consulting on it was formative. A repeated theme in regional debate is the desire for strong regional leadership. The Integrated Regional Strategy showed that the Regional Assembly has the potential to respond to this need.

9. THE DESIRABILITY OF INTER-REGIONAL COOPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

(a) Inter-regional cooperation is vital to effective public transport. The ability to discuss issues authoritatively and collaboratively, region to region, is one of the great benefits deriving from the structure of Regional Assemblies. In the South West this has been evidenced by the joint work carried out with, for example, the South East of England Regional Assembly on matters around the future capacity shortfall of the Great Western Main Line, particularly in delivering access through Reading and on to London.

(b) It is a fact of the geography of the South West that some of the most pressing transport bottle-necks and development issues restraining the region's performance and inhibiting its potential lie beyond its bounds. The complex and congested layout of lines and junctions around Reading, for example, does much to determine the extent and quality of services throughout the South West. Access to London Heathrow—the major airport for the majority of air travellers to and from the region, despite the recent success of Bristol—is another example. The south east of the region has a degree of dependence on links with Southampton and onward through that conurbation while there is significant traffic across the Severn to and from the Bristol conurbation each day. All these issues require inter-regional cooperation and access to high quality staff resource guided by informed and well-developed regional strategies.

10. CONCLUSION

The experience of SWPTUF is that the South West Regional Assembly has created the circumstances in which it has been possible to develop an effective voice for the interests of public transport users and to lay the foundations of a forward-looking, progressive and inclusive regional transport strategy. This role would be further enhanced and accountability improved by the devolution to the region of responsibility to advise on the strategies for, and monitor the delivery of, the activities of other regionally significant authorities.

Memorandum by the Cornish Constitutional Convention (RG 16)

CORNWALL AND THE ISLES OF SCILLY—BACKGROUND

1. Throughout the development of the Government's approach to regional devolution Cornwall has presented a clear, distinctive and constructive proposal for Cornwall and the Isles of Scilly to be established as a regional unit. In 2001 it presented to Mr Blair an audited 50,000-signature petition calling for the establishment of devolved, democratic, strategic institutions (A Cornish Assembly) to enable Cornwall and the Isles of Scilly to:

2. Build upon the emerging economic success driven by the Government's support for the Cornwall and Isles of Scilly Objective 1 Programme, including providing governance for the newly announced and welcome EU Convergence Programme, and developing new markets building on their unique reputation and brand.

3. Configure public service delivery, including local government, health, education and other services, to promote local accountability and efficiency.

4. Learn from post-war experience of previous regionalisation initiatives and strategic partnerships, and to manage and develop Cornwall and the Isles of Scilly as an innovative and positive peripheral region.

5. During the period 2001–04 a number of surveys showed public support for devolved governance for Cornwall and the Isles of Scilly growing from 46% in 2001 (Beaufort) to 55% in 2004 (MORI). This degree of positive support is unique compared with other parts of the Country.

CORNISH CONSTITUTIONAL CONVENTION

6. The Convention is a voluntary cross-party, inclusive association. Its objective is to secure a significant change in the governance institutions for Cornwall and the Isles of Scilly. It was set up in response to the Government's initiative to establish democratically elected regional assemblies in the existing nine regions. Whilst the Convention has supported the Government in its effort to broker a changed approach to regional governance it has always maintained its position that the nine-region geography is inappropriate and cumbersome. The Convention considers that there is sufficient evidence, covering geography, economic performance, history, culture and marketing, to support the assertion that Cornwall and the Isles of Scilly form a natural region of the UK.

7. The Convention welcomes the Government's indication that the governance issue should be re-focused. Cornwall and the Isles of Scilly offers an opportunity to consider a new, constructive approach, tailored to meet the distinct characteristics of peripherality, with the opportunity to pilot new approaches to public service delivery which can be more effective and efficient.

A NEW APPROACH

8. Following the NE referendum the Cornish Constitutional Convention published a pamphlet—*Devolution's Future*⁶—calling for a fresh look at regional geography and acknowledging the developing role of “Core Cities”. The pamphlet asked what arrangements might be made to ensure that all parts of the Country had a democratic format for strategic leadership, accountability and delivery set in a regional context. It concluded by proposing that Cornwall and the Isles of Scilly could offer an opportunity to develop a pilot.

9. The pilot proposal includes establishing a new democratic, strategic and commissioning Body to manage the whole public sector service delivery budget for Cornwall and the Isles of Scilly. It would map strategy and lead accountability, and accept a duty to promote a productive economy. The proposal includes:

- i. abolition of the county council (to transform into a more focused, devolved “Body”);
- ii. reform of institutional structure for local service delivery to form two or three delivery-focused, locally accountable bodies;
- iii. to encourage delegation protocols to town and parish councils;
- iv. to include Strategic Partnerships;
- v. adoption of standard accounting, IT systems and monitoring across the service-delivery public sector;
- vi. integration of strategic processes; and
- vii. developing and managing relationships with external partnerships, (including other regions and Agencies).

10. The current position of Cornwall and the Isles of Scilly is that the public sector service delivery matrix is confused, fragmented and costly. Different aspects of service are managed from different places by different bodies. Often, their ability to work together is hampered as a result. Where this situation is acute then there is waste and duplication. This is not simply confined to the two-tier local government structure, but also affects education and health, especially where they seek to link up with other services (eg adult care and health), as well as economic development.

11. The fragmentation also ensures overly complex and wasteful layers of management of administration:

- A local authority CEO asks: “Why do you need eight of me?”
- A local patient asks: “Why do we need five health trusts, an Ambulance Trust and a Health Authority which we know nothing about?”
- A student asks: “Why does my education involve half a dozen different administrations?”
- A businessman asks “Why are there nearly 70 different agencies, organisations and departments trying to help me establish, locate or develop my business?”

⁶ *Devolution's Future*. Cornish Constitutional Convention. 2005.

12. The situation is exacerbated in Cornwall and the Isles of Scilly because it is a peripheral region. It is the poorest region in the UK and is an EU Structural Funds programme region (NUTS2). Low wages, low skill base, high deprivation indicators and weak infrastructure are being tackled through the focus of the Objective 1 programme. Productivity (starting from a low base) is healthy, with Cornwall and the Isles of Scilly outperforming the UK economy to a factor of 2:1⁷

13. Peripherality is a physical fact—it cannot be overcome but it can be positively managed. Modern communication, for instance, is contributing to economic regeneration. This is attracting a different approach to business and is changing the factors which affect competitiveness. It is important for central institutions to recognise that an intelligent approach to managing a peripheral region will involve a strong degree of local autonomy set within the strategic framework of achieving Government outcomes. It will pay dividends in terms of efficient public services and economic productivity, whereas a larger, broader, less focused and more traditional approach deprives Cornwall and the Isles of Scilly, increasing the need for sustained intervention, raising the cost of public services, depleting the ability of Cornwall to generate revenue.

14. Cornwall and the Isles of Scilly have pioneered the use of communications technology to enable economic success and lessen the impact of peripherality assumptions. This has helped support the distinctive brand (through locally based marketing institutions and the linking of agriculture to production and marketing for example) and the benefits of geographic position: the development of environmental technologies and supporting infrastructure and “know-how” can have a positive influence on economic success and energy supply way beyond Cornwall. There are also opportunities to link evolving education infrastructure to facilitating renewable technologies.

- i. A recent consultancy to analyse the knowledge economy, commissioned by the SW Regional Assembly as part of its preparation of an “integrated regional strategy”, found that, with London as the centre, the knowledge economy “trickled down” motorways. The consultant said that the knowledge economy stopped at Exeter!
- ii. We asked if building a university, setting up a medical school, the presence of digital media development and creative software companies, and growing commercial research capacity showed signs of a knowledge economy. He agreed. We then pointed out that we were describing Cornwall—off the motorway map, beyond the influence of the Centre, but with a strongly developing knowledge economy—we need a periphery-focused analysis to be understood. He looked confused!

15. This Government has led a partnership which has produced a step-change in socio-economic performance in Cornwall and the Isles of Scilly over the past decade. It has focused investment and intervention. Arising from this the lesson has emerged that the centre needs to consciously assert a presence in peripheral regions, to counter the economies of scale and the tidal drift of centralisation sapping capacity and dynamism, if it is to achieve parity, cohesion and relative prosperity in places like Cornwall and the Isles of Scilly. It is important to understand that the distinctive needs and opportunities of a peripheral region should be intelligently managed. In turn, this will achieve a sustainable, productive economy together with efficient public services.

16. Cornwall and the Isles of Scilly wish to promote a new, developmental institutional structure for governance and delivery, building on the lessons learned about intelligently managing this peripheral region, and responding to the national need for efficiency, cost-effectiveness and productivity.

WHY IS CORNWALL AND THE ISLES OF SCILLY A DISCRETE REGION?

17. The success of the present Objective 1 programme has derived partly from the clear focus as a NUTS 2 region, and partly from the intense focus of partnering Action Zone initiatives to address particular problems in particular areas. In many ways the approach mirrors that which would be adopted in regenerating a major city.

18. Whilst Cornwall and the Isles of Scilly includes a large component of rurality, it is far more complex than that. Sectoral benchmarking shows that manufacturing, knowledge-based SME’s, aspects of niche tourism (eg cultural tourism) and a strong media base all resemble a more metropolitan profile. The scattered settlement pattern and sparse population spread, mixed with the spread of small, economically driving towns, offer a spatial and cosmopolitan enigma which might be characterised as a “distributed city”. Cornwall’s brand has the potency of a major city and its developing airport at Newquay is reinforcing connectivity with metropolitan culture.

19. Cornwall and the Isles of Scilly has a very strong sense of identity, which is a world-wide recognition point. This identity is founded upon a multi-layered cultural inheritance which spans at least 5,000 years. The intensity of archaeology, which is uniquely conserved, mingles with the legacy of the industrial era, and is enriched by a strong linguistic, literary and artistic expression. Cornwall, in partnership with the Government, is seeking designation as an “industrial landscape” World Heritage Site. Many regeneration projects are built upon environmental and cultural heritage formats and themes with good economic

⁷ Cornwall & Isles of Scilly Sectoral Analysis Own Nankivell. Publ: Cornwall LINC 2005.

outputs. The constitutional development of Cornwall—from kingdom to Duchy—evokes much interest and informs the strength of recognition by its growing population with Cornwall as a strategic, democratic and economic unit.

20. A recent spatial study examining the role of Cornish towns and the inter-relationships with neighbouring Plymouth shows that the behaviours which underpin the Cornish economy show Cornwall and the Isles of Scilly to be a self-contained economic unit.⁸ This is borne out by work undertaken in the 1990s by the Plymouth Business School⁹ which led to the disaggregation of Cornwall and the Isles of Scilly from Devon.

ARE CURRENT ARRANGEMENTS BENEFICIAL OR DURABLE?

21. The SW is the largest regional construct. It is increasingly referred to as a “region of regions”¹⁰ (most famously by Chair of SWRDA, Juliet Williams). The scale of the SW reinforces the peripherality of Cornwall and the Isles of Scilly. The tendency to slip into developing and applying standardised assumptions and strategies for the whole south-west “region” leaves Cornwall and the Isles of Scilly either protesting the need for a distinct approach, or being ill-provided for within a standardised format.¹¹

22. Efforts to encourage regional funders (eg RDA) to devolve regeneration funding in order to promote accountability, incisive engagement and good monitoring have been stiffly resisted. The advent of a second tranche of Structural Funds (announced Dec 2005) will bring to the fore the need for programme delivery to be administered within the bounds of the Objective 1 region. Such an approach

- maximises the benefit of the programme,
- enhances delivery
- promotes good governance.

23. This is not to say that external support, partnership and inward-investment will not be required; it will be gratefully received—it simply means that the regeneration region will be robustly capable of supplying the full range of management and administration required. If you don’t run your own regeneration then you will be undermining your ability to adequately manage regeneration following the exit from Structural Funds support.

24. Current arrangements also lack any genuine democratic legitimacy. This is not sustainable, and raises fundamental questions about the ability of institutions affecting such a diverse and large zone to gain influence and support amongst the many, diverse communities within the zone. Indeed, the SW is a region of regions, and one of those regions is Cornwall and the Isles of Scilly. It does not sit easily or productively in the orthodoxy of a macro-south-west.

25. To embed promising economic success and growing social cohesion, and to ensure efficient, productive delivery of public services, and to successfully develop devolved, democratic governance to achieve these outcomes, it is important that Cornwall and the Isles of Scilly is able to develop its thinking about future governance, to be ambitious and strategic in its approach, and to build on key assets.

26. In turn, this would enable the basis of a new partnership, founded on a revised and more equitable status quo. It is the contention of Cornwall and the Isles of Scilly that a new partnership of regions between a revised SW and Cornwall and the Isles of Scilly would enable a stronger and more effective degree of positive cooperation, and would be a practical means of tackling disparities. It would also enable a more diverse range of more broadly based partnerships between regions (not necessarily confined to the UK), promoting trade and drawing in resources to benefit the country as a whole.

CONCLUSION

27. The process of developing a new strategic and commissioning Body for Cornwall and the Isles of Scilly, and the developments needed to succeed, will offer an approach which may provide a model to be applied elsewhere in the Country as the Government moves towards a more variable, responsive and locally tailored approach to devolved governance.

28. By approaching devolved governance in a more flexible way, responding to socio/geo-economic characteristics in a more localised way, the Government could take the bold initiative to engage with core-cities and look creatively at other parts of the country in different, tailored ways—Cornwall and the Isles

⁸ Cornwall towns Study. For Cornwall Council (Planning Department) by Roger Tym & Partners. Cornwall. 2004.

⁹ *Interpreting Local Conditions* J Payne. Pub. Plymouth Business School. 1996.

¹⁰ Also *In Search of Chunky Dunsters*. SWRDA Cultural Consortium Study 2001.

¹¹ The evolving SW Regional Spatial Strategy (RSS) sees Cornwall and the Isles of Scilly demanding that it be treated as a discrete sub-region—a claim borne out by geography, spatial experience and regeneration programming, and supported by Ministers. Nonetheless, the RSS process has ignored Cornish requirements and has proceeded to introduce counter-productive zoning arrangements. This approach has resulted in a spatial approach for Cornwall which is defensive rather than positive.

of Scilly offers a discrete opportunity to look at a variable model for devolved governance in the regional context in a strongly branded, developing area not dominated by a metropolitan driver—a “distributed city”.

29. This opportunity offers a chance to explore new arrangements for service delivery, governance and economic development in addition to, and complementary with the development of city-regions.

30. Current arrangements for service delivery in Cornwall and the Isles of Scilly (which they may commonly share with other remote, peripheral and rural or sparsely populated area) are fragmented, expensive, duplicatory and confusing for the users. They are capable of significant improvement. Improvement will spring from bringing together management, strategic and commissioning functions for the whole service delivery sector under a single, democratic Body focused upon an identifiable regional area. This will involve a strong element of reorganisation and shifting of functions from various quarters, including the existing SW region, but the outcome will achieve efficiency, improvement and productivity.

31. There is significant opportunity to devolve functions from the macro-regions, from Government and from a range of national and sub-national agencies. Equally, the need for reform of local government (particularly—but not exclusively—in two-tier areas) can encourage local delegation to the most useful and responsive levels—enhancing the roles of local strategic partnerships and parish and town councils. In building the principle of devolved governance and delivery into every cascade of the public sector it is inevitable that accountability will be enhanced. It may inspire greater public engagement and take-up of services.

32. Cornwall has shown a very strong degree of public and institutional support for developing a new, leaner form of democratically elected strategic leadership “Body”. The region of Cornwall and the Isles of Scilly has also shown, through its performance in delivering the Objective 1 Programme, and in its public sector performance (as monitored by the now complex inspection regimes) to be generally working to a very high standard. This suggests that the opportunity exists to build on the strong public sector resources to be more efficient, pro-active and coherent. It also offers the opportunity for the developing, strong regional economy of Cornwall and the Isles of Scilly to capitalise on, and embed, the very promising levels of productivity growth now emerging, with positive revenue potential for the Exchequer.

Memorandum by the National Executive Committee of Mebyon Kernow, the Party for Cornwall (RG 17)

RAGSKRIF/PREFACE

1. Mebyon Kernow—the Party for Cornwall is a modern and progressive political party campaigning for greater self-government for Cornwall.

Our Party was founded in 1951 and has been at the forefront of campaigns to win a better deal for Cornwall for over 50 Years.

2. MK is also a full member of the European Free Alliance, a federation of moderate autonomist and regionalist political parties from throughout Europe.

Other political parties within the EFA include Plaid Cymru from Wales, the Scottish National Party and the Union Democratique Bretonne from Brittany.

3. In the European Parliament, the European Free Alliance is allied with the Greens.

At the present time, their 45-strong Green/European Free Alliance Group is the fourth largest in the Parliament.

AGAN SAVLA/OUR POSITION

4. For Mebyon Kernow, three things are non-negotiable.

5. Cornwall is a Celtic nation—one of six such nations alongside Brittany, Ireland, the Isle of Man, Scotland and Wales.

6. Cornwall should be government by its own National Assembly.

7. That Assembly should be set up by a dedicated, stand-alone, bespoke Act of Parliament.

 AGAN GORHOLETH/OUR DEMAND

8. Cornwall's status as a historic Celtic nation should be recognised politically through the construction of its own institutions.

9. The people of Cornwall should be represented in their own Assembly.

10. The people of Cornwall should have responsibility over their own internal affairs though a fully-devolved, democratically elected Assembly.

11. To us these are the three "R"s that matter—Recognition, Representation and Responsibility. The three "R"s that add up to Democracy.

AGAN KUDYNN/OUR PROBLEM

12. We cannot disguise that in taking part in this exercise, we are once again painfully aware (as with our submission on *Your Region, Your Choice* and to the Committee that started to scrutinise the ill-fated draft Regional Assemblies Bill) that the language and spirit behind Cornwall's quest for devolution is not reciprocated either in Whitehall or Westminster.

Your use of the term "Region" is broadly used to mean a part of the United Kingdom—including Scotland, Wales and Northern Ireland.

Narrowly it refers to the artificial conglomerates of counties put together in the Regional Development Agencies Act, in which groupings were intended to travel to the Regional Assemblies Bill.

In neither the broad nor narrow use of regions is the nation of Cornwall signified.

For the ODPM, Whitehall and Westminster, Cornwall is merely part of another country or part of a part of another country—England.

13. It is clear that Cornwall has experienced from Whitehall and Westminster what amounts to a deep-seated prejudice against its unique position on the question of devolution.

14. This was not always entirely the case.

In 1969–73 the Royal Commission on the Constitution had this to say about Cornwall—under "NATIONAL FEELING":

329. Within England [Sic] there is in Cornwall a very small minority which claims a separate national identity for the Cornish people and considers that this should be acknowledged and recognised by separate arrangements for their government. The early inhabitants of Cornwall were of Celtic origin. The Anglo-Saxon settlement of England did not extend to their territory, and the people of Cornwall continued to be Celtic. Cornwall has, however, been governed as part of England for a thousand years and, despite its individual character and strong sense of regional identity, there is no evidence that its people have a wish to see it separated for the purposes of government from the rest of England. What they do want is recognition of the fact that Cornwall has a separate identity and that its traditional boundaries shall be respected. While we studied with interest evidence presented to us we have not been able to identify ways in which this demand could be met within any framework of constitutional change that we would consider appropriate. We have noted that in the current local government reorganisation Cornwall is to retain its County status within its historic boundaries. That decision may be expected to reassure those who feared for Cornwall's survival as a unit of government. More might, however, be done on the question of status. Just as the people of Scotland and Wales tend to resent the description of their countries as regions of the United Kingdom, so the people of Cornwall regard their part of the United Kingdom as not just another English county. The creation of the Duchy of Cornwall in the 14th century may have been in some respects a mark of English overlordship, but it established a special and enduring relationship between Cornwall and the Crown. Use of the designation on all appropriate occasions would serve to recognise both this special relationship and the territorial integrity of Cornwall, on which our witnesses laid great stress.

15. It is to be noted that even this modest sop to Cornish "particularism"—to use an old-fashioned word before "devolution" became popular—ie that from time to time the powers-that-be might mention the Duchy died a death.

Remembering that we are talking about a pre-devolution, pre-regionalism time, the Commissioners immediately dismissed Cornwall's demands as a nation:

330. The only two claims to separate national identity with which we deal, therefore, are those of the Scots and the Welsh . . .

Thus Cornwall was airbrushed out of the democratic debate.

16. Immediately after, the 1976 White Paper *Devolution: The English Dimension* had a not a word to say on Cornwall.

And history repeated itself 26 years later with the publication of *Your Region, Your Choice*.

Astonishingly, the authors even failed to list *Devolution for One and All: Governance for Cornwall in the 21st Century* published by the Cornish Constitutional Convention in their bibliography!

17. The prejudice referred to in paragraph 13 above refers to the categorical misrepresentation of Cornwall as (only/just/not more than/etc) a county of England.

And to this day it has allowed Government Ministers to shockingly combine a recognition of Cornwall's separate identity, distinctiveness, sense of history and culture and even its strengths as a natural region with a stubborn and dogmatic refusal to allow regional democracy to Cornwall.

This contradiction can be read even in the marginally less dismissive words of the Royal Commission.

Three recent examples will suffice to show that the Government is unwilling to radically review its thinking on this issue.

18. Jim Fitzpatrick: (Under-Secretary of State, ODPM) replying to St Ives MP Andrew George 12 July 2005:

The Government have always said that, to be viable, proposals for an elected assembly must cover more than one local authority area. I realise that the people of Cornwall consider that they have a separate identity, but that alone does not justify creating an assembly for Cornwall. Cornwall already has a county council. That body covers the whole county, and it can speak on behalf of the people of Cornwall. In our view, creating another body cannot be justified.

19. Phil Woolas: (Minister for Local Government ODPM in a letter to Dick Cole leader of Mebyon Kernow—the Party for Cornwall on 5 September 2005.)

On your point about Cornwall's desire to control its own future, The Government is very much aware of the strength of feeling about Cornwall's separate identity and distinctiveness and is already doing much to recognise that. My own announcement in June of this year of financial support of up to £80,000 per annum over the next three years to support the Cornish language strategy is an example. However, recognition of the Cornish language does not alter the Government's view that regions must be a credible size to support the sort of strategic assembly that was originally proposed in the "Your region, Your choice" White Paper. Regions significantly smaller than these would raise major questions about the distinction between regional and local government.

In addition, the Government has always said that to be viable any proposals for an elected assembly must cover the area of more than a single local authority area. The Government recognises that many people in Cornwall consider they have a separate identity but this alone is not justification for creating an assembly for just Cornwall. There is already in the Cornwall County Council a body that covers the whole County and that can speak on behalf of the people of Cornwall. Creating another body cannot be justified.

20. David Milliband: (Minister of Communities and Local Government ODPM in a letter to Bert Biscoe, Chair of the Cornish Constitutional Convention, 7 October 2005).

I recognise that Cornwall has many of the strengths of a natural region, with its strong sense of identity, history and culture. However, I am not persuaded that the existing regional boundaries need to be changed or for Cornwall to be given an assembly.

21. Not only did the Commissioners, way back in the 1970s categorically misrepresent Cornwall but they were guilty of an even more serious error. They wrote:

there is in Cornwall a very small minority which claims a separate national identity for the Cornish people.

And again:

there is no evidence that its people have a wish to see it separated for the purposes of government from the rest of England.

Their error was to presume that the Cornish Question is solved, an error committed again and again by the drafters of White Papers, government statements and draft legislation.

The Cornish Question will not be solved until Cornwall's right to self-government is recognised and acted upon.

22. We would remind members of the Committee that over 50,000 people have signed the Cornish Declaration. These were individual signatories to a sophisticated political statement:

I support the Campaign for a Cornish Assembly.

CORNWALL is a nation with its own identity, culture, traditions and history—it suffers severe and unique economic problems.

Important decisions about our future are increasingly taken outside Cornwall and such decisions are often inappropriate or even contrary to the needs of our local communities.

Scotland has now its own Parliament and Wales its own Assembly—but Cornwall has been ignored. We have had the artificial “south-west” region foisted upon us.

Cornwall has had to accept second best for too long.

We, the People of Cornwall, must have a greater say in how we are governed. We need a Cornish Assembly that can set the right democratic priorities for Cornwall and provide a stronger voice for our communities in Britain, in Europe and throughout the wider world.

I support the campaign for a Cornish Assembly.

The petition of over fifty thousand names was presented by a delegation of Cornish MPs and leaders of the Cornish Constitutional Convention and Mebyon Kernow—the Party for Cornwall to the Prime Minister on 12 December 2001.

Five years on the struggle continues. Five years on and Cornwall remains un-recognised and un-represented—the only Celtic region in Europe to suffer such a cruel fate.

Is there a future for regional government?

23. As far as Mebyon Kernow is concerned there must be a future for genuine regional government in Cornwall.

We believe that there is a settled will in Cornwall that “The only region for Cornwall is Cornwall” and this sentiment has been expressed again and again in resolutions passed by local councils.

Cornwall is our nation and should be part of the “regional” map in its own right.

There is also great resentment at the existence of the undemocratic “south west” regional chamber that calls itself an assembly.

One of the particular points made in Cornwall is that, Cornwall not being recognised as a region in its own right, its regional aid from the European Union under Objective One is administered for it rather than by it.

The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

25. We understand that this is a reference to the unelected chambers who now style themselves “Assemblies”.

Under the present prejudicial scheme of things Cornwall does not exist either at the “regional” or “sub-regional” level.

There is certainly no benefit for Cornwall in tinkering with the so-called South West of England Regional Assembly.

Our desire is to see national democracy for Cornwall with the creation of a powerful Cornish Assembly.

The potential for devolution of powers from regional to local level

26. Unlike other political forces in Cornwall, and indeed unlike Government policy for the “regions”, Mebyon Kernow believes in genuine decentralisation—not only in Britain but within Cornwall as well.

Our General Election manifesto “Standing Up for Cornwall” said:

Fundamental to Mebyon Kernow’s policies is the decentralisation of power to Cornwall as a political and economic unit. The people of Cornwall should be having a greater say in how Cornwall is governed.

The principle of subsidiarity must be properly invoked to allow decisions to be taken at the most relevant and local level of government as possible. Power must be given to Cornwall as a national community and to all out local communities, so that local people can be empowered to take more responsibility for the quality of life in their communities—a “bottom-up” approach to government rather than the present “top-down” approach.

Decisions must not be imposed on communities by remote and unaccountable agencies, but influenced and changed by members of those communities affected. This localisation of political powers and decision making will help enable and encourage self-reliant and self-sufficient community development.

A legislative Cornish Assembly is needed for greater Cornish self-government

27. We have drawn your attention to the ambiguities in the word “region”—and the sharp difference between ourselves and central government on this—but there is another word whose meaning causes us concern and that is “local”.

What is the “local level”? Subregions? Unitary/County/District? City/Town/Parish? Communities identified by where their people work, or travel, or go to school?

We have seen recently all sorts of strange creatures emerge as “local”! This includes “City Regions”, “peripheral towns” and “Distributive Cities”.

We believe that whatever local structures are set up under a Cornish Assembly—the *ranndiryow*—the decisions on their powers, functions and borders must lie solely with the people of Cornwall—and with the Government of Cornwall taking a leading role.

We will not accept that the pattern of “local government” in Cornwall should be dictated from outside of Cornwall.

The effectiveness of current arrangements for managing services at the various levels and their inter-relationships

28. In both senses of the phrase, these arrangements and managements take place without Cornwall.

The potential for new arrangements, particularly the establishment of city regions

29. You will be aware by now of the “new arrangements” Mebyon Kernow would argue for—they are the same as we, and others, have argued for down the generations—Cornish Government.

However, the concept of “City Regions” causes some anxiety here—in the past Cornwall has succeeded in fending off predatory designs on our border areas from Plymouth.

The Committee should be in no doubt that any attempts to violate Cornwall’s territorial integrity would not be tolerated by the communities of South East Cornwall.

The impact which new regional and sub-regional arrangements, such as the city regions, might have on peripheral towns and cities

30. Mebyon Kernow can assure the Committee that any talk of city regions, peripheral towns and the rest are seen in Cornwall as so much waffle. They have no bearing on our settlement patterns or what we want for Cornwall.

The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

40. We believe that a devolved Cornwall would be only too glad to co-operate—but as an equal partner.

There are those who claim that the devolution of powers to Cornwall would “cut Cornwall off” and make it “go it alone”. Nothing could be further from the truth.

Powers devolved to a Cornish Assembly would not only provide internal self government to Cornwall but would give it the ability to cooperate with other nations and regions.

We are often taunted with the highly prejudicial notion that Cornwall is too small or that there have to be economies of size.

Mebyon Kernow proffers the question: How big must a nation be before it can qualify for democracy?

The answer is obvious—as big or as small as it is. National democracy should never be a question of size.

Similarly, where appropriate, economies of scale can be considered—again so long as Cornwall can negotiate with others as an equal partner.

Other relevant topics

41. The central answer to your main question Is there a future for Regional Government? is—Yes! For the Cornish Region which has been anxious for devolved powers for generations and has not been listened to.

Mebyon Kernow believes that the cause of Cornish devolution has been set back seriously by allowing so closely linked with English regionalism. We have always warned that, from the White Paper *Your Region, Your Choice*, through the “soundings exercises”, the Regional Assemblies (Preparations) Act and the Regional Assemblies Bill there was nothing in it for Cornwall.

Cornish devolution has to be treated as a separate constitutional issue—as were devolution to Scotland, Wales and Northern Ireland.

We do not see a Cornish region as either a region of England or a sub-region of a region of England. We see a devolved Cornwall as a self-governing nation of Britain and Europe.

And, although this is outside the remit of the Committee—which remains an English forum—the way forward for Cornwall must mean enacting new legislation specifically for Cornwall.

42. When your Committee was considering the draft Regional Assemblies Bill Mebyon Kernow presented evidence. At that time we also sought to come before your Committee to give oral evidence. That was denied.

We believe that the argument we bring to this debate is unique. We feel your Committee has the power to lift the obstructiveness against Cornwall and take oral evidence from proponents of the Cornish case. We would like to explore the question of dedicated legislation for Cornish devolution under the following headings:

Government of Cornwall Act

Cornwall Development Agency Act

Regional Development Agencies (Amendment) Act *

Statutory Instrument under s 25 of RDA Act *

[* Two ways of removing Cornwall and the Isles of Scilly from the definition of the “South-West”.]

Memorandum by the West Midlands Constitutional Convention (WMCC) (RG 18)

SUMMARY AND CONTENTS

1. WMCC argues that regionalisation is continuing and will continue in response to genuine governance, economic and public service needs and that directly elected regional government remains necessary if regions are to meet their full potential—paragraphs 1–2.1

2. WMCC sets out the current position concerning partnership working and governance in the West Midlands Region—paragraphs 3–3.10

3. The Committee’s five key questions are addressed at paragraphs 4–6

While not rejecting the concept of city-regions (paragraphs 4.10–4.15) WMCC notes the problems of:

a) the likely fragmentation of current region-wide Regional Assembly partnerships by new city-region structures;

b) the potential for division between the region’s conurbation and the shire sub-regions;

c) the relative weakness of a structure with no direct democratic legitimacy or accountability.

4. The WMCC argues for a fresh approach to tackling the democratic deficit at regional level via reform of the House of Lords and the vesting of regional powers in regionally elected Members of the Second Chamber (paragraphs 6.1–6.2). This approach could both fill the democratic vacuum in the regions and bring new clarity to England’s constitutional position in the post 1997 devolved United Kingdom.

1. INTRODUCTION

The Constitutional Convention’s 2004 submission to the Committee’s inquiry into the Regional Assemblies’ Bill, took “London—or Local?” as its theme. In doing so we underlined our support for measures that, first and foremost, sought to address the democratic deficit in current devolved arrangements for the English regions. The West Midlands Constitutional Convention summarised its case for regional devolution as follows:

1.1 “WMCC welcomes much in the Draft Bill. It is a sensible starting point in the organic development of the process of English devolution. The Government is to be congratulated on coming this far in proposing to shift our over centralised system of Government away from, what The Scotsman newspaper has called, the “metrovincialism” of London and the Westminster village. If properly developed, the Government’s devolution plans have the capacity to create a new, more meaningful form of localism with productive regional partnerships providing better local services in tandem with both local and national government.

1.2 With its 5.3 million people at the diverse heart of England, the West Midlands Region stands ready to do more for itself, its economy and its people. In an increasingly complex society London Government needs to concentrate on what it is best suited to do—arguably managing the economy, defending the nation in the wider world and responding to global social, scientific and political change. It should set the national framework but increasingly work in partnership with strategic Elected Regional Assemblies to ensure service delivery in transport, health, planning and

other major strategic services. London micromanagement of public services does not work; Scotland and Wales offer alternative and increasingly successful models of diversity within a national UK framework.”

Neither the NE referendum result or any subsequent event has altered this reality.

2. THE ENGLISH QUESTION

2.1 English government continues to operate imperfectly given the gap between London based (and SE orientated) central government and under-powered, geographically constrained local government. The missing connection is a strategic layer of democratically accountable regional government, big enough to act for millions of people in major public service provision (eg transport services), but with the potential to be much closer to local/regional communities.

3. CHARACTER AND GOVERNANCE OF THE WEST MIDLANDS

3.1 Non-elected (or indirectly elected) structures are likely to be too weak to co-ordinate varying regional interests, or—as in the case of metropolitan city-regions—too narrowly drawn to benefit diverse urban/rural regions like the West Midlands. This is not to dismiss or attack local partnership arrangements. Those promoted in the West Midlands by the WM Local Government Association (WMLGA), the Metropolitan Joint Committee and the unelected regional assembly (WMRA), offer opportunities for voluntary regional policy co-ordination. At the same time, useful as their work is, these partnerships lack both power and a direct democratic mandate to make key decisions in the interests of the wider region.

3.2 Only certain quangos (notably the RDA, Advantage West Midlands) have the power to deliver for voters across the wider region. Yet no elector can determine who serves on such bodies. In transport provision the inner urban core of the West Midlands region benefits greatly from the operation of the WM Passenger Transport Executive (WMPTE) and its operational arm, CENTRO. Yet, while not a quango, its (indirectly) elected members are drawn only from the seven metropolitan boroughs in the region’s urban core, leaving fast developing shire areas and cities outside its service area; let alone the 300,000 people of the North Staffs urban sub-region centred on Stoke-on-Trent. This is despite the fact that the regional travel to work area has long since expanded beyond the seven metropolitan boroughs that cluster around the Wolverhampton/Birmingham/Coventry north-south transport axis.

3.4 If nothing else, the good governance of the wider West Midlands requires a region-wide transport authority embracing all 18 metropolitan, county and unitary councils currently charged with “strategic” transport planning. The present arrangements were a great leap forward in 1974, when the forerunner organisations of today’s WMPTE/CENTRO were created, complemented by the elected West Midlands County Council as the strategic authority for the conurbation. Today the whole region (shire and metropolitan)—requires a new overarching body with the power to plan and promote economic and transport developments on an appropriate scale. Extending the CENTRO model suffers however from lack of public understanding of the relationship between the provision of this key service and the elected local councils concerned.

3.5 In its January 2006 submission to the Government concerning Regional Funding Allocations (RFAs), the current Regional Assembly’s Transport Partnership observes:

3.6 “The West Midlands is not a homogeneous region. It is diverse physically and culturally and its settlement pattern varies from intensely developed in Major Urban Areas to some of the most remote and sparsely populated parts of England. At its heart, Birmingham aspires to be a World Class city, its core having been transformed in the past 25 years.

3.7 The last 50 years has seen an increasing outflow of population from the conurbations to the Shire Counties. The cities have been hollowed out, while services and house prices have been put under great pressure in rural areas. A fundamental policy shift has been made in the Regional Spatial Strategy (RSS) to reverse this outflow—stimulating an Urban Renaissance through improved housing, access, employment and services. As a counterpoint, meeting local needs will be the focus of a Rural Renaissance through the provision of affordable housing and better access to services and jobs”. (WMRA Regional Funding Allocation Submission, January 2006)

3.8 Noting the diversity of this urban/rural region of 5.3 millions the West Midlands Regional Assembly has identified the above Urban and Rural Renaissance strategies as two of its five strategic aims. The others are:

“Modernising/diversifying the economy and creating a dynamic business base;
Upskilling the Region’s workforce;
Promoting the Region’s competitiveness and assets in a national and global setting”.

(West Midlands Regional Assembly RFA submission)

3.9 It is difficult to see how these objectives can be pursued with appropriate rigour in the absence of a suitably empowered region-wide structure promoting and joining-up major work on their delivery and taking key investment decisions on the basis of accountability to regional voters. Nor, under present

governance arrangements can as much attention as necessary be paid to the wider social and cultural needs of the region and the contribution of such intangible assets to future prosperity and community well-being. Recognising the interdependence between the urban core and surrounding shire areas is another essential element in promoting both regional economic prosperity and social cohesion. A region-wide governance approach offers opportunities to maximise the tax and other resourcing available for investment in the West Midlands. It may also offer opportunities for promoting more sustainable economic and environmental approaches to the provision of goods and services.

3.10 In its submission to the Regional Funding Allocations process the Assembly's Regional Transport Partnership tellingly notes the severe limits of current arrangements when it comments:

“The RFA for transport includes capital funding for major schemes in Local Transport Plans and major Highways Agency schemes. It does not include other major expenditure, for example on rail, which is critical in the successful integration of the economic development, housing and transport strategies.”

(Executive Summary, WMRA RFA submission January 2006)

4. FILLING THE REGIONAL VACUUM

If current regional arrangements are a pale shadow of what is needed, what steps can be taken towards improvement? The WMCC welcomes the Committee's inquiry and paraphrasing the inquiry questions, responds as follows:

4.1 Question 1: *What potential exists for increasing the accountability of decision-making at the regional and sub-regional level, and to simplify existing arrangements?*

4.2 Real accountability depends ultimately on some directly elected level of authority for the region or sub-region concerned. Other arrangement (eg joint boards) will have less legitimacy and will have greater difficulty in developing a regional perspective, given local loyalties. At the same time, while no substitute for a directly elected strategic voice (and financially under-powered), the Passenger Transport Executive model has functioned reasonably successfully in the delivery of transport strategies.

4.3 Vesting more powers in local authorities on a pooled joint board basis offers better (if still indirect) connection with voters, but risks returning to a 19th century plethora of local boards. A simpler solution would be to restructure existing Regional Assemblies around an executive board of councillors, with the wider Assembly acting as a scrutiny/oversight body. More power could be vested in Regional Assembly executive boards accordingly, based upon the indirect elected mandate of the councillors concerned. In the West Midlands region this has the advantage of building upon the existing (and continuing) regionalisation process. It also avoids the potential fragmentation arising from city-regions and service-specific joint boards. For reasons given earlier these arrangements are, however, no substitute for a directly elected tier of regional representation with a region-wide focus.

4.4 Question 2: *What is the potential for devolution of powers from regional to local level?*

4.5 Is this the key issue? The complexity and scale of regions like the West Midlands demands a region-wide spatial, transport, planning, economic and housing strategy focused by one body. The point is to make this pre-existing (and necessary) tier of government democratic, by election on a region-wide basis.

4.6 On the whole local authorities have lost powers to central Government rather than to regions. In education, social care and above all in financial autonomy, central government has substantially increased its control of local councils. Regional strategic and economic powers need to be increased by devolution from the centre (pace Wales), while at the same time central government should restore to local councils the ability to take local decisions on key local services. This requires the rebalancing of the central-local tax and funding system.

4.7 Question 3: *How effective are current arrangements for managing services at the various levels, and what is their inter-relationship?*

4.8 Since 1997 the Government's recognition of the regional dimension—which followed the Conservative Government's creation of the Regional Government Offices—has offered those councils wishing to work together an improved regional framework for co-operation. In the West Midlands regional co-operative arrangements are highly developed. This region was the first to create a fully financed regional Local Government Association—which remains the most developed within the national Local Government Association. Unlike some other regions—perhaps notably the South East—this has fostered a positive environment for regional co-operation across a range of public and private sector bodies. This is evidenced, for example, by the signing of the first Regional Concordat some four years ago and important practical public/private sector initiatives such as the West Midlands in Europe Brussels office.

4.9 Successful as these institutions are, they remain voluntary associations or initiatives. What is lacking is an authoritative elected voice for the region, with financial and other legal powers to co-ordinate the major infrastructure, transport, social, cultural and investment needs of the whole region.

4.10 Question 4: *What is the potential for new arrangements, particularly the establishment of city regions?*

4.11 The wider West Midlands region is not naturally a city-region. Indeed, the only geographical city-region in England is London. Other English official regions are a mixture of urban and shire areas. Accordingly, the city-region model will only be appropriate to parts of the West Midlands. It cannot address the needs of a diverse rural/urban region unless the whole region is so designated.

4.12 This is not to reject the city-region concept entirely. Given English local government suffers from over-control from Whitehall, any measure giving even a selection of local councils greater local power is welcome. WMCC understands the local proposal is to empower perhaps the Wolverhampton/Birmingham/Coventry conurbation (ie the West Midlands County) plus North Staffordshire/Stoke on Trent, as two city-regions within the West Midlands region. While this would offer new resourcing and planning powers for those sub-regions (covering perhaps three millions of the regional population), these benefits would presumably not extend to the county areas of Staffordshire, Shropshire, Warwickshire, Herefordshire and Worcestershire. The omission is startling given the connectivity of these sub-regions with the West Midlands' urban core, their population of some 2.5 million West Midlanders and the number of economic and population growth points within them.

4.13 Question 5: *What might be the impact of new regional and sub-regional arrangements, such as the city regions, upon peripheral towns and cities, plus consideration of the desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities?*

4.14 In the West Midlands region the current Government Office Region is the logical planning unit for strategic services such as transport, spatial planning, fire and police. As stated above, areas outside the city-region(s) would escape effective integration into necessary strategies. If it is argued that they might form cross border partnerships with the city-region, this risks replacing the existing single regional partnership framework of the West Midlands Regional Assembly with a plethora of sub-regional arrangements. If current regional powers remain too weak to effectively plan key strategies, the answer is not to fragment existing arrangements but to empower them.

4.15 If, because of the NE vote, the Government feels Regional Assemblies cannot be elected, then the Government should seek to vest existing and expanded regional powers (including tax powers) within reformed Parliamentary arrangements (see later). Adding city-regions to current regional arrangements brings a further layer of activity in potential conflict with wider regional planning need. Establishing city-regions while abolishing the existing Regional Assembly partnership would leave non-city-region areas (covering millions of people) largely unrepresented in regional matters.

4.16 Loose, centrally-run arrangements such as the Midlands Way are not likely to prove a substitute for current arrangements. While the need for cross border regional co-operation is recognised, in the West Midlands the Midlands Way is largely seen as a Government after thought following the launch of the Northern Way. When first mooted, concern was expressed locally that the concept risked diverting effort from Regional Assembly strategies and weakening the West Midlands regional economic and planning focus for no clear benefits.

5. MEETING THE DEMOCRATIC DEFICIT: FRESH THINKING

5.1 WMCC argues that its region needs not more sub-regional structures but a suitably empowered regional authority directly accountable to the people of the West Midlands region. As regional government is essentially a matter of redefining central-regional relationships (rather than reforming local government), the Government might address the need for a democratically accountable tier of regional authority as part of its continued commitment to full reform of the House of Lords.

6. A WEST MIDLANDS REGIONAL AUTHORITY?

6.1 If an elected second chamber were to become a reality—elected in part or whole on regional lists—it would be feasible to vest certain strategic regional powers (region by region) in those elected to represent their region in the reformed second chamber. A Regional Authority of say 10–25 West Midlands' Members of the Second Chamber could constitute a directly accountable body in which regional planning, transport, tax and other strategic decisions could be vested.

6.2 Clearly many of the existing region-wide partnership arrangements could continue to function as either advisory or scrutiny bodies to an elected Regional Authority. The proposal thus builds upon the strong traditions of regional co-operation existing within the wider West Midlands, rather than duplicating or supplanting them.

7. CONCLUSION

7.1 In making its original case for devolution to the English regions to the Committee's earlier Inquiry, the West Midlands Constitutional Convention stated:

“With its 5.3 million people at the diverse heart of England, the West Midlands Region stands ready to do more for itself, its economy and its people.

In an increasingly complex society London Government needs to concentrate on what it is best suited to do—arguably managing the economy, defending the nation in the wider world and responding to global social, scientific and political change. It should set the national framework but increasingly work in partnership with strategic Elected Regional Assemblies to ensure service delivery in transport, health, planning and other major strategic services. London micromanagement of public services does not work; Scotland and Wales offer alternative and increasingly successful models of diversity within a national UK framework.” (London Or Local? WMCC October 2005)

7.2 None of these practical reasons for local democratic control of our region have disappeared. The proposal for a new type of elected Regional Authority rooted in a reformed Second Chamber offers a new way to connect the English regions—and England as a whole—to the UK Parliament. It could also offer a practical mechanism to embed England in the emerging pattern of devolved UK government for the 21st century.

Memorandum by the Institution of Economic Development (IED) (RG 19)

1. INTRODUCTION

1.1 The Institution (IED) was established in 1983 to represent the interests of economic development practitioners throughout the UK. The IED is recognised as the UK's foremost membership body for those in this field, which today includes a wide range of occupations across a wide range of employers. The IED has members at all levels of governance and delivery and is thus in a strong position to draw on relevant experience when compiling this evidence. It welcomes the Committee's decision to examine issues relating to regional government and sets down areas of concern and caution, rather than provide solutions.

1.2 It is the IED's belief that when England's regions were established it was primarily to facilitate co-ordination at a more strategic level, and their remit was far less about governance. Government Regional Offices were established in 1994 and in 1999 these were followed by Regional Development Agencies. However, lack of discretionary resources has led, to date, to the image that for the most part regional bodies act more as a channel for national policy, with less ability for original delivery. We welcome this inquiry if it further clarifies roles for local delivery.

1.3 A further contextual consideration is that improved communications infrastructure throughout the UK (and beyond) mean that knowledge, expertise and experience can be shared over wider areas than ever before. An economic practitioner in Cornwall can, utilising cheap flights and/or the internet, exchange ideas as easily with a counterpart in Cumbria as they can in Wiltshire. What binds activities together are functions of geography (as in city regions) or theme (as in sectoral activities or communities of need, illustrated in the Cornwall/Cumbria example above).

1.4 At the same time as infrastructure changes weaken some of the ties that bound regions together, there is a great thrust, largely through neighbourhood renewal policies and Local Strategic Partnerships (LSPs), to devolve decision-making to a local, community level. This appears to be a level that is attractive to both local communities (often an example of a function of geography) and to current government thinking. We welcome this but believe that pro rata administration costs of governance at this level are perhaps too high to bear if applied too widely.

ISSUES RAISED BY THE INQUIRY AND THE IED RESPONSE

2. THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

2.1 There is a concern to increase the level of accountability at the existing regional level. The trend to focus the delivery of national economic development activity through the Regional Development Agencies is welcomed in that it brings together, and thus enhances the opportunity for improved joint working, a range of activity. However, in some quarters there is concern at the lack of democratic accountability in the management of these funds and there has been frustration at the lack of headroom budget available once legacy programmes take their slice of the budget. As reflected in the NE vote, decision-making at the regional level can be seen as being too remote. The original remit of regionalism—the better co-ordination rather than the management and funding of activity, is more acceptable in some quarters.

2.2 The principle of increasing the accountability of decision-making at the sub-regional level, as currently defined, is supported. However this does need co-ordination at a higher level and it is highly dependent upon the ability of any local area to accept such responsibility. As the recent evaluation of LSPs showed, “there are very considerable differences in the extent to which LSPs can yet be said to have established robust and sustainable governance arrangements.” As the report goes on to say, there need to be stronger ties between LSP’s agendas and regional and sub-regional strategies.

2.3 The drive to focus effort through RDAs is one positive step to simplify existing arrangements. However, whilst appreciating the need for such bodies to remain strategic, to drive up the economic well-being of their particular region, the degree to which their activity can support more localised priorities should be examined. However, the same point about local ability, outlined in the paragraph above, arises in connection with sub regional partnership arrangements. We are aware of areas where they work well, and others that have hardly started, all within the same region.

2.4 It is appreciated that devolving more to a sub-regional level could amplify rather than simplify arrangements, but it is our belief that if the underlying principles of such delegation reflect geography of space or geography of need, for the user of services the arrangements will be simpler. They will be able to identify with the supplier more easily than with some of the current regional arrangements.

3. THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

3.1 As indicated above, the IED believes that there is the potential for further delegation. It is already happening at the LSP level. The current regions are so large and varied that there is little that can be done at that level that is constant across their region. “Fine tuning” to reflect what is needed requires another level of decision-making and delivery. As indicated earlier this may be within a region or across regions.

4. THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

4.1 Devolving power to the regions has been a positive step, and as economic practitioners we can see and have been involved in the efforts to co-ordinate strategies and guidance between regional agencies, to the benefit of subsequent delivery. However, such co-ordination requires resources if it is to be effective and this needs to be borne in mind by the inquiry.

5. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

5.1 The city region concept promotes a functioning geography and as such is welcomed by the IED. If they are to be further developed and evolve to be more than strategic/co-coordinating arrangements and, like the current regions seek to be more effective through having accountability and devolved powers, this will need a re-think of the current regional arrangements. It does leave the question of what happens to those areas of the country which do not form the primary hinterland of these city regions.

5.2 The IED therefore believes it worthwhile to review what arrangements could effectively reflect the opportunity of the city region and still serve the areas that lie beyond their effective operation.

6. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

6.1 Reflected in the comments above, the IED is concerned that it is not just the peripheral towns and cities but also the peripheral rural areas that could lose out from any city region developments. Therefore any review of functioning arrangements should ensure that peripheral and rural regions are able to achieve forms of democratic governance that offer the opportunity for them to make a positive contribution to the social, economic and environmental well-being of the country as a whole.

7. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

7.1 One drawback of the way the current regional system for economic development works is that it has not reflected the functioning geography factor. In the South West region, for example, the biggest growth area is in the far north western corner of it—Bristol. Its functioning geography has more to do with South Wales, the Midlands and the Thames corridor, than it does with most of the rest of the region within which it sits. Within the same region, when the police force was recently reviewed to consider restructuring, the locally desired concept of Dorset and Hampshire merging was not allowed to be considered. Even though there was a strong case because of the functional relationship, their formal linkage was not allowed to be considered because each sits in a different region.

Memorandum by Councillor Dick Cole, Leader of Mebyon Kernow—the Party for Cornwall (RG 20)

DEMOCRACY AND AN ASSEMBLY FOR CORNWALL

1. Mebyon Kernow—the Party for Cornwall’s official response to the consultation on the future of regional government has been forwarded by the Party’s National Executive. This is a personal response from myself (Cllr Dick Cole) in my position as the Leader of the Party.

2. It is my contention that regional government/devolution has an important part to play in the future governance of the United Kingdom. But for this to work it must be about the real decentralisation of political powers, that is driven by the areas themselves. It will not work if weak settlements are offered from central government on high.

CORNWALL IS A SPECIAL CASE

3. MK’s position is clear. Cornwall is a historic Celtic nation just like Scotland and Wales, with its own identity, culture, language, traditions, history and distinct constitutional arrangements. This forms the bedrock of the support for greater Cornish self-government.

4. We believe that Cornwall merits stand-alone legislation and should not be dealt with as a so-called “English region.” As a Party we are campaigning for a Cornish Assembly with powers at least equal to those of the Scottish Parliament.

50,000 FOR A CORNISH ASSEMBLY

5. Mebyon Kernow—the Party for Cornwall was founded in 1951, with the aim “to further the acceptance of the Celtic character of Cornwall and its right to self-government in domestic affairs in a Federated United Kingdom.”

6. Since then, support for a Cornish Assembly has grown considerably. On 5 March 2000, MK launched the Declaration for a Cornish Assembly campaign and later that same year the cross-party Cornish Constitutional Convention was set up. In less than 18 months, the declaration campaign won the support of 50,000 people (more than 10% of the Cornish electorate). This evidence was presented to 10 Downing Street on the 12 December 2001 by the leaders of the Cornish Constitutional Convention, Mebyon Kernow and Liberal Democrat MPs.

7. The campaign for a Cornish Assembly is also backed by all of Cornwall’s five MPs.

8. In 2002, Cornwall County Council and Carrick District Council both passed motions supporting a referendum for a Cornish Assembly, while Restormel Borough Council, North Cornwall District Council and Penwith District Council backed the call for a Cornish Assembly.

9. In the same year, the following Council’s also backed a Cornish Assembly and/or a referendum on the issue: Bodmin Town Council, Bude-Stratton Town Council, Callington Town Council, Camborne Town Council, Chacewater Parish Council, St Clement Parish Council, Cubert Parish Council, St Day Parish Council, St Dennis Parish Council, Egloshayle Parish Council, St Enoder Parish Council, St Erme Parish Council, St Gennys Parish Council, Gunwalloe Parish Meeting, Gwennap Parish Council, St Just in Penwith Town Council, Looe Town Council, Marazion Town Council, St Mewan Parish Council, Newquay Town Council, St Minver Lowlands Parish Council, Penzance Town Council, Perranuthnoe Parish Council, St Pinnock Parish Council, Porthleven Town Council, Redruth Town Council, Roche Parish Council, St Stephen in Brannel Parish Council, Truro City Council.

THE WHITE PAPER “YOUR REGION, YOUR CHOICE”

10. If ever a document had an inappropriate title—this was it. Much was made of choice, but the boundaries of the regions were pre-ordained and the political powers offered were extremely limited. In 2002, we described it as “timid, uninspiring and, as far as Cornwall is concerned, offer[ing] less than second-best.”

11. In the Preface Tony Blair writes “No region will be forced to have an elected assembly. But where there is public support for one, we believe people should be given the chance to demonstrate this in a referendum.”

12. In the Foreword to the White Paper, John Prescott wrote “There is little point in devolving power if you impose a solution from the top. So what this White Paper offers is an opportunity for change and a choice for local people.” Other ministers made numerous public statements in line with their leader and deputy leader.

13. The document did not mention Cornwall.

14. In its response to the document, Mebyon Kernow—the Party for Cornwall made the following points: “50,000 people have already signed individual declaration forms for a Cornish Assembly. These people represent a considerable block of Cornish opinion and we maintain that their views should be respected. Given this strong level of support, we believe central government has an obligation to institute a referendum asking the people of Cornwall whether they want a Cornish Assembly. Whether for, or against, the setting up of a Cornish Assembly at this stage, we should unite around the principle that we are all democrats. Let us unite around the people of Cornwall being allowed to decide the nature of their own future governance through a referendum. As democrats, we must make sure that everyone in Cornwall has the chance to say YES or NO to a Cornish Assembly in a properly constituted referendum.”

15. But the Government chose to ignore this considerable “public support” for devolution to Cornwall and did not offer a referendum to the one area showing an enthusiasm for the devolution project.

IS THE DEVOLUTION/REGIONAL GOVERNMENT PROJECT FAILING?

16. The answer to this question must be Yes and there are a number of reasons for this.

17. One problem is that central government has simply been unwilling to allow the decentralisation of significant powers. I believe it is becoming clear that the North East referendum did not fail because the majority of people were against an assembly, but because they could not bring themselves to support the establishment of the weak and denuded assembly that was on offer. This problem is also illustrated by the way that central government has badly handled the demand for increased powers to the Welsh Assembly, following the findings of the Richard Commission,

18. Another problem is the “one-size-fits-all” approach to regional government as presented in the White Paper “Your Region, Your Choice,” for nine arbitrary regions which do not necessarily reflect community or regional identity. Just as the Government brought forward very different models of devolved governance for Scotland, Wales, Northern Ireland and London, it needs to take into account the different circumstances of the component parts of the United Kingdom (such as Cornwall and the English regions) when taking devolution/regional government further.

19. Support for regional government has also been undermined by the setting up of a unelected regional government which, rather than taking powers from central government, is undermining the powers and responsibilities of democratically elected local councils. The regional chambers or self-styled “Assemblies” now have control over many areas of “regional” policy such as economic development, housing and planning.

20. Rather than being about decentralisation, this is centralisation within a government region. To take planning as an example, the structure plans of the County Councils are now being phased out, with less local input into the policies that the Councils themselves are meant to follow.

21. The experiences of Cornwall are particularly chastening in terms of this south west regionalisation. Running in tandem with the governmental changes, there has been a considerable centralisation of a range of public bodies and organisations out of Cornwall to elsewhere in the South West, undermining the local economy and local communities. Recent examples include the centralisation of the National Health Service and the local emergency services.

22. The South West Regional Assembly has meanwhile shown itself to be totally undemocratic in the way that it has put together its Regional Spatial Strategy, ignoring all representations about the need for Cornwall to be treated as a distinct entity.

LOCAL GOVERNMENT

23. We maintain that the issue of local government reform is a secondary issue that should follow the establishment of regional government.

24. It is our view that there should be a tier of unitary councils operating beneath the umbrella of a legislative Cornish Assembly.

25. The framework for Cornish local government in the future should be decided by a “Boundary Commission for Cornwall” or a “Boundary Committee” of the Cornish Assembly, once it is up and running.

AN ALTERNATIVE VIEW OF DEVOLUTION

26. Mebyon Kernow—the Party for Cornwall Is committed to the self-government of Cornwall. We believe that the people of Cornwall should have “maximum autonomy”—taking all those political and economic decisions that they practically can.

27. The party is committed to working with regions and nations throughout the British Isles, Europe and the wider World. As part of this we repeat our demands for a radically reformed European Union (based on the principles of decentralisation and subsidiarity).

28. The Party is committed to the principle of subsidiarity, with decisions made at the appropriate local level. We therefore maintain that decisions affecting Cornwall should be taken in Cornwall.

29. We call for the immediate setting up of a legislative Cornish Assembly (elected by the Single Transferable Vote) with powers at least equal to those of the Scottish Parliament. These powers would include: Health, Education and Training, Local Government, Social Work and Housing, Economic Development and Transport, Law and Home Affairs, Environment, Agriculture, Forestry and Fishing, Sport and the Arts.

30. The Party also believes that sovereignty lies with the people. Powers of the Assembly will be increased when that is shown to be the democratic will of the people of Cornwall.

CONCLUSION

31. It is my opinion that the United Kingdom needs considerable reform to its political system and this includes facilitating the greater decentralisation of political powers to the historic nations and regions of the United Kingdom.

32. I believe that the Government has a responsibility to breath life back into the debate and take it forward. There are a number of actions that should be taken. Central government should:

- Offer real political powers to those historic nations that have made a case for devolution. This includes (i) accepting the full recommendations of the Richard Commission in Wales, allowing greater parity with Scotland, and (ii) supporting the establishment of a powerful Assembly for Cornwall.
- End the ongoing centralisation of political economic powers to unelected regional chambers, which should themselves be abolished.
- Re-engage with the English regions, revisiting issues such as boundaries and the powers and responsibilities that could be devolved.

Memorandum by Councillor Chris Foote-Wood, Vice Chair, North East Assembly (RG 21)

1. In view of my long and close involvement in regional matters, I would like to give evidence to the Inquiry.

2. I have been involved in local and regional government in the North East for most of my adult life, starting as a student engineer in Newcastle upon Tyne in 1959. I have worked for various local authorities, and on government schemes, as an engineer and surveyor. I have been a local councillor since 1967, at different times a member of an Urban District, District, County and a Parish Council. I was Leader of Wear Valley District Council for six years and Chairman of Dene Valley Parish Council for four years. Over the years I have had many meetings with government ministers and senior civil servants at national and regional level. I have also been a member of a number of regional bodies, such as Northern Arts and the Northern Sports Council. In the 1980s I was on the steering committee that set up what is now Anec (Association of North East Councils).

3. I was a long-serving committee member of the Campaign for a North East Assembly, and was on the executive bodies of the North East Constitutional Convention, the Campaign for the English Regions and the Yes for the North East Campaign. I have seen and heard all the arguments, for and against a directly-elected regional assembly, at first hand. I have also visited the Scottish Parliament and the Welsh Assembly on several occasions and seen how they work.

4. Following the decisive “No” vote in the referendum of November 2004, I have sought to make the indirectly-elected North East Assembly as effective as possible, given its limited powers, budget and staffing. I have been Leader of the Liberal Democrat Group on the Assembly since its inception in 1999. I am currently Vice Chair of the Assembly, representing the Minority Parties, and also Vice Chair of the Assembly’s Scrutiny Committee.

5. Despite the efforts over the last 50 years of both Conservative and Labour governments, both committed to regional development, the North East continues to lag behind the rest of the UK in most economic, health and social criteria. The gap is growing. Clearly, the present system is not working.

6. The government is committed to reducing regional inequalities. It therefore follows that, as the North East is in the worst position of any region, it should be given extra help over and above the rest of the UK. There is now an overwhelming argument for a “Barnett Formula” for the North East and other poorer regions, just as, over 30 years ago, there was justification for the original Barnett Formula to give additional help to Scotland, Wales and Northern Ireland. The Barnett Formula has undoubtedly been a success, as Scotland, Wales and Northern Ireland have now overtaken the North East.

7. I would make an even stronger argument for co-ordinated government spending within the region. It is not so much a matter of getting extra cash, as much as that would be welcome, but if we were able to apply the current levels of government expenditure in the region in a more efficient, co-ordinated and concentrated way, the North East would start to catch up with the rest of the UK instead of falling further and further behind.

8. It is clearly an error for government to treat every region in exactly the same way. The South East is getting more and more overcrowded and overheated, causing increasing environmental and human problems as well as being fundamentally damaging to the UK's long-term economic interests.

9. This can be seen in regional housing allocations. At the same time that government is following a policy of demolition and restriction of housing growth in the North, the government is seeking to expand housing numbers in the South. In both North and South, the local democratic elements, councils and regional assemblies, are opposed to government policy in this field. Surely it makes sense for government to restrict new housing growth in the overcrowded South, while allowing and indeed encouraging additional housing growth in the North?

10. Houses and jobs go together, so to make sense of my proposed change of housing policy, government must do much more to transfer jobs, both government and private, from London to the regions.

11. Likewise, housing and industrial development have an inevitable impact on the transport structure. It is essential that all these decisions are brought together under one over-arching body which is democratically accountable to the people of the region, and has the powers to make effective decisions.

12. Regional Government exists and has existing for many decades. Decisions on a significant proportion of public spending in each region are made by a vast number of regional bodies, almost all appointed by central government, and each one independent of the other. In my book, "North East England, Land of 100 Quangos", which I published in 2002, I listed a total of 174 regional and sub-regional bodies in the North East which disburse public funds. Of these, over 100 are fully-fledged regional Quangos, appointed by government and responsible to government ministers. A recent BBC television programme identified 106 of these major Quangos in the North East alone. No-one knows exactly how many Quangos there are in North East, let alone in the UK.

13. This present, long-established system of regional government in England is expensive, inefficient and lacking in local democratic accountability. Each Quango has its own bureaucracy and its own policy. No government minister can possibly "micro-manage" each of the English regions. The whole point of devolving decisions to regional level is to make them more efficient, more co-ordinated and more attuned to local conditions. It is self-evident that the present system does not achieve this. The decision to make all Quangos in Scotland and Wales (bar one) directly accountable to the Scottish Parliament and Welsh Assembly has, in my view, been a major factor in the effectiveness of these two new democratic bodies.

14. Three things are needed to make regional government work: much better co-ordination of decision-making at regional level, a single body with the powers to implement strategic decisions, and a far greater degree of local democratic accountability.

15. Initiatives such as the recent North East Economic Summit, which I attended, are welcome, but seem to me to add to the confusion rather than clarify it. Just how much more research needs to be done, and how many more reports written? We know what the problems are. What we need is the power to tackle them. There is still no mechanism for co-ordinated decision making at regional level.

16. The recent revelations about the Highways Agency in refusing or delaying development plans illustrate the problems of having such a fragmented system. The North East Assembly is the regional planning body, yet its decisions can all too readily be countermanded by a body (the Highways Agency) over which it has no influence whatsoever. If the North East is to move from 80% of the UK average in economic terms, to 90%, 60,000 jobs will need to be created. It is idle to imagine that 60,000 new jobs can be created without massive further investment in the transport structure, road and rail, even if all possible "green travel" arrangements are brought in. It simply does not make sense for one arm of government (One North East) to be promoting economic development, while at the same time another arm of government (the Highways Agency) is blocking it. One agency is applying the accelerator, another the brake—simultaneously. This situation makes a mockery of the concept of "joined-up government" to which we all aspire.

17. Similarly, the Regional Transport Board (of which I have direct experience) has been handicapped by only being able to consider roads and not railways. Yet if the government's policies green growth and encouraging less private car use, which are to be applauded, are to mean anything, decisions on road and rail must be integrated.

18. The government has recognised that co-ordinated decision-making is crucial. It did so in the 2002 White Paper on Regional Government, and in its recent decisions to merge regional Housing, Transport and Planning under a single body, the regional assembly. While this is very welcome, without the accompanying powers and the ability to determine where money is spent, bringing these policy areas together under the Regional Assembly will not be effective as the Assembly will still not have the powers to implement its decisions.

19. One of the major roles of the North East Assembly is to “scrutinise” the regional development agency, One North East. While ONE is obliged to consider what the Assembly has to say, it has no obligation whatsoever to accept Assembly proposals.

20. I am not advocating some sort of vast, regional bureaucracy which attempts to manage every aspect of the regional economy etc. Most of the Quangos are doing useful work which would still have to be done regardless of the command structure. What I am advocating is a single “umbrella” organisation with the powers to make integrated strategic decisions for the region—the broad picture—and identify major developments with a regional impact. The simplest way to do this is for the Assembly (if that is truly to be what it was intended to be) to have the power to approve the budgets and business plans of all the Quangos in the region, as now happens in Scotland and Wales. This would give the Assembly the “tools to do the job”, without creating a new bureaucracy. Some post-holders would transfer from the Quangos to the Assembly, but the Assembly would remain a relatively small, streamlined body concerned with strategic planning.

21. At the same time, I would expect to see a large reduction in the number of Quango Board members, which I estimate to be in the region of 1,500 in the North East. With strategic decision-making in the hands of a single, over-arching body, there would not be the need for “public representation” in the form of Board members appointed by government for every Quango. In any case, the appointment of regional Quango Board members by government ministers is profoundly undemocratic. To the best of my knowledge, only one of the region’s approximate 1,500 Quango appointees is a Liberal Democrat (recently appointed), despite the LibDems being the second largest party in the region, both in terms of elected councillors and total vote at the last general election.

22. The main benefit of having a single decision-making body would be to streamline decision-making and avoid duplication, mutually-adverse and counter-productive decisions, and the present waste of time, effort and money with each of the region’s 100-plus Quangos trying to make sense of the confusing “spider’s web” of communication paths. The numbers of regional reports and regional strategy documents would be reduced—each regional report would be part of a whole, a truly integrated regional strategy as was envisaged in the 2002 White Paper.

ISSUES RAISED BY THE ODPM COMMITTEE

23. Potential for increasing accountability of decision-making at regional and sub-regional level: at regional level, this could only be done by the Regional Assemblies, as they are the only regional bodies with a democratic mandate and representation from the wider community. At sub-regional level, in the case of the North East this is already in place with four sub-regions covering the whole of the region.

24. Potential for devolution of powers from regional to local level: this would only make sense in the context of abolishing the present “two-tier” system of local government and having all-Unitary authorities. Having been a member of both County and District Councils, I can vouch for the inefficiency of the two-tier system and the confusion it causes in the minds of the public. The sooner it is abolished the better.

25. Effectiveness of current arrangements for managing services: I do not see regional government as the right level to “manage services”, except where it can be shown that a regional service will be better. If it is determined that the Police and Fire & Rescue services, for example, are best run at regional level, I would not wish to see any single regional body running them directly. Rather, the single regional body should have power over strategic planning decisions, with separate democratic arrangements for each service. With Health, for example, recognising that the North East has some of the worst health factors in the UK, it would make sense for the single regional body to agree overall priorities while not being involved in service delivery and management.

26. The potential for new arrangements: outlined above.

27. City Regions: while I agree that the cities can and should be “engines for growth” and I fully support the efforts of cities to revitalise their inner city areas, I would caution against setting up “yet another tier” of City Regions. Not only would this clash with existing and future overall regional arrangements, it would tend to concentrate resources within the cities at the expense of the rest of the region. Cities already have a built-in advantage through having concentrated populations and the consequent economies of scale, as opposed to the difficulties of sparsely-populated areas (of which I have had a great deal of experience). With most funding being on a “per capita” basis, the rural and semi-rural areas need their own additional, dedicated sources of funding.

28. Peripheral town and cities: dealt with above.

29. The desirability of closer inter-regional co-operation: this should be done, but only in those areas where it makes sense. For example, in trade and economic development abroad, it does not make sense for each region to “do its own thing.” I am all for sharing resources in promoting the regions in the EU and in the wider world. On centres of excellence, it is simply not possible for every region to have one of every kind: it makes sense for two or more regions to join together in promoting these rare and expensive, but very necessary, beacons for the future.

30. The Northern Way: as someone who has always striven to make things work, as well as promoting better arrangements, I find too much rhetoric, much of it unhelpful, in the “Northern Way”. In particular, talk of a “Linear City” from coast to coast, a highly dubious “social engineering” concept with hugely damaging environmental and social implications.

Memorandum by Dr A J Biscoe (RG 22)

EXECUTIVE SUMMARY

The governments current impasse in creating a regional tier of government in England has resulted from incoherent regions, an unclear definition of what powers the regions would have and the fact that the proposed regions lack political legitimacy.

Yet, the imperative of an English regional tier of government remains compelling and important in terms of English, UK and European politics.

A new approach to defining English regions needs to recognise that regions do not need to be symmetric, and that a region may be defined in terms of its geographic, economic, political and or cultural coherence. Not all parts of England necessarily need to be part of a region.

Cornwall & the Isles of Scilly equates to a coherent economic, political and cultural region which recent petitions and opinion polls have strongly indicated that a referendum on a regional tier of government would be winnable.

ENGLISH REGIONALISM IN 2006

The template used for English regional governance to date has been the one originally developed as a format by civil servants in the early 1940s for managing food rationing. They were developed for technical reasons and were never intended to be democratically tested or to survive beyond the period of wartime powers. Those who created them had no regard to economic or geographical coherence. In the majority of cases the wartime regions, when used during the 1960s as a basis for developing regional economic policy and administrative decentralisation, demonstrated that they were unworkable.

1. The nine regions tended to lack a focal point having been formed around relatively equal groups of population. This contributed to their perceived lack of political legitimacy. In some cases, the North East for example, it has also underlain the inability of institutions to become established or to develop a sense of cohesiveness which bonds and motivates these regions. For most people and communities in the regions it has been unclear what the purpose of “their” regions is. They have found it difficult to identify with them or to find assured and equitable delivery and participation.

2. Lastly, it has been unrealistic to expect that all regions would simultaneously be responsive to the stimulus of taking over identical menus of powers and functions. To some extent this was realised in the mechanism for triggering a referendum, but that merely delayed the onset of a standardised set of institutions and functions; it did not tailor institutions, or encourage them to follow a more evolutionary path.

3. In summary, the combination of inappropriate template and lack of political legitimacy has been used to explain the reluctance of the electorate in the NE to vote in favour of a regional tier of government.

A NEW APPROACH TO REGIONALISM

4. If we are to develop responsive, efficient and enduring regions which take up the reins of measured devolution and contribute positively to both the civic life of the country and to strengthening the national economy, then it is important that the regions have a functional purpose, and that they can command a degree of political legitimacy from their electorate.

5. A region needs to be politically legitimate. There needs to be a clear, popular investment into the unit. People need to be willing to accept necessary governance as being in the common interest of the region even when they may, locally, not benefit. This is a clear test of cohesion.

6. A strong part of gauging political legitimacy is the expression of a distinctive economic identity. This might derive from a distinctive set of activities, or even from a single activity, or it may derive from a strong mix of activities—some mature, some evolving to take the place of others in decline. The bonding factor will be the willingness of producers and practitioners to be clearly identified in their market-places as deriving from the region in question—a region must be a strong component in branding economic outputs. It is as difficult to manufacture a regional brand as it is to impose democratic legitimacy.

7. For regionalism to be successful it is important to clearly state what powers and functions are to be delegated, what the accountability mechanisms will be, and how the situation will be reviewed and developed as time passes. International experience shows that it is not necessary for all regions within a state to be

vested with identical powers, or with a standard constitutional relationship to the centre (post-Franco Spain being a case in point). Circumstances and democratic will should play a role in determining the nature and form of delegation.

8. Neither is it necessary for all regions to be based upon similar features. A region might be founded upon one or more of the following features: a city, economic, administrative, cultural, identity, infrastructure.

9. To achieve a successful devolution to coherent regions which is founded upon a clear democratic accountability we will need to acknowledge and develop a range of regions—city regions, economically coherent regions, rural regions, peripheral regions, small regions, big regions; cultural regions. It follows that some regions will be more than one type of region, and that there will be “regionless” parts of the country.

CORNWALL AND THE ISLES OF SCILLY AND THE NEW REGIONALISM

10. Cornwall and the Isles of Scilly offer an example of a ready made new region. Some of its facets include:

- IT is a well defined region in administrative terms, with a strong record of sustained high performance in public service delivery and administration.
- There is a mounting business case for following such a course.
- There have been a number of petitions and opinion polls in recent years that demonstrate strong popular support which complements the political support for developing as a modern, peripheral region.
- Strong cross-party political support = all MPs, County Council and district councils.
- Objective 1 funds has helped to create a sense of cohesiveness and common purpose.

11. Taking into account recent expressions and measurements of opinion it is clear that a referendum in Cornwall and the Isles of Scilly would be winnable.

12. It would offer the government the opportunity to achieve an early, innovative and well-defined region which could blaze the trail for others. The more qualitative the devolution of powers and functions, the more incisive the reforms of institutions and working practises, the better the model it will provide.

13. As a peripheral region which is showing very strong indications of responding positively to developing as an economic region, as the result of the Government’s sustained support for the ongoing Structural Funds programme and other public interventions, the establishment of Cornwall and the Isles of Scilly as a region would make excellent functional sense.

Memorandum by Mr Conan Jenkin (RG 23)

EVIDENCE

1. We believe that regional government will be beneficial to communities across the United Kingdom and that it will allow for increased accountability of decision-making by bringing it closer to the public and the potential to simplify existing government arrangements by focusing decision-making on areas of natural governance.

2. However for any democratic organisation to have validity, maintain the confidence of communities and have their support it must be a recognisable region. Part of the problems associated with the North East referendum was that the geography did not reflect community ties, aspirations and identities.

3. The present South West region will never have the support of the public. Its sheer size makes it unwieldy and unrecognisable to anyone except some civil servants in the confines of Whitehall. With the largest population (eight million +) of any of the proposed regions outside of London. It covers a substantial land mass (the distance from end to end is as far as the distance from London to the Scottish Borders). It simply is too large and unmanageable to provide effective strategic decision making for those communities.

4. It is worth noting that this region is bigger in everyway than Wales and has worse communication links. It is bigger than many economically successful European States like the Republic of Ireland. There is no realistic possibility that that this behemoth will be a flexible, modern and successful region in the future competing with other European regions. In simple terms it will be unable to reflect the wide ranging and differing needs of communities within this huge geographic area.

5. Therefore, we believe that there is much potential to devolve powers from this level to a more sustainable and local regional level. The European Union is a good guide to regional government. Within the EU there is a range of regional arrangements which reflect natural communities and are of quite varying

size. We believe that there is great potential for identifying new regions with which communities naturally identify with. The proposal for the establishment of city regions would be a much more pragmatic and practical proposal with which communities will be able to identify with.

6. In the far South West the establishment of city regions is unpractical due to the lack of suitable candidates. However, there is a long established region with a distinct culture, identity and history. It is a region which has distinct economic problems, the only region in the south of the UK to have Objective One status. Although small with a population of 520,000 it has a natural coherence shaped by its peninsula geography and its status as one of the historic nations of the United Kingdom. This region is Cornwall.

7. Cornwall desperately needs a new democratic renewal to simplify existing local government arrangements and provide a strategic body that can effectively implement policies to address its substantial economic ills. This would better allow the managing of services, making them more economic and efficient and ensure that the half a million people who exist on the peninsula have better and more effective governance.

8. Cornwall is clearly not an island but for most strategic and economic purposes it is. Having only a few miles of land and several bridges connecting it to its neighbouring region will ensure that it would never benefit from any larger regional structure. When appropriate, it is certainly desirable to have closer inter-regional cooperation to tackle economic disparities. In the context of the regions within the south west this would certainly be true of transport infrastructure. Clearly an improvement to transport infrastructure in Devon, Somerset and Dorset could be of benefit to people in the region of Cornwall. Other south western regional activities would largely be and are irrelevant to the communities within Cornwall.

9. We would therefore recommend that the Government establish a regional assembly for the communities of Cornwall which will be mandated to reform local government and replace the current three-tier system with more efficient unitary authorities.

10. We believe that this will reflect an alternative rural solution to the concept of city regions and will reflect the natural affinities and therefore support of the communities within the south west. On numerous occasions communities in Cornwall have demonstrated their support for a strategic democratic body that is responsible for the region of Cornwall. Not least a petition of over 50,000 signatures which was lodged with the prime minister. We believe it is incumbent on all democrats to take into account such strength of feeling expressed by individuals within a region.

Memorandum by Graham Pearce and Sarah Ayers (RG 24)

1. SUMMARY

1.1 This memorandum draws upon the findings of a recent ESRC study into English regional governance. Since 1997 a momentum has been established to extend the responsibilities of the regional tier. However, regionalism has been pursued piecemeal and there are uncertainties about how the regional agenda should be managed. In particular, there is a need to improve the co-ordination of national policies with a regional dimension, align the delivery of policies administered by a plethora of region based, government bodies, take greater account of regional priorities and diversity and improve the connections between regional and sub-regional working.

2. THE NATIONAL POLICY CONTEXT

2.1 Regional institutions operate in the context of a tradition of Whitehall dominance over decision-making. Indeed, regional reforms have proceeded against a background of entrenched central and local government interests. By contrast to elsewhere in the UK and other EU states, central government has maintained its capacity to devise new tools to exert control over regional decision-making and resources (Ayres and Pearce, 2005). Despite the presence of a multiplicity of regional strategies, including economic development, the environment, housing, spatial planning and transport, decision-making remains centralised, while responsibility and accountability for delivery are fragmented between national agencies and a multitude of local authorities and private and community interests, limiting the capacity of regional actors to shape policies to the needs of their territories.

3. MULTI-LEVEL GOVERNMENT

3.1 Within these constraints measures have been adopted to boost the vertical links between Whitehall and regional agencies, foster cross-departmental collaboration on issues with a regional dimension and encourage horizontal links between regional stakeholders, including both public bodies and "social and economic partners" (SEPs) (HM Treasury and Cabinet Office, 2004).

3.2 National government

3.2.1 Whitehall departments and their executive agencies are responsible for framing and administering government policies and exert direct control or influence over more than 90% of public expenditure in the regions. In addition, EU policies play a specific role at the regional tier through support for agriculture and economic development. The Treasury has shown a growing interest in the regional tier as a way of tackling regional economic disparities and as a focus for decentralisation where this can contribute to improving service delivery. Other departments, too, have a strong interest in regional issues—the ODPM in respect of Regional Housing and Spatial Strategies (RHs, RSSs) and the Sustainable Communities Plan, the DTI for regional economic development, especially the activities of the Regional Development Agencies (RDAs), the DfT because of the role of Regional Transport Strategies (RTSs) in regional development and DEFRA, because of its sponsorship of Regional Sustainable Development Strategies.

3.2.2 To assist Whitehall present a more coherent approach to regional policy making a Regional Coordination Unit (RCU) was established in 2001. It is intended to support the Government Offices for the Regions (GOs), provide a channel of communication between GOs and the centre and facilitate a more corporate approach to regional issues across Whitehall. Given its limited resources, however, the Unit faces considerable problems in encouraging inter-departmental working around regional issues and in combining the tasks of assessing the potential impacts of government policy at the regional level with managing and representing the GOs. Furthermore, it can be seen to be hampered by being located in the ODPM, rather than the Cabinet Office or Treasury.

3.3 Regional government institutions

3.3.1 GOs (annual budget: £6.4 billion) administer many central government activities in the regions, monitor the RDAs' activities and coordinate regional inputs to Whitehall spending reviews. Since 2000 seven additional Whitehall departments have formally "co-located" in the GOs: DEFRA, the Home Office, DfES, DCMS, DWP, DoH and the Cabinet Office. Nonetheless, GOs remain reliant on the ODPM, DTI and DfT for 90% of the expenditure which they manage or influence. Although GOs have a shared administrative budget, departments retain control over "front-line" funding and have followed different approaches to decentralisation. Within these limitations GOs have made progress in addressing cross-cutting agendas through inter-departmental and area-based teams. They have also become active regional partners, resolving disagreements and ensuring that organisations "buy into" the Whitehall agenda.

3.3.2 The 2005 Budget Report endorsed the principle that departments should decentralise activities and integrate these within GOs (HM Treasury, 2005). The Offices should also work more intensively with regional partners to improve performance and oversee regional strategies, while senior GO and Whitehall officials were encouraged to establish closer links on policy development. In addition, GOs should be granted new flexibilities to enable them to join up activities across departmental boundaries and beefed-up management structures and staffing to improve performance, in exchange for a stronger lead in implementation. Taken together these roles are extensive and there is some evidence that their increased responsibilities, coupled with a lack of appropriate staffing skills, have made it difficult for GOs to provide a clear focus to their work.

3.3.3 Departments are also represented in the regions through a dense, but disjointed layer of Non-Departmental Public Bodies (NDPBs). Information about their precise numbers is sparse, but the Eastern GO reports the presence of 130. Their existence has prompted debate about their legitimacy and accountability, but also how best to secure a degree of alignment between their activities. Following the White Paper, *Your Region: Your Choice*, "Regional Boards", were established, chaired by GO Regional Directors, to review and co-ordinate the strategies of NDPBs operating in their regions (Cabinet Office and DTLR, 2002). Coordination is hampered, however, by the quasi-autonomy of NDPBs, which work to separate parent departments, different timetables, funding regimes and geographical boundaries.

3.3.4 In addition to GOs the two other key institutions that comprise the regional "troika" are the Regional Assemblies and Regional Development Agencies. Assemblies are nominated bodies, including representatives of local government, business, trades unions, higher education, faith and minority ethnic communities. They were to provide a semblance of regional democracy in advance of elected regional bodies and are responsible for scrutinising the activities of the RDAs and assisting in regional strategy coordination. They also act as Regional Planning Bodies, responsible for preparing statutory RSSs, and are likely to gain responsibilities for Regional Housing and (potentially) Transport Boards. Assemblies are largely reliant on the ODPM for the bulk of their expenditure (annual budget <£30 million) and must rely upon influence through a multiplicity of partnerships to achieve their objectives. The ODPM has been active in augmenting the Assemblies' functions, especially by encouraging them to become a focus for partnership working, which has raised the Assemblies' profiles. It can be reproached, however, for a lack of strategic thinking about what tasks Assemblies should perform, and why, and the funding required for their delivery.

3.3.5 RDA Boards are accountable to the Secretary of State for the DTI. They have a high Whitehall profile and, with a combined annual budget of some £2.2 billion, have been granted additional discretion over the use of their funding, new responsibilities for rural areas, tourism and transport and encouraged to work with Learning and Skills Councils and the Small Business Service to improve the delivery of skills and support for business. Nonetheless, government policies remain a decisive influence on regional economies,

leaving a question mark over the RDAs' legitimacy as bodies capable of developing innovatory solutions to regional policy issues or as quangos accountable for delivering national policies (Select Committee on Public Accounts, 2004).

3.4 *Social and economic partners*

3.4.1 Increasingly, successful policy implementation is seen to involve working across public, private and community sector boundaries. At the regional level the troika has engaged with social and economic partners (SEPs) capable of speaking for and influencing the sectors which they represent. Fostering such relationships is seen as a way of adding legitimacy, developing policies in step with regional needs and expanding the regions' delivery capacity. SEPs participate in Assemblies, RDAs are required to cooperate with public, private and voluntary and community interests and GOs are obliged to work with regional partners to maximise regional competitiveness and prosperity and promote social inclusion.

3.5 *Sub-regional institutions*

3.5.1 Regional bodies are also expected to work with a range of sub-regional institutions, including local authorities and Local Strategic Partnerships (LSPs), comprising local authorities and a range of public, private and community bodies, responsible for preparing and implementing Sustainable Community Frameworks, Local Neighbourhood Renewal Strategies, Local Area Agreements and Local Development Frameworks. Assemblies are responsible for assessing the conformity of Local Development Frameworks with RSSs. Similarly, RDAs are dependent upon sub-regional institutions to deliver their economic strategies while GOs are responsible for mediating the engagement of regional and sub-regional organisations in LSPs and working with local authorities on Area Agreements.

4. INTRA-REGIONAL WORKING

4.1 Government accountability mechanisms discourage cross-departmental collaboration and national targets and funding streams constrain efforts to align regionally determined objectives and targets or pool resources. Departments have not always fully examined the regional impacts of their policies and are not well equipped to respond to upward pressures from the regions. Moreover, Whitehall remains suspicious about decentralisation and regional policy coordination.

4.2 Despite uneven economic and social geographies and calls for a shift away from "one size fits all" solutions, there is a high degree of congruence in institutional structures and policies across regions. Centrally prescribed structures reinforce the view that regions are predominantly uniform, while the limited capabilities of regional institutions hamper policy innovation.

4.3 Recognition of the need to improve horizontal linkages between the activities of regional bodies is reflected in recent Government guidance on indicative, longer-term, regional funding assumptions for economic development, housing and transport (HM Treasury *et al*, 2005). This opens up opportunities for greater co-ordination of regional programmes and highlights the need for increased transparency in the allocation of resources within regions; a vital first step in ensuring that funding is geared to territorial priorities. The challenge for the regions is to have in place collaborative mechanisms that are able to provide robust and defensible advice on regional priorities which, over time, could lead to "devolved budgets" being extended to other policy areas.

4.4 The absence of a clear regional "template" has made it difficult to join up national policies and public expenditure within regions and, despite a proliferation of regional strategies, it remains hugely difficult to align these strategies and translate objectives into delivery. Strategy-making may have assisted in developing a fuller understanding of regional conditions and priorities, but executive powers remain in Whitehall. In these circumstances inter-organisational alliances may be forged but will have limited impact, diminishing the perceived value of collaboration among stakeholders.

4.5 Given the absence of a single regional body charged with coordinating the activities of multiple stakeholders, reliance has been placed on the willingness of diverse regional interests to act jointly through a multiplicity of partnerships. This is reflected in the high levels of interaction within the troika, the accumulation of regional partnership structures around Assemblies, the business and voluntary sectors' enhanced representation at the regional level and the close links established between the GOs and RDAs and their Whitehall counterparts. These measures are regarded as a way of achieving "better" decisions, but evidence of their effectiveness has yet to be fully tested.

4.6 The preparation of regional spatial and economic strategies marks an important step in regional policy making, matched by a strengthening of technical capacity and an increasing stress on implementation. Regional working in other policy fields is less well developed.

4.7 Regional institutions share objectives, but each is influenced by different agendas, accountabilities and variable capacities to influence both policy and delivery. Such asymmetries may be constructive, but they also reflect the presence of multifaceted structures and overlapping organisational roles and responsibilities, which hinder co-ordination.

4.8 The proliferation of mandatory and voluntary regional strategies and the activities that flow from them has given rise to mechanisms for their co-ordination, including Regional Concordats and Integrated Regional Strategies. However, their capacity to influence joint working or keep pace with the constantly evolving regional agenda is problematic. The value of a single regional strategy document, for example, is qualified by the complexity of aligning strategies, the lack of a single organisation charged with driving through its delivery and uncertainties about funding streams.

4.9 Assemblies are required to hold RDAs to account for their activities through a process of “scrutiny” and RDAs must gain approval from Assemblies for their strategies. But, since both sets of bodies are dependent on one another to achieve collective goals, accountability is unclear. Similarly, RDAs are subject to increasing monitoring by the GOs, but the two organisations are also expected to work together on regional economic issues.

4.10 There is a tension between the GOs’ partner role and their quasi-judicial function in scrutinising regional strategies and challenging regional partners to secure greater policy effectiveness. Moreover, while GOs are expected to co-ordinate the activities of government agencies operating in the regions, Assemblies have a parallel responsibility for strategy co-ordination. Since the Assemblies’ remit also extends to influencing such agencies, this division of responsibilities can be regarded as ambiguous.

4.11 Beyond the “core” regional institutions the troika has adopted a variety of mechanisms to engage with regional SEPs. Their inclusion is intended to lend legitimacy to regional strategies, but SEPs are often unable to compete with “resource-rich” public bodies. Indeed, while valued by “insiders”, partnerships may marginalise less well positioned interests.

4.12 Common values and shared cultural identities have eased joint working between RDAs and the business community in a way that has not always been possible for elements of the voluntary and community sectors.

4.13 GO teams are expected to bring coherence and add value to the delivery of Whitehall programmes by drawing together key regional partners. In general, SEPs view GOs as important but low key actors and are unclear how GOs add value, their capacity to formulate clear regional priorities, contribute to framing and delivering regional policies and representing regional interests. While GOs are seeking to break down silo-dominated structures the Offices still struggle to join up programmes, a key issue for the voluntary and community sectors

4.14 There is a widespread impulse to equate “better” regional decision-making and delivery with partnerships, but their effectiveness is not the outcome of serendipity and there is a need to rationalise the responsibilities, relationships and accountabilities of bodies taking forward related policies at the regional level. Moreover, reliance on partnerships raises complex issues about inclusivity, transparency and accountability. Sharing responsibilities for policy-making and delivery can also be regarded as time-consuming and requires staff with communication, negotiating and network skills, which are in short supply.

5. REGIONAL—SUB-REGIONAL WORKING

5.1 Although regional bodies are expected to work with LSPs, there is limited evidence that links have been established between community and regional and sub-regional strategies. Furthermore, while LSPs might provide the opportunity for the alignment and delivery of regional strategies, in practice actions at the sub-regional level to reconcile inconsistencies between strategies can achieve only limited impacts. This highlights the need for organisational mechanisms that integrate policy and delivery at the regional and, indeed, at the national tier.

6. CITY-REGIONS

6.1 In responding to long-term concerns about the economic performance of major provincial cities and the need for a more balanced pattern of national spatial development, the Government has indicated its commitment to establish city-regional authorities. It is asserted that administrative units should more accurately reflect socio-economic realities and local authorities serving major urban areas should develop their joint capacity to tackle shared problems more effectively. City-regional plans are currently being prepared in several core cities, including proposals for governance structures, funding arrangements and delivery mechanisms.

6.2 City-regional administrations in some regions would form an intermediate form of governance between regional and local government. Because all regions now possess sets of sub-regions, usually tied to local government boundaries, city regions would, therefore constitute a single or group of sub-regions, geared specifically to meeting the needs of major urban areas.

6.3 It is not yet clear, however, how city-regional bodies would be constituted. A case can be made for elected city-region authorities, based on the London model, charged with developing strategies and providing a powerful political platform on behalf of their constituents. However, the more likely outcomes are structures based on joint panels of local authorities, assisted by executives. They would be akin to the joint boards that existed in the metropolitan areas following the abolition of the metropolitan counties. While some groups of authorities had some success in mobilising alliances around shared agendas, elsewhere joint working produced mixed results.

6.4 In some regions, including the Eastern, South West and South East, there are few contenders for city-regional status. Where city-regions are adopted they will adhere to administrative boundaries and will exclude, for example, journey to work areas in neighbouring shire counties. Basing city regions on existing administrative boundaries would appear to negate the presence of the strong functional linkages between some shire county areas and the major urban centres. Many of these former areas are nationally among the most prosperous and, geographically, account for the greatest increase in population and employment. By contrast, areas beyond this “outer ring” of urban influence are often sparsely populated with limited economic opportunities. The creation of city regional authorities could lead to a greater proportion of public expenditure being allocated to major urban areas and these more remote sub-regions being neglected.

7. WHAT NEXT FOR ENGLISH REGIONALISM?

7.1 Future reforms are likely to be modest and though regional institutions may acquire some additional discretion over institutional design, policy and delivery mechanisms, this will only be endorsed in those areas where there will be the least challenge to the centre. These limitations reflect political and bureaucratic realities but, if the regional tier is to provide a platform for improving service delivery and economic performance, Whitehall needs to adopt a more systematic approach. This is vital in minimising ambiguities and maintaining confidence in the regional tier as an arena for policy-making and delivery.

7.2 The recent referendum outcome has resulted in demands from some quarters for the Assemblies’ accountability and co-ordination functions to be dismantled and for responsibility for regional spatial planning to be returned to local government. In addition, lobbies favouring a shift towards “localism” and “city-regions” as an antidote to England’s “failed devolution” experiment have become more vocal. As a consequence there are dangers that stakeholder commitment to the regional tier may wane.

7.3 Nonetheless, the structures of regional governance and the interlocking policy issues associated with regional economies, housing, spatial planning and transport remain. Furthermore, the Government appears committed to extending the responsibilities of the regional tier. Whitehall, however, has yet to fully get to grips with the consequences of decentralisation. Indeed, there is a lack of clarity in its approach to the reform of sub-national government. Rather than adopting a piecemeal approach and adding new organisations it is essential that the contributions of existing institutions and the means for securing improved cooperation between them are examined.

7.4. In the absence of elected regional government, emphasis should be placed on delivering policies by building on the joint capacities of the regional troika and other public bodies operating in the regions. These bodies’ capabilities should be assessed to ensure they are “fit for purpose”.

7.5 Consideration should be given to examining the alignment of policies, delivery mechanisms and funding arrangements at national, regional and sub-regional levels. Discussions with regional practitioners indicate the need for a systematic evaluation of the effectiveness of current mechanisms for regional policy co-ordination.

7.6 The effectiveness of Whitehall’s, its constituent departments’ and NDPBs’ responses to the regional agenda should be monitored and evaluated.

7.7 There is a need to assess how regional stakeholders’ views are considered and balanced in regional decision making and how this process can be more effectively managed to comply with government guidelines on strategy formulation and delivery and ensure inclusive, transparent, consistent and robust policy making procedures.

7.8 The Sustainable Communities Plan and the Northern Way initiative are notable for encouraging a degree of cross-regional working. There is scope, however, for increased pan-regional working as a way of resolving territorial conflicts, sharing experience and developing a more effective regional voice in Whitehall.

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Memorandum by the Chief Economic Development Officers Society (CEDOS) (RG 25)

INTRODUCTION

1. The Chief Economic Development Officers Society (CEDOS) provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas, which together represent over 47% of the population of England and provide services across over 84% of its land area. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives.

2. Successful and sustainable economic development is critical to the future of this country and all its constituent areas. In this context and in the light of the "no" vote in the North East devolution referendum on 4 November 2004, the Committee's Inquiry is very timely and CEDOS is pleased to put forward its memorandum of evidence, which focuses on the key issues identified by the Committee.

EXECUTIVE SUMMARY

- The validity and effectiveness of current regional arrangements are seriously questioned.
- As Regional Development Agency responsibilities increase, there is growing concern at their lack of democratic and political accountability.
- Alternatives to RDAs need to be considered, with a viable option being regional partnerships accountable to their sub regional partners.
- If RDAs are retained, there must be greater accountability and transparency in decision making, and a stronger scrutiny role for Regional Assemblies/Chambers.
- There is a need to maximise the devolution of powers from RDAs to local authorities with the capacity to deliver. County councils, city councils and unitary councils have a particularly crucial role to play.
- The management and spending of resources by the RDAs is over-complex and handicaps progress. Barriers, which impede the effectiveness of local authorities include too many funding streams and too much filtering of funding through too many layers of bureaucracy.
- Core cities are not the only drivers of regional economies. England's county areas—the county regions—have a crucial role. A balanced approach is needed that recognises the contribution that the county regions and their towns, cities and rural areas can and do make and provides for a more equitable share of national and regional resources.
- There may be a case for a city region approach in the metropolitan areas but county regions and county governance must continue to play a key role in most areas of England.
- There is growing concern that the increasing focus on the core cities will have a seriously detrimental effect not only on other towns, cities and rural areas but also on the goal of driving up national and regional economic performance and reducing regional disparities.
- The development of pan-regional strategic approaches such as the Northern Way further emphasises the democratic deficit in England at regional level and the importance of action not being constrained by arbitrary geographic boundaries.

THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

3. CEDOS considers there is a need for effective action at regional, sub-regional and local level if sustainable economic development is to be achieved, but we seriously question whether the current regional arrangements provide a sound basis for such action.

4. Whilst the Regional Development Agencies (RDAs) in England are making a contribution, there is concern about their variable performance. Too often, they are remote, bureaucratic and inconsistent in their decision-making. A major concern is their lack of political and democratic accountability, which has intensified as they have assumed broader responsibilities and have become an increasing focus for receiving and distributing national funding eg Business Link contracts, former Countryside Agency initiatives and some of the skills funding. Whilst the business leadership of RDAs has benefits, it provides too narrow a focus, which can be influenced by sectional interests. This is in marked contrast with the best performing local authorities with their broader, more holistic perspective and their democratic and political accountability.

5. The appropriateness and relevance of the Regional Development Agencies must be seriously questioned and other solutions explored. Prior to the creation of the RDAs there were well established organisational frameworks involving strong strategic local authorities and other public bodies working together to formulate regional strategies for, amongst other things, transport and regional planning guidance. In the West Midlands, for example, the regional forum of local authorities was a medium through which the sub regions worked together on regional matters, creating regional offices such as the West Midlands office in Europe.

6. These earlier regional frameworks proceeded on the basis of cooperation and consensus. In contrast, the one unifying feature of the current RDA structures is the tension in all regions between a strong unaccountable regional body on one side and strong sub regional organisations on the other. Alternatives to RDAs need to be seriously considered. For this, a viable option would be tightly configured regional partnerships, which depend on and are accountable to their sub regional partners, which would agree the regional strategies and empower sub regional organisations to deliver them.

7. If Regional Development Agencies are retained, it is essential that there is greater transparency in their decision making, communication with stakeholders is improved, and that their actions are as accountable as possible within the region. The Government's Regional Assembly proposals offered a way forward but with the "no" vote in the North East referendum, other ways of increasing accountability will need to be explored. One would be to strengthen the role of the existing Regional Assemblies/Chambers, with a significantly increased role for democratically elected local government representatives; a direct involvement in setting RDA agendas; and increased weight being given to their involvement in scrutinising the work of the RDAs, so that they at least share the responsibility of Government Offices for reporting on RDA progress against objectives. At the moment, it appears that RDAs can ignore Regional Assembly views. Whether or not this is the case may well be illustrated in the West Midlands in three months time, when the Regional Assembly is to review how the recommendations contained in its 2004 scrutiny report of the RDA's policies on Regeneration Zones have been implemented by the RDA.

8. However much the role of the existing Regional Assemblies is strengthened, the fact remains that they are not directly democratically elected. Strengthening their role must be accompanied not only by an increased role for local authority elected members within the Assemblies, but also by increased devolution of the implementation of RDA economic development responsibilities to the sub-regional and local level.

THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

9. The importance of local action and in particular the local authority role cannot be over-emphasised. Economic development and regeneration is an increasingly important part of the local government agenda and of Government's expectations. Local government action is central to a range of Government priorities, including achieving sustainable economic growth, creating sustainable inclusive communities, delivering prosperity by driving up productivity and competitiveness, and tackling the problems of deprivation. Local authorities play a crucial role at the sharp end of delivering economic development and regeneration not only in implementing regional strategies but also in providing the strategic leadership and action to ensure that local needs and problems are met and opportunities realised.

10. There is a clear need to maximise the devolution of powers from regional to local level but it is important to be realistic in assessing the potential for doing so. The Government's report *Productivity in the UK: 4 The Local Dimension* [2003] underlines the central role of local authorities in shaping regional economic strategies and in leading and developing partnerships to take them forward. At the same time, it acknowledges that this is a complex task, which requires a "significant corporate capacity to deliver". In this context, the strategic local authorities—the county councils, city councils and unitary councils have a particularly crucial role to play:

- they have a mandate to promote economic development as a key part of their community leadership in promoting economic, social and environmental well being;

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- the linkages between their economic promotion activities and their other service functions, in particular land-use planning, transportation and education, mean they can take a wide ranging, joined up approach to economic development;
 - they have the scope, the resources, and the specialist skills to tackle and take forward the big agendas;
 - they have the strategic and corporate capacity to provide leadership and bring together and sustain the partnerships that are the pre-requisite of achieving and delivering successful economic development; and
 - as big players and good joiners, they have the influence to get other key players to the table and to use their resources to lever in match funding to maximise the ability to drive forward economic growth.

11. The county councils, city councils and unitary councils have clear potential for increased devolution of powers. They have an established track record of action and achievement in supporting and harnessing the key drivers of growth—enterprise, innovation, competition, skills and investment to achieve sustainable economic development. Many examples are given in the report published by CEDOS and the CSS “England’s County Sub-regions—Cornerstones of Economic Growth”.

12. The strategic local authorities through their leadership and influence and their capacity to deliver have demonstrated their ability to develop, facilitate and lead the partnerships that are the instruments of successful economic development and regeneration. The past few years have seen the development of a range of sub regional partnerships and operational frameworks including local strategic plans and partnerships which could provide the mechanisms for delivering regional strategies at sub regional and local levels.

THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

13. The way resources are managed and spent by the Regional Development Agencies and the equally unaccountable sub-regional partnerships that many RDAs have set up to deliver their agendas are governed by over-complex bureaucracies and decision making which handicaps progress. In economic development, barriers, which impede the effectiveness of local authorities in managing and delivering services include:

- too much filtering of funding through too many layers of bureaucracy that inhibit the local solutions for local problems approach and run counter to the principles of localism and Local Area Agreements—something that surely needs investigation by the National Audit Office/Audit Commission;¹²
- too many partnership requirements imposed upon local authorities, leading to an over-complex partnership landscape and, frequently, partnership overload and fatigue;
- too many staff resources taken up by time consuming and uncertain competitive and other bidding processes;
- having to “jump through too many different hoops” to gain access to different funding streams with different application processes, criteria and performance monitoring arrangements;
- too often, RDA and other externally funded programmes are output driven to match the funder’s own targets at the expense of other outcomes that could be more worthwhile; and
- decision-making on many strategic issues is too remote and may not take into account the special circumstances that apply to a locality.

14. Efficiency and effectiveness can be improved by more devolution of powers and funding to local authorities and an acceleration of the process of increasing local freedoms and flexibilities in programmes and spend, currently being introduced slowly through Local Area Agreements and related programmes. At the regional level, there is a case for carving up the regional “pot” according to regional priorities agreed by regional partnerships described above.

¹² In the SEEDA region everything it seems has to have a regional level of administration eg local food initiatives have a regional co-ordinating group (and staffing); “Sustainable Business Partnerships” which are County-based and in part funded by SEEDA, have a SEEDA team co-ordinating them; SEEDA have put £250,000 into setting up a regional creative and media industries group (South East Media Network) which co-ordinates the county-based partnerships (eg Wired Sussex and Wired Wessex). In most cases, these co-ordination activities do not improve efficiency—they simply add another layer of bureaucracy and inhibit the local solutions for local problems approach. The same is true in the South West region, where regional strategies and coordination are constantly imposed on locally focused initiatives, with a consequent reduction in funding available, and may inhibit the potential for joint funding, added value and partnerships with sub regional agencies such as county councils and other local authorities.

 POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

15. There is always potential for putting in place new arrangements for governance whether at regional, sub-regional or local level. Existing arrangements need to be kept under review and alternatives examined. But before making changes, there is a need to be sure that changing structures and administrative/service delivery arrangements really are needed. For any reorganisation to work there must be genuine value for all involved. We must guard against the tendency to continually reorganise. Petronius' observation that it can be a wonderful method for "creating an illusion of progress, whilst producing confusion, inefficiency and demoralisation" remains as true today as it was in AD 60.

16. Any new arrangements that are introduced must:

- address the current democratic deficit at regional level;
- reduce the barriers, which impede the effectiveness of local authorities in managing and delivering services; and
- recognise regional and sub-regional diversity and avoid a "one size fits all" approach.

17. It is at the current regional level that new arrangements are needed to address the present democratic deficit, remove bureaucratic barriers and improve efficiency and effectiveness. The overwhelming "no" vote in the North East referendum has shown that the public has no appetite for a new tier of regional government being created. In this context, the alternative approaches referred to earlier in this memorandum could, if necessary, be pursued sequentially according to circumstances and preferences within each region:

- retain the Regional Development Agencies in England, increase the democratic legitimacy of the existing Regional Assemblies by drawing their membership entirely from elected local authority members and strengthening their scrutiny powers over RDAs; and
- dismantle the existing structures over time, allowing them to be replaced by new regional arrangements that are not imposed by central government but are achieved through democratically elected local authorities entering into strategic alliances, with other stakeholders where appropriate.

18. New arrangements formed from local authority strategic alliances should not be constrained by the straightjacket of arbitrary geographical boundaries being imposed. Administrative regions do not equate automatically to economic regions. Tourism regions are an obvious example. Another is "Motorsport Valley", which stretches from Norfolk through the Midlands and southwards as far as Hampshire. This is an economic growth region that transcends conventional administrative boundaries, underlining the danger of imposing a conventional administrative framework on complex economic sector "regions".

CITY REGIONS AND COUNTY REGIONS

19. There is currently much emphasis, indeed in our view an over-emphasis, on the role of the "core" cities and city regions. Increasingly, the core cities, expanded as city regions, are seen not just as the principal motor for regional economic growth but judged by a number of Government-sponsored reports—the only motor. This increasingly narrow focus is not only naïve—it risks being seriously counter productive. CEDOS believes that if national and regional economic performance is to be improved in a sustainable way, a balanced approach is needed. This must recognise the opportunities that county regions as well as city regions can offer.

20. In this context, it is important to make clear that the city "regions" should not be regarded as the equivalent of regions drawn at a broad scale as in the case of the standard economic regions within which the RDAs operate. In this broader context, both city regions and, in most cases, county regions are more properly considered as sub-regions but, for convenience, in the rest of this memorandum are referred to as regions.

21. It is important to improve the performance of the large regional cities in order to achieve regional economic growth, for as HM Treasury's regional productivity report stated: "large conurbations outside London have had generally poor labour market performance and have also fallen behind other urban and rural areas' productivity".¹³ Despite the shortcomings in the economic performance of some of the core cities they are, or should be key drivers of regional economies but they are not the only drivers. The contribution of county areas—the county regions—to national and regional economic growth must be recognised and built upon and a balanced approach taken.

22. County areas are a large part of England—in local government terms, those parts of the country outside London, the eight identified core regional cities and the metropolitan authorities. Covering 121,653 square kilometres, they account for around 93% of the land area of the country. In 2002, their combined population reached 30,721,000—62% of England's, with the figure rising to 73% when London is excluded.

¹³ *Productivity in the UK: 3—The Regional Dimension*. H M Treasury & Department of Trade & Industry. November 2001.

23. The county regions embrace both urban and rural areas. They include cities such as Chester, Derby, Hull and Stoke on Trent, and county towns and cities from Worcester and Warwick to Durham and Devizes—as well as large rural areas with their networks of market towns and smaller communities. Their very diversity is one of their strengths. Individually and collectively, they are vital to regional economic performance. Alongside the core cities and the other metropolitan areas, the county areas are key components of every region in the country outside London. They are a major part of our national social and economic infrastructure. Indeed, research by CEDOS in conjunction with the County Surveyors Society has shown that that the county regions account for around three quarters of England’s economic activity outside London.

24. There may be a case for a city region approach in the metropolitan areas but it is not a panacea for most areas of England. As the recent report¹⁴ by the New Local Government Network’s (NLGN) City Region’s Commission recognises, there are many areas of the UK where city regions would not be appropriate and where a county approach may be the best approach to strategic governance. The report makes clear that city regions alone cannot provide a comprehensive model of sub-national governance.

25. Whatever the future of the City region approach in some areas of the country, there can be no doubt that county regions and county governance must continue to play a key role in most areas of England.

THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

26. Whilst new city region arrangements might be relevant in some areas, too much emphasis on the core cities, with the skewing of national and regional investment that this implies, will have a seriously detrimental effect on other towns, cities and rural areas. There is growing concern that the increasing focus on the core cities will adversely affect the county regions to the detriment not only of the county areas themselves but also to the goal of driving up national and regional economic performance and reducing regional disparities.

27. Core cities are, or should be, key drivers of regional economies but they are not the only drivers. In the West Midlands, for example, the economic system is polycentric, with many of the key developments of the regional economy taking place away from the core city. The revival of the core city is important, but here, as elsewhere, the revival of the core should not be at the expense of the county areas, where the new economy is often at its most vibrant.

28. England’s county areas—the county regions—have a crucial role in regional economic development, but one they will only be able to fulfil to maximum effect if Government and the Regional Development Agencies properly recognise the contribution they make and provide a more equitable share of national and regional resources. A balanced approach is needed that recognises the contribution that the county regions and their towns, cities and rural areas can and do make and, as the ODPM Committee itself recognised in its 2002–03 session, acknowledges that each regional economy has different strengths, weaknesses and opportunities. This diversity means that different organisational responses are needed in different regions.

THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

29. The need to compete effectively in the 21st century global economy can require closer inter-regional cooperation to tackle regional disparities. In this country, the “Northern Way” and the “Midlands Way” illustrate the interest being shown in developing inter-regional strategies to achieve economic growth, the leadership of which is being placed in the hands of the Regional Development Agencies. The development of pan-regional strategic approaches further emphasises the democratic deficit in England at regional level and the importance of action at regional level not being constrained by arbitrary geographic boundaries. It gives further weight to the need to consider seriously new regional arrangements in this country.

Memorandum by the Association of Greater Manchester Authorities (AGMA) (RG 26)

1. The Association of Greater Manchester Authorities (AGMA) considered the issue of the ODPM’s new inquiry on this issue at the most recent of our monthly Executive meetings, held on 16 December 2005. The AGMA Executive, which consists of the 10 Leaders of the local authorities of Greater Manchester, agreed that we should submit evidence to the Inquiry.

2. Our agreement to submit evidence is based on submissions that AGMA has previously made which are attached for your information. We are not sure how these relate to the caveat in your press release that “evidence should be original work, not previously published or circulated elsewhere”.

¹⁴ Seeing the Light? Next Steps for City Regions. New Local Government Network. December 2005.

However on the basis that the Committee may—understandably—not be aware of them they are submitted to you as evidence which the Committee may wish to consider; together with the comments made in this letter.

AGMA SUBMISSION ON DEVOLVED DECISION MAKING

3. The first submission (Appendix A) is that made to the Department for Transport (DfT) in March 2005 in response to a Government consultation on devolving decision-making. This primarily relates to the questions of regional governance which the ODPM Committee has raised. Within the North West we are now seeing the start of a more simplified structure, advocated in our submission. We now have a North West Regional Assembly (NWRA) Executive Board composed of representatives who attend on the basis of sub regional location and nomination rather than political party, plus there is Economic and Social Partner representation. That change has had some notable early successes, including the agreement across the North West in early January 2006 of a priority list of transport schemes within the region to submit to the Government as part of regional advice on the 2007 Comprehensive Spending Review.

4. However the issue of local government organisation remains an issue for effective regional governance. Within AGMA we have no view as to the respective merits of maintaining County Councils as opposed to Districts; but we support the general argument behind the necessity of moving to one tier. As an illustration the new NWRA Executive Board consists of 21 members (three per sub region and six for other partners). One reason why this board could not be smaller is the fact that in some parts of the North West there are three different types of authority within a county area (counties, districts and unitaries). AGMA recognises that the size of Regional Assembly Boards is unlikely to be a significant factor in the Government deciding whether or not to reform current arrangements. However it can unnecessarily complicate and add to the bureaucratic arrangements required for inclusive regional decision-making.

5. This submission by AGMA to DfT also referred to the importance of sub regions and sub regional arrangements. This is an area where the Committee will not be surprised to learn that AGMA has strong views. We recognise the reality of Government administrative arrangements and have over a long period of time advocated the devolution of appropriate policy areas to be overseen at a regional level. However the regional dimension can create challenges in a region as large and diverse as North West England. The reality is that regions do not function as an economic whole; and that sub regions or city regions are a far more effective and realistic embodiment of the way in which economies work spatially.

6. The concerns AGMA has on this issue can be illustrated by a number of recent examples where “regional” issues have hampered delivery at sub regional level or appropriate account being taken of sub regional differences:

- In the Regional Economic Strategy submitted by the North West Development Agency (NWDA) to Government no account is taken of the fact that business sectors that are a key priority in G Manchester may not be the same as those that are a priority in (for example) West Cumbria. Regional strategy documents—and their preparation by Government Agencies—can be too crude a tool to successfully underpin strategies to deliver economic growth.
- RDAs appear to be moving away from a system of sub regional delivery of business support services. This appears to be because of concerns that these are not functioning properly in some locations. But rather than identifying those sub regions where intervention by Government Agencies are necessary because of poor performance, the instinctive reaction appears to be blanket reform at a regional level, increasing distance from the customer and ignoring successful sub regional delivery where this occurs.
- The role given to regional assemblies as planning bodies means that, in producing draft Regional Spatial Strategies (RSS), they have to confront a dilemma between openly acknowledging that certain spatial areas need to be priorities in terms of economic growth (because of either their potential for growth or levels of deprivation) and needing to get a consensus document agreed across a diverse region. In this respect AGMA has particular concerns with the draft RSS being produced by NWRA. Part of this problem will we hope, in time, be addressed by the recent changes we have supported in reorganising NWRA. But it does also indicate that the regional structures we currently have do not always appropriately reflect economic and spatial realities on the ground.

7. The problem inherent in at least two of the cases illustrated above is that, in AGMA’s, view the Government does not provide clear enough guidance to regional bodies and agencies on how it views the significance of initiatives such as the Northern Way and the importance of city regions, when these agencies are faced with the task of preparing regional strategies. Consequently this lack of a clear steer means that strategies are produced which:

- tend towards a “lowest common denominator” compromise with a view to achieving regional consensus; and/or
- ignore significant differences in sub regional strengths and priorities in order to achieve an overall high-level regional picture.

The result of this is that, particularly in a region as diverse as the North West, the position of city regions and their priorities can be considerably underplayed.

8. Consequently AGMA would advocate that far more attention needs to be paid to the priorities, performance and governance of city regions in particular and the resources they will need. They will be the key areas where economic wealth is generated and they are where the key centres of population are. This is reflected in the second submission generated recently from within Greater Manchester, which we also attach for the Committee's consideration.

A GOVERNANCE MAP FOR GREATER MANCHESTER

9. The second document attached (Appendix B) originally resulted from discussions within AGMA Authorities, in part reflecting some of the concerns expressed in the previous paragraphs of this letter. It also reflects the growing debate across decision makers and recent research (much of it commissioned by parts of Government) into the importance and role of city regions for the UK economy.

10. In AGMA's view, advocating a particular position in terms of the importance of city regions remains consistent with our views on regional governance. Our proposals for how we consider the governance of Greater Manchester could be enhanced would remain within the overall context of a high level regional group, consisting of a few representatives from each sub region (and other partners) convened to reach decisions on regional priorities.

11. The document, after endorsement by AGMA Leaders, was also discussed and approved at the Greater Manchester Forum, the body set up by partners in Greater Manchester to function as the sub regional partnership (SRP) for the conurbation. In particular, the document deals with the opinions AGMA currently holds on the following aspects of the Committee's proposed direction of inquiry:

- the effectiveness of current arrangements for managing services at the various levels, and their inter-relationships; and
- the potential for new arrangements, particularly the establishment of city regions.

12. The document was also submitted to the Secretary of State for Communities and Local Government (The Rt Hon David Miliband MP) when he visited Manchester on 3 October as part of a round of "City Summits" arranged by ODPM in the Autumn of 2005. In summary it makes the following points:

- city regions are increasingly acknowledged nationally as the driving force of economic achievement, and the key to the delivery of national competitiveness and inclusion strategies;
- advocating particular solutions within city regions can be done within the context of a regional dimension to policy and decision making;
- achieving growth and change across city regions requires co-ordination of policies across the public sector and agreement and buy in from the private sector. The need within city regions to understand the combined impact of services on competitiveness and sustainability of communities suggests that there is a strong case for Whitehall to have a different, or at least a more sophisticated, relationship with public services in city regions;
- there are a number of problems with existing governance arrangements for the full range of public functions on a sub-regional basis. Expressed simply there is no single or integrated focus for co-ordination and action which brings together the key interests within the city region which possesses the resources and power to make a difference; and
- the preferred model for Greater Manchester is to develop a federated approach. However, this needs to be the subject of independent analysis to illustrate how it can be successful and can be an effective alternative to the elected mayoral model.

13. Following discussion with the Secretary of State at the City Summit work is continuing on some of the aspects contained within the paper, in advance of a further meeting with Ministers. In particular the document recognises the need to demonstrate how AGMA's preferred federated model could work in practice. AGMA has now commissioned the Institute of Political Governance (IPEG) at the University of Manchester to carry out this work.

CONCLUDING REMARKS

14. AGMA welcomes the decision taken by the Committee to review this area of governance. Given the increased recognition of the importance of city regions, the change in attitudes towards "regionalism" that the NE referendum needs to engender and the likelihood of a Local Government White Paper in 2006 it is an opportune time for these issues to be considered by MPs.

15. Consequently, AGMA would welcome the opportunity to share its views in discussion with the Committee. In view of our previous and current thinking and work on this issue, as evidenced by the documents submitted, we believe that it would be helpful for the Committee to hear evidence from a city region such as Greater Manchester where we have been aware of these issues for some time and are seeking ways in which to respond to them.

APPENDIX A

DEVOLVING DECISION MAKING: A CONSULTATION ON REGIONAL FUNDING ALLOCATIONS

I am writing in response to the Government's consultation document, issued in December 2004. This response is submitted on behalf of the Association of Greater Manchester Authorities (AGMA), which is formed of the 10 local authorities within Greater Manchester.

AGMA welcomes the opportunity to respond to the Government's consultation on devolved decision-making. However rather than focus on some of the specifics within the Government's consultation; the main theme of our response is focused on the process of how such devolved decisions may be taken.

In making this response AGMA accepts the principle behind the Government's proposals, that there should be a devolved approach to public service delivery, so that public services are responsive to varying needs and circumstances across the country. AGMA also assumes that the Government's proposals do not envisage any change from existing regional boundaries. However AGMA would argue that a position of unchanged regional boundaries is untenable for the following reasons:

- it is apparent from current regional structures that existing boundaries do not always equate to economic realities on the ground. In the North West region; as currently defined, the most striking examples are the inclusion of parts of Cumbria in the N West as opposed to NE England and the exclusion of High Peak from the North West; and
- there are issues around the current definition of city regions in developments such as the Northern Way and the Regional Spatial Strategy (RSS), which do not relate to any existing administrative arrangements.

The key issue for AGMA, which the Association would like to see reviewed as an outcome of this consultation, are current arrangements for regional governance in NW England. AGMA would argue that, in the light of the referendum result in NE England on elected regional assemblies, the present position is over complicated and cumbersome. It also takes little account of the realities of governance in the region or its economic operation.

Currently within the North West of England there exist three regional bodies which all—to a greater or lesser extent—have a statutory role in regional governance:

- Government Office North West (GONW).
- The North West Regional Development Agency (NWDA).
- The North West Regional assembly (NWRA).

Alongside these three "prime" bodies are a number of other organisations which have a regional remit. In some cases they are linked to one of the above three prime bodies in terms of accountability. However, in AGMA's view the routes of accountability regionally for these bodies are not always clear. These bodies include The Regional Housing Board and the North West Cultural Consortium. There are also bodies such as Sport England which, whilst organised nationally, also have a regional focus.

AGMA considers that there are four main flaws with the current system:

- (a) There is not enough clarity in the roles of the three "prime" regional bodies (GONW, NWDA and NWRA) or accountability for other bodies with a regional remit, such as those cited above. Current structures need to be simplified.
- (b) In particular, the NWRA, as the representational body for stakeholders in the North West, has an over-elaborate governance structure. With a Management Board, Policy Committee, four key priority groups and quarterly full Assembly meetings, it is far too unwieldy to respond promptly and effectively to the challenge the Government has set out in this consultation.
- (c) No account is taken of the growing development of sub regional partnerships, of which AGMA/ the Greater Manchester Forum is one example. These reflect organisational and economic realities on the ground far more appropriately than what at times can be a rather artificial construct of a regional economy and regional cohesiveness.
- (d) The North West currently has—or will soon be having:
 - A Regional Spatial Strategy (RSS).
 - A Regional Economic Strategy.
 - A Regional Housing Strategy.
 - A Regional Transport Strategy.
 - A Regional Waste Strategy.
 - A Regional Equality and Diversity Strategy.

- Three Northern Way City Region Development Plans.

AGMA would contend that the above list is symptomatic of the lack of coherence between the main regional bodies. It is notable that none of the above provide any unified strategic vision for the North West.

AGMA would therefore propose that existing sub regional arrangements be used as a basis for developing a new process which would underpin regional decision making on the three policy issues—housing, economic development and transport—highlighted in the Government’s consultation. If there is to be a “single regional pot” for these issues then a single simple structure to reach priority decisions is imperative. AGMA would argue that, with the development of sub regional partnerships, established independently within Greater Manchester and which are also being fostered by NWDA, there is a logical structure developing which is more linked to how the region’s economy actually works than current arrangements do.

The way in which such a process could work would be as follows:

- a high level group, consisting of a few representatives from each sub region should be convened to reach decisions on the type of issues set out in the Government’s consultation document;
- depending on how each sub region’s representatives are chosen this group might need to be expanded to include a small number of private sector representatives; effectively a Regional Board;
- existing sub regional arrangements would enable such representatives to be accountable to local partners at a sub regional level; and
- this group would replace the current disparate arrangements for controlling key decisions on such issues as housing, planning and transport. It would need to be supported by officers from GONW and the Sub-Regions.

Finally, whether or not these changes can be made AGMA would wish to see a fundamental review of the NWRA and its current structures and governance arrangements. Whilst it is recognised that NWRA appreciates the need for change following the N.E. referendum result; AGMA is of the firm opinion that any such review must not be conducted entirely internally within NWRA but needs to formally involve its members and sub regional partnerships as well.

Lord Peter Smith
Leader, AGMA

APPENDIX B

A GOVERNANCE MAP FOR GREATER MANCHESTER REPORT OF THE ASSOCIATION OF GREATER MANCHESTER AUTHORITIES

INTRODUCTION

1. One of the key issues which is likely to have an increasing profile over the coming months is City Regions and their governance arrangements. A Government White paper is promised later this year, and the intention behind this analysis by AGMA is to position Greater Manchester on this important debate, and create a framework for the potential development of a common approach.

KEY ISSUES

2. AGMA has identified the following key issues which it believes should inform Greater Manchester’s overall approach to the issue of governance:

- The significance of City Regions, and the Manchester City Region in particular, to future national, regional and local policies.
- The key functional/programme areas which are considered to be essential to us achieving our full potential.
- What are seen as the major constraints to effective governance, and what we see as the components of successful and effective change in the future, and
- An analysis framework for the main options and a suggested way forward.

Each of these matters is covered in the following paragraphs.

CITY REGIONS—WHY THEY MATTER

4. City Regions are increasingly acknowledged nationally as the driving force of economic achievement, and the key to the delivery of national competitiveness and inclusion strategies. This has been a policy change which has been hard won, and is manifesting itself in a range of policies and new initiatives, most notably the Northern Way strategy which has the potential to challenge the conventional approach to strategic planning and provide new opportunities for inter-agency and intra-regional working and collaboration.

5. For AGMA and its constituent authorities, the potential gains are the greatest of all. The Manchester City Region, with its concentration of key economic assets and its proven growth and development profile over the last few years in particular, is more important than most. We account for over 50% of the GVA for the whole of the North West of England. If we fail to achieve our full potential, there is no prospect of achieving regional or national job/wealth creation targets; and just as crucially, there is no serious and sustainable counter-balance in the UK to London and the South East.

It is equally clear that many national Public Service Agreements (PSA) targets, including key floor targets, will only be achieved if they are achieved in City Regions. It is in City Regions that gaps in outcomes are widest. Many of the outcomes that need to be improved to secure sustainable communities such as skills, crime and health require City-Regional analysis and treatment.

6. AGMA has made clear its view that building upon City Regions is not inconsistent with the wider regional agenda. Indeed, it sees City Regions providing urgent and much needed focus to this agenda. This perspective is gaining increasing support amongst other stakeholders as evidence grows about the need to address dispassionately the future strategic direction of the Assembly.

GOVERNANCE: WHY IT MATTERS

7. There are three drivers for the development of successful and dynamic City Regions: driving economic competitiveness and skills development; supporting and facilitating investment in transport infrastructure; and building sustainable communities, ie places where people choose to live. These are all functional areas where local authorities, and other public sector partners, need to align spending programmes within a coherent policy framework. The particular additional role of local authorities as democratic and accountable institutions, is to provide the essential leadership and therefore the capacity to drive this process of economic and social change.

8. The policy framework which is required must be long-term in nature, so that it provides certainty and stability to a range of stakeholders—private as well as public—whose investment is essential to future growth.

9. Achieving growth and change also requires co-ordination of policies across the public sector, and harnessing their investment programmes to meet long-term policy objectives that define and deliver robust investment frameworks which sequence developments, both hard and soft. This is the key to providing a focus for the public and private sectors to work in partnership and ensure the effective deployment of resources, reduce duplication and, in practice, fill in the gaps in the provision of resources. The present situation within the City Region on a number of key issues—skills is one obvious example—point clearly towards a lack of integration. There exists, through the emerging relationship between AGMA, Manchester Enterprises (ME) and the Greater Manchester Local Learning & Skills Council (LSC) the potential to address this fragmentation but this needs to be developed and embedded in a way that locks in key commissioners, funders and providers.

Government policy to increase diversity in public service provision is leading to more autonomy for providers eg schools, hospitals and housing management. The need within City Regions to understand the combined impact of services on competitiveness and sustainability of communities suggests that there is a strong case for Whitehall to have a different, or at least a more sophisticated, relationship with public services in City Regions. The degree of complexity and challenge in City Regions presents a compelling case for a level of governance between Whitehall and front-line delivery units which can hold providers to account for prioritised outcomes whilst freeing them from input and process controls.

10. There are a number of problems with existing governance arrangements for the full range of public functions, both on a regional and sub-regional basis. The main ones are as follows:

- Structures lack of legibility, portray a lack of focus and flexibility, and generate disproportionate costs There is an absence of an effective scrutiny process even for organisations like the North West Development Agency (NWDA) which perform a crucial role in promoting economic performance.
- Structures are not able, at least consistently, to prioritise the needs of the Manchester City Region, a fatal flaw, given we are the most important influence on the future success of the North West.
- The interface between key public services configured at a regional (eg Arts Council) or sub regional level (eg Police, Strategic Health Authority and Local LSC) and local priorities is, at best, inconsistent.
- There is an inability to secure consistent policy and programme integration, and
- There is a lack of consistent engagement with key partners, particularly the private sector.

Put simply, there is no single or integrated focus for co-ordination and action which brings together all those key players which possess the resources and power to make a difference.

NEW GOVERNANCE REQUIREMENTS

11. It is considered that new arrangements must display a number of characteristics, as follows:

- Effective leadership, the capacity to vision and drive the process of change,
- Strong accountability and scrutiny, to hold to account key partners for performance, and their capacity to align programmes,
- Improved capacity and capability of services arranged at sub-regional or regional level to focus their modernisation and improvement programmes on shared objectives and priority places within the City Region,
- Consistent and effective engagement with partners, particularly with the private sector,
- Flexibility. We need the capacity to work within and outside established administrative boundaries, eg in East Lancs, North Cheshire and across the Pennines particularly on transport and economic issues,
- Transparency of the process of engagement in order to secure greater public credibility than existing regional arrangements, and
- Legibility and visibility of the new arrangement to ensure that there is clear recognition of the existence of the Executive and its role in the eyes both of key partners and the public.

We believe the essential requirement is to place democratically accountable institutions at the heart of a new governance structure for the area.

REGIONAL STRUCTURES

12. AGMA has led the initiative this year for a fundamental review of regional structures and functions and has received very encouraging support within the region on this issue. Significant progress is now being made to streamline arrangements within the North West Regional Assembly (NWRA), which should result in a stronger and more consistent representational base built around sub-regions. This should take us forward, and at the very least eliminate some of the potentially damaging outcomes of policy development in key priority areas which characterised the NWRA activities recently.

Whether regional structures per se are here to stay for the medium term is of course another matter but what is becoming increasingly clear is that the present arrangements, and potentially any fundamental change in the future, underline the absolute requirement for each sub-region to develop a robust framework for the development and leadership of policy and strategy. The challenge is all the greater for the Manchester City Region given its economic contribution to the wider region, and the leadership role it is increasingly expected to display.

SUB REGIONAL STRUCTURES

13. There are two broad optional approaches which require analysis:

- One which is akin to a Greater London Authority (GLA) model (also similar to pre 1986 Metropolitan Counties) with direct elections, with or without a Mayor.
- The other is a federalist model building upon AGMA, and possibly streamlining existing arrangements as they relate to Police, Fire, Transport etc.

Whether or not preferences within some Ministerial circles for a GLA model will become more visible over the coming months, it is the case that if we are to make a serious input to the future debate, we will need to have demonstrated that options have been considered and evaluated dispassionately, and that a persuasive case has been presented to underpin a preferred approach. We will, therefore, need to show how a preferred model will in practice work in a City Region context. There is a case to commission an independent agent to support this process.

14. The sort of analysis which will be required would bring a number of issues into a sharp focus:

- Accountability: how we secure maximum efficiency for the costs of governance itself, and whether in practice it is possible to increase accountability by the addition of another layer of bureaucracy.
- Leadership: whether the issues within the sub-region are fundamentally about a lack of leadership, or, as is likely, more to do with how we secure within a single focus the active engagement of public and private sector partners with the resources and power to make a difference at the city-regional level.
- Constitution: whether the development of local PSAs or “City Region Area Agreements” can add strength to the process and increase accountability for agreed outcomes leading to new innovations and freedoms, and whether a new statutory power to co-operate is necessary to underpin any principle of change.
- Engagement: there is a clear will to collaborate across the Local Government partners and in some key public agencies in Greater Manchester. We need to explore whether there is a need to press

for the introduction of a new duty to collaborate, across the public sector, in order to deliver key agreed city-region outcomes. Such a duty would need to be underpinned by new frameworks for inspection and regulation.

- Capacity: how through a single focus we need to deliver a stronger capacity to support integration etc.
- Flexibility: how structured models can embrace the dynamics of change and the various types of collaborative arrangements, particularly with agencies outside Greater Manchester.

There is also the debate taking place within Government about the structures of Police Authorities and the configuration of Police Forces, Fire as well as Transport. The analysis which is required should embrace these matters, and in principle provide an outcome which enables AGMA and its partners in Greater Manchester to position themselves on these emerging debates too.

PROVISIONAL ANALYSIS

15. While there is no substitute for a more dispassionate and thorough analysis, it is clear that a federalist approach involving say a “Manchester City Region Strategic Board” has, in principle, a lot to commend it.

- There could be an Executive Board made up of leaders broadly in line with the present AGMA Executive with clearer responsibilities, thus underpinning accountability. The Board would secure coherence, synergy and leadership of the total process.
- It would build upon the comparative success of AGMA and other partners in developing an integrated approach to the development of key strategies (economic development etc), and which has already started to encourage key public sector agencies aligning their delivery arrangements to those of AGMA and its constituent authorities.
- The work of the Executive could be underpinned by LPSAs (and possibly a new statutory framework creating the power and the duty to collaborate) between local authorities, other public sector partners and the voluntary sector etc, which regulate working relationships with clear outcomes which can be performance managed. This would strengthen the role of the Greater Manchester Forum.
- We could also promote the notion of a “City Region Business Leadership Forum” to work with an Executive Board to provide significant and effective private sector input to policy and strategic development. The new private sector focus would recognise that most of the region’s leading players are located in the City Region.
- The structure provides maximum flexibility to accommodate potentially different working and reporting relationships between the Executive and public sector and other partners inside and outside Greater Manchester. These could take the form of “compacts” which develop particular partnerships for particular functions or work areas.
- The model has the capacity to be progressed, albeit incrementally, on a voluntary basis given the support of AGMA authorities and other public partners. The creation of the Executive would reinforce the existing thrust of AGMA’s work to develop a shared strategic framework for the conurbation and will serve to strengthen the existing AGMA Federation.

All of these potential advantages would need to be reviewed in the light of the alternative Mayoral model which, in leadership terms, has the advantage of greater legibility.

CONCLUSIONS

16. This paper is designed to facilitate the input of partners across Greater Manchester into a debate which is likely to gain an increasing profile and intensity over the coming months.

It is clear that the Secretary of State for Communities and Local Government is keen to promote an early debate on the issues of city-region governance. He is embarking on a series of “city summits” over the Autumn with a view to establishing a clear and distinct framework for each of the core city-regions.

The Manchester “City Summit” is scheduled for 3 October and this will provide an ideal opportunity to set out our emerging views as to how an effective strategic federation might operate in the Greater Manchester area. It is therefore intended to include this proposal in the draft itinerary for the City Summit on that day with an initial view of the thoughts of other partners from across Greater Manchester.

Memorandum by the Commission on Devolution (RG 27)

A BASIS FOR A REGIONAL STRUCTURE FOR SOUTH AND EAST ENGLAND

PREAMBLE

The Commission's proposals are based on the assumption that a viable regional structure must provide three fundamental requirements: a sense of identity, effective public accountability and the ability to deliver the services for which it is responsible.

The Commission believes that it is reflecting a general consensus that the present regional structure in East, South East and South West England does not meet these requirements and hence is unsatisfactory for current responsibilities and cannot be a basis for further devolution of central government powers.

The Commission argues that the human and urban geography of England does not allow for the imposition of single-form regional structure. Viable regional devolution will require variable structures to match differing geographic and economic realities.

This submission refers specifically to East and South England but it might well be relevant to other areas outside the ambit of the major provincial city regions.

ARGUMENT

1. The Commission accepts the strength of the case presented by the Core Cities/City Regions for regional structures that reflect the realities of these regional centres.

2. However Core City based regions cannot provide a system for all of England, as they would not include very significant areas of the country and populations, principally the South and East.

3. The great strength of Core Cities is that they are the focus of their respective functional regions.

4. A functional region will have one or more major urban centres that act as the effective regional capital. These regional capitals will provide a range of services for the wider region and not just their urban population. The national capital cannot practically provide these services because of distance (geographic and or cultural). The provision of these services will require regional capitals to be transportation centres.

5. Regional capitals will have, or aim to have, one or more facilities of national importance to reinforce their national standing.

6. Such functional regions normally cannot exist or develop in competition with a national capital. London in addition to its international and national roles also provides regional services. London's regional influence is psychological and practical reflecting the ability to make a return visit to the capital within a day. This London influenced South-East is a much wider area than the official SE region.

7. The South and East of England (excluding London) has none of the characteristics which would enable the development of functional regions:

- Its population and leaderships have very little sense of common identity.
- It has no regional centre of economic or political strength.
- It has no geographic or transport centre other than London.
- Its common interests are weak and not generally apparent.
- There is little belief that public participation and quality of decision-making would be enhanced by having a regional authority.

8. Hence the basis for regional authorities in the South and East of England, must be markedly different from that of city region influenced areas of the country.

9. Despite the evidence that full regional centres cannot develop within the South and East, there are recognised, successful sub-regional centres exemplified by Brighton/Crawley; Southampton/Portsmouth; Bournemouth/Poole; Reading/ Oxford; Milton Keynes; Cambridge; Norwich.

10. These urban centres provide services for functional sub-regions. These functional sub-regions (FSRs) are substantially larger than travel-to-work areas and their economic drivers are shopping, leisure and commercial services as much as employment. The circulations of local newspapers and broadcasting areas for local TV and radio are important indicators of the extent of a functional sub-region.

11. FSRs could be the basis for regional authorities in the South and East of England. As compared with the existing regions FSRs would have the advantages of:

- Internal Public recognition and coherence—they are actually areas in which people live and work and hence can relate to;
- External recognition—centred on places that have national and, in some cases international, recognition and profile.

12. There is a crucial distinction to be made between the sub-regional areas, which can potentially command public recognition and loyalty, and the areas suitable for specific economic development projects. Regional authorities based on functional-sub regions would certainly need to cooperate on a project-by-project basis and agree to work to strategies covering more than one authority. The Thames Valley grouping of local authorities provides a working example of co-operation for specific objectives.

Memorandum by The Campaign for the English Regions (CFER) (RG 28)

INTRODUCTION AND SUMMARY

1. The Campaign for the English Regions (CFER) was established in 2000 to campaign for the establishment of elected regional Government in England and to represent the views of affiliated regional organisations and other supporters across England. The Campaign has and continues to believe in the establishment of elected Regional Government as part of a comprehensive devolution settlement for England.

2. Regional Government cannot and should not be dealt with in isolation, as it has to date. It is an issue that goes much wider than the remit of ODPM and therefore really needs a holistic approach by Parliament. We need to learn from the recent vote in the North East about establishing an elected Regional Assembly based on the Government's proposals. We need to look at our system of Government, identify the issues that need to be addressed and the measures that can deal with them coherently and equitably. These matters are considered below.

LESSONS FROM THE NORTH EAST

3. The vote in the North East was driven by intense public distrust of Government, and a sense of resignation that nothing could or would be changed. Regional issues were swamped by a pervasive mistrust of politicians.¹⁵ Voters had no confidence that an Elected Regional Assembly as proposed would lead to ordinary people having more say about it's Government.

4. Voters did not understand the changes that had and are shaping regionalisation, but they certainly took the view that what was on offer would not address their main concerns. They were not persuaded that the establishment of a purely strategic body with no real executive power would make any real difference to those areas of public policy, which were of most concern to them in particular health, education, and crime.¹⁶

5. Voters were uncertain about the consequences and benefits of the proposed change and those who voted were the older sections of the population who were most likely to distrust change.¹⁷ The vote, as often is the case in parliamentary by elections, was a punishment for the Government reflecting dissatisfaction with a host of issues not directly related to Regional Government.¹⁸

6. There was no real across the board commitment in Government and across Departments to let go real and substantive powers and responsibility for services. The exception was the Office of the Deputy Prime Minister, which heroically attempted to carry the devolution project forward, but fought a losing battle in trying to pursue other Central Departments to give up their powers and service responsibilities.¹⁹ As one Minister said to us, "We are not in the business of devolving responsibility for services".

7. As a result, what the Government offered the North East and the rest of England in 2004 did not address a whole range of issues of concern to the public and we advised Ministers that it would difficult if not impossible to get voters to support them.

8. Regional Government exists. The issues that existed prior to and pre-empted the referendum have not gone away and remain to be addressed.

¹⁵ ESRC Devolution and Constitutional Change Research Programme: Briefing Note 17, February 2005.

¹⁶ ESRC Devolution and Constitutional Change Research Programme: Briefing Note 17, February 2005.

¹⁷ ESRC Devolution and Constitutional Change Research Programme: Briefing Note 19, February 2005.

¹⁸ ESRC Devolution and Constitutional Change Research Programme: Briefing Note 20, February 2005.

¹⁹ ODPM, Housing, Planning, Local Government and Regions Committee, First Report of the Session 2004–05, on the draft Regional Assemblies Bill.

 ISSUES
Accountability and representation

9. The existing electoral and appointments systems to public bodies and the sheer numbers of them who are locally unaccountable combine to give ordinary voters little influence over who represents and acts for them.²⁰

10. There exists a plethora of sub national local authorities and quasi-governmental organisations all of which are ultimately controlled by London based Government. A number of studies have detailed the scale of this locally unaccountable government infrastructure in terms of the number of bodies and the expenditure involved.^{21, 22}

11. Accountability issues will not be resolved by the creation of further regional or sub-regional partnership structures such as city-regions. While these may be welcomed as giving formal institutional shape to existing co-operation, or possibly promoting additional voluntary joint working, they are unlikely to fill the democratic and governance vacuum at the regional level. The key questions remain the shift of power from the centre to the regions and from under-powered limited bodies like the current Regional Assemblies to empowered directly accountable regional bodies able to act in response to the regional needs.

12. The core regional issue remains one of democratic governance and the democratic deficit for the regions both at the centre and at the regional levels. Driven by the need to plan and deliver the provision of improvements to regional infrastructures and services it is not surprising that centrally driven administrative regionalisation continues apace. What the centre does not seem willing or able to do is to let go real power. In a democracy only ultimate accountability to the voter confers the legitimacy of representative government to tax and spend.

13. The English Regions are poorly represented at Westminster. Unlike Scotland, Wales and Northern Ireland there is no regional focus for scrutinising Government policy and practice. Further the membership of the House of Lords is dominated by members resident and, or with their main interests in London and the South East. The result is neglect of regional issues and one size fits all approaches to public policy and service delivery across England. Regional needs, as a consequence, fail to get addressed, take an inordinate amount of time and inhibit innovation and regional learning.

14. The dominance of Westminster and Whitehall in the Government of England sucks scarce political and administrative talent from the regions. There is now evidence of a lack of political leadership in the regions, which needs to be addressed.

Devolution

15. Parliament and the Government continually look to restructure sub national government, without looking at themselves and what they can and should let go to the region and the local.

16. Regional Government exists and is growing, but it has no real executive power or policy discretion particular in those policy areas of most concern to the public such as health, education, crime and transport. It relies on informality, goodwill and personal relations between those on the inside. Unelected, anonymous networks, forums, institutions, experts and elites from which ordinary people and the public are excluded or which they chose not to connect, sustain it.

Management of services

17. There are a whole range of vital and difficult public service and policy issues, which do not map neatly with the mandates, competences and boundaries of existing public bodies. Issues such as the Regional and Local tax base, Economic Development, Spatial Planning, the provision of affordable housing, transport including rail franchising and trunk roads, Public Health, Education, Police, Fire and Emergency Services are too complex to be determined by Westminster or Whitehall or by even the largest local authorities.

18. Westminster and Whitehall are overloaded and frustrate more than they facilitate innovative regional and local responses to Regional and Local needs. The West Midlands has been waiting more than 30 years for central approval of the investment needed to put in place a modern rail transport system.

19. The existing Regional arrangements lack legitimacy, clout and high quality political leadership. Regional bodies are generally not held in high esteem by the few who know anything about them. They are seen by those who have contact with them as being expensive talking shops, providing mechanisms to legitimise and enforce central government policy rather than acting as a counterweight to Westminster and Whitehall and champions of the region and the local.

²⁰ ESRC Devolution and Constitutional Change Research Programme: Briefing Note 18, February 2005.

²¹ Who Governs the West Midlands? An Audit of Government Institutions and Structures: Sarah Ayres and Graham Pearce, Aston University Business School for the West Midlands Governance Action Research Group, 2002.

²² The North East of England: Land of the 1000 Quango, s; Chris Foote Wood, October 2002.

20. At the Local level the system of City/metropolitan and Shire Local Government created in the early 1970s separates town, country, problems, and opportunities. It is further complicated by local quasi-governmental area initiatives including Local Strategic Partnerships, Pathfinders, New Deal and Neighbourhood Management, Regeneration Zones etc.

21. The greater share of Central Government expenditure and activity in the Regions remains tightly controlled from London and not by the Region or the local.

22. Meanwhile London, Wales and Scotland which have to varying degrees their own devolved democratically accountable governments are developing their own distinctive approaches to public policy to fit their needs and circumstances. Further devolution to Wales and London is proposed.

PROPOSALS

23. The Government should now think laterally in terms of further constitutional reform to facilitate regional elected representation including fairer representation of the English Regions in Parliament and in the regions.²³

24. The public needs to be able to more easily understand who and what acts for them. It needs simplifying at the national, regional and local levels. We need to clarify central and regional relations; provide for fairer regional representation at Westminster; A new more participative and representative politics.

Central/regional relations

25. There needs to be further decentralisation with greater autonomy for each region, elected Regional authorities and a strengthened, more local, single tier of elected local government. The strengthening of the Regional and Local needs to be balanced by a downsizing of Westminster, Whitehall. The transfer of power and the focus of representation from London to the Region and the Local should be broadly neutral over time.

Fairer representation of the regions in the Westminster Parliament

26. We need to root England—as the largest country in the Union—in a balanced devolutionary settlement addressing the unfinished business begun by devolution to London, Wales and Scotland.

27. This might be achieved by the vesting of regional powers in elected members of a reformed Second Chamber/House of Lords, given election by regional lists. Much of the existing voluntary Regional Assembly structure could be retained as a regional scrutiny and partnership system working with the Second Chamber Members constituted as an elected Regional Authority or Board.

Regional capacities and capabilities

28. Each Region should have the ability and means to represent and act for their constituents within and beyond the UK; to identify and access the resources including taxation needed to modernise outdated infrastructure and services, promote equal opportunities, sustainable development. Each region needs the powers to mobilise and join up the resources which are at present in the hands of Government departments, executive agencies, quangos, local authorities, other public bodies and former, now privatised public utilities.

29. The Regional Level of Government has to be about promoting the local, the national and the international. The Region can provide the bridge that is needed between the local and international affairs. Regional and local Governments have a key role to play in promoting local economic self-sufficiency and local competitiveness in a global economy.²⁴

A new politics

30. England needs a new more inclusive Politics and Governance.

31. Electoral Reform including Fairer votes are needed to ensure that the new Constitutional settlement and representative Government at all levels is as inclusive as possible providing all voters with more confidence that their views will be taken into account.

²³ Regions that Work: Campaign for the English Regions and the Local Government Information Unit, March 2004.

²⁴ Europe's Hi-Tech Future: The last Colonial Delusion: Caroline Lucas and Colin Hines December 2005.

32. There is a need to provide new opportunities for people to serve as elected representatives regionally rather than at Westminster. New ways need to be found for ordinary people to be consulted and participate in public affairs. There needs to be greater direct democratic control by the public over services and decisions at the regional level. Accountable, elected representatives would have a greater incentive to respond coherently to regional and local needs than Government appointees.

33. We need to link Town and Country and to break out of the divisive straightjackets of the local government structures imposed in 1974 rather than using them as the basis of some new quasi-governmental metropolitan joint committee. Such an approach is unlikely to bring real and substantive devolution of power, decision-making and accountability to the local or the regions in England. We do not need a further level of government based on arbitrary boundaries, based on outdated concepts and circumstances. We need to recognise the interdependence of Cities, Conurbations and rural England.

Regional boundaries

34. The existing Government Office regions cover the whole of England. They are inclusive and embrace town and Country. These boundaries should provide the framework for local-to-local and region-to-region joint working. However these boundaries need to be open so that joint working can take place across them reflecting regional and sub regional needs, economic, social and environmental issues that need to be addressed. We should not be seeking to limit what alliances and partnerships any local or region enters into. Closer cooperation and joined up government between all elements of government both vertically and horizontally must be a good thing and work in the interests of the public.

35. The addition of to the existing Government Office regions of sub regionally based governance would further complicate and add to sub national Government in England. So called City-region proposals based on former metropolitan Counties would introduce a form of watered down metropolitan governance-but without the democratic legitimacy of the old Met Counties. This "Metro County Lite" approach risks returning us to a "solution" appropriate to the early 70s, but since by-passed by regional demographic, spatial and transport evolution in most of the eight English regions. All English regions bar London are diverse mixtures of urban and rural areas. 21st century solutions to regional regeneration and service delivery must recognise this fact.

The process

36. We need a process of further constitutional reform to be agreed. However the changes we have outlined are too complex for a single approach to work. What may work within one region may not another.

37. The changes we have outlined need to be underpinned by the principle of subsidiarity. Westminster/Whitehall, the Regions and the Local have a part to play. Westminster and Whitehall should give a lead by enabling elected Regional Government to be established. Elected Regional Government could then lead on how it organises itself and what changes are needed to the way services and functions are delivered regionally and locally. Different approaches could then emerge in different regions to reflect the very different circumstances that exist across England.

Memorandum by Public and Commercial Services Union (PCS) (RG 29)

1. The Public and Commercial Services Union is the largest trade union within the Civil Service representing over 330,000 members.

2. PCS welcomes the select committee's timely inquiry into the future for regional governance and is happy to supplement this written submission with further information and oral evidence. PCS is the main union representing staff in the regions with members in the Department for Work and Pensions (DWP), Regional Development Agencies (RDAs), the Learning and Skills Council (LSC), and Government Offices in the regions.

3. Many of our members are engaged in work that impacts directly on local communities and has important links with local businesses, community organisations, local authorities and regional planning work. We believe that central government is intrinsically linked to the future development of and support of regional government.

4. PCS believe a properly resourced and staffed civil service is essential in delivering the services needed to support sustainable communities in regions. We are concerned that the current massive reductions in civil service headcount could seriously compromise the key services that our members provide on a daily basis to local communities.

5. We are particularly concerned that the Government's arbitrary approach to reducing staff numbers in the civil service is undermining investment in regeneration and the objective of ensuring sustainable communities across the country.

6. PCS supports the emphasis the Government has put on the importance of investment in ensuring sustainable communities through initiatives such as “The Northern Way”. However, we share the concerns that have been articulated by the TUC regarding:

- The need for unions to be engaged as key stakeholders in such initiatives and in the work of Regional Assemblies on a more involved and consistent basis.
- The importance for ensuring that sustainability is linked with well skilled and not low paid, low skilled jobs characterised by many of the recent contact centre developments.
- The need for recognition of the role City Regions play in driving forward economic growth and regeneration.
- The importance of ensuring that isolated and rural communities are not excluded from investment planning or denied key local services.

7. PCS believe that investment in good quality high skilled civil service jobs with access to flexible working arrangements is an important part in providing key high quality local and central government services that generate investment in the communities within which those public sector employees live and work.

8. PCS members are delivering key Government and local community priorities. In the DWP, programmes providing access to employment and “Pathways to Work” have been very successful initiatives helping people back to work. However, there are serious concerns over service delivery in this Department which is suffering due to large scale job cuts and office closures. Service users now have to contact call centres when in the past they were able to visit local offices and get advice from the staff there.

9. There are serious concerns over the reduction in accessibility of services that some of the most vulnerable people in communities rely upon. DWP have been making these changes in local services with no assessment having been made on how local client groups will be affected. For example, there has been no assessment made of the impact office closures and restricted services will have on the more isolated rural communities where there is difficulty in traveling long distances with very little public transport links to alternative service providing facilities.

10. Learning and Skills Councils have provided a key source of learning and skills opportunities for many workers across a range of industries over recent years and are a key driver behind delivering the Government’s skills agenda. The current “Agenda for Change” programme in the LSC aims to see a reduction of 1,300 posts by June 2006 creating an organisation of 3,400. A previous period of restructuring only formally came to an end in February 2005 with the loss of 800 posts. PCS is extremely concerned over the impact these staff reductions will have on the LSC’s future ability to deliver the Government’s skills agenda.

11. PCS members who work in the Regional Development Agencies (RDA’s) and Government Offices in the regions play a key role in co-coordinating and delivering regional investment and strategies. Civil Servants in Equality Commissions, Department of Trade and Industry (DTI), Advisory Conciliation and Arbitration Service (ACAS), DWP and Government Offices are key drivers in anticipating the demographic changes that will impact upon the gender and ethnicity of the UK workforce over the next decade. They are critical to ensuring businesses and local communities recognise and embrace these changes in order to deliver sustainable growth, community cohesion and tackle social exclusion.

12. PCS believes that there is the need for a serious debate about whether the future of regional governance is seen merely as a delivery mechanism for central government or whether it is about making policy. PCS believes that all of the considerations around the future of regional government must be underpinned by transparent systems of democratic governance accessible to local communities. We are concerned that the emphasis on outsourcing of central and local government activities to private contractors undermines the ability to ensure effective public accountability of key local services and we are not convinced that an inevitably lengthy round of local and regional reform would produce realisable and beneficial change for local and regional communities.

13. We believe that delivering sustainable communities in the immediate future is linked directly to the quality and effectiveness of stakeholder involvement and that PCS and other trade unions have a key role to play in that as important partners whose role must be re-enforced and strongly built into the fabric of current structures for managing future development.

Memorandum by Jane Howells (RG 30)

DEVOLUTION IN CORNWALL

I understand the ODPM Committee is due to discuss issues relating to regional government and I should like to submit a number of points to underline how essential it would be to proceed with devolution in Cornwall.

1. Cornwall is different. Cornwall is not a standard “English county”. There are considerable differences with regard to ethnicity, history, culture, geography etc and social stresses and economic difficulties continue to be generated while the current situation of non-differentiation is maintained.

2. At this point, with further Objective One funding about to come through, Cornwall needs to manage its own regeneration and to be given the responsibility which will create the confidence which is lacking at the moment. Cornwall is very capable of developing a rounded economy based on experience and localised decision making which will help it move away from a debilitating tourist economy, increasingly the model dictated to Cornwall by central government.

3. A Cornish Assembly or equivalent will counteract the perception of peripherality, thus reducing the number of talented youngsters leaving Cornwall.

4. Positive and socially beneficial aspects specific to Cornwall such as culture, history, language etc can be developed without the current obstructions to the benefit of the majority of residents.

There is great potential in Cornwall for increasing the economic and social wellbeing of the population by devolving power to a Cornish level. Furthermore there is a positive desire for this devolution from the grass roots up, along with the knowledge that Cornwall will always be different and can never be successfully fitted into the average "English county" framework.

Memorandum by Our City Region Partnership (RG 31)

INTRODUCTION

1. Our City Region partnership comprises the seven Metropolitan Councils of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. It is the largest city region and local economy outside of the South East, with a population of 2.6 million. It contains the UK's second city and two other major cities. It is the country's rail and motorway hub, connecting North, South, East and West into an integrated national economy. With facilities such as Birmingham International Airport, the National Exhibition Centre, the International Convention Centre, the National Indoor Arena and the Ricoh Arena in Coventry, our City Region is a major international gateway into the UK, and an international centre for the exchange of knowledge. Its proximity to the South East means that it can accommodate economic and housing growth in ways that will reduce regional imbalance and ease the pressures on the South East.

2. Our partnership was established in 2003 as a result of the joint work between the ODPM, the Core Cities Group and RDAs on the international competitiveness of the Core Cities. As part of this work, the Deputy Prime Minister invited each Core City to produce a Prospectus setting out its competitiveness agenda. Our partnership was established to prepare the Prospectus for our City Region.

3. Since then, we have organised a Summit with the Rt Hon David Miliband MP in September 2005, and are currently preparing a City Region Development Plan and considering the City Region governance arrangements required to deliver it.

4. Our submission to the Select Committee responds only to specific aspects of the Committee's enquiry, and focuses particularly upon the role of city regions in building urban and regional competitiveness and reducing regional imbalance.

5. There are strong arguments for devolving to a more local level to respond to local needs that vary from one area to another. The Government itself, for example, is working towards greater flexibility for Job Centre Plus managers, and Neighbourhood Renewal, Local Area Agreements and LEGI are all based upon localisation principles.

6. There are, however, also issues that need to be addressed at a higher level. Our partnership focuses on issues at the level of the City Region, an area based upon economic geography with shared needs and priorities.

7. Our City Region thinking reflects a number of considerations. First, the fact that there was little interest in the West Midlands in the idea of Elected Regional Assemblies. Second, the vote on the North East Assembly highlighted the electorate's concern over the creation of new government structures and perceived additional tiers of bureaucracy. Third, the need to strengthen democratic accountability and citizen engagement. These all point strongly to building city region machinery upon existing structures.

WHY CITY REGIONS?

8. Our rationale for working together as a city region partnership is simple. Global investors and decision makers do not recognise local authority boundaries. Their interest is in understanding the local economy as a whole—a cluster of mutually interdependent areas linked economically and socially by travel to work patterns, by housing, retail and leisure markets, and by population needs and skills. They want to know whether this local economy possesses the infrastructure and assets that global businesses need in order to establish themselves and grow.

9. We recognise that we are part of the same local economy, and that the prosperity of our individual communities is dependent upon the global competitiveness of our area as a whole.

OUR CITY REGION AGENDA AND ITS CONTRIBUTION TO NATIONAL OBJECTIVES

10. The Government has set an ambitious national economic agenda for improving the UK's international competitiveness, raising productivity and reducing regional economic imbalance. It has set an equally challenging agenda for accommodating population and housing growth through the development of sustainable communities.

11. The opening paragraph of our submission shows that our City Region can make an enormous and distinctive contribution to achieving these objectives. It has many of the economic drivers essential for a competitive city region—a city centre of European standing and two other major city centres, six universities (including two first class research universities), a range of major facilities, a wide range of housing and lifestyle choices, and substantial brown field land to accommodate population and housing growth in sustainable ways.

12. Equally important amongst these assets, we have established a strong City Region partnership with a coherent shared vision, agreement on the priorities for taking it forward, and a commitment to working together to deliver it.

13. Our vision is that by 2030 our City Region will be an acknowledged centre of Europe's knowledge economy, with applied knowledge supported by world class universities, and connected to the global economy by a first class international airport. It will be one of the UK's key international gateways and centres for knowledge exchange through its conference, exhibition, culture and sporting facilities. Rail and road infrastructure of the highest quality will enable it to fulfil its role as the hub of the UK's communications system. Our transformation into a knowledge and leisure economy will have created employment opportunities at all skill levels.

14. Lifestyle will match that of the best European city regions. Our increased productivity and wealth creation will give our citizens a living standard comparable with the most successful European cities. There will be a full range of housing choices, leisure and cultural facilities to suit all tastes, and first class public transport integrating the City Region. Our housing strategy, linked to environmental, transport and service improvements, will have created more balanced communities and improved quality of life in the metropolitan core.

15. Our City Region Growth Agenda is aimed at achieving this vision. But this Growth Agenda also reflects our wider vision for the Midlands, which we believe can play a distinctive role in national strategy. Its location means that it can link the North and South into an integrated national economy, ease the pressures on the South East, and ensure a strong Midlands growth agenda to complement the Communities Plan for the South East and the Northern Way.

16. The Black Country Study will also play a significant role in defining City Region policy. The Study sets out a vision of how the Black Country (Dudley, Sandwell, Walsall and Wolverhampton) will look in 2033 in terms of learning and skills development, transportation, population, the urban environment and the economy. Its objectives will link closely with wider City Region objectives as part of a commitment to broader regional prosperity.

17. At the heart of the West Midlands Regional Spatial Strategy, approved by the Deputy Prime Minister in 2004, is the urban renaissance of the region's Major Urban Areas. For our City Region, this means

Birmingham—strengthening its role as the regional capital with emerging world city status;

The Black Country—accelerating growth and economic competitiveness to transform this former 19th/20th Century industrial powerhouse of 1 million plus people into a 21st Century knowledge driven economy, through a radical restructuring of its land use and transportation network, transformation of the local environment, focusing growth on its four strategic centres, creating new residential environments and sustainable communities, and developing Wolverhampton's capacity as a driver of growth in the north of the City Region.

Coventry—continuing to build upon its reputation as a forward looking city which can help create an important growth engine for the region with links to growth areas in the South East and East Midlands.

Solihull—continuing its strong economic growth, realising the potential from its competitive investment offer, and developing its role as a Gateway to the City Region and region through Birmingham International Airport and the NEC.

18. These aspirations are captured in our twin track Growth Agenda:

Economic growth through enhanced competitiveness, focusing upon strengthening the critical success factors identified in the Professor Michael Parkinson work and in other research considered by the Government/Core Cities/RDAs working group;

Housing and population led growth. We believe our City Region can deliver a much greater contribution than previously appreciated to the Sustainable Communities Plan, thereby supporting our economic growth agenda whilst reducing overheating and congestion in the South East.

19. Our agenda is being developed further through projects such as the Black Country Study, Birmingham's Housing Corridors work and the Science City initiative, and will be brought together in the City Region Development Plan that we are currently preparing.

THE POTENTIAL FOR DEVOLUTION OF POWERS TO THE CITY REGION LEVEL

20. Professor Michael Parkinson's work on competitive European cities shows that successful city regions (a) have the powers and resources themselves to provide the infrastructure required by a competitive city region, and (b) are supported by national and regional programmes that are aligned behind the city region's competitiveness strategy.

21. Our City Region's track record demonstrates that we can use devolved powers and resources effectively. We have shown our capacity as local authorities to modernise our City Region, create a successful post industrial economy, and drive our City Region's competitiveness forward. Examples include the NEC, ICC and NIA, Birmingham International Airport, Wolverhampton Science Park, the Ricoh Arena in Coventry, and urban renaissance in Birmingham, Coventry and Wolverhampton city centres.

22. These examples show that we in the City Region are best placed to know where our competitive strengths and weaknesses lie, and what new opportunities exist.

23. Our local authority capital programmes are small compared with those in some similar sized city regions in Western Europe. Yet it is capital investment in particular that will enable us to provide the infrastructure to attract investment and workers in the knowledge economy, and make our City Region a place where the most successful people and businesses want to live, work and invest.

24. The progress we have made together since 2003 shows that we have the commitment and capacity to take the City Region forward, provided we have sufficient powers and resources, and have the support of national and regional programmes that are explicitly aligned to our City Region Development Plan.

25. As the most significant economic driver of the West Midlands, it is particularly important for both national and regional objectives that all investment in our City Region is focused in this way upon a single coherent strategy for building our competitiveness. This will benefit not just our City Region but a much wider part of the region—in terms of job opportunities, markets for businesses located in other parts of the region, regional access to high level business, financial and other services, etc.

26. This alignment of national and regional funding streams must cover the key competitiveness issues that we still need to address—regional airports policy, strategic road and rail infrastructure, integrated transport within the City Region itself, innovation strategy and the Science City initiative, skills development, major facilities, City Region housing strategy, etc.

27. National investment criteria—for example on transport infrastructure and the location of public R&D—often focus upon responding to existing demand or centres of excellence. They fail to give sufficient weight to the role of public investment in influencing the location of future demand and excellence by stimulating economic growth, development and modernisation. For example, because of demand pressures transport spending in London is currently £667 per head, compared to less than £300 per head in every other English region. The result is the continuous reinforcement of congestion in the South East and regional imbalance elsewhere. Devolution of powers and resources, and the alignment of national strategies with the strategies of the Core City Regions, would enable us to invest to stimulate growth and competitiveness, and reduce the competitiveness gap with stronger regions.

28. Another weakness of the current system is that spending in more successful regions often has a strong capital bias, in order to provide the infrastructure needed to support growth, whilst spending in weaker regions can be more biased towards revenue programmes designed to deal with the consequences of failure. Our ideas for a City Region Development Fund would enable us to invest in future success rather than simply spend to ameliorate past failure.

29. This City Region Development Fund would also give us the ability to rationalise the multiplicity of existing programmes, leading to greater efficiency and effectiveness of delivery and the better use of resources.

30. Moreover, it is easier to engage with partners, especially the private sector, at the city region level. Partners often have difficulty in grasping the regional concept, but more easily understand the importance of improving strategic infrastructure in the urban area, and can contribute positive and tangible ideas for improvement at this level. Devolving powers and resources will therefore energise local partners, including the private sector, to commit to delivery based upon a clear long term vision and certainty of funding.

THE POTENTIAL FOR INCREASING ACCOUNTABILITY AND SIMPLIFYING DECISION MAKING

31. Devolution of powers and resources to city regions requires in turn that city regions develop governance arrangements that increase accountability and simplify decision making, but also deliver effective leadership. Our ideas for the governance of our City Region meet these criteria. They would increase accountability by giving our political leadership greater influence over public investment in our City Region. They would simplify decision making by aligning all investment—by ourselves, Government departments and national and regional agencies—behind a single City Region Development Plan. They would provide strong leadership through a City Region Executive Board.

32. These ideas are not yet formally agreed by our authorities, but are a framework for further discussion amongst ourselves, and between us and the Government. We envisage that any agreements would be incorporated into a City Region Area Agreement with Government. This Agreement would be ratified by each partner authority, and be binding on our authorities for a time scale agreed with Government. Our initial ideas are summarised below.

33. After detailed consideration we have concluded that an Executive Board, comprising the political Leaders of the partner authorities, is best suited to the circumstances of our own City Region. The Board would function with cabinet style portfolios and responsibilities.

34. The Executive Board would be responsible for City Region strategy concerning transport, spatial planning, economic development, skills, housing, cultural development and major facilities.

35. A City Region Development Plan is currently being prepared to provide a single strategic framework for investment by our own partnership, by Government departments, and by national and regional agencies.

36. A substantial City Region Development Fund would be established to deliver the Plan. We are currently considering sources of finance, but the aim is primarily to bring coherence to existing funding rather than to seek significant new money.

37. The Executive Board would “hold” the City Region Area Agreement, the City Region Development Plan, and the City Region Development Fund.

38. Delivery would be the responsibility of a Programme Board comprising the Chief Executives of our local authorities and of other key spending agencies such as the RDA, LSC and PTA. The Programme Board is currently being established. It will have dedicated staff, and a City Region Director is currently being recruited.

39. Government departments and national and regional agencies: all strategies affecting our City Region, and all investment resources within our City Region, should be aligned with our City Region Development Plan.

40. As well as the Executive Board, we will put in place wider partnership arrangements to ensure full engagement with, and co-ordination of activity with, the wider regional agenda, and to ensure open and transparent scrutiny of activity and progress.

41. A partnership will be established with City Region Chambers of Commerce and the business community.

42. We have already successfully collaborated on City Region transport issues. We will learn the lessons from this, and apply them to other functions devolved to our City Region partnership.

43. We are currently developing a partnership arrangement with Grand Lyon/St Etienne, to learn from their experience of the Communauté Urbaine system of city region collaboration.

THE IMPACT OF CITY REGIONS UPON PERIPHERAL TOWNS AND CITIES

44. We are currently in discussions with the rest of the region on how our City Region relates to the wider West Midlands. We envisage that regional institutions and the County Councils would be represented within our structures, and the latter are currently creating machinery to enable them to engage with us. Whilst there remains much detail to be thought through, we anticipate a successful outcome to this dialogue due to the widespread acceptance within the region of the following principles.

45. First, the region has accepted our City Region as a valuable part of the regional landscape. We in turn recognise the importance of our work being aligned with regional strategies, and the need to engage with the rest of the region.

46. Second, our City Region partnership is not intended initially to replace any existing institutions or partnership arrangements.

47. Third, different parts of the region will need to have different types of relationships with our partnership. Areas adjacent to the Metropolitan County are part of our City Region in a way that is not true of more distant areas such as Stoke or Herefordshire. For example, Wolverhampton has a strong relationship with neighbouring South Staffordshire boroughs and Telford and Wrekin, with many people from outside the metropolitan area working in, and consuming services in, Wolverhampton. This shows the importance of maintaining links beyond the boundaries currently defined for the City Region.

48. Fourth, Our City Region partnership has a very specific focus—global competitiveness and economic/population growth. It is also concerned only with issues of strategic, cross boundary significance. The partnership does not preclude its members from working with other authorities or partnerships when this makes sense.

49. Fifth, the City Region is an economic and social concept. It is not possible to identify precise physical boundaries, though the ODPM's work on city regions and Professor Parkinson's work for the Core Cities COMPETE project may provide a clearer understanding of our City Region's "reach". Nevertheless, the City Region will mean different things at different times and for different issues, and relationships with the rest of the region will need to be flexible to reflect this.

50. Sixth, relationships with the rest of the region also need to take into account the Stoke City Region initiative (which we support).

INTER REGIONAL CO-OPERATION AS A WAY OF TACKLING REGIONAL DISPARITIES

51. We have indicated that our agenda for our City Region is set within a wider vision for the Midlands as a whole, including the Milton Keynes/South Midlands growth area. We see great value in collaboration across the two Midlands regions and parts of the South East. We have begun a dialogue with the Three Cities Partnership (Nottingham/Derby/Leicester) and with Milton Keynes to consider further how our three urban areas can reinforce each other as economic drivers for the Midlands as a whole. For example, Birmingham International Airport can become the principal international gateway for Milton Keynes if surface access is developed further. There may also be potential for collaboration with the City Region centred upon Bristol, and with the areas between it and ourselves.

52. However, we do not see a need for a comprehensive Midlands "plan". The economic reality is that the major city regions are the main growth engines of the Midlands, and inter regional co-operation must therefore focus mainly upon identifying opportunities for creating synergy between the major urban areas. For example, the Midlands regional airports might develop complementary roles, the major Midlands city regions could develop combined bids for major events, and they could agree not to submit rival bids for major facilities. Whilst these decisions might be difficult to make, it is here that inter regional collaboration would add most value.

Memorandum by the Office of the Deputy Prime Minister (RG 32)

The Select Committee has launched an inquiry into the future for regional government and has called for written evidence by 23 January. This memorandum is the Government's response to that call and addresses the areas identified in the Committee's Terms of Reference.

This reply covers the ODPM family and, therefore, addresses the Committee's request to the Government Offices in the Regions.

ODPM is the lead department for regional policy across Government. The development of a regional approach cuts across a number of Whitehall departments' responsibilities and, as the Committee has commented in previous sessions, one of ODPM's key roles is to influence the actions of other Government Departments. Therefore, this memorandum incorporates evidence from other Whitehall departments²⁵ approached directly by the Committee for evidence.

EXECUTIVE SUMMARY

Regional context (paragraphs 14–29)

1. The Government is committed to the development of fit-for-purpose regional institutions and to continue its clear policy to devolve and decentralise power to regions, where this adds value. This is integral to creating sustainable communities. The underpinning rationale for the Government's approach to the regions can be broken down into three main cases:

The economic case (paragraphs 31–53)

2. There are demonstrable differences in regions' economic performance and a greater understanding of these and their underlying causes allows regions, and therefore UK plc, to realise their economic potential. This also allows targeted and effective policy interventions, where necessary.

3. The Government also has a specific target to reduce the gap in economic growth rates between the regions. Business-led Regional Development Agencies have been created and are key strategic drivers of regional economic development working to promote, among other aims, regional competitiveness, regeneration and sustainable development.

4. The Government supports inter-regional co-operation where regions themselves identify an innovative approach to prioritising investment across their regions, including the Northern Way.

²⁵ Namely, the Department of Trade and Industry, Department for Transport, Department for Education and Skills and Department of Health and the Office for National Statistics. HM Treasury have notified the Committee that they are content for the lead Department to respond.

The strategic case (paragraphs 54–80)

5. Regional institutions bring a unique strategic perspective to policy development and spatial decision making; they bring together a range of expertise drawn from all levels and sectors within their region to better plan and integrate investment decisions. The regional level focuses on a strategic role rather than service delivery.

6. Regional assemblies are inclusive strategic bodies “of the region” and bring together representatives from key sectors across the region, sub-region, major cities and city areas and the rural areas. They also embrace the full range of political opinion in the region. This all-embracing nature places assemblies in an ideal position to contribute to and ensure consistency across regional strategies.

7. There are key spatial issues which need to be addressed at the regional level including housing and planning. These are issues which often cross local authority boundaries and entail investment over a number of years. Therefore, a regional strategic tier can plan successfully for a region’s future.

8. The Government is ensuring deeper regional involvement in policy development through innovation, for example inviting regions to advise on their priorities through Regional Funding Allocations. This is intended to ensure full advantage is taken of regions’ unique perspective across these funding streams and to assist them in planning for the longer term.

The pragmatic case (paragraphs 81–85)

9. There is a practical element to the Government’s regional approach. There are some issues which are best decided and implemented at other levels, for example tackling disadvantage. The regional tier is not intended to replace such action. However, there are other issues which cross local authority boundaries which may not be best resolved locally and need a co-ordinated response. The regional tier is not intended to focus on service delivery, rather to provide an enabling framework for deciding priorities and ensuring co-ordinated delivery.

London (boxed text, page 16)

10. The governance arrangements in London are the most advanced example in England of devolving to a strategic regional tier in England and provide a particularly compelling case for regional government. These unique arrangements have been widely seen as a success. The Government is currently reviewing the GLA powers and responsibilities, with a view to devolving more power from national government to London bodies to ensure that there is an appropriate balance between the national, regional and local tiers.

Government Offices Network (paragraphs 86–93)

11. The Government Office Network operates as central government in the regions; its activities have been decentralised from 10 Whitehall departments. The GO knowledge of their particular region has added real value to policy development and to joining up Government activity. The Government has been reviewing the Government Office role and they are developing a more strategic, place-based policy role, including negotiating Local Area Agreements.

Regional relationship with other levels (paragraphs 94–118)

12. The Government’s regional policy does not operate in isolation. It interacts with the national, regional, sub-regional, local and neighbourhood levels in a number of ways including: bringing local government together; providing the strategic framework tough decisions on difficult issues like transport; and, being flexible enough to consolidate and support sub-regional approaches where this is the best way, for example, to encourage growth areas.

Other Whitehall developments (paragraphs 119–133)

13. One of ODPM’s roles is to engage with other Whitehall departments to support, influence and develop regional approaches. Ten Departments work through the Government Offices and there a demonstrable regional approach is developing in Whitehall in key areas including skills, health and policing. These developments will build on the regions’ strategic regional role and promote strong, coherent and relevant regions.

INTRODUCTION: REGIONAL CONTEXT

14. It has been recognised by successive Governments that there needs to be a level of decision making and input into policy development between the national level, which can be seen as remote, and the local level which is not always a large enough unit.

15. For example, economic regeneration, transport and housing supply are inter-related and inter-dependent and decisions taken in one of these areas impact on the others. They often entail investment over a number of years and require long term planning so that the investment is phased effectively and delivered coherently. These decisions tend to impact across local authority boundaries.

16. It is the Government's responsibility to ensure that the right policies and institutions are in place to enable particular geographical areas to maximise their strengths and tackle their weaknesses. This is integral to creating sustainable communities.

Regional policy and institutions

17. There is demonstrable diversity within, and between, the regions of England and they face different economic, environmental and social challenges. To meet these challenges the response from key players needs to be innovative, integrated and flexible. Regional policy in England recognises the need to promote economic growth across all the English regions and that Government must create the conditions in which the regions can develop their indigenous potential.

18. The Government is responsible for developing innovative and effective approaches to policy development and delivery to ensure that action is taken at the level most likely to deliver positive solutions. It is in this context that the Government is committed to the development of regional institutions and to continue its clear policy to devolve and decentralise power to the regions, where this adds value.

19. This encompasses a range of policies and institutional arrangements, some where decisions and accountability belong directly to regional institutions; others in which regional institutions give advice to Ministers to inform Government decisions.

20. To enable regions to exploit indigenous strengths and to address weaknesses the Government needs to ensure that there are also institutions in place at the right level, with the right powers and accountability.

21. For example, Regional Development Agencies develop and drive economic growth through the Regional Economic Strategies which set out priorities for the region and local areas. These are agreed with key stakeholders and backed up with significant resources.

22. The Regional Assemblies prepare Regional Spatial Strategies which set out spatial priorities for the region, including the region's housing and transport strategies. The development of these strategies, taken together, provide the crucial framework and vision for the future economic and social development of the region. These strategies are strengthened as they have been developed by the region and, in particular, by those organisations who will be responsible for delivering on the agreed priorities.

23. The Government Offices operate as central government in the regions and provide an excellent example of activity being decentralised from traditional Whitehall departments, where their regional knowledge adds real value.

24. There remain issues which are best decided at the national level; other issues which are most effectively dealt with at the local level. For instance, tackling disadvantage at the local and neighbourhood levels remains the level most likely to effect positive change. A regional approach is not intended to replace such action.

25. Regions have an important role in drawing together different sub-regional groupings and ensuring that they work together constructively and consistently. The region can take a strategic overview to ensure that all areas of their region are represented, for example ensuring that rural areas are integral to the region's development.

26. The Government's regional policy also recognises the role of cities as motors for growth and the development of cities and city-regions should be seen within the current regional context. Regional institutions can enable city regions to act collectively to ensure issues such as connectivity and investment are considered strategically and to maximise benefits to the wider region.

27. Also, inter-regional approaches such as the Northern Way are excellent examples of innovative regional co-operation to tackle issues and focus resources to meet need.

Elected regional assemblies

28. As the Committee noted, a referendum was held in the North East on 4 November 2004 on whether to establish a directly-elected regional assembly. The proposal was turned down by voters and the Government accepted that decision. As the Deputy Prime Minister acknowledged in his statement to the House on 8 November 2004, there are no further referendums planned for any other region. However, should a region express interest in an elected regional assembly, the Government would consider the case further.

29. The Deputy Prime Minister also reiterated the Government's commitment to regional government and to continue to devolve and decentralise powers to the regions.

Rationale behind regional policy

30. The Government believes that a regional approach is necessary to create the optimal conditions in which policy decisions and the delivery of those policies can effect positive change to people and places. In this memorandum the underpinning rationale for a regional approach can be broken down broadly into:

The economic case—there are demonstrable differences in regions' economic performance, for different reasons, and a greater understanding of these and their underlying causes would allow regions, and therefore UK plc, to realise their economic potential.

The strategic case—regions bring a unique strategic perspective to policy development and spatial decision making; they bring together a range of expertise drawn from all levels and sectors within their region to better plan and integrate investment decisions. The regional level focuses on a strategic role rather than service delivery.

The pragmatic case—there are issues which cross local authority boundaries and taking a view across a wider area ensures that resources are being invested effectively.

These are each discussed in more detail below.

THE ECONOMIC CASE

31. The Government believes that to run successful economic policy there needs to be decentralisation and devolution to the regional and local levels. At these levels, institutions must have the capacity, leadership, flexibility and policy levers which enable them to deliver their objectives.

32. There are demonstrable differences in regions' economic performance, for different reasons, and a greater understanding of these allows regions, and therefore UK plc, to realise their economic potential. This also allows targeted and effective policy interventions, where necessary.

Regional economic performance

33. The Government has recognised for some time the need to be proactive on improving regional economic performance. This was made manifest in the setting of a Regional Economic Performance PSA Target (REP PSA) following SR2002, and revised in SR2004. The REP PSA is to:

34. "Make sustainable improvements in the economic performance of all English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006."

35. The target is shared between ODPM, HM Treasury and the Department of Trade and Industry. The Government's approach to this long-term target is two-fold—to tackle market failures in employment and the five productivity drivers (skills, investment, innovation, enterprise, and competition) in all parts of the country, and to build effective regional and local institutions with the local knowledge, economic capacity and vision to drive up economic performance in their area. The eight Regional Development Agencies and the London Development Agency,²⁶ and RDA-led inter-regional growth strategies such as the Northern Way, are therefore key to the delivery of this PSA.

Progress towards the target

36. Regional GVA per head is the main measure for the PSA. Although the final outcome can only be measured over a full economic cycle, 2003 and 2004 GVA results are encouraging, as the poorer performing regions have narrowed the gap in growth rates with London, the South East and East. This has been partly due to employment growth in the Northern regions, which has resulted in the average employment rate in the North, Midlands and South West regions rising to within around 0.5% of the average London, South East and East rates. (This gap was over 2% in 2001).

²⁶ The London Development Agency is part of the GLA family and is accountable to the Mayor.

37. In the short term, the Government expects to further reduce the employment rate gap through DWP's Pathways to Work programme. This is helping to tackle Incapacity Benefit claim rates which remain higher in the Northern regions. As at February 2005, almost 10% of the working age population in the North East was claiming incapacity benefit, with an average of 8.6% of the working age population across the three Northern regions.

38. To achieve the PSA target will also mean increasing productivity in the poorer performing regions, which is a more complex and long-term challenge. However, effective working by inter-regional, regional, city, and local agencies has the potential to be transformational.

Regional Development Agencies (RDAs)

39. There are eight RDAs outside London and these are non-departmental public bodies, accountable to Ministers and to their regions (through regional assembly scrutiny). Their primary role is as strategic drivers of regional economic development in their region. The RDAs' aim to co-ordinate regional economic development and regeneration, enable regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions.

40. Each RDA has five statutory purposes, which are:

- To further economic development and regeneration.
- To promote business efficiency, investment and competitiveness.
- To promote employment.
- To enhance development and application of skills relevant to employment.
- To contribute to sustainable development.

41. The RDAs have developed Regional Economic Strategies, in consultation with regional partners (seven of which are presently being reviewed; the other two were undertaken in 2004). In the six years of their existence, the RDAs have supported thousands of regeneration schemes, skills projects and initiatives to promote innovation and competitiveness.

Funding

42. The Government is providing RDAs with year-on-year resource increases from £1.8 billion in 2004–05 to £2.3 billion by 2007–08. ODPM is nearly doubling its support between 2000–01 and 2007–08 (£879 million to £1.598 billion).

43. Individual RDA budgets are allocated according to a formula based on population and economic strength. The formula provides more resources per head to poorer regions.

Performance

44. The Government and the RDAs have embarked on an impact evaluation of the effectiveness of the RDAs' regional economic delivery since their inception in 1999. This work is led by DTI, on behalf of Departments, and overseen by a joint RDA and central government steering group including ODPM and HM Treasury.

45. The first stage was the development of a methodology and evaluation framework which is now complete. The second stage, which has now begun, is the framework implementation phase primarily based on RDA self evaluation with support as needed from DTI-appointed consultants. The third stage will draw together emerging findings into an overall assessment, in preparation for the evidence-gathering phase of CSR 2007.

RDA Strategic Role: West Midlands

The West Midlands RDA, Advantage West Midlands, set up the "MG Rover Task Force" in April 2005 in the wake of the closure of MG Rover Longbridge plant. Led by Advantage West Midlands Chairman Nick Paul, it also includes Jobcentre Plus, the Learning and Skills Council, Birmingham Chamber of Commerce and Business Link, Birmingham City Council and Worcestershire County Council.

On 21 June 2005, 66 days after MG Rover's collapse, the MG Rover Task Force was able to report to the Prime Minister that the West Midlands was fighting back from the biggest company closure in years. Key progress that had been made by the Task Force since the closure was:

- nearly 1,250 former MG Rover workers had found new jobs;
- 1,092 former workers had started training out of 2,200 booked onto courses;
- 3,000 "at risk" jobs had been temporarily safeguarded in companies supplying MG Rover.

Inter-Regional Growth Strategies

46. Inter-Regional Growth Strategies are long-term plans focussed on achieving economic growth in the regions of the UK through regions working together to deliver policies pan-regionally where it is the right level to do so, building on what is already happening at the regional level, and concentrating on what they can do for themselves. They identify the key drivers that will improve economic performance across the regions.

The Northern Way

47. The Northern Way is the first and most developed example of an Inter-Regional Growth Strategy. The Deputy Prime Minister challenged the three northern Regional Development Agencies to develop a realistic long-term plan for creating a step change in economic growth in the North to add value to what already happens in each region.²⁷

48. In response, the Northern Way took shape, directed by an independently chaired Steering Group and led by the RDAs, and set itself the target of narrowing the £30 billion output gap between the North and the UK average by promoting collaboration across the whole of the North.

49. *Moving Forward: The Northern Way*²⁸ is their long-term strategy to close the output gap. It identified: 10 key areas that would help accelerate economic growth eg tackling worklessness, strengthening the knowledge base and improving connectivity; and eight city-regions²⁹ (where most people live and economic activity takes place) as being key to achieving its goal. The report was welcomed by the Deputy Prime Minister and, to kick start the strategy the ODPM provided £50 million toward a Northern Way Growth Fund. This was matched by the northern RDAs.

50. In June 2005 the Northern Way published their fully costed Business Plan³⁰ covering the period from 2005 to 2008, which gives a costed work programme for each of the 10 investment priorities and presents the progress made by each of the city-regions.

Midlands and South West Ways

51. The value in pursuing this approach was recognised in the Midlands³¹ and the South West³² regions. Similarly, this work is being driven forward by the regions' RDAs working with key regional partners using structures that best fit their individual needs. Government has welcomed the regions leading the way for themselves and supports and facilitates this work where useful.

52. Unlike the Northern and Midlands' Ways, the South West's *The Way Ahead* focuses on intra-regional development. The South West is a relatively prosperous region but one that suffers the greatest intra-regional disparities in England with significant issues in terms of its geographical and economic diversity. There are a number of peripheral towns and cities in the region and *The Way Ahead* focuses on ensuring that the whole region benefits from growth not just the success stories in the east of the region.

53. A small advisory group has been formed to steer further work. It is focussed on five key areas—Bristol, Plymouth, Swindon, Exeter and the key Cornish towns—and developing key deliverables to support growth in these areas.

THE STRATEGIC CASE

54. Regions bring a unique perspective to policy development. The regional level is not intended to focus on service delivery; rather it is an effective level at which to decide priorities across a wide geographical area, bring together a range of expertise drawn from all levels and sectors within its region in order to plan and better integrate investment decisions.

²⁷ See the Sustainable Communities Plan Progress Report *Making it Happen: The Northern Way*,

²⁸ Published September 2004 and available on the Northern Way website at <http://www.thenorthernway.co.uk/report-sept04.html>.

²⁹ The eight Northern Way City Regions are: Central Lancashire; Liverpool; Manchester; Sheffield; Leeds; Hull and the Humber Ports; Tees Valley and Tyne and Wear.

³⁰ Published June 2005 and available on the Northern Way website at <http://www.thenorthernway.co.uk/docs/2005/NWBP.pdf>

³¹ *Smart Growth: The Midlands Way*, published February 2004 and available on the Advantage West Midlands website at <http://www.advantagemw.co.uk/smart-growth---the-midlands-way--1569-18-k-.pdf>.

³² *The Way Ahead: Delivering Sustainable Communities in the South West*, published February 2004 and available on South West Regional Development Agency website at http://download.southwestrda.org.uk/file.asp?File=/regeneration/general/SOUTHWEST_lr2.pdf.

Regional assemblies

55. The regional assemblies are voluntary, multi party and inclusive bodies established in each of the eight regions outside London. Local Government members make up at least 60% of the membership and at least 30% are regional partners from economic, social and environment sectors. Regional stakeholders provide a specialist and regional input representing a broad range of interests while the local authority members ensure the people in the region can have their views represented.

The assemblies have three main functions:

(i) They have been designated under the Regional Development Agencies Act 1998 as the body their RDA must consult during the preparation of the Regional Economic Strategy;

(ii) They have been designated under the Planning and Compulsory Purchase Act 2004 as the Regional Planning Body with responsibility body for preparing the Regional Spatial Strategy, including the Regional Housing and Transport strategies on behalf of the relevant Secretary of State; and,

(iii) They have a role as the voice of the region and have taken the lead with regional partners in drawing up regional strategies such as the regional sustainable development framework.

56. Regional assemblies are inclusive strategic bodies able to draw on the experience and knowledge of representatives from the key sectors across the region, sub-region, major cities and city areas and the rural areas. They also embrace the full range of political opinion in the region. The all embracing nature of the regional assemblies place them in an ideal position to contribute to and ensure consistency across regional strategies.

57. The regional assemblies work with key partners in their regions contributing towards the wide range of strategies that exist at the regional and sub-regional level prepared by a variety of regional organisations to different timetables. Assemblies provide a focal point for the region and are able to speak on the region's behalf as they represent the interests of the region both within the region itself and more widely, working with a variety of public, private and voluntary sector partners.

58. The make up of regional assemblies reflects the individual circumstances of each region and its sub-regional areas. The Government does not impose a single model on assemblies. However, it is seeking assurances from them that they are continuing to develop their structures and organisations and streamlining their operations to further improve their effectiveness.

59. The Government has indicated it will give assemblies additional functions where it considers it appropriate. It has accepted the Barker recommendation that Regional Housing Boards and Regional Planning Bodies be merged and that the regional assemblies should take on this new merged role. Therefore, the assemblies have been invited to submit proposals how they would effect the merger of the Regional Planning/Regional Housing roles, how they can improve strategy alignment of the regional housing strategy with other strategies and provide details of internal operational arrangements such as the executive and policy boards in place to deliver effective decision making.

60. Assemblies will be responding around the end of January and subject to these containing suitable arrangements a formal announcement on them taking on the regional housing board role would be made in March.

Regional planning

61. Regional planning is essential to address regional or sub-regional issues that often cross county or unitary authority boundaries and take advantage of the range of development options that exist at that level. This would include, for example, major transport decisions of regional importance, the balance within a region between major areas of housing growth, with the supporting infrastructure they require, and where constraint cannot be decided at the local level.

62. It means looking at the bigger picture over the medium to long term. In the context of the regional spatial strategy it means setting out policies that are applicable to the whole region or parts of the region across a range of policy areas which set the framework for the policies in local development documents. A regional spatial strategy for example will not include site specific proposals.

63. The objective of an RSS is to contribute to the achievement of sustainable development and should provide a broad development strategy for the region for a 15 to 20 year period.

64. RSSs should be spatial strategies setting out the strategic policies and proposals, including infrastructure proposals and management policies, governing the future distribution of regionally or sub-regionally significant activities and development within the region.

65. The Act also provides for the preparation of sub-regional policies as part of the RSS. The PCPA 2004 aims to promote greater regional ownership of RSS policy. There is a strong role for the local planning authorities and regional stakeholders in preparing the strategy and openness in the process, including the holding of an examination-in-public to consider issues raised in representations on the draft revision.

Regional housing

66. The Government believes that housing is another issue which benefits from a strategic regional approach. For example, as part of the Sustainable Communities Plan, the Housing Investment Programme and Approved Development Programme funds were drawn together into a single “Regional Housing Pot”.

67. Previously, the HIP and ADP funds had been allocated separately, without a common strategic background. In order to make better informed decisions that cut across local boundaries, the Government took the decision to ask for the region’s advice about how the resource should be spent. This approach also provides the added benefit of taking into account that housing markets do not neatly align themselves with precise borders.

68. Also as part of the Sustainable Communities Plan and to facilitate this approach, Regional Housing Boards (RHBs) were set up in March 2003. They were charged with producing a Regional Housing Strategy, which provided the regionally-agreed background to advice to Ministers on strategic housing investment priorities for their region. Having senior representatives of the regional planning body and the Regional Development Agency sitting on each RHB also ensured that housing policies were better integrated with the planning and economic strategies at a regional level.

69. The Government believes that housing advice from a region is likely to be well-informed as regional bodies are better placed to understand the impacts of decisions within their region. The priorities in the advice are also more likely to have support as the mechanisms for producing the RHSs bring together, for the first time, all key bodies with a strategic interest in delivering new and better housing in a region.

70. The RHBs work within a broad national framework. Within that framework, there is a strong presumption in favour of Ministers taking the advice offered. Only on relatively few occasions has the RHBs’ advice been amended and, even then, generally to take account of a new priority emerging during the decision-making process.

71. In practice, RHBs also act as a catalyst and “honest broker” for activities across local authority boundaries. This is particularly important for housing given the increased focus on private sector housing and the fact that housing markets rarely obey local authority borders, either at the County or District levels. A regional approach is best able to take this overview of housing markets, whilst retaining local links.

72. RHBs enable a better read across between the RHS and other regional strategies, including the Regional Spatial Strategy discussed above. This will be reinforced by the decision to transfer responsibilities to the Regional Assemblies.

73. RHBs can also act to ensure the development of robust and consistent evidence bases across the region. We have many examples of where the RHB has acted as the key player using innovative, inclusive approaches to deliver a housing strategy for their region which both supports strategic objectives for the whole region and is well targeted on specific areas of need within the region.

Example of the RHB role

In 2004–05 the West Midlands RHB funded regional research to inform the production of a new RHS. The research supported the identification of housing markets in the regions and baseline information on the level of need for differing tenures and types of housing across West Midlands. The RHB was then able to use its status as an “honest broker” to encourage the formation of sub-regional groupings of local authorities in line with housing market areas.

Outputs included the identification and agreement on where a rebalancing of regional funding was needed. The research made it clear that the worst stock condition problems existed in the Central and North Housing Markets and the most acute affordability problems were in the South and West Housing Markets. These findings underpinned recommendations on the targeting of funding for affordable housing and to address stock conditions to Ministers. The work sponsored by West Midlands RHB on housing markets has become a benchmark for other regions.

REGIONAL FUNDING ALLOCATIONS

74. Regional Funding Allocations (RFAs) aim to deepen the regions’ involvement in policy development and to enable them to align their strategic priorities covering key funding streams in housing, transport and economic development, within a realistic funding envelope. This is intended to ensure that full advantage is taken of regions’ unique perspective across these funding streams and to assist them in planning for the longer term.

75. In July 2005 four departments—ODPM, HM Treasury, DfT and DTI—published details of funding allocations for each region for the period up to 2007–08 for each of key elements of transport, housing and economic development, as follows:

		<i>£ million</i>								
		<i>NW</i>	<i>NE</i>	<i>Y&H</i>	<i>EM</i>	<i>WM</i>	<i>SW</i>	<i>SE</i>	<i>E</i>	<i>Total</i>
2005–06	Transport	113	42	83	71	88	84	135	92	708
	Housing	250	86	144	116	182	137	367	167	1,449
	Economic Development	382	240	295	156	272	153	157	129	1,784
	Total	745	368	522	343	542	374	659	388	3,941
2006–07	Transport	115	43	85	73	90	86	138	94	724
	Housing	249	88	147	125	186	158	384	191	1,528
	Economic Development	400	251	310	163	284	159	163	134	1,864
	Total	764	382	542	361	560	403	685	419	4,116
2007–08	Transport	117	43	87	74	92	88	141	96	738
	Housing	249	91	154	143	193	203	421	241	1,695
	Economic Development	409	258	316	167	291	164	167	138	1,910
	Total	775	392	557	384	576	455	729	475	4,343

76. The Departments also published longer term planning assumption figures for each region—by projecting forward the allocations for each funding stream beyond 2007–08 to give regions a sensible basis on which to plan strategically for the future. These are based on an annual increase of 2%, in line with Government’s inflation target, and gave indicative figures up to 2015–16.

77. Whilst housing and economic development allocations had been published previously, this was the first time that such allocations had been identified for transport.³³

78. The Government has asked each of the regions to provide it with advice identifying the region’s priorities for investment both within and across these three inter-related and inter-dependent funding streams. Government has also set four criteria for this advice. The advice should be: evidence-based; agreed within the region; realistic; and, consistent with national policy objectives and local strategies.

79. The RFA exercise also gives regions an opportunity to align more closely their strategies on these key areas of activity. The indicative allocations should enable regions to ensure their Regional Economic Strategies and other regional strategies are based on realistic funding assumptions and help develop an effective evidence base underpinning each of the strategies.

80. The Government Offices are facilitating the advice which is to be drawn up by the RDAs, Regional Assemblies and other relevant stakeholders and submitted to central Government by the end of January 2006.

THE PRAGMATIC CASE

81. There is a practical element also to the development of a regional approach. There are a number of issues where decisions taken in one area have a direct effect on another: for example decisions relating to housing, transport and economic development. Indeed, a number of the examples considered previously could fit equally into this section. A further example of ODPM policy where the regional level makes sense on pragmatic grounds is civil resilience:

Civil resilience

82. Increasingly incidents, either accidental or deliberate, require a cross boundary response. To tackle this the Government is putting in place the legislative framework to facilitate that response while balancing and respecting local autonomy. The legislative framework encompasses the Civil Contingencies Act (CCA) and the Fire and Rescue Service Act. Shortly, fire and rescue service (FRS) will be given new duties to respond to major catastrophic incidents, having funded fire authorities with the resources to do so.

83. As part of this there is a regional tier for planning and preparation. This works to link national and local stakeholders and co-ordinates preparation for, and response to, wide area high impact events—for example ‘flu pandemics and fuel supply issues. This is a practical and necessary element which does not, however, remove the primary focus for planning and response from the local level.

84. In the FRS, new equipment and training is being developed on a regional basis, specifically aimed at providing an effective response to catastrophic incidents. This includes equipment for dealing with structural collapse, mass decontamination and major flooding. This work complements the wider work on FRS modernisation.

³³ Note, the actual transport funding is subject to final decisions by the Secretary of State on specific schemes.

85. At the same time, FiReControl will deliver a modern, cost effective and resilient command and control network to ensure the efficient and effective deployment of FRS capabilities. Regional Control Centres will be run by Local Authority owned companies and will be accountable to locally elected members of fire and rescue authorities.

LONDON

The governance arrangements in London are the most advanced example of devolution to a strategic regional tier in England and provide a compelling case for regional government.

The GLA is made up of the directly elected Mayor of London and the separately elected 25-member London Assembly. The first London Mayor and Assembly took office following elections on 4 May 2000.

The GLA is a focused, strategic authority providing vision and a voice for London. It has three principal purposes in relation to Greater London:

- to promote economic development and wealth creation;
- to promote social development; and
- to promote the improvement of the environment.

It has a general power to do anything which it considers will further any one or more of these purposes.

The Mayor is the executive arm of the Authority, influencing London's strategic direction through his strategies and plans and proposing a budget (some £9 billion) for the Assembly to consider and agree. The Assembly is the scrutiny arm of the GLA, holding the Mayor to account for his policies, decisions and actions, and can amend the Mayor's budget by a two-thirds majority.

GLA Review

The Government is currently reviewing the powers and responsibilities of the GLA, with a view to devolving more power from Whitehall to London. The review is informed by three key principles:

- that the GLA is widely seen as a success, and should remain a focused and strategic body as originally conceived;
- there should be an appropriate balance in London between national government, the regional tier and local authorities; and
- the review should focus on the powers and functions of the GLA rather than on London governance structures as a whole.

In November 2005, Ministers published a consultation paper setting out proposals and options for additional powers for the Mayor in four key areas—housing, skills, planning and waste management/waste planning—and in health, culture, energy and appointments to the Boards of the functional bodies.

Most of the additional powers subject to consultation would be devolved from central Government, but in specific cases, such as waste management, Ministers are also exploring the case for the Mayor assuming control of some borough functions where it may be more sensible to deliver them at the regional level. The consultation paper also includes proposals for enhanced powers for the Assembly to balance those of the Mayor.

The consultation period ends on 22 February. Ministers aim to agree a final package of proposals in the spring, and will implement the outcomes of the Review at the earliest opportunity.

GOVERNMENT OFFICE NETWORK

86. The Government Office Network is central government in the regions and provides an excellent example of activity being decentralised from traditional Whitehall departments and where a regional approach can add real value.

87. Government Offices (GOs) were set up in 1994. They have first-rate knowledge of their respective regions and this, combined with their ability to join-up the work of individual departments, is what makes the GOs so important in delivering Government priorities.³⁴

88. The Government has considerably strengthened the role of Government Offices. There are now 10 government departments represented within the GOs and they are involved in the delivery of over 40 national Public Service Agreements, including seven ODPM PSA Targets. The breadth of this work may continue to increase as departments continue to implement their response to the relocation and efficiency reviews.

³⁴ Note, the context in which the Government Office for London operates is different to the other regions as a result of the unique set of London arrangements.

89. The key importance of GOs is in their ability to join up programmes and policies and ensure better alignment and integration of regional strategies and investment decisions. Their activities can be split into the following main categories:

- Leading—for central Government in negotiating local area agreements, including setting stretching targets for achievement by local authorities and their partners.
- Delivering—many of the activities link to Departmental PSAs, with a clearly identified GO role in ensuring delivery of national priorities through agreements with individual departments.
- Influencing—regional partners in preparing regional strategies, from transport to sustainable development.
- Improving—through working with poor and weak local authorities to assessing performance of local strategic partnerships.
- Planning—for emergencies. GOs have taken a leading role in responding to crises such as the fuel protest, foot and mouth, flooding and bombings.
- Administering—a continuing, though diminishing, role in the sound administration of programme expenditure.

90. The nature of GOs is that they are cross-cutting bodies, and much of the work they do for ODPM directly impacts on the work they do for other departments. Their work for ODPM is set out at Annex A and includes neighbourhood renewal, regional economic performance and local government.

The Developing GO Role

91. Following the 2004 Spending Review, the Regional Co-ordination Unit, (a Directorate of ODPM) and the Treasury have been conducting a review of the GO Network to identify ways of improving its efficiency and effectiveness. The Review has engaged a wide range of stakeholders from Whitehall, local government, GOs, and other regional institutions, and found broad support for a more strategic role for the GOs. This is consistent with the way in which GO work has evolved over recent years, from process-orientated work such as grant administration, towards more strategic, place-based policy work such as the negotiation of Local Area Agreement (LAAs are discussed in more detail under the “Local Government” section below).

92. The Chancellor’s Budget 2005 statement announced the Review’s emerging conclusions, which include:

- a more focused role for the GOs in working with local authorities and other local partners on performance, and on the oversight of regional strategies, while looking over time to transfer grant administration functions to other agencies;
- new freedoms and flexibilities for the GOs to enable them to join up their activities more effectively across departmental boundaries;
- a transformed and more strategic network, including a higher proportion of staff with professional skills and delivery experience;
- a challenge to departments to decentralise activity from Whitehall to the regions and to integrate this activity into the GOs where this can improve delivery;
- stronger links between GO Regional Directors and departments on policy development, with a particular emphasis on policy implementation;
- a strong performance management framework to underpin these new flexibilities driven by a small corporate centre with a strong focus on improving performance; and
- building on the challenging efficiency agenda for the GO network set in the 2004 Spending Review, a smaller, more focused network in the years to come.

93. The final report on the GO Review is currently being worked up with a view to publication early in 2006.

REGIONAL RELATIONSHIP WITH OTHER LEVELS

Local Government: Clarifying roles and responsibilities

94. ODPM is leading the development of a Government-wide strategy for the future of local government. Under the banner of local:vision, a debate with other government departments, local government and other stakeholders began in July 2004 as to what the future role and functions of local government should be.

95. Through the local:vision debate, the Government seeks to:

- Understand what the strategic role and function of local government should be in the future, given prevailing trends in government policy and changes in society (eg expectations, demography and technology).

- Build consensus for that new role across local, regional and central government, and other partners working to govern and deliver in local areas.

96. ODPM has always recognised that the relationship between local government and its partners with regional and central government is an integral part of the debate on the future of local government. This was set down in the discussion document “Securing Better Outcomes: Developing a New Performance Framework” published in March 2005 that ODPM would be looking to develop:

- A clearer understanding of the relative roles and responsibilities of bodies involved in securing particular outcomes at national, regional, local and neighbourhood level.
- For each tier of government, the importance of a coherent framework across all services which is understandable and capable of effective implementation—but allows for appropriate variation to respond to different issues and challenges.
- The unique role of local authorities within this structure—as the body below national government with direct democratic accountability to represent all citizens and interests within an area.

97. The local:vision debate will be drawn together in the summer of 2006 in the form of a White Paper and Government is continuing to engage with stakeholders on the issues the debate has raised and welcome any further contributions to it from interested parties.

Local Government: Local Area Agreements led by Government Office

98. Local Area Agreements (LAAs) are a new way of striking a deal between central Government, local authorities and major local delivery partners in an area. LAAs simplify funding streams, allowing greater discretion with the use of funding, and reduce the bureaucracy attached to multiple funding streams. Areas agree to meet a broad suite of targets, and are given flexibility to achieve them, for example in the form of reduced bureaucracy/reporting requirements, and the ability to merge money from different funding streams.

99. Government Offices are at the forefront of managing Government’s relationship with local authorities and driving up local authority performance. The role of GOs is critical in the successful development and implementation of LAAs. Government Offices are responding to this challenge by restructuring roles and responsibilities so that a great deal of day-to-day business is managed through the development of the LAA. This is a particular challenge for 2005–06 where half of local areas will be developing or implementing their LAAs and the remainder waiting for the following year. It is hoped that LAAs will become the key mechanism by which government delivers its priorities with local areas.

100. Following last year’s round of 21 pilot LAAs, work is proceeding in each region to negotiate the next 66 LAAs which are to be in place by end of March 2006. Negotiations will then start in March on LAAs with the remaining 63 local authorities—to be agreed by March 2007. GOs are also responsible for monitoring LAA performance. The pilot LAAs reported progress to GOs at a “six month review” in October.

101. A great deal of work has been done by ODPM and other departments to ensure that GOs have adequate guidance and opportunities to share best practice. A network of key GO LAA officials meets regularly, and regional sounding boards are held every couple of months (one each in the north/south/midlands) to bring together departments, local authorities and GOs to discuss progress, problems and good practice.

Sub-regional: Cities

102. The relationship between the region and its cities is key to improving regional economic performance and meeting the PSA target (discussed separately above). The competitive performance of cities, and city regions, is crucial for to regional and national success.

103. The concept of city-regions was debated at the City Summits with the Core Cities, and some “business cases” which are due to be presented to Government shortly are likely to include proposals for city-region approaches to strategic issues such as transport, skills and planning.

City-regions as economic drivers

104. A city’s success—economically, culturally and socially—depends heavily on the establishment of a strong inter-dependent relationship with neighbouring towns and cities in its region. That said, there is no standard definition of what constitutes a city-region and the following should be seen in this context.

105. Recent evidence strongly suggests that city-regions are the appropriate level to make economies work.³⁵ This is because city-regions offer an understanding of how the real economy operates through the interaction of important market factors such as labour and housing markets, retail catchment areas, business and investment markets with customers and suppliers, culture and higher education.

³⁵ Such as “The State of The Cities Report” and the ODPM-commissioned “city-regions” study both due to be published in Spring 2006, and the Urban Task Force Report published in November 2005.

106. As a result, the city-region may be the appropriate spatial level to plan strategically for the delivery of services that will promote sustainable development such as transport, skills and housing.

107. The Northern Way's First Growth Strategy employs a city-region approach, within a regional framework. It recognises that the eight main city-regions are the key to accelerating economic growth in the North as they contain over 80% of the wider region's economic assets and activity.

Core Cities

108. David Miliband and other Government Ministers recently held City Summits in the eight Core Cities—Bristol, Birmingham, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

109. The Summits were intended to allow Cities to discuss their vision for the next 10 years, and the economic and social changes needed to achieve it.

110. Following the Summits, each city was invited to prepare a "business case" for the changes they see as central to realising their full potential in the future. The "business cases" will be presented to David Miliband shortly for consideration.

The next round of summits for smaller cities and towns

111. The objective of these Summits is to understand better the assets, barriers and enablers of cities and towns which are not Core Cities.

112. From this we aim to develop a package of options, from which individual cities and towns could choose those approaches which they felt would help develop their locality. The Summits will take place from February to May 2006.

Sub-regional: Growth Areas

113. The newer Growth Areas (Milton Keynes and South Midlands, Ashford and London-Stansted-Cambridge) were identified alongside the already established Thames Gateway in Regional Planning Guidance 9 (March, 2001), based on the proposals by regional and local partners. Following further studies and assessments into the scope and viability of sustainable growth in these areas, the Government identified the Growth Areas programme as part of the Communities Plan (February, 2003). The London-Stansted-Cambridge Growth Area has since been expanded to incorporate the Peterborough sub-region.

114. Growth Areas were designated on the basis of focussing on locations where significant levels of sustainable growth could be achieved.

115. Geographical boundaries of the Growth Areas do not correspond with those of the regions, which requires flexibility from the regional tier to fully integrate the Growth Areas approach into the strategies of more than one region. For example, the London-Stansted-Cambridge-Peterborough area covers parts of London and the East of England region, the Thames Gateway is spread over parts of London, the South East and the East of England, while the Milton Keynes and South Midlands boundary covers parts of the East, South East and East Midlands. The exception is Ashford, which is contained within the South East region.

116. This geographical spread means that strong cross regional working is essential to successfully take forward the Growth Areas agenda.

117. Good progress has been made so far. For example, the Milton Keynes and South Midlands Growth Area is benefiting from the close joint working of those involved in the proposal for the area. Three Regional Planning Boards are working efficiently together, as are the respective Government Offices who have established a joint office in Milton Keynes to help facilitate a joined-up approach. This has resulted in the publication of the area's Sub-Regional Strategy (March, 2005), which provides alterations to the Regional Spatial Strategies covering the East of England, East Midlands and South East of England and sets the strategic framework for the Local Development Documents in the Sub-Region. An Inter-regional Board has also been established in this Sub-Region to bring together key regional and local partners to facilitate close working arrangements and to help co-ordinate investment throughout the Growth Area.

118. In the Thames Gateway, an Inter-regional Planning Statement was published in August 2004 to provide a co-ordinated approach between the three Regional Planning Bodies (East of England, London and the South East) covering the Gateway area. While it is a non-statutory document, it provides the regional partners with an agreed strategy and assessment of potential development capacity.

OTHER WHITEHALL DEVELOPMENTS

119. In addition to the policy developments outlined above one of ODPM's roles is to promote the regional agenda within Whitehall to influence the organisation of bodies who could benefit from co-terminosity with existing regional boundaries. Below are three examples, at various stages and related to various Departments, which explore the developing regional terrain:

Strategic Health Authorities

120. In July 2005, the Department of Health (DH) published “*Commissioning a Patient Led NHS*”, which focused on how the Department would develop commissioning throughout the whole NHS system, with some changes in function for Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs).

121. One of the key proposals from *Commissioning a Patient Led NHS* was to reconfigure SHA boundaries with Government Office boundaries.³⁶ By realigning SHA boundaries in this way, DH believes that SHAs would be more fit-for-purpose organisations, with strengthened relationships and better co-ordination.

122. The Government also proposed to improve coordination on social services through greater congruence of PCT and Local Authority boundaries. Currently, 44% of PCTs are consistent with Local Government boundaries and DH expects this will rise to a minimum of 77% as a result of the proposed changes in PCT boundaries.

123. However, *Commissioning a Patient Led NHS* also identified seven other criteria which must be met when considering PCT reconfiguration. This may mean that coterminosity with local authorities may not be the optimum configuration in all cases, and a range of options will be considered.

124. Taken together DH believes that these proposals will deliver more effective health and social services. At the same time, the Government will maximise efficiency gains, achieving a £250 million saving in management and administration costs for re-investment in services in 2008–09.

125. In October 2005, SHAs submitted their proposals for the reconfiguration of SHAs and PCTs. These proposals have now been assessed by an independent external panel and Ministers, who agreed that proposals for reconfiguration of SHAs and PCTs were fit to go forward for local consultation. Consultations began on 14 December 2005, and will run for 14 weeks until 22 March 2006.

Regional Skills Partnerships

126. The creation of Regional Skills Partnerships (RSPs) was announced in the 2003 *Skills Strategy White Paper—21st Century Skills* recognised that there was an important regional dimension to the country’s skills needs and put a strong emphasis on establishing robust partnerships to drive forward the skills agenda at regional level and ensuring that skills development was effectively integrated with employment and business support.

127. RSPs have been in place in all the English regions since April 2005. They bring together Regional Development Agencies, the Learning and Skills Council, Jobcentre Plus, the Skills for Business network, the Small Business Service and others, including the higher education sector, the TUC, employers and local authority representatives.

128. The role of RSPs is to ensure that the supply of skills, training, business support and labour market services is planned and delivered in a more coherent way which supports the priorities set out in the Regional Economic Strategy and which connects better with the needs of employers and individuals. Key objectives for RSPs include:

- Raising the ambition and demand for skills.
- Ensuring that regional priorities take account of sector priorities as set out in Sector Skills Agreements.
- Ensuring that colleges and training providers become more responsive to the needs of the demand side.
- Improving the alignment the planning cycles and targets of partners in order to ensure more joined delivery.

129. Regional Skills Partnerships are already having an impact, for example in the North East region the RSP has:

Developed:

- an integrated planning process to align partner funding against shared priorities—in 2004, the LSC in the North East aligned its funding and activity to objectives and priorities outlined by the RSP and did not produce a separate statement of LSC priorities.

Identified:

- a skills need in the construction sector which led to a significant enhancement of construction related education and activity; and
 - the need to improve regional capacity to deliver skills for life provision which resulted in more effective use of LSC resources to support important quality improvement measures
-

³⁶ The exceptions are the South East and the South West where, in addition to the option for direct co-terminosity with Government Offices, both propose to consult on an option for two SHAs in each region.

130. RSPs across the country have the potential to complement and support cross-Departmental work to address regional economic disparities. The most recent White Paper gave them important new roles and responsibilities and they are now an established feature in the policy landscape.

Police forces

131. In September 2005, Her Majesty's Inspectorate of Constabularies (HMIC) published the "Closing the Gap" report which reviewed the ability of the existing structure of policing in England and Wales to meet current and future policing needs. It recommended:

- effective and sustainable regional protective services;
- local neighbourhood policing; and
- better value policing services.

132. To meet the challenges of modern policing the Home Office has signalled its intent to move to larger, strategic police forces in line with the existing regional boundaries and is taking this forward.

133. ODPM is working with the Home Office to maintain close links between the regional level and key organisations, including local authorities and fire and rescue services. Departments are working together to ensure the most effective fit between the benefits of greater strategic policing, quality neighbourhood policing and local accountability. In addition, the Departments are ensuring that existing co-operation with the fire and rescue service on road traffic accidents, arson investigation and responding to terrorist incidents and natural disasters will be maintained.

Annex A

GOVERNMENT OFFICE WORK

Key ODPM work undertaken by GOs covers:

- *Neighbourhood Renewal*: GOs administer funds, support local partnerships in developing strategies, and challenge service providers to achieve performance improvements in deprived communities.
- *Regional Economic Performance*: GOs work closely with Regional Development Agencies in designing and implementing Regional Economic Strategies. They manage European funds to maximise economic development, and broker partnerships and networks.
- *Local Government*: GOs work with Local Authorities and ODPM Lead Officials in their CPA action planning, helping to manage intervention when necessary, and supporting a more general improvement across local authority performance. GOs also negotiate the new Local Area Agreements on behalf of Whitehall Departments (see more on LAAs below)
- *Housing*: GOs currently chair the Regional Housing Boards, which develop regional housing strategies and oversee the allocation of funding. They also have an oversight and approval role for Local Authorities' own housing strategies. GOs support delivery of ODPM's Decent Homes target—identifying where efforts should be targeted, and working directly with local authorities to ensure that fit for purpose strategies are in place.
- *Planning*: GOs assist the Regional Planning Bodies (the Assemblies) in preparing draft revisions to the Regional Strategies and advise the Secretary of State on changes following examinations-in-public. The GOs also assist Local Planning Authorities in ensuring that good quality Local Development Frameworks are produced. They undertake planning casework, and initiate intervention to ensure targets are achieved.
- *Resilience/Fire Service Modernisation*: Each GO has a team co-ordinating regional activity to prepare for civil contingencies and an official co-ordinating regional activity on Fire and Rescue Service modernisation.

GO Work for other Government departments

GOs work for other departments includes crime, drugs, local transport, children and young people programmes, rural issues, European Structural Funds, Public Health and sports, arts and culture. GOs have also supported key Government operational initiatives such as foot and mouth eradication, community cohesion action following the northern town riots, and the street crime initiative. DfES have recently announced an expanded and strategic role for the GO Network in the delivery of key departmental priorities.

**Memorandum by Professor Neil Ward, Centre for Rural Economy,³⁷
University of Newcastle upon Tyne (RG 33)**

1. EXECUTIVE SUMMARY

1.1 This memorandum addresses the Committee's questions about the potential for new arrangements such as city regions, and their wider impacts. It briefly explains the history of ideas about city regions and argues that city regions are being promoted as articles of faith rather than on the basis of a clear and convincing rationale for their utility as a means of economic development or a unit of governance. It argues that the analysis of city regions has suffered from overly-abstract conceptions of the functioning of economic activity and highlights risks in the simplistic and blanket application of the city region idea, especially for those settlements (be they small cities, towns or rural areas) that are currently cast as peripheral to city regions.

2. INTRODUCTION

2.1 There has been increased interest in the idea of "city regions" among economic development professionals in England over the past couple of years. This is largely a consequence of the loss of political momentum behind the processes of decentralisation and devolution to the English regions. The notion of city regions has become a feature of academic debates about economic development, both in newly industrialising countries and advanced economies. The term is not a new one. It was first used by Patrick Geddes (1915) nearly a century ago to describe the economic and social geography of the growing conurbations in Britain.³⁸

2.2 The analytical underpinnings of the current interest in the city region concept have been far from clear. City regions are being adopted as articles of faith by their exponents, both nationally and within the regions of England. There is an urgent need for a wider, more open and much more thorough discussion about the concept.

2.3 This memorandum explores the development of interest in city regions in the UK. It then examines the role of the city region as an orienting framework for regional growth in the North of England. The paper concludes by reflecting on the potential implications of the city regions approach for sustainable regional development and especially for the North.

3. ERAS OF CITY REGION ANALYSIS, 1900–2005

3.1 Although the term city region has been in use for almost a century, there have been particular periods of heightened interest. Three such periods can be identified, each corresponding to notable phases in the development of urban and regional planning.

3.2 The first phase (in the first half of the twentieth century) was characterized by the settlement planning responses to the massive socio-economic changes in the late nineteenth century, when the rapid urbanisation of population and economic activity transformed the geography of Britain. The earliest use of the city region concept is found in an essay by Geddes (1915), *Cities in evolution*, which examined city development and the new urban geography of industrial Britain. Geddes pointed to the growth processes that were enlarging industrial towns and cities and argued they would ultimately result in their gradual unification into vast city regions. The term "city region" essentially applied to the emerging conurbations—a word coined by Geddes. Eight were identified, all of which were based on industrial expansion and growth stemming from rail transport. These were: Greater London, Lancaston (Liverpool to Manchester), West Riding (Huddersfield, Bradford and neighbours), South Riding (centred on Sheffield), Midlanton (capturing the growth of Birmingham), Southwaleston (Cardiff to Swansea), Tyne-Wear-Tees (Newcastle, Sunderland and Middlesbrough), and Clyde-Forth (Glasgow to Edinburgh).

3.3 A second phase of heightened interest in city regions began in the post-war period. The key socio-economic changes of the time, and particularly greater personal mobility through wider car-use, were calling into question the pattern of local government. The Redcliffe-Maud review of local government revisited the concept of city regions and the claims about its potential utility in delivering larger-scale strategic planning that integrated rural and urban areas. The Ministry of Housing and Local Government had argued that the city region should be the planning unit of the future. City regions, as all-purpose authorities, would cover the entirety of England and be 30 to 40 in number. The Commission's report proposed a system of 58 new unitary authorities and three metropolitan authorities outside London. A dissenting note by one of the Commissioners, Derek Senior (Cmnd 4040-I, 1969)³⁹, raised questions about the city region concept and its ability to deliver urban and rural governance in an integrated way, and instead proposed a two-tier system with 38 city regions of varying size with 148 districts.

³⁷ Centre for Rural Economy, University of Newcastle upon Tyne. This memorandum was prepared by Professor Neil Ward and Professor Philip Lowe. It draws upon research work conducted with Dr Jane Midgley, now at IPPR.

³⁸ Geddes P. (1949 [1915]) *Cities in Evolution*, Williams & Norgate, London.

³⁹ See: Cmnd 4040 (1969) *Report*. Royal Commission on Local Government in England 1966–69, Chairman: The Rt Hon Lord Redcliffe-Maud; & Cmnd 4040-I (1969) *Memorandum of Dissent by Mr D Senior*. Royal Commission on Local Government in England 1966–69, Chairman: The Rt Hon Lord Redcliffe-Maud. HMSO, London.

3.4 The main difficulty with the concept was the relationship between rural and urban areas, and this difficulty ultimately led to its failure in being adopted as the new local government structure following the change of government in 1970. The Commission noted that some witnesses were “disturbed by the possibility that the city region might imply urban domination of the countryside. Others criticised the city region as a concept which did not accurately reflect conditions in the more rural parts of the country” (*ibid*, para 119).

3.5 Later, Coombes and colleagues at the Centre for Urban and Regional Development Studies (CURDS) at the University of Newcastle developed work on functional urban regions for individual cities and the national urban system.⁴⁰ Essentially, such areas were constructed through analysis of daily urban systems, commuting patterns to employment cores with boundaries identified as a result. In developing urban regions as a tool for exploring functional relationships, two pre-requisites were identified: self-containment of activity and power of internal control. “The only candidate . . . at the intermediate scale between household and state [possessing these characteristics] is the city region,” it was argued (Coombes *et al*, 1982, pp 69–70).

3.6 The recently renewed interest in the city regions concept dates to academic and policy debates that have been underway since the mid-1990s. However, the election of the Labour Government in 1997 and its programme for decentralisation and devolution gave new impetus to efforts to understand the dynamics of economic and sustainable development in the English regions and at the sub-regional levels. This phase is essentially driven by an interest in economic development, and particularly in the drivers of economic development among England’s larger cities. However, the recent stalling of regional devolution in England has also served to fuel interest among those interested in new models of sub-national governance.

3.7 It is worth reiterating that the first two phases of interest in city regions were the product of profound changes in the economic and social geography of Britain, first as a consequence of urban industrialisation and the development of the railways, and second as a result of the growth of the motor car. The rapid growth of cities and of urban economies inspired Geddes’s work. The revolution in personal mobility helped prompt the Redcliffe-Maud review. The current context is also one of profound social and economic changes, this time as a result of globalisation and the ICT revolution. Yet the current preoccupation with city regions seems to be more about shoring up the settlement patterns of the past. The idea that city regions are at the cutting edge of a new age of urban economic competitiveness in a globalising world is open to question, not least because the technologies that are playing such a key role in current socio-economic changes can be seen as fundamentally decentering technologies. ICT allows people to live, work and run businesses in polymorphic urban forms.

4. CITY REGIONS AND THE NORTH OF ENGLAND

4.1 The major regional cities of England—Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield—have collectively become known as the “Core Cities” group and have become the focus of government attention in its attempt to deliver urban renaissance (sustainable urban living and working environments) and greater regional economic competitiveness (aiming to reduce the gap between regional growth rates and increase national and regional growth capacities). Central to the core cities initiative is the claim that cities play a major, pivotal role in advanced European economies, particularly in determining the economic performance of their regions.⁴¹ However, this claim is not well-founded and not well-researched.

4.2 In the North of England, city regions have been given new impetus through the *Northern Way Growth Strategy*, launched in 2004.⁴² This pan-regional initiative involves the three northern regions (the North East, North West and Yorkshire and the Humber) in a growth strategy to raise the economic performance in the North. A key orienting principle in the *Northern Way* is to focus efforts on eight “city-regions” (Liverpool-Merseyside; Central Lancashire; Manchester; Sheffield; Leeds; Hull and the Humber Ports; Tees Valley; Tyne and Wear).

4.3 The city-region approach adopted in the Northern Way is strongly influencing the work of the three Regional Development Agencies (RDAs) for the Northern regions. In the North West and North East regions, in particular, city regions feature prominently in the new Regional Economic Strategies (RESs) for the period 2006–16. In the North East, the city region concept is also the central concept in the new Regional Spatial Strategy. RDA investment priorities, and regional land use planning priorities, are being reconfigured from the perspective of strengthening the economic performance of city regions. It is therefore fair to say that the city region concept is already having a deterministic influence on the planning of regional development. However, this is advance of anyone really having a clear sense of what city regions are.

⁴⁰ Coombes M G, Dixon J S, Goddard J B, Openshaw S and Taylor P J (1982) Functional Regions for the Population Census of Great Britain, in Herbert D T and Johnston R J (Eds) *Geography and the Urban Environment, Progress in Research and Applications*, Vol V, pp 63–112. John Wiley & Sons, Chichester.

⁴¹ Office of the Deputy Prime Minister, ODPM (2004) *Our Cities Are Back, Competitive Cities make Prosperous Regions and Sustainable Communities*. Third Report of the Core Cities Working Group, ODPM, London.

⁴² Northern Way Steering Group (2004) *Moving Forward: The Northern Way, First Growth Strategy Report*. Northern Way Steering Group.

4.4 The Northern Way Growth Strategy suggests that the city regions encompass “90% of the North’s population and more than 90% of the North’s current economic activity and economic assets” (para B1.1). However, the way that city regions are defined (even for the purposes of such statistics) remains shrouded in mystery. (Regional economic and spatial strategies tend to dodge the definitional issue by claiming that city regions have “flexible geographies”). Rural development interests in the northern regions also reasonably ask: what of the remaining 10%?

4.5 There are two ways of seeing the role of rural areas (and their businesses, communities and landscapes) in the development of the North. One is as passive beneficiaries of the Strategy. This assumes that rural areas will benefit from overall regional growth, and that any interventions focussed on city regions will bring “trickle out” benefits to wider rural areas. A second is to see rural areas and their assets as active contributors to the Strategy and its success. This need not, of course, be to suggest that rural development can drive regional development, but it is to suggest that market towns and villages, and rural landscapes and assets, make a contribution to the offer of city regions and the wider North. This is not just as a space of consumption, but also as attractive locations for growth-oriented businesses.

4.6 In the Northern Way Growth Strategy, the importance and contribution of rural areas is acknowledged in the introductory analysis. However, when it comes to the priorities and actions to deliver the Strategy, the role of rural areas all but disappears from view. In effect, the contribution rural areas might make to the development of the North is taken for granted, with the implicit assumption that rural assets will “look after themselves”. It then follows that under the Northern Way nothing needs to be done to maintain or develop the role and contribution of rural areas for the wider benefit of the North.

5. CONCLUSIONS

5.1 The Northern Way has been created in response to the economic dominance of south eastern England, as a way to reduce the marked inequalities in productivity and growth that exist between regions. However, the nature of the programme, including the rationale for the city-regions approach, has been poorly explained and justified, with the result that the initiative is being experienced as a top-down imposition, lacking in democratic accountability and legitimacy among the local communities of the North.

5.2 The city regions approach embodied in the Northern Way and more widely at play in northern England suffers from three main shortcomings. Its rationale has not been sufficiently explained and justified, with the result that it looks like a faddish idea that has been imposed from “on high”. The basis for what constitutes a “city region” has been left vague and obscure, with the result that all places beyond what sometimes gets called the “urban core” of the city region (including all types of towns and smaller cities, as well as rural areas) risk being marginalised from this process. Having places “beyond the city region” risks a two-speed, twin track approach to regional development, in which the positive benefits that flow from increased rural-urban relationships and interdependencies go unrealised and under exploited.

5.3 The Government’s agenda for decentralisation and devolution to the English regions looks to have run into the sand. Part of the reason for this is that the regions, as configured, made little sense as functional entities to the people within them. (Another reason, of course, was the timidity in the Government’s devolution proposals). There is a real risk that in the policy vacuum left behind in the wake of the North East referendum city regions are picked up as an “off-the-peg” solution to the Government’s regional problem. City regions currently have the air of a poorly thought-through fad and the mistakes of the Government’s regional agenda must not be repeated. Any potential that the concept may have for delivering improvements in local and sub-regional development are likely to be undermined unless a much clear and stronger statement about how the risks of marginalising what have been cast as peripheral areas and their problems accompanies the city region approach.

5.4 The city region is an essentially economic notion of geographical solidarity, but cohesive communities derive their cohesion from things other than wealth. The failure of elected regional assemblies means that we are left with no significant means of enabling people to think they have a stake in regional governance, so we have seen a retreat to an economic model. The city regions approach, currently embodied in the Northern Way, reproduces a rural development problem. It establishes and reinforces out-of-date notions of geographical centrality and hierarchies and it actively marginalises places, consigning them to the periphery, dividing and polarising.

Memorandum by Barnsley Metropolitan Borough Council (RG 34)

SUMMARY

1. Questions of governance need to be tackled holistically rather than piecemeal. There should therefore be a review of governance arrangements leading to a new constitutional settlement.

2. The review needs to:

- be comprehensive, covering all levels of government and all types of institutions;

- be honest and open;
 - be independent; and
 - take the time it needs.
3. The new settlement should conform to certain principles:
- subsidiarity, with decisions made at the lowest appropriate level;
 - devolution of spending, subject to a competence test;
 - form should follow function in deciding the size and shape of institutions;
 - accountability and democratic legitimacy;
 - encouragement of partnership working between institutions; and
 - quality services and efficiency.

BARNESLEY

1. Barnsley is a borough of some 218,000 people. It lies within the South Yorkshire sub-region of the Yorkshire & Humber region in England.
2. Barnsley Metropolitan Borough Council is the area's unitary local authority.
3. Barnsley takes as lively an interest as anybody in questions of regional arrangements, not least because of its location in both the Sheffield and Leeds City Regions.

Our starting point—a new constitutional settlement

4. The issue of regional government cannot be considered in isolation. Governance arrangements at one spatial level are inextricably bound up with the governance arrangements for the spatial levels above and below it.
5. The recent past has seen substantial change in governance arrangements and related policy approaches at various levels, including:
 - the creation of Regional Chambers;
 - the creation of Regional Development Agencies;
 - limited devolution of spending to regions;
 - the creation of Local Strategic Partnerships;
 - changes to local government powers and duties;
 - changes to Agencies and Non-departmental government departments;
 - the Northern Way Growth Strategy (and parallels elsewhere); and
 - the development of city region theory and practice.
6. The near future promises further change.
 - Ten year vision for local government.
 - The “neighbourhoods” agenda.
 - A proposed White Paper on local government.
 - A proposed White Paper on cities and city regions.
 - The forthcoming report by Sir Michael Lyons into local government functions and funding.
7. All of these and more have impacted or will impact on decision making at the regional level. Addressing one or several of these without reference to the others can at best produce partial solutions, and at worst it risks either shifting problems from one place to another, or replacing one problem with another.
8. We therefore believe that what is needed is a comprehensive review of governance, leading to a new constitutional settlement. We further believe that that review and the new settlement should conform to a number of fundamental principles. These are set out in the next two sections.

Fundamental principles of the form of a review of governance

9. The review should cover governance at every level, from neighbourhoods to national. It should cover all forms of public administration, including local and national government bodies, non-departmental public bodies, quangos, qualgos and voluntary associations such as Regional Chambers.
10. Any review must be conducted in an open and honest way. Politicians and officials must be willing to consider new arrangements, and must not seek to hold on to power for its own sake.
11. In practice this almost certainly means that the review will have to be conducted in a way which assures its independence. Although not recently fashionable, one possibility might be a Royal Commission—though other formats can also easily be envisaged.

12. We acknowledge that such a wide ranging review will take time. But we believe that it is better to be right slowly than wrong quickly. Continuing to implement piecemeal reforms from above risks deepening the widespread disengagement of citizens from the political process.

Fundamental principles of a new constitutional settlement

13. Government should always be conducted as near to people as is possible. The starting assumption should be that all decisions are made at the neighbourhood level, with decision-making powers being devolved upwards—but only where this is more appropriate to the matters in hand.

14. Alongside this devolution in decision making goes devolution in spending. Subject to proving their competence, public bodies should enjoy substantial freedoms and flexibilities to allow them to respond to local needs and wishes, and to deliver services in innovative ways.

15. Form should follow function. Sensible decisions on the size and shape of governance structures can only be made when there is clarity about the roles and responsibilities assigned to each level.

16. Bodies need to be accountable to the people they serve, with a democratic mandate to make decisions on their behalf. This does not always or necessarily require a direct democratic mandate—there is certainly a role for indirect accountability—though there should perhaps be a presumption in favour of direct accountability. But in all cases some form of legitimisation is required to retain people’s trust and engagement in the political process.

17. Flexibility must be built in to the system. Whatever structures are put in place, there will always be a need for more informal partnership working arrangements to join them up for certain purposes. Bodies need to have both the power and the duty to co-operate where it is appropriate.

18. Bodies must deliver quality services efficiently, and they should be designed in the way most suitable to do that. All the principles above will contribute to achieving the dual ambitions of quality and cost-effectiveness.

Memorandum by District of Easington (RG 35)

INTRODUCTION

1. Easington District Council is one of seven District Councils in County Durham situated in the North East of England. The District is located along the coastal strip between the more urban centres of Sunderland to the north and Hartlepool to the south and has a population of some 94,000. The economic base for the area was previously associated with coalmining and has been the subject of considerable regeneration activity over the last 10 years to address the economic, social and environmental legacies of the loss of this sector of employment as well employment in the textiles sector. As a consequence of this structural economic change, the district has chronic levels of deprivation and disadvantage and is ranked as the 7th worst district (Rank worst for all shire districts) on the ODPM’s IMD 2004.

2. The Council has sought to provide a strong leadership capacity to advocate for actions to address the area’s regeneration and to provide the communities of Easington with a more certain and sustainable economic future. Through this role the Council has recognised its future prospects will in part be shaped by actively contributing in policy debates at the regional and sub regional levels so as to inform others of the needs of Easington and to also influence their decisions to bring about a positive impact for the communities of Easington. The Council was strongly in favour of the establishment of a Regional Assembly for the North East, but in the light of the Referendum decision has moved on to work with others to deliver and play its part in the agreed “Vision” for the North East of England:

“the North East will be a region where present and future generations have a high quality of life. It will be a vibrant, self-reliant, ambitious and outward-looking region featuring a dynamic economy, a healthy environment and a distinctive culture. Everyone will have the opportunity to realise his or her full potential.”

3. The Council welcomes the Select Committee’s Inquiry at a time of debate and change around public service structures and governance arrangements at the regional level and the emergence of the City Region concept as means to achieve greater economic performance and productivity for the Northern Regions with resultant greater prosperity for our communities. However the Council would through its evidence to the Committee invite it to carefully examine the economic case for, and how, City Regions might be used as a policy tool to become the driving force for economic development and the consequences and implications of this for Local Government in terms of strategic relationships between various elements of government at the regional level; democratic accountability; and relationship to the neighbourhood level agenda.

4. In summary the Council's view is that any regional or city region structure should add value, deliver improved outcomes for local communities and assist the delivery of an improved quality of life and better prospect for the next generation. This should however be underpinned by a strong local authority involvement and engagement in associated decision making process as well as review to ensure delivery accountability and democratic accountability.

GENERAL PRINCIPLES

5. Easington Council would argue that within any framework of regional, sub regional or City Region based arrangements for the governance of public policy decision making there should be:

- A strong role for the local authority sector to maintain democratic accountability and to allow for local representation on strategic issues. The Council believes Local Authorities are uniquely placed to provide the accountable local leadership to assist the translation of regional/sub regional policy frameworks into local delivery arrangements to achieve the desired outcomes set within wider spatial and partnership arrangements.
- Appropriate partnership structures to permit firstly, agreed goals determined jointly by users and delivers of public services to achieve more tailored and responsive services. The potential within Local Strategic Partnerships to achieve this should be maximised. Secondly, for other governmental organisations (such as Regional Government Offices, Regional Development Agencies and Regional Learning and Skills Councils for example) there should be a strong scrutiny role for the local authority sector to maintain an effective degree of accountability to local people for their decisions and actions taken on behalf of those communities.
- An inclusive approach to any governance or partnership arrangements so that all interests are appropriately represented and there are open and transparent consultative and decision making arrangements that are firmly evidenced based. Experience of the current arrangements for the above within regions is that too often the time for effective consultation and deliberation on policy options is curtailed and as a result is often concentrated amongst a few limited regional stakeholders. This is seen as detrimental to effective regionally owned policy formulation and decision making and is unsustainable if real change is to be delivered through a shared and consensus based approach towards prioritisation of critical strategic interventions.

TREND TOWARDS REGIONALISATION

6. Post the North East Referendum there has been a strong re-organisational shift towards more sub regional and regional level structures, as the Committee will be aware, evidenced by proposals within the North East for changes to Regional Health Authorities (and Primary Care Trusts), Police Authorities, Learning and Skills Councils, Job Centre Plus. This serves to widen the gap between strategic decision making and local communities. In the Council's view this "gap" must be lessened through appropriate representational and consultative arrangements with local authorities.

7. The Council therefore feels that such arrangements need to be complemented and underpinned by appropriate locality arrangements so that regionally directed services are responsive to locality needs and can be connected to local communities in an effective and joined up way. Local Strategic Partnerships supported by Local Authorities as "advocative" community leaders need to be clearly given this role as part of the arrangements to balance regional governmental structures with local neighbourhood based delivery. This would assist to overcome what the Council believes is a widening democratic deficit, lack of effective accountability for regional governmental organisations and an emerging dislocation of policy development and service commissioning from local community needs, requirements and indeed aspirations—all critical factors for a healthy and vibrant democratic system.

8. In part, as a response to dealing with critical policy issues at a greater spatial scale than an individual local authority area a greater use of sub regional partnership arrangements has emerged and come into play. One NorthEast with their decision to devolve 75% of their budgets to Sub Regional Partnerships is a welcomed approach. However in the Council's view this essentially financial allocation delegation needs to be accompanied by greater subsidiarity in decision making to engender greater ownership for decision and to permit local resolution to difficult issues of prioritisation and the resultant hard choices. At present there is a too heavy control of decision making by the introduction of policy "musts" and low levels of delegation on actual decision making. However it is accepted that in order for regional level objectives and priorities to be delivered some degree of policy direction is needed. This would however be better achieved by the development of an agreed policy framework with specified outcomes within which any sub regional partnership or arrangement of local authorities would have to operate, but how the required targets and outcomes linked to achievement of regional goals are delivered should be left far more for to local determination through discussion and challenge. Such a process will engender stronger partnerships and ownership of the process of change than a more top down directional approach.

9. The second round of Pilot Local Area Agreements in which County Durham is engaged should help to further test the notion of effective sub regional working and the Council welcomes the ODPM's commitment to let local authorities in consultation with key service partners determine their own future

priorities and targets for certain improved key public services outcomes. The Council feel that this working at a sub regional level needs to be driven by local priorities and choices responsive to community aspirations and needs and solely determined around centrally imposed must dos. The Council however feels the opportunity was not seized by the ODPM in looking for new ways of working with local communities across districts the trialling of a sub county level Local Area Agreement model in County Durham.

CITY REGIONS—THE CONCEPT

10. City Regions has emerged as the new preferred methodology or policy framework to govern economic development within regions. Based on the principal that 90% of the population of the Northern Way live within the eight defined city regions and that these areas account for 90% of the North's economic activity. The policy drive has shifted to the promotion of city regions and indeed core cities. It does however run a risk of marginalising the mix of medium sized urban communities and rural areas that characterise County Durham.

11. The Council is concerned that the emerging economic policy analysis based around the concept of City Regions as drivers of economic growth is often some what simply translated into a categorisation of core urban centres and conurbations as city regions and the remainder within the sphere of economic influence of a city region are rural areas and some how their needs are subservient to the promote of city centric economic growth. This approach has major implications for access to employment and services, commuting distances and environmental sustainability and the future of less attractive market locations that can often have more disadvantaged neighbourhood with poor connectivity and public transport.

12. The City Region concept is however based on “real world” observations of economic patterns of activity and flows that extend over greater areas than the metropolitan/conurbation boundaries. The Council would argue that the City Region concept should be:

- Recognised as an “area” based on economic analysis representing flows of economic activity (labour markets, travel to work areas etc) and not an administrative area linked to metropolitan authorities.
- The extent of a city region will change over time as economic patterns change.
- Seen as being substantially more than a focus on the needs of the core city within a city region.

In the case of the Tyne and Wear City Region Area (within which Easington District is situated) this should be more correctly seen as a “polynuclear” as opposed to a “polycentric” city region area, comprising a number of economic centres, though acknowledging amongst these component centres there is a hierarchy of centres. Each of the centres offers a contribution to the economic well being of the overall City Region area. This city region scale of economic influence includes core urban centres, inner city areas, outer suburbs, small and medium sized towns, as well as more outer lying rural areas. All of these centres contribute to the economic performance to some degree of the city region, and all have an interrelationship and interdependence with each other.

13. The relationship between urban and rural should be seen as a continuum and the focus should be on the interrelationship between three areas core urban centres—urban towns—rural areas rather than being portrayed a separate and distinct policy areas. As a consequence of the above, there is a risk in the Council's opinion that the City Region concept could be implemented in a way that underplays key issues linked with economic development related to connectivity between communities and centres of economic activity, accessibility and housing market issues in terms of spatial extent, low demand, affordability and the promotion of sustainable communities in these wider range of settlement areas in different spatial setting within and adjacent to a City Region area.

14. As an example of this interrelationship between intra city region parts, is the issue of the regeneration of former coalfield areas, a key ODPM policy priority. In the case of Easington at the heart of the former East Durham Coalfield, the area is situated within the economic labour market of Tyne and Wear and the economic regeneration of the area is positively contributing to the region's economic performance as research by the Coalfield Communities Campaign has demonstrated.

15. The ambition for the Region should not be to focus all growth in the main core urban centres at the expense of other locations and to maximise their accepted growth potential by at the same time disenfranchise the less economically attractive locations. It should not be about accelerating economic growth in urban centres by de-accelerating economic investment elsewhere. The policy framework under a City Region approach should support economic investment in appropriate locations. To do otherwise, such as having a solely core urban growth led policy approach would lead to a widen gap between economically attractive areas and the most disadvantaged communities.

16. To achieve an economically successful region there is a need to ensure that the economic latent potential of all the communities within a city region area is maximised and this has to include the small and medium sized communities such as those in County Durham that economically have a relationship to the either the Tyne and Wear City Region or the Tees Valley City Region.

17. The Council therefore on this basis supports the contention that there are a number of activities that are best co-ordinated at a City Region scale such as strategic economic development and regeneration, spatial planning and transport, housing and skills development. These policy areas are seen to require effective co-ordination if the economic performance of the Northern Regions is to be improved in line with the goals of the Northern Way Growth Strategy and to help close the £30 billion productivity gap.

18. However, such arrangements need to be inclusive if the economic contribution that can be played by all areas is to be effectively harnessed. Decisions taken at a city region scale should add value to policy delivery in local communities and take place within the context of a whole region approach so that the relationship to remoter urban and rural areas is articulated. The City Region implications and relationship with other regional arrangements and organisations such as the Regional Development Agencies and Regional Learning and Skills Councils for example also need to be clearly expressed. In all of this, the principle of decisions being taken at the right level for the issue and subsidiary should be applied and local authorities need to be, and should be effectively engaged at each level.

CITY REGIONS—GOVERNANCE AND NEIGHBOURHOOD RENEWAL

19. In taking the city region approach forward there will need to be due attention given to related issues of governance models and the relationship of a city region approach to the policy agenda for neighbourhoods and local delivery. In respect to governance it is the Council's view that this needs to be firmly embedded with local authorities but also inclusive of other key regional stakeholders. There should also be appropriate representation for all local authority areas with an interest in the economic well being of a City Region area and not one whereby the urban centre authorities are placed in a position that can lead to the more peripheral areas such as District Councils being seen as having a more subservient or secondary role in respect to leadership and direction, decision making and partnership working. Leaders of District Councils are able to equally contribute effectively to a process of leading a city region based "economic" growth programme.

20. Implementation of the City Region agenda should though be advanced in partnership with the ODPM's commitment to local delivery and neighbourhood renewal. In this way city region scale issues will remain at the right spatial level and indeed could assist to set clear priorities within which neighbourhood renewal can be advanced as well as ensuring strategic investment is connected with, and benefits the more disadvantage communities within a city region area. It should also ensure more strategic decisions are taken in ways that are responsive to local delivery local and neighbourhood based and community owned solutions.

Memorandum by Local Government Association (LGA) (RG 36)

THE LGA

1. The Local Government Association (LGA) promotes the interests of English and Welsh local authorities—a total of just under 500 authorities. These represent over 50 million people and spend around £74 billion a year on local services.

2. We believe that a bold and ambitious devolution of power from central government to local councils will improve the lives of local people and their communities. The government has proposed a "deal for devolution"—power released from the centre in exchange for stronger local accountability—we are working to make this change a reality.

The LGA's six questions

3. Set out below are six questions that we believe should be asked of any government proposals that emerge as a result of the current debate about city regions. They are not meant to be empirically based or comprehensive, but to act as a benchmark to ensure that the concerns outlined in this paper have been addressed.

1. Do the proposals represent the devolution of powers from the national or regional level?
2. Are the appropriate powers being devolved to improve the competitiveness of the sub-region?
3. Would the proposals benefit all areas of the sub-region affected and involve all the authorities affected in the decision making process?
4. Do they allow existing partnerships to be built on or allow partnerships to be built from the bottom up to reflect local circumstances?
5. Would they weaken democratic accountability in the sub-region?
6. Would the proposals contribute to the sustainable development of the region?

4. There is little doubt that current regional arrangements in the public sector are typified by confusion and uncertainty. This confusion was brought into stark relief by the government's decision in 2004 to suspend its planned referendums in the North West and Yorkshire and Humberside on directly elected regional assemblies and the unexpectedly heavy defeat for a proposal in the North East in October 2004.

5. Since the failure of the vote for a directly-elected regional assembly in the North East a vacuum has emerged over possible future directions for regional policy in England. While the government has a "blueprint" in chapter 2 of the 2002 White Paper "Your Region, Your Choice", the situation remains in flux. Government Regional Offices are currently under review and doubts continue over the capacity of voluntary Regional Assemblies to carry out their roles such as scrutiny of the Regional Development Agency (RDA) and strategy formulation as effectively as possible. The impact of the rapidly emerging City Regions debate on existing regional bodies such as Regional Development Agencies is as yet unknown.

6. The LGA believes that the current situation, which involves a plethora of regional Non-Departmental Public Bodies (NDPBs) and quangos which are unaccountable to the region, is unsustainable in the long-term. The only element of indirect regional accountability is offered by the Regional Assemblies which themselves lack the capacity and resources to make full use of their role in strategy-making and scrutinising regional quangos.

7. In 2003 the LGA commissioned the University of Birmingham to undertake research on the government's Chapter 2 proposals.⁴³ The report concluded that in terms of scrutiny, there is a need to strengthen the accountability of quangos, policies and programmes in the regions. Realisation that local authorities acting individually have little prospect of effective scrutiny of the regional quango state suggests that greater emphasis should be placed on working effectively through the regional assemblies. The LGA is awaiting the results of the current Audit Commission study on the effectiveness of regional assemblies with interest.

8. Chapter two of the "Your Region, Your Choice" white paper confirmed the role of the regional assemblies in scrutinising RDAs but offered no additional powers to deliver this. The LGA considers that this is one area where regional assemblies could play a more significant role than they have in the past. At present, the scrutiny of regional quangos is largely through government Ministers to Parliament. In future, the regional assemblies could take on this role and could also have a role in scrutinising regional public bodies other than the RDAs. Therefore, in terms of strengthening regional accountability and increasing devolution the LGA considers that the capacity of Regional Assemblies should be enhanced to allow them to play a much stronger role in scrutinising the whole range of regional quangos and NDPBs and in formulating an overarching "sustainability strategy" that could serve to integrate the activities of the various public bodies at regional level.

The potential for devolution of powers from the regional to the local level

9. It is vital that no shift upwards of powers or responsibilities which are currently managed at the local level occurs. The LGA strongly believes that power needs to be exercised at a level as close as is possible to those affected. Regional organisations must recognise the abilities and experience of local government and must be prepared to trust local level arrangements when these are most appropriate.

10. The LGA continues to work enthusiastically with the government on the development and roll out of Local Area Agreements as a potential way of devolving greater control of funding streams to local authorities and their partners. The principle of devolution must also apply to the way regional bodies work with local authorities. Local authorities have much to offer regional bodies in terms of delivery experience, capacity and innovation, flexibility and ability to manage change. Local authorities have the ability to represent local community concerns and opinions, are democratically accountable and are therefore in a legitimate position to make decisions on behalf of those they represent. Linked to this is the ability to draw existing local communities and sub-regional networks into regional agendas.

11. The LGA has welcomed the decision by some regional bodies, including several RDAs, to devolve decision-making on a proportion of their funding to the sub-regional level and considers that there is potential for such devolution to be replicated across England eg through expansion of the concept of 'joint investment frameworks' whereby a number of regional and sub-regional public agencies align or pool their funding streams.

The potential for new arrangements, particularly the establishment of city regions and the impact which new regional and sub-regional arrangements, such as city regions, might have upon peripheral towns and cities.

12. In our manifesto the next four years: the future is local we identified "a thriving and sustainable local economy" as an aspiration for every council. We want to see all local communities benefiting from policies to improve their local economy. This applies as much to smaller towns and cities and rural hinterlands as to the big regional cities. While the LGA welcomes the thrust of the current debate surrounding devolution of powers and freedoms to cities, it is crucial that any proposals should benefit communities in all areas.

⁴³ The Changing Regional Agenda: Chapter Two, Regional Assemblies and English Regional Governance, Jeffrey, C and Reilly, A (2003)

13. There is a current debate about the concept of the “city region” that emphasises the importance of policy-making and planning at a level that recognises the economic realities of where people live, learn, work and shop. The theory is that policies to promote growth, enterprise and employment need to be made at a level that makes sense in economic terms, which reflects the reality of the way markets work. So travel to work areas, retail catchment areas and the way that supply chains work are more important than administrative boundaries.

14. However, reflecting the reality of people’s lives means that the boundaries of city regions are fuzzy and cannot be fixed with any certainty. For example, some people may be in different city regions for different purposes—shopping at a local centre, commuting long distances to work and going to a different town for cultural and entertainment purposes. And some places may fall in more than one city region—for example Barnsley is involved in partnerships in both the Leeds and Sheffield city regions.

15. And many, perhaps the majority, of places do not fit neatly into the classic concept of a city region with a large core city at its heart. Some sub-regions have no identifiable core city, but rather a cluster or network of smaller towns and cities. Some areas, for example the counties surrounding London, do not contain towns with more than 125,000 inhabitants within one council boundary (the government’s definition of a “principal urban area”), but have their own local economy. And in very rural and peripheral areas the city region concept may have little resonance, but these areas also have local economies that make an important contribution to the national and regional economy and would benefit from policies that better reflect the realities of local markets.

16. There is also a worry that even in the areas with a readily identifiable city region the promotion of city regions will concentrate attention on the urban core and neglect the needs and aspirations of the wider region, including smaller towns and cities and suburban and rural areas. These are the places in which the majority of people live. It is vital that any discussion about city regions does not just become a discussion about devolving powers to the councils in our biggest cities but addresses the economic needs of all our communities.

17. Finally, the concept of city regions is often framed in exclusively economic terms, concentrating on a city’s “economic footprint”. But towns and cities are not one-dimensional, mechanistic economic drivers but places where people live their lives along with their families, friends and colleagues. Any policy seeking to promote the vitality of our urban areas must also take into account their social and environmental footprints. Promoting social and cultural vitality and environmental sustainability are vital in creating successful towns and cities.

Spreading the benefits of town and city centre renewal

18. To make sure that all communities benefit from urban renewal the LGA commissioned an enquiry jointly with the Special Interest Group of Municipal Authorities (SIGOMA) on “Spreading the benefits of town and city centre renewal”. The research looks at how the benefits of urban renewal of the big cities could be spread to benefit all urban areas, including suburbs, “second tier” towns and the wider region.

19. It finds that investing all our efforts in the centres of the biggest cities and relying on a “trickle down” of benefits to other areas will not work—it risks creating a “winner takes all” approach. What is needed is a proactive approach at the local, regional and national level to make sure that all areas benefit from urban renewal and that all urban centres participate in the urban renaissance.

20. A summary of the findings our research is attached to this evidence, but the most important conclusions in terms of the current debate are that:

- We should not see our town and cities as a hierarchy, with the biggest cities at the top of the pyramid, but rather as a network of interconnected urban centres, each with a distinctive economic role to play and contribution to make.
- The keys to thriving urban centres are liveability, connectivity and productivity. The most successful towns and cities have already demonstrated the importance of vibrant centres and they now need more powers and resources to improve connectivity and productivity. All urban centres would benefit from this approach.
- The key to success is local leadership and strong partnerships between authorities and their social and economic partners at the local and sub-regional level. These partnerships have evolved to meet specific needs and reflect local circumstances. There is no appetite for top-down prescription or administrative reorganisation.
- Access to adequate resources is vital and competitive bidding and time limited funding undermines long-term partnership working. Local councils and their partners need to be given incentives to promote their urban centres and this will include benefiting from the increased property values associated with successful economic development and regeneration.

The LGA view

21. The LGA believes that all local communities would benefit from a greater devolution of powers over economic development to the appropriate level. This devolution has to be to accountable local councils and not unaccountable quangos. Decisions about the appropriate level should be left to councils and their partners, who are in the best position to know what is required. There should be no central prescription as to the kind of partnerships that councils establish.

22. We recognise the value of the “city regions” concept but fear that it is quite an exclusive and does not reflect the reality of the many areas in England that do not have a readily identifiable “core” city. It would be more appropriate to talk about the devolution of powers to sub-regions, which would include city regions, but could also include areas that have different patterns of urban development.

23. We believe that ultimately all local councils should have a greater say in decisions made about policies to promote a thriving and sustainable local economy in their areas. But we recognise that some areas are more advanced in their thinking on this and there might be value in piloting a new approach in a limited number of areas. However, it will be important that any pilot takes account of the needs and aspirations of all areas of a sub-region and not just the core urban area. It should also be open to areas that do not conform to the standard “city region” model to participate in any pilot project.

Memorandum by The Royal Society for the Protection of Birds (RSPB) (RG 37)

INTRODUCTION

1. The RSPB is actively involved in the English Regions, working with Regional Assemblies, Regional Development Agencies, regional environment and biodiversity forums and other regional fora. Through our activities we also deliver projects that benefit local communities, support local economies, and help to provide a healthy environment rich in birds and wildlife.

2. We believe that regions have a crucial part to play in promoting and encouraging sustainable development. Working together, regional bodies can stimulate action at regional, sub-regional and local levels which are key to delivering many of the policies in the UK sustainable development strategy. The essential functions for this to happen include: leadership, coordinated delivery, financial resources and feedback on performance to help shape future policies.

3. Some progress has been made on the delivery of sustainable development, but there is still much room for improvement. The RSPB strongly urges the Government to support the all recommendations of the Sustainable Development Commission, as set out in their recent report “The next steps”. In parallel with their findings, our experience in the regions is that there is:

- (i) a need for stronger leadership and accountability at a regional level for sustainable development;
- (ii) no clear mechanism for delivery of sustainable development targets;
- (iii) not enough data on regional progress towards meeting sustainable development targets.

LEADERSHIP

4. All regional bodies—Regional Assemblies (RAs), Regional Development Agencies (RDAs), Government Offices (GOs)—and other public, private and voluntary organisations have a key role in the implementation of the UK Sustainable Development Strategy. This means placing sustainable development at the heart of their activities and working together in partnership.

5. The RSPB believes that currently, there is a lack of consistent leadership on sustainable development across the English regions. RAs, RDAs and GOs need more clearly defined responsibilities for sustainable development; for example, RAs and GOs should have sustainable development as their *primary purpose*. A key task is to ensure policy alignment between national and regional levels—and fewer regional strategies. All regional government institutions should develop a *proper accountability framework* setting out:

- (i) the business case for sustainable development;
- (ii) targets and out puts for all levels of the organisation; and
- (iii) clear indicators of successful delivery (ensuring regular monitoring and reporting).

Responsibility for sustainable development must be embedded at the highest level, ensuring a network of champions from board level and down through each organisation.

6. Regional Assemblies need mechanisms to give stakeholder members a genuine voice. Our experience has been that more value has been placed on input from economic and social partners at the expense of environmental interests (see case study from the North West).

Case study: environmental voice in the North West

7. A key challenge that the environment sector is facing in the North West is getting meaningful representation in the Regional Assembly. The environment sector is represented by North West Environmental Link which has two seats on the Economic and Social Partnership (ESP) group (RSPB holds one of these seats). However, over the last 12 months the environment sector has been marginalised within ESP. The balance of seats, both on the Executive Group of ESP and within ESP, lies strongly in favour of the business sector leaving both the environmental and social sectors poorly represented.

8. The recent letter from Rt Hon David Miliband MP, Minister of Communities and Local Government, regarding the make-up of RAs (that they should be at least 60% Local Authorities and at least 30% ESP) has been useful for improving the balance between Local Authorities and ESPs. However, further refinement is needed to create a better economic, environment and social mix within the ESP. Some regions call this group “Economic, Environment and Social Partners” to ensure that the environment is given a higher profile. Consistency in naming of this group would be helpful.

9. There is also a need for more business “buy-in” into the philosophy and delivery of sustainable development.

COORDINATED DELIVERY AND SUSTAINABLE DEVELOPMENT ROUND TABLES

10. Sustainable Development Round Tables (SDRTs) exist in some form in each of the English Regions—except in the North West, where Sustainability NorthWest (financed by the RDA and the business community) is seen to fulfil this function. There is no clear support for what SDRTs say or do; at the moment they are listened to sporadically and where there is action it is not consistent across the regions.

11. As identified by the Sustainable Development Commission, SDRTs must be independent, to act as “critical friends” to RAs, RDAs and GOs, scrutinising their policies, their performance on sustainable development and providing advice on best practice. They need:

- (i) secure funding, sufficient to enable Round Tables to work properly;
- (ii) stakeholder driven membership, including influential representatives from RAs, RDAs, GOs, public, private and voluntary sectors;
- (iii) continuity of service (ie. members sign up to a term of office);
- (iv) to be well networked amongst leaders of key organisations and agencies within their region;
- (v) to act as facilitators for the transfer of knowledge and best practice between regions and externally.

COORDINATED DELIVERY AND REGIONAL SUSTAINABLE DEVELOPMENT FRAMEWORKS (RSDFs)

12. Regional Sustainable Development Frameworks (RSDFs) are intended to provide a shared vision for sustainable development and inform other regional strategies. In some regions this is the case, but in general they lack influence and are rapidly being bypassed by new Integrated Regional Strategies. The RSPB believes that it is essential that Integrated Regional Strategies are audited for sustainable development purposes and are nested within the RSDF.

13. In some regions RSDFs are being updated and renamed Integrated Regional Frameworks (easily confused with Integrated Regional Strategies). They are widely used as a basis for the Sustainability Appraisal of strategies and projects. Indeed sub-regions in the North East welcomed their Sustainable Development Round Table’s RSDF and the road-show which explained the use of an integrated matrix which could be used to start the process of Sustainability Appraisal.

14. The RSPB supports the use of RSDFs for sustainability appraisal as long as they are kept up-to-date and where this takes into account guidance from the Sustainable Development Commission on the development of sustainability appraisal tools.

COORDINATED DELIVERY AT A SUB-REGIONAL LEVEL

15. Sustainable development must be delivered at the appropriate regional/local level. Action plans produced by Local Strategic Partnerships must be checked against the RSDF (or Integrated Regional Framework) with as much rigour as the county or regional plans in order to avoid inappropriate trade-offs at a local level. The regional governance structure must ensure that all decisions are made in a measured or integrated “big picture” fashion.

16. In some cases it is necessary to look across sub-regional boundaries (eg. considering them as sub-economic units divided by a political boundary) in order to tackle economic, social and environmental disparities in a joined-up fashion. For example in the East of England, Great Yarmouth and Lowestoft are

neighbouring towns that share many of the same development problems, but they lie on either side of the county boundary. Sustainable development policies have had to be integrated into two local action plans, one in Suffolk and one in Norfolk, often with very different results.

MONITORING OUTCOMES

17. Currently this information on regional progress towards meeting sustainable development targets is either insufficient or non-existent—when compared, for example, to RDA reporting on regional economic performance against Regional Economic Strategies. There is a pressing need for regional sustainable development indicators and national strategy indicators (ensuring link-up between the two). Regions must have properly funded monitoring systems, must agree the purpose of indicators, how they will be measured and assessed. Regional government institutions must also have an agreed commitment to take remedial action against negative trends.

18. Regional Observatories and the National Audit Office should produce an annual “State of the Region” report—based on sustainable development outcomes—to provide an overview of regional progress.

Memorandum by Nottinghamshire County Council (RG 38)

1. Nottinghamshire County Council would like to present the following evidence to the Committee. The evidence is contained under the headings outlined in the evidence brief, which is shown in bold type. Attention is also drawn to Nottinghamshire County Council’s Cross Service and External Affairs Select Committee study of Regional Government, which is attached as an appendix.

“THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS”

Regionally

2. The County Council considers that there are major limitations in the accountability of regional and sub-regional decision making. An increasing amount of decision making is taking place at the regional level without the necessary level of accountability. Examples include the significant budgets being given to the development agencies and Learning and Skills Councils. Regional Assemblies have been given statutory powers over spatial planning and housing and are providing regional advice to Government on regional funding allocations. None of these bodies are directly accountable to the electorate for their decisions.

3. These regional powers have in part come down from Government but there are important elements which have been drawn up from local government. In this process, political accountability has been lost. Examples include college funding, which has passed to the Learning and Skills Councils, and elements of spatial planning which have passed to the Regional Assemblies.

4. The whole regional map of responsibilities is extremely complex, in part because it has developed on an ad hoc basis. This has been described by many as regionalism by stealth. Government continues to pass additional responsibilities to the regional level, for example in the NHS and fire service and potentially the police. The ensuing complexity discourages engagement, accountability and joined up decision making. Our own Select Committee Inquiry into Regional Government (attached) highlighted this issue.

5. The view of Nottinghamshire County Council is that the government should build on existing accountable structures and arrangements, prime examples of which are Local Area Agreements and innovative work carried out by County Councils. The attention of the Committee is drawn to the advantages of building on the expertise of County Councils which provide high quality accountable decision making, economies of scale through their size and the proven ability to link to and represent a diverse range of local communities. County councils have also proved themselves able to adapt to changing circumstances and the requirements of the modern world. Three of the five county councils in the East Midlands, including Nottinghamshire County Council, have just been assessed as four star authorities by the Audit Commission.

Sub-regionally

6. County councils are democratically elected bodies and it is through this that they derive both a mandate and accountability for performing a sub-regional coordination role. It is significant that county councils lead the Local Area Agreement process and the Nottinghamshire Local Area Agreement is proving highly effective. Counties are of a scale to have both the capacity and capability to bring together the various agencies necessary to produce an effective Local Area Agreement.

7. The sub-regional role is one which mediates between community and regional levels. The scale of counties enables them to be effective advocates for their communities at a sub-regional level, whilst at the same time being local delivery agencies enabling them to implement strategic decisions at a local level.

“THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL”

8. County councils have been proved through the inspection process as having attained the highest levels of performance in the delivery of public services. This has been achieved in Nottinghamshire and elsewhere through clear and effective leadership, both politically and managerially, whilst retaining the ability to keep in touch with and respond to the needs of local communities and neighbourhoods. County councils are of a scale which makes them effective in operating at both the strategic and local level.

9. Combined with high performance, it is for this reason that Nottinghamshire County Council believes there is a strong case for the devolution of new powers and duties to county councils. Departments and regional agencies of central government deliver too much directly and more could be devolved to local government. This was highlighted by our own Select Committee Inquiry into Regional Government (attached). Improvements could be made in the delivery of key public sector services through both cost effectiveness and high quality service delivery through county councils.

10. The development of the Nottinghamshire Community Strategy and the recent endorsement by partners of this as a blueprint within which the priorities of local people can be addressed, is a further good example of the way in which Nottinghamshire County Council, working with others, is able to be responsive to local demands whilst demonstrating community leadership.

“THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS”

11. Nottinghamshire County Council considers that cooperation between local authorities in Nottinghamshire and elsewhere has enabled a great deal to be achieved in the management of services and has resulted in the delivery of more efficient and effective public services at a local level. A great many public services are now delivered through different forms of joint-working, including waste disposal, adult social care, services for children with severe learning or mental difficulties, economic regeneration and highway maintenance.

12. Nottinghamshire County Council is involved in a wide variety of joint working both with other local authorities and organisations at all levels from the neighbourhood and local to the sub-regional and regional, including partnerships with the private sector.

13. County councils prove highly efficient at decision making and service delivery, as shown by Nottinghamshire and two other counties in the East Midlands having recently been awarded four star status by the Audit Commission.

14. Local government should be seen as the building block for effective local and sub-regional working, and attention should be given to how regional decision making can be brought to a level that engages closely with communities yet is capable of delivering services in a highly efficient way.

“THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS”

15. The Government is giving considerable attention to the role which core cities play in the economic performance of the national economy. Whilst these cities clearly do play a major role in building economic prosperity, the research undertaken by Michael Parkinson also highlights those areas where the performance of the English core cities fall well behind their European counterparts. It is therefore important to understand the inter-relationship which exists between these cities and their surrounding hinterlands. In the case of Nottingham, the unitary city makes up at most half of the population of the ‘city region’, with the remainder being under county government. It is therefore axiomatic that services provided by the county council are key in ensuring the overall well-being, effectiveness and quality of life of the city region. It is essential to see the city region in its full context rather than concentrating on areas falling within constrained administrative boundaries.

16. This argues for a coordinated approach to the treatment of city region issues. This would not be helped by yet another reorganisation of local government which would only divert attention from addressing city region issues in a truly cohesive way. The Nottingham city region already shows many benefits from joint working between local authorities and other bodies. Local transport planning for the wider Nottingham area, which involves a joint plan between Nottinghamshire County Council and Nottingham City Council, has been praised for being amongst the best in England. The Greater Nottingham Partnership brings together local authorities, business and community based organisations. The Local Area Agreement negotiations currently being led by both County and City Councils, with especially close liaison over the economic development and enterprise block, are likely to prove highly successful in delivering improvements to services for local citizens.

17. The view of Nottinghamshire County Council is that governance should build on these highly efficient and effective arrangements. In this way it can address the prosperity and well being of city regions and their hinterlands, including market towns and associated rural areas, rather than contemplating further fundamental changes to boundaries.

“THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES”

18. The County Council has real concerns about towns and smaller cities that do not relate naturally to a city region area and could end fall into the vacuum which might open up between city region boundaries. We have a particular issue over parts of central Nottinghamshire, which are between what might be termed the Nottingham and Sheffield city regions. These areas have also been subject to large scale loss of jobs over the decline in the mining and textile and clothing industries and are in need of major regeneration, which the County Council has been working very successfully with others to provide. These parts of central Nottinghamshire have considerable potential for future prosperity based on a new vision developed by the County Council, district councils and other bodies in the area. Any development of city region governance must not divert attention and resources from such areas.

19. There is also concern about towns that are on the edge of defined city areas and where they might lose out on investment being prioritised on the main city area. In Nottinghamshire for example, it is conceivable that Worksop and Retford in the north of the county could be marginalised if they were to be drawn into a Sheffield city region.

THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

20. The potential for inter-regional cooperation is greater when there are common issues to be addressed and where consequently a joint approach is likely to be successful. Where there is limited common interest it will always be more difficult.

21. Our own Select Committee highlighted concerns about areas on the edge of regions and how they can lose out to decisions made in a neighbouring region. They argued that regional boundaries can work against coordinated decision making and gave a specific example in relation to the new Robin Hood/Doncaster airport involving a non-statutory consultation.

22. Whilst inter-regional cooperation is in principle beneficial, our experience of joint initiatives between the East and West Midlands is that to be worthwhile they must have a real purpose and lead to added value over the regions acting individually.

APPENDIX

NOTTINGHAMSHIRE COUNTY COUNCIL CROSS SERVICE AND EXTERNAL AFFAIRS SELECT COMMITTEE STUDY OF REGIONAL GOVERNMENT—2005

INTRODUCTION

1. In July 2004 Nottinghamshire County Council's Cross Service and External Affairs Select Committee agreed to develop an evidence-based scrutiny study of Regional Government; the scope of the project was to examine the work of the key East Midlands regional agencies, their current links with Nottinghamshire County Council and partners, including impact on partnership working, potential future developments, and including developments around Regional Government elsewhere in the country. An objective of the study was to gather evidence to inform opinion, should a referendum on an elected Regional Assembly be carried out in the East Midlands region.

METHODOLOGY FOR THE STUDY

2. The methodology for carrying out this study was to request and commission presentations to Cross Service and External Affairs Select Committee meetings by a number of representatives from key regional agencies. The presentations were then followed by discussion and questions from Members; on several

occasions an invitation to attend the presentations was extended to all Members of the County Council in order to help facilitate the widest possible debate on the issues raised. A smaller Study Group of members also met separately to plan the direction of the study and to distil the main points arising from the evidence into conclusions and recommendations for the Committee's consideration. Study Group members also attended a Debate on the Future of Local Government, which followed the East Midlands Regional Local Government Association General meeting on 29 November 2004, and reported back the main issues to the full Select Committee.

3. The key messages arising from this study are shown as conclusions and the points recommended for further action, either for Council Cabinet or other agencies, are listed as recommendations.

4. The study's conclusions and recommendations were then sent to Nottinghamshire County Council's Cabinet on 27 April 2005. As the Cross Service and External Affairs Select Committee no longer exists, and corporate and strategic issues are now dealt with by the Corporate Strategy and External Affairs Select Committee, the Leader of the Council gave a response to each of the recommendations to this Select Committee on 4 January 2006. At its meeting on 9 November 2005 the County Council Cabinet had considered and accepted the Leader's response to the recommendations.

Conclusions from Nottinghamshire County Council's Cross Service and External Affairs Select Committee's study of Regional Government

5. The Select Committee considers that the issue of democratic accountability is currently lacking in Regional structures; there is a clear democratic deficit in the structures. Decision making on key issues should be clearly defined, transparent, democratically accountable, and located at the most appropriate level of Government. However Members do not recommend going down the route of having an elected Regional Assembly as a means of addressing this issue. Members also wish to continue to work with existing structures whilst they remain, as our prime duty is to Nottinghamshire residents.

6. Members also consider that the current structures are unwieldy, and that there is the potential for duplication and overlap between the work of different regional agencies. However Members do believe that these structures are capable of reform assuming we are to retain a regional dimension to our responsibilities as a Local Authority.

7. During this study Members have learnt that it is vitally important for the East Midlands Regional Local Government Association to reflect the views of local Councils. Therefore it is important to ensure proper arrangements for reporting back to the County Council the details of business conducted at the East Midlands Regional Local Government Association and the East Midlands Regional Assembly and ensuring that the County Council is fully included in influencing the work of these bodies.

8. Members have learnt about the current arrangements between the EMRLGA and Assembly; that the East Midlands Regional Local Government Association currently retains financial responsibility for Assembly staff as the Assembly does not have its own legal identity at the moment. Members believe that these arrangements are unsatisfactory, and are concerned that in the future the EMRA could become a financial liability to the EMRLGA or, through this body, to local Councils. The study has investigated arrangements between Regional Local Government Associations and Regional Assemblies in other parts of the country.

9. Members note the result of the referendum in the North East and that there are currently no plans for referendums elsewhere in the country. Members had been seriously concerned that an elected Regional Assembly of only 25-35 Members could not have adequately represented an entire region. However Members also note that the Government is committed to decentralising power and strengthening the regions. The Assemblies have a key influence on issues such as housing, planning, and transportation. For example, they review and develop RPG8 including the regional transport strategy and the regional spatial strategy. They have a scrutiny role, for example in areas of economic development, and skills and training. New developments are also proposed such as Regional Skills Partnerships and bringing Regional Housing Board activities under the Regional Assembly. Members are concerned about these proposed new /greater powers for Regional Assemblies, such as the proposals that Regional Housing Boards should be brought within the Regional Assemblies. Members would not wish to see any strengthening of existing Assemblies' powers.

10. Members have learnt that the current Assembly has two thirds local government membership. In light of the fact that the regional responsibilities undertaken by Assemblies are set to continue, Members consider that the key roles undertaken by the Assembly should be undertaken by the East Midlands Regional Local Government Association, which is totally made up of democratically accountable elected members from across the region. The key role of scrutinising the Regional Development Agencies should also be undertaken by elected Members. While other regional stakeholders on the current Assembly should be involved in discussions, voting members on these issues should be local government Members.

11. Members have learnt about the role of the current regional agencies and how they are intended to examine issues that the Government feels cannot be solved within the boundary of one authority. However Members consider that there should be a legal duty on local authorities to consult their neighbours on matters of clear mutual interest, including strategic planning issues. This should also include consulting neighbouring authorities who do not fall within the same “rigid” regional boundaries. To give an example; in a separate study carried out by this Select Committee’s into the impact of Robin Hood Airport Doncaster Sheffield on Nottinghamshire, this would have involved statutory consultation by an Authority in the Yorkshire region with Nottinghamshire in the East Midlands Region.⁴⁴

12. Members consider that the discussions at the East Midlands Regional Local Government Association debate on the Future of Local Government, which some Study Group Members attended on 29th November 2004 raised interesting points about the future of local government and the need for democratic accountability; for example that “Trust should be two-way. The current relationship with central government is excessively controlling. Regional structures too should be reviewed, to enhance local accountability”.

Conclusions from Nottinghamshire County Council’s Cross Service and External Affairs Select Committee’s study of Regional Government

The Select Committee made the following recommendations to Nottinghamshire County Council Cabinet from this study of Regional Government:

1. Members recommend that existing regional structures are reformed as there is a clear democratic deficit. However Members do not recommend that we go down the route of an elected Assembly as a method of addressing this issue.

Response of the Leader of Nottinghamshire County Council

It is accepted that there is a democratic deficit in regional structures, which is a matter for concern. The position of the national Local Government Association has been that changes to regional structures should address the democratic deficit and that they should involve a devolution of power from Westminster rather than a “drawing up” of powers from local government.

Following the referendum result in the North East, the Government has made clear that elected regional assemblies will not be taken forward in this Parliament and there can be no further referendum in the North East for at least 7 years from the date of the referendum in 2004. The Government has also emphasised that the decision whether to have elected regional government rests with the people in each region.

2. Members recommend that we do continue to work with existing structures while they remain, as we have a prime duty to the residents of Nottinghamshire. Members recommend that the County Council carries out a study of relationships between the County Council, and District, Town, and Parish Councils. Members also recommend that the County Council carries out a detailed examination of the mainland European dimension where we believe that there are examples of genuine decentralisation and devolution of decision making.

Response of the Leader of Nottinghamshire County Council

The principle of engaging with regional structures where this benefits the County Council and the residents of Nottinghamshire is supported.

The Corporate Strategy and External Affairs Select Committee is currently undertaking a study into relationships between the County Council and other councils in Nottinghamshire, so this particular recommendation is being taken forward.

It is not felt that undertaking a study of the European dimension would be a good use of the County Council’s resources. This might be the type of study that could be undertaken by Government or by other regional organisations. If the Select Committee is keen on exploring this issue further, then this could be a matter for further work by the Committee.

The need to have effective reporting procedures of business conducted at the East Midlands Regional Assembly and East Midlands Regional Local Government Association is supported and it is proposed that this is explored further through the normal channels.

3. Members recommend that in the interests of democratic accountability the Regional Local Government Association and the current Assembly should be one body, and only that “Elected”

⁴⁴ One example of the need for cross- border co-operation was raised at the 26 January 2005 meeting of the Select Committee, and is provided as only one illustrative example. The Select Committee received a report on Robin Hood Airport Doncaster Sheffield; the Committee is studying the impact of this new airport on Nottinghamshire, as well as carrying out its study of Regional Government. The Committee learnt the following; at the planning stage for the airport it was anticipated that funding would be built in to the airport’s business plan to support public transport. Indeed, at the public inquiry Nottinghamshire County Council identified the need for regular hourly bus services from both Retford and Worksop to be paid for by section 106 contributions from the developer (Peel). Unfortunately, although section 106 funding was made available for public transport by the developer as part of the planning approval, the determining authority Doncaster MBC allocated this exclusively to services within their area, and none to provide transport links to Nottinghamshire. This was not a decision over which Nottinghamshire County Council had any influence.

members nominated by their respective Local Authorities should have votes in that Forum. Other stakeholders should be involved in discussions but should be non-voting.

Response of the Leader of Nottinghamshire County Council

This recommendation also relates to Recommendation 1 about the democratic deficit at the regional level.

The structure of the Assembly with stakeholders taking about 30% of the membership stems from Government advice and as a result all the regional assemblies are similar in this respect.

With regard to the financial and legal relationship between EMRLGA and the Assembly, the latest position is understood to be that the option of the Assembly becoming a limited company in its own right has not proved possible and discussions are now taking place between the Chairs/ Chief Executives of the two organisations on the best way forward.

4. Members recommend that the relationship between Government Office East Midlands and the Regional Development Agency with this Forum should be further examined so that responsibilities and roles are clear and that there is no potential for duplication. The Select Committee has no difficulty in recommending working with other organisations which have a specific remit, but would also wish to ensure that their role is advisory rather than prescriptive when they deal with democratically accountable Local Authorities.

Response of the Leader of Nottinghamshire County Council

There is support for the principle that duplication should be avoided and that the aim of regional organisations should be to add value to the work being carried out by local government and sub-regional partnerships rather than take on responsibilities better provided by local government and sub-regional partnerships.

At the same time, it has to be accepted that the regional organisations quoted all have specific statutory and advisory roles to undertake laid down by Government.

5. Members note there are some occasions when it is legally required for local authorities to consult with neighbouring councils and other public bodies, on certain planning matters for example. Members further note that there are occasions when it would significantly contribute to good decision-making to consult with relevant neighbouring councils and other public bodies even though there is no legal duty to do so. It is therefore recommended that the County Council's Consultation Strategy should include a clear commitment that in any decision-making process, the decision maker should undertake, where relevant, consultation with neighbouring councils and other public bodies as part of best practice to ensure that informed high quality decisions are taken. The County Council's Cabinet would need to lobby the Local Government Association and Government if it wanted to campaign for additional statutory consultation legislation. Committee Members recommend that Cabinet carries out such lobbying for this necessary additional statutory consultation legislation.

Response of the Leader of Nottinghamshire County Council

It is understood from the Select Committee's conclusions that this in part arises from a specific example involving Doncaster unitary authority and the development of the Robin Hood Airport.

There is support for the principle that regional boundaries should not restrict consultation between neighbouring authorities. With regard to statutory consultations, such as involving planning applications, the presence of regional boundaries should not give rise to problems. However, the concern from the Select Committee seems to arise from non-statutory consultations and if this has been causing problems there would be support for taking the matter further with the appropriate authorities.

The Council will be considering the adoption of a public engagement policy which will set out the principles for consultation with all stakeholders, including neighbouring councils and other public bodies.

Memorandum by The Northern Way (RG 39)

1. BACKGROUND

1.1 The Northern Way is an initiative that aspires to capitalise on the North's new-found confidence and energy, and to speed up the rate of change. Our aim is to look at how the North can become more prosperous, more competitive and more dynamic for the benefit of the communities across the North. The UK as a whole will also benefit from a prosperous North by offering a balance to the economic success of the greater south east and London. Our vision is to establish a world-class economy and superb quality of life in the North. Our measure of success is to close the £30 billion productivity gap between the North and the rest of England within 20 years whilst boosting the design and quality of life within our communities, and protecting our natural assets.

1.2 The Northern Way is being led by the three Northern Regional Development Agencies (RDAs)—Yorkshire Forward, One NorthEast and the Northwest Regional Development Agency—in partnership with key national, regional and sub-regional stakeholders, to add value to economic development already being delivered through the three Regional Economic Strategies. A Steering Group was established to lead the production of the Northern Way Growth Strategy which was published in September 2004. The Growth Strategy identified 10 policy priorities—including bringing more people into work, meeting the skills needs of employers, and creating truly sustainable communities—in which the North needed to raise its game if it was to bridge the productivity gap.

1.3 The Strategy also reasoned that the eight city regions in the North were key to any attempt to accelerate economic growth, on the basis that commercial activity operates across administrative boundaries, and that transformational change demands that we focus our efforts in places where the return is highest. The eight Northern city regions—centred around Liverpool, Manchester, Sheffield, Leeds, Central Lancashire, Hull and the Humber Ports, Tees Valley and Tyne & Wear—house 90% of the population and 90% of the economic activity in the North.

1.4 The purpose of the Northern Way is to add value to, not duplicate, national and regional economic development. We do this by focussing on:

- promoting collaboration across regions and across organisations so that the combined weight of our policies and resources are aligned around shared, clear and evidenced priorities;
- developing the evidence and analysis that will demonstrate what spatial, policy and investment barriers exist that inhibit economic growth in the North; and
- influencing decision-makers to make more effective use of the full range of public expenditure already going into the North, and to accelerate the rate and amount of private sector investment.

1.5 By taking advantage of the critical mass of assets and opportunities across the three regions, by understanding and promoting the potential of developing collaborative interrelationships between city regions across the North, and by evidencing the case for policy adjustments to support the North we aim to provide a stronger and more competitive offer in the global economy.

2. RELEVANCE OF THE NORTHERN WAY'S VIEWS

2.1 Given the economic focus of the Northern Way, it is not for us to take a view on the governance issues highlighted by your Inquiry. The Regional Development Agencies will be making a joint submission on these issues. The purpose of this submission is to offer our perspective on those questions raised by the Inquiry that are directly relevant to the Northern Way, namely:

“The potential for new arrangements, particularly the establishment of city regions.”

“The impact which new regional and sub-regional arrangements, such as the city regions, might have on peripheral towns and cities.”

“The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities.”

3. KEY NORTHERN WAY MESSAGES

- The goal of the Northern Way is to accelerate economic growth whilst offering a superb quality of life across the North of England;
- It will do this by promoting collaboration, evidence gathering and analysis, and influencing key decision-makers;
- The Northern Way supports the concept of city regions as a tool for understanding and accelerating economic growth, recognizing that commercial activity does not neatly operate within regional or sub-regional geography;
- The specific economic focus of our city region concept, and the fluidity of city region boundaries, complements rather than challenges regional and local structures;
- Rural and other areas can also benefit from greater complementarity with city regions, and can benefit from the evidence and analysis being developed under the 10 Northern Way Investment Priorities;
- In a global economy, inter-regional collaboration can give the North an additional competitive advantage.

4. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

4.1 In responding to the question about the potential of city regions it is important to be clear about what is meant by the term. The concept of city regions is not new and there have been many attempts at articulating a definition but no real consensus about what makes a city region or how to translate the concept into implementation and programme delivery.

4.2 The Northern Way has employed the idea of city regions as an economic tool that can help us achieve our goal of accelerating economic growth in the north of England. Our employment of the concept looks at “real-world” economic geographies that operate outside neatly drawn administrative boundaries. The interface between economic flows—including travel-to-work areas, retail catchment areas, housing and labour markets, etc—provides the spatial analysis that helps decision-makers target delivery programmes in ways which accelerate growth.

4.3 In this context, the boundaries of the city regions can change depending on what issue is under scrutiny, and the corresponding datasets. Different issues have different parameters and the way we use city region analysis needs to be flexible enough to embrace these variable geographies. For example, an analysis of travel to work data overlaid with retail catchments might have a different boundary and tell you something different about economic opportunity than, say, an overlay of housing markets and labour markets.

4.4 In order to develop these city region analyses, a collaboration of interested partners have come together in each of the eight city regions in the Northern Way. These collaborators include primarily, but not exclusively, the local authorities that are most significantly affected by the city region economic geographies. Through the analyses around common goals these partners will be able to prepare and implement policies and programmes within their ownership to work more effectively with the geography of the economy. Through the sharing of experience and evidence both within and between city region partners they will also be able to develop a compelling case for making changes to national or regional policies and programmes in support of the economic goal.

4.5 In the context of the Northern Way approach to city regions, our response to the Inquiry on “the potential for new arrangements, particularly the establishment of city regions” is that a city region approach does not require the establishment of specific administrative arrangements. Rather it is a concept that administrations can all embrace as the real geography for accelerating and devising the delivery of extra economic productivity. And by seizing this opportunity we can complement national, regional or local interventions that have a number of aims and are not driven primarily by economic considerations.

4.6 The key is collaboration between the range of stakeholders and decision-makers concerned. Most progress in economic development has been made where the different economic organisations with different geographical boundaries have worked together effectively. To truly realise the potential of city regions requires the collaboration of not just local authorities (though this is essential) but a wide variety of other economic organisations and the private sector.

4.7 It is for partners at a local level to consider whether there is value in changing administrative arrangements in order to remove barriers to exploiting city region economic geographies. But it can never be the whole, or even the primary, tool for realising the growth potential of the North given the variable geographies and multi-layered collaboration required to succeed.

5. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE ON PERIPHERAL TOWNS AND CITIES

5.1 Although the Northern Way Growth Strategy concentrates on the North’s city regions, we recognise the complementary economic strengths of the North’s rural and other areas. Delivering the Northern Way’s 10 investment priorities will bring benefits to these areas as well as to the city regions. There are also economic gains to be had from building stronger complementary relationships between our urban and non-urban areas, not least because of the value of areas that surround urban centres as assets in adding to the quality of life. Equally, neighbouring areas can benefit from the economic and social opportunities provided by a economically robust urban hub. Moreover, it is the job of the Regional Economic Strategies and the Regional Spatial Strategies to set the balance between urban and rural development. The Northern Way aims to complement not challenge these regional functions.

5.2 In responding to this Inquiry question, it is therefore our view that policy and programmes should be developed at the appropriate spatial level. The city region allows us to be more analytical and evidence-based in understanding those spatial levels for economic development. They can inform investment decisions and the strategic basis for agreeing economic priorities between partners, and can broaden rather than restrict our ability to make the North of England a prosperous and inclusive place to live and work.

6. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

6.1 The Northern Way has been a ground-breaking initiative in developing the benefits of a collaborative approach to addressing regional economic disparities. It has been the catalyst for innovative strategic thinking, collaborative working at an inter-regional and city regional level, and evidencing the distinctive economic assets and offer of the North. The Northern Way is about adding value to regional economic development activity—to help exploit economic scales that sit outside existing administrative boundaries, including the pan-northern and city regional scale—to help bring about the transformational change necessary to close the £30 billion output gap between the north and the rest of the English regions.

6.2 It has provided the opportunity for the North as a whole to realise the strength of collaboration based on common interests, challenges and opportunities, and using joint assets to “sell” the North in a global economy. The North of England has a distinctiveness that is a combination of the both the sum of the unique qualities of the three individual regions and the value added of bringing together the pan-regional assets as a whole. In many ways this distinctiveness offers advantages to the North, but it does mean that policies and programmes may need to be developed that operate in ways that support a specifically northern situation.

6.3 It is our view that the Northern Way and its aspirations for the North would not have been possible without the progress of the regional agenda, and the creation of the Regional Development Agencies in particular.

7. CONCLUDING COMMENTS

7.1 We submit this Memorandum to the Committee to help raise awareness of the scope and purpose of the Northern Way, and our approach to the city region agenda. We hope that in its consideration of the future of regional government the Committee will give due weight to the economic advantages of a regional, inter-regional and city regional approach, as well as to political and administrative matters.

Memorandum by the Wessex Constitutional Convention (RG 40)

1. The Wessex Constitutional Convention⁴⁵ is supportive in principle of elected regional assemblies in England. However, our considered view, reflecting the fruits of thirty years’ research, is that the present configuration of regions in southern England is neither popular nor practical and that an alternative configuration offers a much stronger prospect of success. This configuration requires:

- (a) that Cornwall (with the Isles of Scilly) forms a separate region, as advocated by the Cornish Constitutional Convention and supported by the 50,000 signatories of its petition calling for the same;
- (b) that the South East region be divided three ways: Buckinghamshire to the East of England; Oxfordshire, Berkshire, Hampshire and the Isle of Wight to the South West; the remaining counties to form a continuing South East region;
- (c) that the enlarged South West be renamed Wessex.

2. Arguments for change were set out in a 40-page submission to the ODPM in response to the regional governance White Paper. The submission, *The Case for Wessex*, was published by the Wessex Constitutional Convention in 2003.⁴⁶

3. Accountability, properly understood, must be democratic in character. In a regional context it is therefore only achievable with the creation of elected regional assemblies. The defeat of the White Paper proposals in November 2004 poses a challenge, in that it closes off this option in the short-term. Any attempt to take the process of regionalisation further when there is no prospect of elected assemblies in the foreseeable future is therefore bound to reduce accountability, while doing nothing to enhance the accountability of those services already delivered regionally. We therefore believe that regionalisation should be halted until such time as the debate on accountability is satisfactorily resolved.

4. From a Wessex perspective, our objection is geographic as much as democratic. Regionalisation on the basis of the current boundaries is harmful to the territorial integrity of Wessex and to its economic, environmental and social well-being. The reasons for this view are set out in *The Case for Wessex*.

5. The debate needs vision. While regionalisation should be halted, regionalism as a political philosophy now needs to move centre-stage in order that interest in elected assemblies, when it revives, is more constructively and imaginatively channelled. This argument has two elements.

6. First, it would be foolish to dismiss the idea of elected assemblies as “dead”; Scottish and Welsh devolution demonstrates the cyclical, perhaps helical nature of the debate. English regionalism has moved from its cultural roots in the 19th century through cycles of administrative regionalism during both world wars, reviving in the 1960’s and again in the 1990’s, interspersed with periods of reaction. Those periods of reaction need to be better understood. Motives range widely. In one direction there is Whitehall retrenchment to the centre, oblivious to the consequences on the ground. In the other is a resurgent localism, quite rightly resentful at being promised devolution that turns out to be largely centralisation at the expense of local autonomy.

7. Second, however, the cultural and administrative traditions have never yet coalesced, outside Scotland and Wales. This remains the key structural weakness of English regionalism. While the military have harnessed extensively the names and symbols of East Anglia, Mercia, Northumbria and Wessex, civilian regions remain devoid of feeling. Official ignorance of real regional history and symbolism appears deliberate, evidenced by widespread waste of public resources on attempts to create disjointed, synthetic

⁴⁵ See Appendix for background

⁴⁶ ISBN 0-9544667-0-5

identities for the administrative regions. Inviting the public to vote “Yes” to an arbitrary, compass-point region, originally defined for civil defence purposes in 1938, is asking for trouble, even without linking an affirmative outcome to the abolition of 1,000-year old counties.

8. The debate that began before the White Paper and largely ended in November 2004 was a debate driven by a fear of failure, a fear that became self-fulfilling. Despite all the warnings, Ministers’ leadership of the debate amounted to micro-management, drawing lines, literally, that were not to be crossed. Instead of building a broad consensus, they sought to impose a narrow one. In place of flexibility they preferred brittleness, preventing the public imagination from carrying the debate beyond its crude initial assumptions. They ignored continental experience that there is no fixed size for a viable region, rejecting Cornish claims to regional—or national—status, for reasons that can only be described as circular. Calls for larger regions in the North and Midlands with the capacity to tackle the problems of economic and social decline there were equally rejected. Regional devolution was supposed to be about empowering people in the regions. Yet people were not even trusted to define their own region.

9. We look forward to a more inclusive debate as regionalism rises once again to the top of the political agenda. We do not see the regionalist cause triumphant in the lifetime of this Parliament but we do believe that Government must learn lessons now and act to lay firmer foundations for a different approach to regions. In particular, regional governance should be taken out of the hands of the ODPM and placed where it belongs, with the Department for Constitutional Affairs. Elected assemblies must never again be put before the people as little more than glorified municipal committees; their true potential as the building blocks of a federal United Kingdom must be recognised from the start. Names and areas that mean something are fundamental to this.

10. It is because we view regionalism as in the long-term a constitutional matter that we cannot endorse a city-region alternative. City-regions are, and have always been, the result of an unholy alliance of large cities keen to extend their territory and their political dominance with a central government machine terrified by the potential of regional democracy to achieve a significant transfer of power out of London. In practice, city-regions amount to no more than a shuffling of the very limited powers already held at local and regional level. City-regionalists sell out for a bag of beans. What they sell is their heritage and that of all around them, as city-regions require the destruction of county identity. In all efforts at constitutional engineering, proper and high weight must be given to people’s own perception of their roots and identity, unless government is to become no more than an arid administrative convenience lacking all civic resonance. A wilful and unnecessary destruction of accepted ideas of historic community would gravely impair our future quality of life.

11. For the reasons outlined above, we favour an approach that shapes powers to match places, not the other way round. We support greatly increased powers for parish and town councils, provided always that parishes are not forced in the process to combine so as to become second-rate rural districts, an outcome that by silencing the truly local voice would only undermine the purpose of the exercise. We are not convinced that the case for unitary authorities has been made, but where others are convinced we would argue that unitary counties are very much the strongest of the options available, combining strategic capability with long-standing popular identity, while also maximising the ‘headroom’ available for parishes and towns to develop a meaningful and fulfilling role as local champions.

12. If unitary authorities are imposed as a precondition of regional government they need to be strong enough to stand up to the regional assembly. Although district-based unitaries may in theory acquire a monopoly of the statutory functions the practical reality is that many of the larger decisions that can at present only be made at county level would gravitate to the assembly; reliance on joint arrangements is an open invitation to this. Particularly if the assemblies’ own powers are weak the temptation will be to squeeze the even weaker and fragmented local authority sector rather than attempt the more difficult task of wringing concessions out of Whitehall. Unitary counties would ensure both that all local government functions genuinely stay within local government and that regional assemblies focus on regional issues. In this case, the lack of ‘headroom’ between the county and the region can be turned to good account if it focuses regional attention on looking up, not down for an assembly’s powers.

APPENDIX: THE WESSEX CONSTITUTIONAL CONVENTION

The Wessex Constitutional Convention is an all-party pressure group. It was formed on 19th May 2001, in response to the failure of the South West Constitutional Convention, meeting earlier that day, to allow genuine dialogue on the issue of regional boundaries.

The Convention’s aims are:

- (1) To achieve the broadest consensus on the form of self-government appropriate for Wessex.
- (2) To campaign for the implementation of that consensus at the earliest possible opportunity.
- (3) To oppose the continuing partition of Wessex between the “South-West” and “South-East” regions.
- (4) To promote as Wessex the area comprising the eight traditional counties of Berkshire, Devon, Dorset, Gloucestershire, Hampshire, Oxfordshire, Somerset and Wiltshire, subject to addition or subtraction according to popular wish.

The Convention has no paid staff and its expenses are met entirely by donations from supportive individuals. As the resources at its disposal constrain the extent of its campaign work, the Convention has focused on disseminating the results of research and on responding to official consultations. The Convention has published *The Case for Wessex*, produced jointly with Wessex Society and the Wessex Regionalists. The public launch of *The Case for Wessex* in May 2003 attracted television coverage on BBC South and a strongly supportive editorial in the *Southern Daily Echo*.

Memorandum by Cornwall County Council (RG 41)

PREAMBLE

1. Cornwall County Council welcomes the opportunity to contribute to this important debate about the future of regional governance. Cornwall “displays many of the strengths of a natural regions¹” and with its experience in creating strong partnerships and organising and managing a successful Objective One Programme, offers a model for dynamic “empowered governance” for a peripheral region. Cornwall values the views of the public in shaping the delivery of public services and believes that a new approach, based on devolving powers and responsibilities will improve overall effectiveness.

2. The existing arrangement of regional and local government is deeply flawed. The regional tier lacks democratic accountability and resonance with community identity. The structure of local government with its mix of unitary and two tier Councils is complex, confusing and inefficient. Integration with other public services (eg the health sector) is difficult in the present arrangements but is vital to cost effective service delivery and the promotion of social inclusion.

3. The attempt to introduce democratically elected regional bodies in the North East was unsuccessful because what was on offer failed to excite the electorate and whose costs appeared to outweigh the limited benefits. In addition, the standard regional model appeared remote to localities.

4. The moment has come therefore to consider new and more radical models of governance—empowering local communities with strong collective identity to achieve national, regional and local objectives in a more effective way—achieving greater social cohesion, reducing dependency and driving forward productivity and competitiveness.

5. This paper sets out the inadequacies of the present arrangements, identifies principles for achieving devolved local governance and proposes an alternative model based on the strengths of Cornwall as a natural region.

THE PRESENT ARRANGEMENTS—AN ANALYSIS

6. The present standard regional model fails in a number of fundamental respects. Critically there is growing public concern that the Government’s agenda of developing regional structures and initiatives is not matched by a transparent democratic dimension. Public opposition to and disenchantment with regional structures could undermine the Government’s objective to ensure that all parts of the UK contribute to the well being of the country as a whole. Further, Government policy is of ten urban focussed and the need to consider effective delivery of public services in rural areas may be overlooked.

7. In the South West the present South West Regional Assembly (SWRA) does not have popular support. It is perceived as too far removed from local issues and difficult to influence. The SWRA is not a statutory body; rather, as currently constituted, it is an unincorporated local authority association which has invited representatives from social and economic partners to join in its deliberations and which has certain statutory responsibilities. This gives rise to concerns about the way it is governed and potential liabilities on its constituent members.

8. Since the formation of the SWRA in 2000, the Government has set out an agenda which increases the powers of Regional Assemblies to influence and direct resources. These include the responsibilities for preparing Regional Spatial Strategies, incorporating the Regional Housing Board within the Assembly and influence in the Regional Funding Allocation processes which directs funding for transport, housing and economic development. At the same time we have seen the growth of Regional Development Agencies which are now accountable to Regional Assemblies while performing tasks that actually relate to local regeneration.

9. However the current powers of the Assemblies are based on the earlier, but now abandoned proposition that they would become fully elected bodies. In the absence of this there is a significant democratic deficit. This is not sustainable and raises fundamental questions about the ability of such institutions, which affect such large and diverse areas, to gain support and influence over the many communities within the Region.

10. Of particular concern is the role of members appointed to the Assembly. Two thirds are elected members appointed by the Councils in the region plus a system of “topping up” by the political leadership. Members have confusing and conflicting roles. The Assembly see these members as adopting a “regional” role. The Councils see them as representing their individual interests.

11. The remaining third of the membership of the Regional Assembly comprises Social Economic and Environmental Partners [SEEPs] appointed by the Assembly for their particular role within the region. These are seen by elected members as having a narrow sectoral interest with no democratic mandate.

PRINCIPLES OF DEVOLUTION TO THE REGIONS

13. Cornwall County Council proposes that the following principles should be examined in considering the case for regional devolution:

- (a) “identity of place”—regions should have a sense of identity; particular characteristics which give a sense of belonging and a rationale for collective planning and governance based on proactive community consultation. These may be a mix of geographical, economic, environmental, historical and cultural factors. A strong regional identity can be used as a “brand” to assist marketing and improve economic competitiveness and to provide a motivational force;
- (b) “viability”—although not as important as “place”, size matters because regions should be viable in terms of delivering services etc;
- (c) “adding value”—regional governance should “add value” to existing structures and systems, driving productivity and social progress; reducing dependency, increasing self sufficiency and contributing to overall national well being;
- (d) “demand”—regional governance should be demonstrated to have positive support;
- (e) “fit”—ie within a national framework with a clear and mature relationship with other regions; and with other public sector organisations within Cornwall (eg health);
- (f) “capacity to deliver”—enabled and empowered to deliver national, regional and local objectives;
- (g) that the geographical basis on which such devolution should occur should be mirrored through a wide range of public sector, services, unified structures and services in a common geography. The case for Cornwall and the Isles of Scilly.

14. Cornwall and the Isles of Scilly are distinctive. Their geography, peripherality, environment and culture contribute to a strong sense of place and identity. This distinctiveness is reinforced by differences in the economic circumstances and settlement pattern with the rest of the South West. The economy in terms of GVA and wage levels is clearly poorer than other parts of the South West and the UK. These circumstances have led to the whole of Cornwall and the Isles of Scilly being identified as an Objective 1 area for European funding. Cornwall is grateful to the Government that, after 2006, it will become a Convergence Region for European structural funds, and will be identified as such in the UK National Strategic Reference Framework.

15. Population and employment is widely dispersed across a range of settlements. Cornwall has a close relationship with the Isles of Scilly providing the vital transport links. The largest neighbouring city, Plymouth, has an influence relatively confined to a part of South East Cornwall.

16. Cornwall and the Isles of Scilly is to a considerable extent self-contained in the way it functions, as witnessed by recent studies of functionality at both the regional and local level. Its connections and inter relationships with other parts of the region are not strong. This narrows the scope and type of policy measures at a regional level that can be effective—for example the approach to housing and employment development in other parts of the wider South West can have relatively little influence on levels and distribution of development in Cornwall.

17. This does not represent an isolationist view of Cornwall and the Isles of Scilly within the wider South West region or beyond; indeed it is the opposite. The links between Plymouth and parts of South East Cornwall are recognised and have been dealt with in joint studies. Strategic policy issues which cross boundaries can be dealt with by a continuation of effective joint working. Further, Cornwall recognises the importance of strategic links across the Region and the importance of “connectivity” between Cornwall and the Isles of Scilly, the rest of the Region, the UK and the world to its future prosperity. This is reflected in the County’s overarching long-term transport strategy (“Connecting Cornwall-Regeneration through Better Communication”) and the vital role of Cornwall Newquay Airport.

18. The peripherality of Cornwall and the Isles of Scilly cannot be overcome but it can be managed. Modern communication, for instance, is contributing to economic regeneration. This is attracting a different approach to business and is changing the factors which affect competitiveness. It is important for central institutions to recognise that an intelligent approach to managing a peripheral region will involve a strong degree of local autonomy set within the strategic framework of achieving Government outcomes. Cornwall has pioneered the use of communications technology to enable economic success and lessen the impact of peripherality. Further, the development of environmental technologies and supporting infrastructure and “know-how” can have a positive influence on economic success and energy supply way beyond Cornwall.

19. Finally the work underpinning the South West Region's approach to Sustainable Communities as set out in the document "The Way Ahead"² reinforces the need to focus on Cornwall as a key priority for regeneration if the objective of addressing regional disparity is to be met³. . . Effectivere generation requires community enthusiasm through identity. Good examples include St Just in Pen with where the renaissance of the Cornish Mining heritage into cultural, physical and community capital has transformed the local economy.

CORNWALL: A PROPOSAL FOR REGIONAL DEVOLUTION

20. The County Council believes that public sector delivery and strategy should be reformed to result in a single body to provide a strategic overview for the governance of Cornwall and would be most effective if responsibilities from both central and existing regional government were directed to it. Such a devolved approach would seek to bring the wider public sector service delivery under the strategic management of a directly elected body with service delivery undertaken at a community level. This would bring about the most effective deployment of UK government, European and local funding.

21. The model of devolved "regional" governance for Cornwall under a single strategic body would achieve the following goals:

- a stronger vision
- stronger strategic leadership
- greater ability for neighbourhoods to set local priorities and influence decisions
- more accountable local scrutiny
- the delivery of better and more cost efficient services
- become more "customer" focused.

22. The evidence for reducing costs and increasing effectiveness is powerful. In its evidence to the Boundary Commission in 2004 the County Council's Network argued the case for unitary counties on the basis of research looking at both transitional and ongoing savings on costs. Further, that larger strategic authorities can demonstrate considerable benefits in economies of scale. The benefits of a single strategic authority for Cornwall would be:

Organisational capacity

A single body covering Cornwall would have the organisational capacity to deal with new or unexpected challenges. The experience of dealing with the requirements of Best Value, political modernisation, the Comprehensive Performance Assessment process and the Gershon efficiency targets are evidence of this.

Performance monitoring and inspection

A single body would produce savings in the inspection of local government and its services—through the adoption of standard accounting, IT systems and monitoring across the public sector.

Provision of specialist services

Strategic authorities are better placed to operate and maintain specialist services.

Attracting and retaining quality staff

A single body would be of a scale able to offer career paths for professional, administrative, technical, operational and managerial staff making stronger cumulative impact on the economy of Cornwall. Further, it would be able to invest in training and development programmes which ensure on going investment in staff at all levels.

Purchasing power and procurement arrangements

A single body would have economies of scale which give them greater purchasing power. This capability not only enables them to secure economies and efficiency in purchasing, but also gives them capacity to act as effective clients for contracted services.

Avoiding the need for joint arrangements

A single body would be able to sustain specialist functions without the need for joint arrangements.

Flexibility, responsiveness and enhanced customer focus

Issues affecting local communities are best dealt with by cross border or joint working. A single body would be able to work across boundaries and enable flexible deployment of resources and expertise to tackle problems wherever they occur. It would be more customer focussed and would reduce confusion in the eyes of customers of who is responsible for services.

Engaging with the other strategic players

A single body would have greater capacity to operate inter-regionally and develop and manage external relationships and partnerships. A single body would have greater capacity to develop integrated services through the establishment of joint service planning and provision.

Strength and advocacy

A single body would have greater clout; this means that it would be better able to represent the concerns of Cornwall's communities in joint arrangements and beyond.

Reduction in transaction costs

Delivery of complex public sector activities and targets has to be undertaken in partnership with large numbers of other bodies. By reducing the number of organisations and co-ordinating delivery over the same geographical area, transaction costs can be substantially reduced.

23. In proposing this new model of governance for Cornwall careful consideration will need to be given to the future of local delivery mechanisms. The relationship between towns and their rural hinterlands will be key, and this is not necessarily co-terminus with current district council boundaries. A strategic body as proposed would need to consider how to engage at a local level and to develop devolved service delivery. Cornwall recognises that it is itself a diverse community with different needs; further, that communities in the north of Cornwall and parts of south east Cornwall have strong links with their neighbours. Mechanisms will be required to deal with this. In Cornwall this suggests a proactive model of clustering for rural parishes and more strongly defined roles for key town Councils. A single body would need to consider a dispersal of offices and functions. This offers the opportunity for co-location with parish clusters and stronger town councils.

24. However, whatever structure of local delivery is implemented, local communities will have a stronger influence over decisions affecting their area through the devolvement of powers to a democratically elected strategic body.

25. Cornwall has demonstrated how it can work together to achieve improved economic prospects and better social cohesion. Cornwall's commitment to strong partnership working is demonstrated by its selection as a pilot area for the development of Local Area Agreements. In the past effort has been fragmented, and has suffered from institutional peripherality. Today, institutions work collectively in many partnerships across Cornwall.

26. In essence, our proposals for a unified geographical structure for the governance of Cornwall follow on from the discussions in 2005 with partners and the then First Secretary of the treasury, John Healey MP. This showed how Cornwall could be both governed and managed more efficiently and effectively by bringing together the key local, regional and central government functions into a structure that would deliver for Cornwall and the UK the Convergence agenda which has been so well articulated by all those with an interest in Cornwall and the Isles of Scilly. The Government has backed Cornwall and the Isles of Scilly with Objective One and this can be taken to the next level by strengthening local accountability and community empowerment. This would be for Cornwall a kind of enhanced local area agreement and demonstrate the potential of this direction of travel.

27. Cornwall has demonstrated its relevance to the "city region" debate; not by seeking to create an artificial city, but by recognising the networked nature of its towns to provide sustainable distributed growth. Such a model, based on more dispersed peripheral areas, beyond the significant influence of cities is also required. The approach set out here for Cornwall could act as a model for similar areas or regions.

CONCLUSION

28. Cornwall County Council believes there is strong public support for increased powers to a devolved body for Cornwall. During the period 2001–04 a number of surveys showed public support for devolved governance for Cornwall and the Isles of Scilly, growing from 46% in 2001 to 55% in 2004. This degree of popular support is far higher than in other parts of the England.

29. There are significant savings and efficiencies to be made by bringing together public services in a more co-ordinated strategically focussed way.

- eg — bringing together health and social care
- reducing the number of elected members
- increasing democratic scrutiny of the wider public sector
- integrating ICT infrastructure
- integrating economic development, training and educational agencies
- reducing confusion to service users.

30. The successful management of a peripheral region can reduce dependency and contribute to the overall well being of the UK. Successful regional devolution can provide better co-ordinated, more efficient, accountable public services. The success of the future Convergence Programme will depend on the ability of Cornwall and the Isles of Scilly to prepare, administer, deliver and close the Programme in an effective way with its many partnerships, Regional devolution to a single body in Cornwall will enable this to happen.

31. Cornwall County Council would welcome the opportunity to give oral evidence to the Committee on these issues.

REFERENCES:

- ¹ David Milliband. Letter to Bert Biscoe, Cornish Constitutional Convention 7 October 2005.
- ² The Way Ahead—Delivering Sustainable Communities in the South West, 2004,
- ³ Sustainable Communities in the South West—Regional Focus, EKOS Consulting 2004.

Memorandum by the English Regional Development Agencies (RG 42)

1. INTRODUCTION

1.1 In 1999, the eight Regional Development Agencies (RDAs) were established under the Regional Development Agencies, 1998 with direct accountability to the elected Minister of State.⁴⁷ For the first time, economic development and regeneration policy was to be developed and co-ordinated strategically at the regional level. The advent of the RDAs consolidated previously separate economic development funding programmes into one single budget, the Single Pot.

1.2 The RDAs were given five statutory purposes:

- To further economic development and regeneration;
- To promote business efficiency, investment and competitiveness;
- To promote employment;
- To enhance development and application of skills relevant to employment;
- To contribute to sustainable development.

1.3 The Regional Development Agencies' key concern is to focus on regional priorities in support of improving the economic performance of the English regions. The Regional Economic Strategies provide the overarching strategic framework for the regions, which ensure the ability to:

- Identify and prioritise actions needed to strengthen regional economies through a robust evidence base;
- Develop solutions appropriate to regional conditions;
- Concentrate resources behind those solutions;
- Mobilise other regional partners and lever in private sector finance to support those solutions.

There is clear added value for all regions in having clearly articulated visions and priorities, enjoying broad stakeholder support to promote the joining up of strategic functions.

1.4 Given the economic disparities that exist between the English region⁴⁸ the RDAs would urge the Select Committee to place sustainable economic growth and development, that seeks to maximise economic impact and return on investment, at the forefront of any considerations and proposals for changes in regional and sub-regional structures, governance arrangements, roles and responsibilities.

1.5 Over the past few months, the RDAs have been working closely with the ODPM and local partners to develop the city regions agenda in away which will maximise regional economic growth. While the detailed nature of the proposed solutions differs from region to region there are a number of key principles that we believe should be enshrined in any proposed changes to strengthen economic development strategy and delivery at the regional or below regional (sub-regional and city regional) levels. Any devolution of powers or responsibilities should aim to:

- Ensure that Regional Economic Strategies (as the shared regional economic framework) continue to provide the overarching context for the economic development priorities for regions, sub and city regions and local areas;
- Ensure the alignment of Regional and other budgets (eg Local Authority, LSC, Job Centre Plus, rail budgets etc) around common, clear, evidenced priorities;
- Have the ability to be able to raise or lever in private sector resources to invest in the economic development;
- Integrate different policy areas (both spatially and temporally) (eg schools, transport, housing, regeneration, etc) behind common strategic priorities as articulated in the RESs. Achieving this integration is a complex task as it requires "things to line up" at National, Pan-Regional, Regional, Sub-Regional and Local levels;

⁴⁷ The London Development Agency (LDA), the ninth English RDA, was established under the Greater London Authority (GLA) Act 1999 and is directly accountable to the Mayor of London. The LDA's position will be submitted as part of the GLA response in view of the Review of London Powers.

⁴⁸ Regional Economic Performance PSA Target: Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions.

- Build regional and city regional capacity to develop and utilise a stronger evidence-based approach which in particular demonstrates a clear understanding of the City Region’s “functioning economy” and builds on international best practice in economic development;
- Separate Strategy and Delivery. A critical factor in moving to a more rigorous prioritisation process will be the clear separation of strategy development and the delivery/promotion of specific projects;
- Engender strong political and business leadership which can win the authority and confidence of partners required to represent the range of public and private sector interests within that area;
- Provide clear governance structures, with clear decision-making processes which would have the necessary strength of leadership to facilitate tough decisions to focus on fewer, bigger priorities which have the potential to maximise investment potential.

2. THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

2.1 The RDAs would like the Select Committee to note that the reasons for the “no” vote in the North East for an elected regional government on 4 November 2004 were complex.

2.2 However, in the absence of elected regional government, the means of simplifying existing arrangements is more challenging. There currently exists a complexity of accountability and decision-making arrangements in the English regions. The need to simplify existing arrangements can be supported by a brief analysis of the current situation:

- RDAs—directly accountable to the Secretary of State, responsible for the preparation of Regional Economic Strategies (also accountable to their Boards);
- Government Offices—representative of central Government in the regions and have a lead role in the production of Regional Housing Strategies;
- Regional Assemblies—Voluntary bodies (not public bodies) with statutory responsibility for developing Regional Spatial Strategies,(including Regional Transport Strategies) and scrutiny of the RDAs. The current roles and responsibilities of the Regional Assemblies evolved primarily in anticipation for elected regional government. Given that this is no longer feasible, it might be appropriate to review current arrangements;
- A variety of other institutions with differing regional responsibilities for example, the Highways Agency, English Partnerships, the Strategic Rail Authority, the Learning and Skills Council, the NHS.

2.3 The above analysis demonstrates the need to review the existing governance arrangements within the regions. There is potential to simplify and rationalise arrangements, improve accountability and better align regional strategies, priorities and investment through a number of possible options including:

2.4 Option 1: Extending the remit of Regional Funding Allocations

The Government’s intention to devolve additional power to regional bodies in the areas of economic development, housing and transport is strongly welcomed by the RDAs. However, we are strongly of the view that the scope of the strategies and spending areas covered should be extended to include Learning and Skills Council expenditure, English Partnerships, Job Centre Plus and rail expenditure which is critical to ensure effective integration for achieving the Regional Economic Performance PSA target and the Government’s wider economic, social and environmental objectives.

2.5 Option 2: Sub/City Regional “Local Area Agreement”

Experience suggests that achieving regional sustainable economic development, which not only delivers a step change in economic growth but also addresses environmental and social concerns depends upon the appropriate alignment of relevant funding streams. A Sub-Regional Area Agreement may provide the means to determine strategic priorities at a sub-regional level within the overarching framework of the RESs. RDAs and other bodies could then choose to invest some of their money into these agreed priorities. This process could help to better align regional strategic priorities, rationalise funding streams, simplify monitoring processes and reduce bureaucracy. Sub-Regional Area Agreements could provide centrally agreed frameworks, which could be used to better understand the impact of nationally determined policy on the regions.

2.6 Option 3: Regional Minister/A Regional Leadership Executive⁴⁹

2.7 A regional Minister would be responsible for leading a reform Regional Government Office in co-ordinating the work of key regional and sub-regional stakeholders. The Regional Ministers would be directly accountable to Parliament, providing a direct democratic link between the delivery of regional policy and Central Government. Comprising key representatives from regional spending/policy bodies, a Regional Leadership Executive would improve governance and ensure that the main streams of public investment in

⁴⁹ Pilch, T (ed), 2004, *Towards a Modern Regional Policy*, London: The Smith Institute.

the region are working coherently together in pursuit of national and agreed regional priorities. The primary considerations for any new accountability mechanisms should be flexibility and non-bureaucracy in order that the RDAs can continue to develop timely regional solutions according to regional economic conditions.

3. ACCOUNTABILITY OF DECISION-MAKING AT SUB-REGIONAL LEVEL

3.1 All the RDAs currently work primarily with local government and their partners through sub-regional partnerships in recognition that economies and markets cut across administrative boundaries and economic development and regeneration cannot be planned solely at a local level.

3.2 Whilst arrangements are different in every region, sub-regional arrangements and partnerships provide a mechanism for facilitating collaborative working on cross cutting issues, agreeing strategic direction and identifying shared priorities for funding.

3.3 Most local authorities are represented on these partnerships though they do not have a direct mandate to work at this level. The Local Government Act 2000 sets out the powers of local authorities to do anything (within or outside its local area) to promote the economic well-being of its area. The RDAs would urge the Government to help facilitate stronger local political leadership in working at the tier beneath the regional level in order to improve accountability and increase local buy-in to cross boundary working initiatives.

3.4 Stronger sub and city regional partnerships will help to:

- Engage greater business leadership and involvement in collaborative working;
- Maximise private sector leverage of funding;
- Strengthen prioritisation processes and decision-making through a stronger evidence based approach;
- Better align investment priorities for regional and local funding.

4. THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

4.1 In addition to exploring the potential for improving the alignment of investment between regional and sub-regional levels, we would encourage the Select Committee to consider the potential for devolution of powers from national to regional (see above) and local levels.

4.2 In order to strengthen and maximise the economic impact of regional and sub-regional arrangements, the RDAs are supportive of appropriate further devolution of decision-making powers from the national to the local level. In particular, powers that would facilitate stronger collaborative sub-regional arrangements which would deliver better economic outcomes are welcomed. The need therefore to strategically co-ordinate sub-regional and local activity within the region becomes even more critical. The integration between strategic activity and the inter relationship between sub/city-regional areas is something that can only be done at the regional level. Hence a very strong relationship between the regional and sub-regional levels must exist.

4.3. There are also arguments for some powers, including strategic planning, to be mandated from a local to a regional level, particularly when local planning powers create barriers to regional economic growth.

5. THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

1.5 Generally the RDAs are supportive of the development of Local Area Agreements (LAAs) and their wider aims at the local level. However, as stated above, the development of the economic development and enterprise fourth block and other strategic cross cutting issues for example, transport would be better determined at an appropriate sub or city-regional level. In developing LAAs, the approach should be one of encouraging regional and sub-regional bodies to invest in agreed sub-regional priorities rather than simply devolving pots of money per se.

5.2 The overarching strategic framework provided by the Regional Economic Strategy ensures that the relationship between economic development activities, priorities and funding at the regional, sub or city-regional and local levels are aligned for maximum impact. It is essential that any proposed arrangements strengthen this relationship.

6. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

6.1 It is first important to clarify and define what is meant by a city-region. The term city-region refers to a recognition that the functioning geographies of city economies and societies, including travel-to-work areas, retail catchment areas, housing market areas, global markets and strategic transport links, are not constrained by local administrative boundaries.

6.2 As strong and successful cities are often recognised as key drivers of regional economic growth and competitiveness, the city-region has become an important spatial level for analysis in order to inform strategic and delivery decisions that will provide the maximum return on investment and impact. The city-region generally represents an area of highest economic growth potential. The RDAs therefore welcome moves to strengthen the contribution that cities can make to regional and national economies and many have been working in close partnership with key partners in their city regions to develop this potential and inter-linkages.

6.3 The development of a city-region evidence-base that informs strategy and demonstrates a clear understanding of the city-region's functioning economy can equally be applied to other appropriate economic sub-regional areas.

6.4 The different economic geographies and administrative arrangements of the English regions require different regional approaches to wards sub-regions. Rather than a one-size fits all approach, what is needed is a framework that incentivises collaboration within sub-regions and regions.

6.5 Different sub-regional arrangements are necessary in each region. Regardless of the approaches taken in each region, what is important is that the Regional Economic Strategy continues to provide the overarching framework for the economic priorities for the region, sub-regions and local areas. In addition, any move to strengthen city-regional or sub-regional governance should seek to meet the aims and principles outlined in the introduction above.

7. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

7.1 The principle of sub-regional partnership working is now well established by the RDAs and already makes a huge contribution to the economic growth of regional economies.

7.2 Sub-regional partnership working and collaboration is not solely focussed around a core (or city) area. Sub-regional working exists in all geographic areas of a region to address current and future need, economic potential and opportunity.

7.3 Where city-regions exist, they have a strong interdependent relationship with adjacent rural and other areas. There are economic gains to be had from building stronger complementary relationships between urban and non-urban areas.

7.4 Through the priorities identified in Regional Economic Strategies (RES), the RDAs ensure that everyone within the region is able to contribute to and benefit from the economic and quality of life opportunities that economic growth can offer. Indeed, each RES is developed in consultation and partnership with a range of public, private, voluntary and community sector stakeholders, which ensures a regional strategic vision shared by all partners in the region. The development of the RES often requires the RDAs to reconcile conflicting local partner interests.

7.5 The RES recognises the importance of all urban areas to the continued economic prosperity of the region, whilst simultaneously balancing the need to maintain sustainable communities in both rural and urban areas.

8. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

8.1 The importance of all co-operation and collaboration at any level is the identification of agreed and shared principles and aims which underpin and govern future activity.

8.2 Inter-regional collaborative arrangements to date have sought to build on cross-regional strengths and assets and add value to existing activities in order to boost economic growth and address regional economic disparities.

8.3 Inter-regional co-operation, whether at regional, sub-regional or local levels, is encouraged where economic opportunity or need is best addressed through cross boundary collaboration. To ensure added value, it is vital that collaborative arrangements are not duplicative and activities and policies are underpinned by a strong evidence base that demonstrates the appropriate spatial level for intervention and action.

Memorandum by The Local Government Information Unit (LGIU) (RG 43)

The Local Government Information Unit is an independent policy and research organisation that provides an information, advice, training and lobbying service to its local authority and trade union members. The LGIU celebrates the strengths of local democracy and advances the case for greater powers, discretions and financial freedoms for local government.

OUR MAIN PRINCIPLES FOR THIS ENQUIRY

1. Despite the result of the regional referendum in November 2004, we believe England would be better governed by:

- Increased decentralisation and democratisation of services currently provided by central government, its agencies and quangos. Democratisation now needs to be based on local government, in various configurations. Other democratic representatives, MPs and MEPs need to work together in new ways creating a voice for the places they represent. This would also reduce the public sense of alienation from national politics.
- Sustained or increased subsidiarity in service provision. Real problems, such as economic inequality, or sustainability, require flexible, responsive and joined up working by public services. This can only be achieved by working at a more local level than at present. This would provide better outcomes on issues of concern to the government.
- Government needs capacity to tailor national policies to the interests of different regions, and some of the steps taken by government are a welcome recognition of this. However, the government should not use this to control local decisions and services.
- Any new arrangements, such as city regions, should build local democratic capacity and should not remove any service areas or functions (eg housing, transport planning) from local democratic control. Different geographies may need different structures of local and regional/sub-regional government.

INTRODUCTION

2. For several years in the lead up to the referendum in the North East in November 2004, LGIU was an advocate of directly elected regional government, as a means to decentralise and democratise services currently provided by central government, agencies and quangos. We did extensive work on the implications for local government of the regional agenda. LGIU's research on this issue appeared in our publications such as *The New Regional Agenda*, *The Democratic Region*, and *Regions That Work*. We would welcome the chance to give oral evidence (or further written evidence) to the select committee.

3. There will be mixed views about why the result of the referendum was a “no” vote. However, the package of powers proposed by government was extremely limited, and the linkage with local government reorganisation created some concern and confusion among the public.

4. Since then, central government has made various changes which strengthen the regional tier. These include the proposals for greater transparency in budget allocations to the regions; the partial regionalisation of the fire services; the possibility of regional police authorities; the increased role of the Government Offices for the Region, for example in decision-making on Local Area Agreements, and the implementation of Regional Spatial Strategies, the development of the Sustainable Communities Plan, the Northern Way and other strategies of this type. There has been limited strengthening of the current regional assemblies, in relation to advising on spatial strategies, housing strategies and funding. However, the general move has been to strengthen top-down regional structures. We have characterised government policy as one of “steered regionalism”.

5. This creates greater capacity for government to implement differentiated policies in the regions, particularly in relation to the government's PSA target of reducing the gap in regional economic growth. It will also help to identify where government actions are not in line with this aim, for example by being clearer where transport investment is directed.

6. So this greater regional capacity has advantages. It is however, directed from the centre. There is extensive international evidence that local and regional capacity to make decisions and act autonomously is a contributory factor to regional and city success. Current policy does nothing to strengthen local and regional democratic capacity. Its success in economic development terms therefore remains doubtful.

7. Democratic capacity and local self-government also need to be strengthened if we are to tackle public alienation from politics and participation. Involvement in very local issues in neighbourhoods is not enough.

8. From the point of view of local government, there are concerns. Too much control is exercised from the regional tier. Local authorities are generally positive about the additional investment provided by RDAs, and their role in co-ordination. However, regional bodies such as GORs and RDAs need to be more responsive to local needs and supportive of local community planning. The development of sub-regional arrangements, such as the use of city regions in the Northern Way, should not be a tool to increase control over local decisions. Local authorities are seeking to influence their sub-region or city region, their region and national government. This is complex, particularly for citizens, and for community, voluntary and private organisations who may seek to influence public policy and decision-making.

INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL

Key message: support a local government led approach

9. There is a need to increase accountability but we would like to see the evidence that the government does really wish to do this.

10. Options to increase regional and sub-regional accountability include:

- Implement elected regional government: we assume this is off the agenda for a long time.
- Decentralise direct to local government, discussed in the next section.
- Decentralise to groupings of local government. In the current debate about the role and powers of the core cities, some councils have put forward the idea of executive board of leaders, for example the 10 leaders of metropolitan councils in Greater Manchester. A Passenger Transport Authority type model is an alternative.
- Create new democratic structures in limited areas, for example conurbations.
- Strengthen regional chambers to become a more high profile regional parliament, for example giving powers from the Secretaries of State, to determine the RSS, to allocate housing funding, to scrutinise regional investment and the GOR, not just to advise.
- Require the Government Offices for the Regions to work in a more open way, for example more partnership work, access to information requirements and meetings open to the press and public, more subject to scrutiny.

11. It would be useful for Members of Parliament to consider their own role in increasing regional representation. One of the responses made by some voters in the north east referendum to the argument that regional government would give the region a voice, was that they already had many MPs, MEPs, councils and councillors, and where were these in providing a voice for the region? Engagement of MPs and MEPs in regional assemblies (chambers) particularly in strategy development debates, and some kind of voice for each region in parliament could be considered.

THE POTENTIAL FOR DEVOLUTION FROM REGIONAL TO LOCAL LEVEL

Key message: We believe there is great scope for this, and would advocate devolution to local government, and not to non-elected bodies

12. In some cases services could be devolved to counties, or unitary authorities, and there should be a systematic review of this. Services which should be considered include: Learning and Skills, some transport functions, some rural development functions (continuing the work of the Haskins review), activities of the current regions of the Arts Council and the Sports Council, some English Heritage functions. Some of the work of the Government Offices for the Regions involves excessive control of local government, and Local Area Agreements should not be extended to give greater control over councils and LSPs to regional civil servants.

13. It is important that all government departments are involved in consistent support for decentralisation. This is not happening at present, with the possible move to 15 police authorities, some regionalisation of fire authority functions, and changes to probation.

EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS AND THEIR INTER-RELATIONSHIPS

Key message: partnerships have both benefits and limitations

14. There are a range of problems with the current arrangements:

- Over centralisation: too much is controlled from the centre, and in reality the mechanisms to do this are bureaucratic, stifle initiative and are insensitive to local difference.
- Fragmentation into single-function agencies and departments which do not work together.
- Boundaries: Lack of co-terminosity, including definition of sub-regions inhibits co-ordination.
- Governance and accountability: Top down decision-making makes sensitive area level work difficult. For example an executive agency such as the Highways Agency has limited scope to make decisions about transport priorities within a county, sub-region or region because its accountability is to a national department. Even more decentralised structures such as RDAs are driven by nationally determined targets.

- Uncritical reliance on partnerships: the proliferation of partnerships is extreme, and the limitations of this approach, as well as the potential benefits, must be acknowledged. Ensuring effective links between partnerships representing different tiers or geographical levels raises particular difficulty. For example someone from a local strategic partnership (who might be in fact from the Primary Care Trust or similar) is expected to represent the LSP and all the services within it on a sub-regional partnership contributing to the spatial or economic strategy. In reality, he/she may have neither the knowledge or the authority to do this effectively.

THE POTENTIAL FOR NEW ARRANGEMENTS PARTICULARLY CITY REGIONS

Key message: City regions are not a concept which can usefully be applied everywhere, but decentralisation should be available to all

15. Given the problem of over-centralisation, giving powers to city-regions and sub-regions, (probably represented by partnerships of local authorities), would be a benefit. These should not be new quangos, and should not take powers from local government.

16. In some places, city regions are already a reality. For example in Greater Manchester, there is an overarching strategy agreed by all the councils, the universities, the PTA, the police authority, the universities, the LSC, the strategic health authority, Connexions, the fire authority, and the waste disposal authority. Clearly, some of these public institutions are city regional institutions.

17. City regions are not a concept which can be applied everywhere. However, for strategy development, there may be a need to define consistent sub-regions within the standard English regions.

18. The scope to develop city regional partnerships is most apparent in the former metropolitan counties, building on what already exists. If we consider other major cities outside London, in one case, Bristol, the former county of Avon is broadly a city region of four unitary authorities. Others, such as Leicester or Nottingham, are often unitary authorities within an otherwise two-tier county. Some quite major cities, such as Norwich, or Northampton, are district councils within two-tier counties. Frequently the conurbation extends beyond long established city boundaries. Research on extending city boundaries for the 1990s Local Government Commission indicated this would be unpopular with the public in suburbs. It would often leave a surrounding fringe of very small districts. County-wide partnerships linking rural and urban needs may be more effective. However, the fact that cities like Leicester, Oxford, Derby, Norwich (the classic county towns) provide and pay for facilities which are used by a wider, and often more affluent, suburban and county population, needs to be addressed.

19. We would support the government if it put forward proposals for devolution of powers to the metropolitan areas initially. This could be followed at a later stage by opportunities to extend devolution of powers to other sub-regional or county partnership arrangements. This (or any reorganisation of local government) should not be used to move powers from local government to a larger and more distant tier.

20. Transport investment appears to be one of the most fundamental issues for conurbations and simply to build on the powers, including financial powers, of the current PTAs would help.

IMPACT OF CITY REGIONS ON PERIPHERAL TOWNS AND CITIES

Key message: democratic structures will ensure equal representation of whole area

21. This is of concern to some authorities who might be defined as “hinterland” or who are located between two major cities or city regions. Arrangements should represent the whole conurbation equally, and resource distribution should be allocated by the area concerned. There should not be too much reliance on a “regional capital”. A fair and democratic distribution of power is most likely to give all areas an equal voice.

CLOSER INTER-REGIONAL CO-OPERATION TO TACKLE ECONOMIC DISPARITIES

Key message: more important is how all government decision-making impacts on this goal

22. If agencies find interregional co-operation useful then they should be free to work together. However, the Northern Way appears to have been developed primarily in response to criticisms of the resources being put into the affluent southern counties under the Sustainable Communities Plan. The English regions are already large, as is shown by the extensive sub-regional working, and the pressure to create city regions. Regions and sub-regions should not have to work at a larger level in order to access resources. It also shouldn't be necessary for a group of quangos (which RDAs are) to lobby government to implement its own stated policy of reducing regional disparities.

23. It is not clear to us that agencies lack the power to enter into co-operative arrangements where they judge these to be useful, so this is not a priority for government action. It would be more useful if the government strengthened its own mechanisms for ensuring its own decision-making (on this and on other overarching priorities such as sustainability, or tackling poverty) promoted its stated aims, across all government departments and agencies.

Memorandum by Reading Borough Council (RG 44)

I am writing to submit the Borough Council's views to the Select Committee on the above enquiry, in particular on the issue of city regions and boundaries.

The Council welcomes the enquiry as an opportunity to explore and review the anachronistic boundaries of many local authorities in urban areas, and would offer Reading as a specific example. The Council's boundaries south of the River Thames have not changed since the first decade of the C20th, and many years ago ceased to reflect the socio-economic geography of the Reading urban area. As a consequence the Borough Council is responsible for decisions affecting the 145,000 citizens living in the historic centre of an urban area with a population approaching 250,000, which is currently administered by five local authorities: three Unitary Authorities, one District Council and one County Council.

Whilst we recognise that Reading is not unique in this regard, the Reading situation does have specific features which touch on wider agendas which we bring to the Select Committee's attention. Reading is the largest town, and the business capital, of the Thames Valley sub-region, one of the top 20 most prosperous regions in the European Union, and with the fastest growing economy in the UK since 1999, and home to 10 of the top 50 global organisations. Reading has the sixth highest Gross Added Value per head in the UK. It is the economic driver for growth in the South-East region, with an impact that is national and international. However, because of the current local government boundary arrangements it is unable to take the strategic infrastructure decisions which are necessary to underpin and support this key role.

The attached plans help illustrate the position. The first shows the authority's current boundaries, and the significant areas of suburban development—all predominantly dependent on Reading—which are outside the Borough boundaries. The second map shows the boundaries—both north and south of the Thames—agreed by the authority's Cabinet as necessary to enable the Council to take control of its strategic infrastructure.

There is a body of supporting evidence that the Council would welcome the opportunity of putting before the Select Committee, to illustrate the difficulties posed by the current anachronistic boundaries. I briefly give three below.

Firstly, the Council is restricted in its ability to take strategic transport decisions. Traffic congestion is identified regularly by our business partners as a key local challenge, and Hewlett Packard have recently announced their decision to move their European HQ out of Reading, primarily due to traffic congestion. Key elements of the Council's successful transport strategy are dependent on partnerships with neighbouring authorities which have different political and local priorities, and which to date have struggled to rise to the challenge of tackling Reading's traffic problems in a way which meets Reading's traffic needs. Recently the fragility of such arrangements were demonstrated when Wokingham and West Berkshire withdrew from the Reading Urban Area Package partnership arrangements. Two examples clearly illustrate the impact neighbouring authorities have on the delivery of the transport strategy. These relate to the provision of additional park-and-ride schemes, and the development of a third Thames crossing to the east of the town. Sites for further park-and-ride schemes will have to be found outside the Borough boundary, and have not been forthcoming; the third Thames crossing will have to use land, both north and south of the river, which again is not in Reading, and to which there is strong opposition from north of the river Thames.

Secondly, the Council is restricted in its ability to take strategic planning and housing decisions. A consortium of landowners, led by the Prudential, proposes the development of brownfield land south-west of Reading, and north of the M4, to provide around 7,000 new homes and associated employment and transport infrastructure: this area is shown as (1)[green] on the second of the enclosed plans (Reading in 2020). This could go a very significant way to meeting the housing needs of Reading and its neighbours. However, none of the land in question lies within the Borough boundary. The very nature and location of this site means that whilst the planning negotiations and decisions will be taken by a neighbouring authority, the development will look to Reading and will impact on and be dependent on the town. The Council recognises the Government's desire to promote growth points (as set out in its response to the Barker review of housing supply), but local boundaries pose a significant challenge to aspiring to achieve this.

Thirdly, the Council is restricted in its ability to take strategic education decisions. Due to the history of school planning and building investment decisions by the former Berkshire County Council, half of the secondary schools serving the Reading urban area are located outside the Borough's boundaries, in three separate local authorities. Two of the secondary schools within Reading are selective grammar schools with a wide catchment area and with only a minority of their pupils living within the Borough boundary. In east Reading, there is no non-selective secondary school within the Borough boundary. The complexities this creates were acknowledged in 2005 by HM Inspectorate in a report on the Council's education provision. At a different level, the boundary runs through the middle of the university campus, which therefore finds itself the subject of two planning authorities.

The current boundaries also restrict the Council in terms of emergency planning and business continuity, and in improving the local environment.

The Council hopes that the Select Committee will wish to take evidence from Reading on how the current structure of local government and boundaries in central Berkshire impact adversely on the Council, and our vision for resolving this. The city regions issue has been raised through the Reading 2020 (Local Strategic) Partnership, and I also attach an excerpt from a recent report to that body which sets out the economic

arguments in more detail. The LSP Board has, on various occasions, noted both the importance of leading the sub-regional agenda and addressing anachronistic boundary implications for transport, housing, employment and related environmental issues. These concerns have also arisen in LSP consultation events involving the broader community of the LSP forum.

APPENDIX

READING LSP—[14 NOVEMBER 2005]

EXCERPT FROM REPORT ON CITY REGIONS—THE EMERGING FRAMEWORK

“The Reading Economy

Reading is set at the heart of the Thames Valley, one of Europe’s premier business locations. It attracts investment from across the world, creating a dynamic community that offers unrivalled commercial opportunities, primarily due to its strategic location at the heart of the UK’s transport networks, including its proximity to Heathrow and London, the availability of a highly skilled labour force, its high quality business base and the excellent quality of life on offer.

The sub-region’s thriving business centres are home to the European headquarters of 10 of the top 50 global organisations. Among the industry leaders already sharing in the Thames Valley’s success, 13 are in the world’s top 30 billion dollar brands. Reading is home to some of the world’s most recognisable names, such as MCI, Cisco, Prudential and HP.

The Thames Valley economy has been the fastest growing in the UK since 1999 and is set to continue with a predicted growth between 2.7% and 4% per annum—which if achieved is estimated to be the highest in the European Union.

The Thames Valley is recognized as a key driver of the regional and national economy with Reading as its principal commercial and cultural hub. Significant investment in the infrastructure is a key priority for Reading if it is to continue to be a focus for regional growth, in particular Improvement to the strategic transport network, such as the upgrading of Reading Station.

The future success of the Thames Valley will depend on major urban areas like Greater Reading being able to deliver economic prosperity in the long-term. The accompanying infrastructure including housing, to sustain this prosperity cannot be physically accommodated entirely within Reading’s current administrative boundaries and must be planned and delivered more strategically.

The emerging interest in city region model therefore has real resonance for the development of the interrelationship between Reading and the Thames Valley relationship which could provide a framework for addressing the long term sustainable economic growth of the sub region.”

Memorandum by the Forum for the Future (RG 45)

KEY POINTS

1. *Accountability*

Junior ministers across Departments should be given an additional spatial responsibility for individual regions.

2. *Accountabilty*

A reformed House of Lords should include elected representatives from the regions to champion regional issues.

3. *Simplification of arrangements*

Make the delivery of sustainable development the primary focus of the RDAs with the Regional Assemblies responsible for their scrutiny. Review the effectiveness and remit of sub-regional bodies in line with proposed changes to RDAs.

4. *Strategies*

Each region should have one overall statutory plan that includes a vision for the region and sustainable development objectives. This would provide a clear direction and align key delivery strategies such as the economic and spatial strategies.

5. *City-regions*

Existing structures and organisations have made good progress and need time to mature. Review how cities are governed whilst maintaining existing regional structures.

6. *National responsibilities*

Clarify and improve the responsibilities for regions within national departments.

7. *PSA targets*

Include strong PSA targets for Sustainable Development for the Regional Development Agencies.

1. THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION MAKERS AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENT

Accountability

1.1 The “no” vote in the north east devolution referendum means that a mandate for democratically elected regions is unlikely for sometime.

1.2 Given this situation, one solution would be to have a Minister with special responsibility for each region to whom the regional institutions would report. This spatial responsibility for a region could be combined with the existing portfolios of a number of junior ministers across departments. This would make the Minister accountable for decisions taken in the regions.

1.3 Another option might be to build in regional democratic accountability into a reformed house of Lords with representation from each region.

Simplification of existing arrangements

1.4 There is a need to simplify existing arrangements. On the one hand, this is because of the confusion that exists regarding the roles and responsibilities between the different institutions—particularly between the Government Office (GO), Regional Development Agency (RDA) and the Regional Assembly (RA). On the other hand, there is an overlap of responsibility between different institutions with planning responsibilities being shared between the RDA, RA and GO and some scrutiny of the RDA being carried out by both the RA and GO.

1.5 One solution should be to broaden the remit of the RDAs turning them into Regional Sustainable Development Agencies (RSDAs)—broadening their remit to economic, social and environmental development, with a sustainable development duty as the overall aim. The RA would remain to scrutinise the RDA with the GO’s functions divided appropriately between the RDA and RA.

1.6 The responsibility to deliver regional objectives on the ground would then be cascaded to local authorities for planning and sub-regional bodies for economic objectives—who wield considerable influence over the actual outcomes as many spend up to 50% of the RDAs budget. The ability of the latter varies significantly, dependent on the skills and structures within each body. A review of the effectiveness and remit of these organisations should be undertaken in line with proposed changes to regional organisations.

1.7 Concordats are currently used to simplify and clarify existing arrangements, and a short review investigating their effectiveness would be worthwhile.

1.8 Locating the different agencies in the same building (as is the case with SEEDA and SEERA) will undoubtedly help in forging relationships and improving communication between the different organisations.

2. THE POTENTIAL FOR THE DEVOLUTION OF POWERS FROM THE REGIONAL TO THE LOCAL LEVEL

2.1 Given the centralised nature of decision making within the UK at present, this question is misplaced. It would be more appropriate to ask about the further devolution of powers from the national to the regional or local level rather than from the regional to the local level. The regional level has limited powers and the two main powers that they have, for spatial planning and economic development, should remain at the regional level, cascading down through the system as at present.

3. THE EFFECTIVENESS OF CURRENT ARRANGEMENT FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

3.1 There currently exist a wide range of strategies at the regional level with two main statutory documents, the Regional Economic Strategy (RES) and the Regional Spatial Strategy (RSS). An improved arrangement at the regional level could follow the Wales example of having one overall plan for Wales which includes a vision for the region and sustainable development objectives. The spatial and economic strategies sit under this and all contribute towards the overall vision. There needs to be a much stronger sense of how these fit together, along with any other strategies that may be deemed necessary to deliver the full range of sustainable development objectives.

3.2 At a minimum, the RSDF should become the binding overarching framework for all organisations with targets against which regional institutions are assessed and linked back to the national sustainable development strategy.

4. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE ON PERIPHERAL TOWNS AND CITIES

New arrangements

4.1 Regional organisations are relatively new. With any new structures, particularly at a new level of governance, it takes time to establish and then effectively deliver what is set out. The regional level provides an important strategic overview that cannot be determined at the local level and the regional level has made progress in its delivery of sustainable development. A new arrangement could mean starting from scratch with another long learning period. Quite simply, regional organisations need more time to mature and capitalise on their learning and development to date.

City regions

4.2 A solely city-region structure across the UK would exclude parts of the UK eg Cumbria from the Northern city-regions, Cornwall and Devon from a Bristol city region. It would not work from an economic perspective to have a city region such as Bristol and then for the remainder of the South West to form a separate region. There is already discontent within the North from areas that do not belong to city regions whilst certain regions have no obvious city-region within them, as with the south east and east of England, so it is unclear what would happen to them.

4.3 However, it is likely that cities would benefit from one central authority as is the case in Birmingham rather than four separate authorities that exist in the Greater Bristol area. Yet this does not necessarily need to be a city-region, it can be a larger local authority. Specific powers should be further devolved to these cities from the national level.

4.4 The implications of city regions excluding certain parts of the region and replacing existing regional structures makes it a less attractive option than the current arrangements. However there may be a case for reviewing how existing governance structures of cities could be improved.

5. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

5.1 Closer inter-regional co-operation is desirable for a range of issues, not just to tackle economic disparities. The Northern Way is a good example of co-operation but there is much disquiet in the North about the lack of consultation and the focus on economic issues to the exclusion of social and environmental factors. Future inter-regional co-operation on producing strategies should take this into account.

5.2 It should be noted that attempts to launch similar initiatives in the Midlands and the South West have not taken off. This could be for a variety of logistical factors but shows that the impetus for inter-regional co-operation has to come from what the regions want to make happen rather than from any imposition on inter-regional co-operation.

6. ADDITIONAL COMMENTS

Recognising regions within Whitehall

6.1 The responsibilities for regions within Whitehall are divided between Defra, DTI and ODPM. In many cases regional organisations are being pulled in several directions from different departments with diverse messages.

6.2 This could be resolved by beefing up the role of the Regional Co-ordination unit (RCU) and moving other Whitehall regional heads there from Defra and DTI.

Improving delivery

6.3 Another way of improving management in the regions would be to introduce “regional proofing” into all appropriate Whitehall policy.

6.4 The priorities set by Government through the public service agreements (PSAs) do not go far enough. This is the case for RDAs which have a PSA on sustainable development but have no target attached. This makes this PSA less effective than others against which the RDA is measured and its performance assessed. It is impossible to provide an overall picture of regional effectiveness given the inadequacy of the current target set. Regions should be free to negotiate their own targets for example, housing growth, job creation and energy production.

These views are based on Forum for the Future’s extensive experience of working directly with regional organisations since their inception on a wide range of topics at all levels. We have currently eight regional partners, composed of the RDAs, RA and the Welsh Assembly Government.

Regional Futures is the learning network for the English regions and part of the sustainable development charity Forum for the Future. Its mission is to inspire good regional policy and delivery through sustainable development.

Memorandum by Hull City Council (RG 46)

INTRODUCTION

Hull City Council welcomes the opportunity to contribute to this increasingly important debate. We recognise (and welcome) the Government’s commitment to reducing regional disparities in prosperity and the Select Committees’ recognition (in a previous report) that economic disparities are at the root of the many inequalities and social difficulties which are most intense in England’s urban areas.⁵⁰ We also appreciate that the central economic objective of the Government is to “achieve high and stable levels of growth and employment”, and that “to meet this challenge it is essential that every nation and region of the UK is able to perform to its full economic potential”.⁵¹ In doing so, regional policy will finally be addressing, as the Chancellor put it in his speech to the 2005 Sustainable Communities summit, “the underlying causes of poverty and deprivation”.

It is primarily within the context of improving the economic performance of Hull and its “functional urban area” that we situate the Select Committee’s inquiry on whether or not there is a future for regional governance. At the same time, we are conscious that governance (or government) arrangements—at a variety of spatial levels—are a key part of ensuring improved economic performance. As a Local Authority, seemingly just one part of an increasing number of sub regional and regional partnerships, we are naturally concerned about the increasingly attenuated nature of democratic accountability, particularly at regional level.

Naturally, all responses to the Committee’s inquiry about the future for regional governance should start from the recognition that we are not discussing governance for the sake of governance. It is about how democratically accountable arrangements can be constructed which address the well being needs of given areas so that they can make the best possible case for investment and influence.

1. THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

1.1 There is widespread agreement that the multitude of partnerships and governance arrangements at sub regional and regional level are confusing and contribute to a lack of “ownership” and overall direction. Clearly, the Government’s intention to “democratise” its decentralisation and devolution plans in order to bring about a better integration of regional strategies and decision making, were based (partially, at least) upon the presumption that elected Regional Assemblies would gradually evolve. Following the overwhelming vote against the proposition of elected regional assemblies at the North East referendum in November 2004, it is widely agreed that elected regional assemblies are no longer on anyone’s agenda. However, one commentator has emphasised the relentless nature of regionalisation pointing out that “the promise of more autonomous elected assemblies as a future goal certainly underlay (regionalisation) developments, but it was not a significant driving force. These developments have been evident as much in the southern and midland regions of England, which were never expected to vote for elected assemblies in the near future. . . .”⁵²

⁵⁰ Reducing Regional Disparities in Prosperity, ODPM Select Committee, July 2003.

⁵¹ A modern regional policy for the UK, HM Treasury/DTI/ODPM, March 2003.

⁵² “Devolution is a process not a policy: the new governance of English regions”, Findings from the Economic and Research Council’s Research Programme on “Devolution and Constitutional Change”, Briefing No 18, February 2005, by Mark Sandford, Research Fellow in regional government, Constitution Unit, University College, London.

1.2 It is the case that the Government's "regionalisation" agenda has been proceeding since 1997. This process has seen:

- "The establishment of new regional institutions, such as Regional Development Agencies and Regional Chambers (Assemblies).
- The extension of the responsibilities of Government Offices for the Regions, and the consolidation of regional offices of executive agencies.
- The reform and widening of the scope of the regional planning process, symbolised by the transformation of Regional Planning Guidance into Regional Spatial Strategy.
- The emergence of dense networks of regional forums, commissions and networks based around discussion of high-level visions or strategic priorities for their region in a specific policy field.
- The emergence of an interest in regional policy in the Treasury, the predominant department in the making of domestic policy".⁵³

1.3 Thus, the "regionalisation" and decentralisation plans of the Government—which continue—"have resulted from ad hoc solutions to specific policy or departmental needs".⁵⁴

1.4 Thus, for example, Regional Funding Allocations, which seek the priorities of a region up to 2016 in the fields of housing, transport and economic development, are being developed by Yorkshire Forward (the Yorkshire and Humber Regional Development Agency), the Yorkshire and Humber Regional Housing Board and a newly created body—the Regional Transport Board. The decisions of these groups will be drawn together by a Regional Coordination Board (chaired by the Chair of the Yorkshire and Humber Assembly). Similarly, the Northern Way initiative has necessitated the creation of a Northern Transport Compact (to prioritise pan-regional transport projects in the context of the Northern Way).

1.5 It is perhaps the case that sub regional arrangements for partnership working need to be revisited, given that the majority of sub regional partnerships were set up with a primarily economic remit. The remit of the Regional Funding Allocations widens the subject matter to be covered by these partnerships and, together with the development of city region partnerships (under the Northern Way banner), it would seem sensible for city regions/sub regions to re-visit their partnership arrangements to ensure they provide the comprehensive response called for by the Regional Funding Allocation approach. Partners in the Humber sub region are currently engaged in just such an exercise.

1.6 Such a revisiting of sub-regional partnership arrangements ought to contribute to a simplification (at least at this particular spatial level) of existing arrangements.

2. THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

2.1 There is clearly potential for "sub-regional" area agreements in a city region context (modelled on the Local Area Agreements which are currently being rolled out).

2.2 An example could encompass post 2007 European Union competitiveness funding which (if available) should be sub delegated to cities/city regions (in the Northern Way context). This is suggested in the Commission Regulation on Structural Funds.

2.3 Compelling arguments have been put forward in favour of the devolution of powers to the local level (from national as well as regional levels). Indeed, American and European examples of the benefits of greater local autonomy and governance have been a key feature of the ODPM's sustainable communities summits.

3. THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

3.1 The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships must, surely be called into question by the fact that the UK has the highest variation in Gross Domestic Product per capita of any EU country.⁵⁵

4. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

4.1 Increasing governmental and academic interest in the concept of city regions derives perhaps from three main sources: the recognition that elected regional government in England is no longer on the agenda; the weight of academic evidence on the role of cities as economic drivers,⁵⁶ and an increased awareness that tackling issues at the right spatial level, is essential.

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Productivity in the UK: the Regional Dimension, HM Treasury, November 2001.

⁵⁶ Eg Porter's study on "The Competitive Advantage of Nations" (1990) and "Competitive European Cities: Where do the core cities stand?", M Parkinson et al, ODPM, January 2004.

4.2 An ODPM Select Committee inquiry in 2003 into the effectiveness of Government regeneration initiatives singled out Hull (and Stoke) as cities “. . . where heavily disadvantaged wards are the norm rather than the exception” and recommended that the Government should establish a central resource which can provide extra support and resources to such cities.⁵⁷ In its response to the Select Committee, the Government agreed that “. . . there are severe limitations to the effectiveness of area based initiatives in areas experiencing severe deprivation and that neighbourhood renewal needs to be viewed in the context of a broader economic and social strategy for the wider area”.⁵⁸

4.3 Clearly, the city region concept provides the “space” for the development of a broader economic and social strategy for Hull, as it entails understanding the various interrelationships between the City and its hinterland (which is, of course, in another local authority area). The establishment of a Housing Market Renewal Pathfinder (Gateway) in Hull and the East Riding of Yorkshire (although the Pathfinder delivery area is in Hull), highlights the close relationship between the two local authority areas in terms of a shared housing market.

4.4 Recent research commissioned by Hull City Council has examined the economic interrelationships between Hull and its hinterland and shows that 30% of the jobs in Hull are occupied by residents of the East Riding of Yorkshire. The strength of this interaction varies significantly across the occupations of commuters. About half of all key managerial and professional jobs in Hull are held by in-commuters from the East Riding in contrast to only 15% of the routine jobs.⁵⁹

4.5 Regeneration and development efforts in the City of Hull over recent years provide a good example of the plethora of area based initiatives which have been drawn up to tackle a variety of matters. Of the 51 Area Based Initiatives listed in the Government’s “Review of Area Based Initiatives” (October 2002), some 40 have operated in Hull in recent years.

4.6 The proliferation of these (area based) initiatives along with the resources which go into securing and operating them, have perhaps meant that the primary cause of these manifestations of social exclusion which such initiatives are meant to address—Hull’s economic underperformance—is frighteningly easy to lose sight of. This is particularly so when governance perspectives are limited by lines on maps ie local authority boundaries.

4.7 It is for this reason, that Hull City Council welcomes the new spatial perspective which the city region concept offers. The challenge, inherent in the Northern Way initiative is to explain the Hull and Humber Ports City Region’s evidence-based case for targeted additional investment. We note that recent research has emphasised the “missing” economic dimension of Neighbourhood Renewal and specifically commended a wider spatial perspective to address economic intervention.⁶⁰

4.8 Government constantly reiterates that city regions should be understood as being about the economic footprint of a city (and its city region) rather than being about governance arrangements.

4.9 There is no widely accepted agreed definition of the concept of a city region. However, one comprehensive definition posits: “A strategic and political level of administration and policy making, extending beyond the administrative boundaries of single urban local government authorities to include urban and/or semi rural hinterlands. This definition includes a range of institutions and agencies representing local and regional governance that possess an interest in urban and/or economic development matters, which together, form a strategic level of policy making intended to formulate or implement policies on a broader metropolitan scale”.⁶¹

4.10 The Northern Way established eight city regions in the North of England. The Hull and Humber Ports City Region is held to comprise the four local authority areas of Hull, East Riding of Yorkshire, North Lincolnshire and North East Lincolnshire. Each of the North’s eight city regions is currently engaged in drawing up a second iteration of their City Region Development Programmes (which explain the contribution each city region can make to reducing the output gap which exists between the North and the average for England). UK Government guidance on city regions emphasises the key element in understanding a city region are the flows between the major city/cities of the city region and its hinterland. These flows are based on labour market analysis, commuting patterns, housing markets, retail, leisure and education flows.

4.11 The Hull and Humber Ports City Region has welcomed the incentive provided by the challenge of the Northern Way to work more closely across local authority boundaries. However, whilst it may well be that “the adoption of a city region based spatial context can only contribute to the effective implementation of public policy if it is accompanied by supporting changes in the structure of administrative and

⁵⁷ The Effectiveness of Government Regeneration Initiatives, ODPM Select Committee, April 2003, par 33.

⁵⁸ The Government’s Response to the ODPM Select Committee Report on The Effectiveness of Government Regeneration Initiatives, Cm 5865, July 2003. (Emphasis ours).

⁵⁹ The Natural Economy of Hull, The Local Futures Group, May 2005, commissioned by Hull City Council.

⁶⁰ “Connecting Deprived Neighbourhoods to Local and Regional Economies”, Stephen Syrett and David North, Centre for Enterprise and Economic Development Research, presentation at ODPM City Growth Event: City Growth and Governance: Connecting the Local to the City Regional, London, July 22, 2005.

⁶¹ “The Politics of City-Region Planning and Governance”, Mark Tewdwer-Jones and Donald McNeill, in *European Urban and Regional Studies*, 7(2): pp 119–134, 2000.

governmental organisations”,⁶² such changes do not have to be compulsory, neither do they have to be uniform across city regions. Parkinson’s research has emphasised the importance of “informal strategic alliances” being the norm in continental Europe.⁶³

4.12 Moreover, in explaining the economic underperformance of the North, “we may find that both co-ordination and information failures concerning the economic assets and opportunities of sub regional economies, and the failure of past public policies may also have played a part”.⁶⁴ Here, in Hull and Humber Ports City Region we are aware that we are at a very early stage in exploring the co-ordination and information failures which may have attended the organisation (and performance) of our sub regional economy.

4.13 Partners and stakeholders in the Hull and Humber Ports City Region are aware that a typology or hierarchy of city regions is developing in England. Major city regions such as Leeds and Manchester may well want (and need) to explore more formal arrangements for city region working. Hull City Council would be relaxed about the development of any such asymmetrical sub regional governance arrangements; just as the Yorkshire & Humber Assembly has recognised that approaches in one part of Yorkshire and Humber may not apply elsewhere in the region. One size really does not fit all.

5. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

5.1 This is a matter of some concern, particularly in the Hull and Humber Ports City Region, with its large range of coastal and rural settlements. We are aware that ODPM has sponsored work on the minimum criteria (size etc) for a functional city region and we look forward to utilising this work as part of the second iteration of the Hull and Humber Ports City Region Development Programme (to be completed by September 2006—as part of the Northern Way submission to Comprehensive Spending Review 2007).

5.2 The Northern Way’s insistence upon the need for tough decisions about investment priorities makes it imperative that our understanding of how city regions work (and the evidence upon which that understanding is based) is widely shared and understood.

6. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

6.1 We welcome the closer inter-regional co-operation which “working the Northern Way” necessitates. We are conscious of the changes in the structure of employment and industry which are likely to occur over the Northern Way time frame (15–20 years) and the global forces which will shape a great deal of this transformation.⁶⁵ Inter-regional cooperation will be essential for the optimum exploitation of the many assets the North has.

Memorandum by Jane Thomas (RG 47)

In the absence of any directly elected regional body with formal, statutory powers we still find that Britain is defined too much by what happens in that square mile that is London, and too little by the rest. Currently only about 25% of public sector spending is controlled by regional and local government—well below most other comparable countries, such as Germany or the United States.

But we are the sum of our parts and the English regions are not well-served by a highly centralised, one-size fits all approach to policy making. The move towards devolution and delegation away from the centre is welcomed but begs many questions about accountability, transparency and joined-up governance.

One of the Governments top priorities now is the improvement of public services. People’s expectations of publicly funded services are high. As was stated in the Treasury’s Report *Devolved Decision-Making* (2004) the next phase of reform requires an evolution in the relationship between central government, local government, regional organisations and front line. Central government should have a strategic role, ensuring national standards are met and maintained but allowing greater local flexibility.

⁶² “Perspectives on City Regions”, John B. Barr, University of Glasgow, *Regional Studies* Vol 39.5, July 2005.

⁶³ *Competitive European Cities—Where do the Core Cities stand?* M Parkinson et al, ODPM, 2004.

⁶⁴ “What does regional and urban policy tell us about City-Regions and what are the key questions we still need to answer?”, Paul Hildreth and Greg Clarke, ODPM, (working draft).

⁶⁵ Cf “Regional Futures: England’s Region’s in 2030”, English Regions Network, RDA Planning Leads Group, ODPM, DfT, January 2005.

1. THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGION AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

1.1 Currently there are 910 Public Bodies and 86 Executive Agencies (as of March 2005) many of whom operate at sub-national level. In March 2001 the Government ordered a review of the arrangements for Executive agencies in the context of the Modernising Government White Paper and Civil Service Reform Paper.

1.2 In terms of simplifying existing arrangements there are a number of areas where the Government has already responded. The Treasury response to the Regional Emphasis Documents indicated a willingness to take on board some recommendations especially where there was evidence of cross-department working. The practice of pooling budgets as happened with the Regional Skills Partnerships could happen in other policy areas. The Business Link franchise has come under the control of the RDAS, as has much of the work of the Countryside Agency and much of the tourism portfolio from DCMS.

1.3 This all suggests a growing recognition of the value of a single regional body to be able to plan holistically. This makes sense—and as long as appropriate scrutiny and transparency is applied, the function AND delivery side will be enhanced. But the high national standards and accountability that underpin the reforms can only be achieved by appropriate and rigorous scrutiny.

1.4 Yet tensions will continue to rise whilst ever there is obscurity over the relationship between key regional bodies, quangos and central government. For example the move to RSS under the Planning and Compulsory Purchase Act of 2004 was a significant move and makes the Regional Assemblies, in all regions, the designated Regional Planning Body. However the delivery of RSS will continue to be hampered by the continuance of what Hetherington refers to as regionalised centralism (further centralised control by Treasury/Government over spending priorities of Departments and their executive agencies). So you can have as much integrated and regional planning as you like but these are likely to be overridden by national/central demands (it will be interesting to watch transport spend in the northern regions in the years running up to the Olympics for example).

1.5 At a sub-regional level there are still serious issues about co-ordination of key policy areas, such as housing new build, transport plans and economic development, which simply are just too large to handle at the level of local government that currently exists. This is brought into sharp relief with some key new initiatives such as Pathfinders and LEGI—initiatives that cross local authority boundaries but need a degree of co-ordination and leadership that simply cannot be provided under the current structures.

1.6 As budgets are devolved increasingly more decisions are made at sub-regional level. This begs the question about accountability of public spending and also the role of quasi autonomous bodies that are increasingly circumnavigating local authorities (especially when the LSPs are NOT the local authority).

1.7 Allowing the real and necessary flexibility that underpin the Governments reform agenda in the absence of regional government is hard. Much is done on good will—but relationships vary region to region, and can dramatically affect the outcomes of well-intentioned policy. Regional bodies, notably the RDAs and Regional Assemblies play an increasingly vital role, in managing the relationships of regional stakeholders and bring together key regional and sub-regional bodies.

1.8 It also begs a number of questions about how you deal with cross-cutting issues and how you align these within target frameworks, planning and spending cycles and funding streams. The continued role of key executive agencies and public bodies at regional and sub-regional level also needs reviewing in the light of the continued moves towards devolution and delegation. The Prime Ministers speeches have outlined high national standards and clear accountability as part of the principles of reform—these are in danger of getting lost unless these relationships are sorted.

1.9 Suggestions:

- In the Dynamics of Devolution, Hetherington and Sandford argue that there is a case for a single regional spending budget for things like economic development as it allows flexibility and targeting in a way that the multitude of local economic projects simply cannot do and it can lessen considerably inter-local competition.
- A moratorium on public bodies/quangos/NDPBs as requested by the British Chamber of Commerce in 2001!
- Place on some statutory footing the need for key agencies to consult with regional Planning Body—for example, the Highways Agency, and the Environment Agency.
- Some analysis of the success, or otherwise, of the Regional Transport Board and Housing boards and some analysis of policy fit (ie is there an alignment of work of the Board with say Pathfinders, Local Authorities, Housing Corporation and ODPM?)
- Regional select committees at Westminster.
- More use of cross-cutting Forums.

2. THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

2.1 There are currently no formal powers that exist at a regional level. There are, as has already been pointed out, numerous bodies, making decisions about spending of public money. However that is not the same thing. To devolve from one level to another assumes you have multi-layered governance arrangements which simply do not exist at the moment in England.

3. THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

3.1 The 2002 report “Better Government Services; Executive Agencies for the 21st century reflected on how some agencies have become disconnected from their sponsoring Department. Despite clear intentions to the contrary and good examples of working together, the gulf between policy and delivery is considered by most to have widened. They can also create perverse incentives and inefficiencies. Quite often Area-Based Initiatives (ABIs) duplicate or overlap or fail to deliver.

3.2 The report gives 12 very clear recommendations and calls for, amongst other things, simpler governance connecting agencies with departmental aims and making better use of non-executive directors.

3.3 There is a continuing tension between controlling inputs that is at the expense of managing outcomes. PSA targets often seem overlooked by centrally imposed management systems and structures that simply do not reflect or allow responsive delivery on the ground. This could be much improved with clear strategic direction giving a line of sight from agency targets to department targets. A clear line of sight is also needed to PSA agreements with the PSA targets at the heart for improving service delivery.

3.4 The success or otherwise of joint initiatives, or programmes with a cross-cutting theme, is largely determined by having carefully articulated and shared targets. However as noted in 1.8 this can be problematic without an established framework for joint working.

3.5 The Devolved Decision Making suggests a number of things including:

- Fewer targets but still within the framework of PSAs.
- Stronger local accountabilities and incentives.
- Increased performance management.

The report states that “a more devolved approach makes it essential that local accountabilities and incentives to improve are strengthened . . . central government and its agencies should set fewer targets and controls beyond PSA”.

3.6 The principle of flexibility and subsidiarity must be applied. Local transport decisions are often best taken by those who provide and pay for the service. However the move towards Regional Transport Boards and the inter-relationship between this and the RSS is significant. It is early days but it will be important to ensure that there is some alignment between LTPs and Regional Transport Plans. More significantly will be how much this will feed into national transport plans—and crucially how the Spending Reviews are cognizant of what is being planned in the regions.

3.7 Suggestions:

- Reduce number of funding streams for ABIs and a better alignment of target frameworks, planning and spending cycles and funding streams.
- Clear strategic direction with a line of sight from agency targets to department targets and a clear line of sight to PSA agreements.
- Fewer targets but still within framework of PSAs.
- Better linkages could be made between LSPs and regional bodies and strategies. This could be done by means of protocols between LSPs and regional and sub-regional bodies.
- A more formalised dialogue between the centre and the regions at a strategic level to accommodate in particular the aims and aspirations of Regional Economic Strategies and the Regional Spatial Strategies.

4. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

4.1 The renewed interest in city regions has been driven by a number of things—not least because of the perceived void created by the failure of the North East referendum. Much academic work has also been undertaken, drawing on the experience of Europe where city regions have had some notable success in the economic fortunes of their area.

4.2 However it is hard to see how city regions address the issues that regional government attempted to address (democratic deficit, devolution of powers). It is even harder to see how city regions can attempt to replicate the success of their European, or even American counterparts, without being supported by the same political architecture. In other words successful city regions elsewhere sit within a properly constituted elected regional body, or federal state, that has formal powers and a devolved budget.

4.3 That is not to say that city regions do not present some opportunities. The evidence that cities can act as economic drivers for their regions is compelling. The New Local Government Network City Regions Commission suggests that city regions should be allowed to emerge “from below” in an asymmetrical fashion, and crucially calls for enabling legislation to pass powers over housing, planning and transport to the new bodies. The IPPR’s Centre for Cities has boosted the network’s research in this area with its own studies of regional housing markets and the role of cities in this regard.

4.4 The question is to what extent a city region would break the fixation with London and become indigenous economic powerhouses in their own right. Certainly Greater Manchester and other city regions covered in the Northern Way can see some opportunities with this agenda.

4.5 Elected mayors and their role within city regions do not have the support that was first thought. Certainly in Manchester there is no widespread support to move towards elected mayors, even though the majority of local politicians support the city region model. A recent report from the Joseph Rowntree Foundation suggests that elected mayors have not necessarily resulted in the strong political leadership and democratic renewal that was initially expected.

4.6 Suggestions:

- City regions will only work within a more balanced system of government than at present.
- The model should not be imposed and should reflect local identity and consent (although no-one would want to repeat the referendum process in much of a hurry).
- Local government will need to be strengthened and reconstituted to take on the responsibilities and aspirations that a city region should have.
- Political leadership is vital—it confers legitimacy and presence but this does not necessarily mean in the shape of an elected mayor. Strong, elected local government that can be held to account and answerable to local people is vital.
- Move to unitary local government throughout England and more financial autonomy.

5. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

The growth of city regions will only work if it is organic and if size and shape reflects local sensitivities and geography. At one level most people do not really care who collects their bins as long as someone collects them. They want quick and responsive delivery of local services and a person at the end of the phone when things go wrong.

Identity however is important, even if sometimes this is more imagined than real. Rural areas often have little in common with large cities and experience a different set of problems that require a different set of solutions.

The management of relationships—both formal and informal—is crucial. The role of the current Regional Assemblies could be enhanced to act as broker and mediator and to ensure a forum for more region-wide thinking. However as was stated in 1.7 they will need to be put on a much firmer footing with statutory responsibilities.

6. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

This has to be both welcomed and encouraged. Indeed inter-regional co-operation has been taking place for many years in the North—enhanced by the presence and lead the RDAs have been able to take on transport issues for example. Greater regional co-operation will go some way to meeting the challenges of globalization and the ability to address productivity issues.

However one of the most obvious ways to address the issue of economic disparities is to ensure a level playing field across the regions of England. That means ensuring that the distribution of money is fair, equitable and transparent. Infrastructures projects, and in particular transport spend, has to be given a greater priority outside of London and the South East to enable all the regions to compete in an ever changing market.

And if the Government is serious about the PSA target on regional disparities then it needs to allow regions and sub-regions the flexibility and powers needed to apply more locally-based and owned initiatives. Delivery must take place at the most appropriate level, as locally as possible, and within a framework of a strong regional strategic framework to ensure proper joined-up government.

Memorandum by Gareth Butler (RG 48)

I have experience of the 1979 referendum in Wales and the 1997 referenda in Wales and Scotland as well as Devolution in various National regions across Europe, I made submissions to the Richard commission on devolution in Wales and have a response the White Paper “Better Government for Wales” from the Wales Office. I have also the experience of three levels of councils. You are welcome to have an opinion on English Devolution and the reasons for the failure in the North East of England which could be easily foreseen and analysed from experience here—not all of my expertise is however FOC.

In response to your questions:

The accountability question obviously needs a regional elected body in the first instance nominated by various councils with MPs and Lords also as members. accountability needs to take into account technology with the body meeting live on the internet.

Devolution should be seen as an enabling process with subsidiary law created to facilitate lower levels of government to operate.

The problem of having various services at various levels is that many operate in quangos whose areas are not synonymous. The functions that are democratically accountable have diminished and the decisions of those outside the local government sector are geographically remote. It would help if the decisions were in the first instance all made in one chamber for a region where some accountability could take place.

The concept of the city state is not a new one but the boundaries of the cities need to reflect that the more wealthy from the city live in rural areas and dormitory towns outside the boundaries that have been drawn for most cities. The city is denuded therefore of both income and apparent talent in any survey that takes place.

The regions that your office may see fit must take into account the wishes of the electorate. A case in point is Cornwall where the aspirations of this Historic Country are backed by the Charters of Europe but ignored by your department. A super south west region based in probably Bristol would make this far flung part of what is now England even more remote and less accountable. A special case should be granted here which would be an experiment in regional government in itself. There are functions that are better administrated by a devolved body of 1/2 m rather than one much larger and more remote.

Memorandum by Durham County Council (RG 49)

1. INTRODUCTION

1.1 In response to the Office of the Deputy Prime Minister’s invitation, this document contains evidence and perspectives from Durham County Council concerning the query, “Is There a Future for Regional Government?”

2. BACKGROUND TO COUNTY DURHAM

2.1 County Durham is a socially, economically and physically diverse county. Most of the county is rural, with 12 main towns and over 290 other small towns and villages, many of them former colliery villages. There is a distinct local culture and sense of local community, particularly in the smaller settlements. The county is bordered by the urban areas of Tyne and Wear to the north and Tees Valley to the south. As such, the County has key transport and employment linkages with these burgeoning “City Regions” and therefore plays a vital role in the economic success and stability of the region as a whole.

2.2 Parts of the county face challenges associated with deprivation: over 30% of the County’s residents live in wards classed among the 10% most deprived nationally. Some of the key issues are poor educational attainment, low life expectancy, economic activity rates and non-decent housing.

2.3 Significant progress is however being made in tackling these challenges, with the County Durham Strategic Partnership bringing together representatives of all sectors in support of the County Durham Vision. This Vision aims to create a Dynamic Durham by 2023—a County with a strong economy, with a commitment to lifelong learning, with strong healthy and safe communities and with an enhanced environment. Underpinning this aspirational vision is a Local Area Agreement for County Durham, which is in its final stages of formulation and is to be signed by the Deputy Prime Minister in March 2006.

3. THE LEGACY OF THE NORTH EAST ASSEMBLY REFERENDUM

3.1 The campaign and referendum around the establishment of an Elected Regional Assembly (ERA) for the North East in 2004 generated substantial public reaction as a result of the high profile campaigning by the Government and lobby groups. The campaign did however result in a great deal of public confusion, which was compounded by the Electoral Commission’s linking of two fundamentally different issues; the establishment of an ERA and the re-organisation of Local Government in two-tier areas (County Durham

and Northumberland). Such confusion was evident when County Council Members learned that a number of County Durham's residents had voted "no" for the ERA in the belief that this would retain their County Council (ie a vote for status quo in local governance) even though a unitary County Council was one of the options available with local government review occurring in the event of a "yes" vote to the ERA.

3.2 Compelling arguments exist for both the establishment of an Elected Regional Assembly and for the re-organisation of two-tier local government. An Elected Regional Assembly would provide greater control and better co-ordination in taking forward ambitious programmes to impact upon the whole region. Unitary County-level local government would clearly result in significant financial savings, absolute clarity for the public around the role of the local council and an opportunity to balance strategic effectiveness with innovative local engagement and devolution. In linking the issues however, the Government risks prejudicing each individual debate because of the related nature of the different agendas. If the Government seeks to consider these issues formally in the future, it is strongly advised that the issues are considered in isolation from one another.

3.3 Furthermore, it is important to note that one of the key issues in the campaign for an Elected Regional Assembly was the public and business community's concern that the ERA as proposed did not have sufficient powers to effect major change in regional economy or people's quality of life. Any new developments in governance structures, be they at a regional, sub-regional or neighbourhood level, should have sufficient powers and functions to convince the public that they are able to effect real change and are worth the accompanying bureaucracy or cost.

3.4 The ODPM Committee may be interested to note that public reaction in the North East region since the ERA referendum has been particularly hostile towards any tier of "extra government" that could potentially result in residents' council tax being spent at a regional level. In the County Council's experience, residents predominantly wish to see their financial contribution spent locally, and residents express significant discomfort when funding is seen to be "passed" through the local Council to distant bodies or projects.

3.5 As such, there has been substantial public opposition to the current (unelected) North East Assembly and the Association of North East Councils and local councils have received "freedom of information" requests seeking financial details around council contributions to both forums.

4. BALANCED REGIONAL GOVERNANCE

4.1 Durham County Council believes that there is significant advantage in stakeholders coming together at the regional level to debate certain issues and develop a collective or consensus position. Such forums provide an opportunity for discussion and effective communication around issues that affect the region as a whole (such as transport policy or spatial planning) and also have the potential to create "added value" for the region's public services through "economies of scale" efficiencies or sharing of innovations. A recent example of such "added value" has been the establishment of the North East Improvement Partnership, which is actively leading on peer-led improvement in the local government sector.

4.2 It is vital that in shaping the governance arrangements for the North East, decision makers have due regard for balanced regional governance; with focus equally attributed "horizontally" across both rural and urban areas. If allied with coherent and efficient "vertical" governance (from regional, through sub-regional down to neighbourhood level forums) it is possible to achieve a governance model that balances the need for strategic decision making with local self-determination and empowerment.

4.3 In the pursuit of balance between "top-down" strategic perspectives and "bottom-up" information and empowerment, clarity around role and function of bodies at all levels is desirable to assist with transparency and accountability to the public. Such clarity is challenged by the emergence of tiers or layers of governance that overlap or share areas of responsibility.

4.4 At the regional level local authorities have appreciated the evolution of the Government Office for the North East as the "first point of contact" in negotiations or discussions with central departments. Further clarity around the roles and relationship between Regional Development Agencies (RDAs) and the Government Offices would be welcomed. Arrangements at the regional level should, where possible, continue to hold strong democratic accountability. The development of the role of the RDAs has been positive in the North East in terms of providing the trigger for improved regionally focused development of structures and guidance on activities and priorities. It has, however, been accompanied by concerns about the voice of stakeholders. One NorthEast's active engagement with, and delegation of funding to, sub regional partnerships has to an extent provided reassurance in this regard. This is however a fragile arrangement and any substantial change in policy would result in a loss of confidence on the part of stakeholders.

4.5 At the local level the Government's recent focus on Local Area Agreements as the mechanism for delivering local community strategies has also been welcomed, and despite the difficulties associated with intensive partnership working, is likely to lead to more effective local self-determination. The "outcomes" focus of the Local Area Agreement process brings further clarity to the impact that public services are having in their areas, and the evolution of Local Strategic Partnerships (LSPs) as the "partnership of partnerships" will assist in truly "joining up" local governance. It is clear however that confusion and a lack of clarity still

exists in two-tier areas such as County Durham, where the public simply do not understand which tier of government is responsible for what. Furthermore, LSP and Local Area Agreement negotiations are complicated where public organisation boundaries are not co-terminus, and a range of competing interests have the potential to distort the focus upon achieving outcomes for the public.

4.6 The momentum gathering behind the development of locally focused planning and prioritisation with Local Area Agreements is therefore welcomed. It is clear however, that partners have difficulty committing to significant investment of funding and time towards the shared local agenda, when central departments continue to make excessive demands against national priorities and targets. If local areas are to be given effective self-determination over priorities, they must also be given the freedom to exert an influence over addressing these priorities. Any further devolution in powers around managing the balance between local taxation and local service provision would therefore be welcomed.

4.7 In the formulation of the Local Area Agreement the key role of the voluntary and community sector “infrastructure organisations” has been apparent. In devolving responsibilities around local prioritisation through enhanced roles for Local Strategic Partnerships and the Local Area Agreement process, the Government should also consider freedoms and flexibilities around the use of funding streams for both supporting the voluntary and community sector and resourcing intensive partnership processes.

5. THE POTENTIAL OF NEW ARRANGEMENTS

5.1 The North East faces significant economic challenges with regional Gross Value Added per head in the North East standing at 80% of the national average. There is an approximate North-South sub-regional balance in output based on 2002 figures, with Northumberland and Tyne and Wear accounting for 58.2% of the regional GVA total and County Durham and Tees Valley accounting for the remainder (NERIP, 2006)⁶⁶.

5.2 There is clear potential for new arrangements to assist in carrying forward the economic development of the North East of England. Whether this should be focused on the development of the city regions should be considered firmly in terms of the specific circumstances within each region and the additionality that can be provided by taking a city region approach.

5.3 The development of the Northern Way as a pan regional approach, supported by City Regional Development Programmes has served to emphasise the disparities between city regions, whether in terms of scale, nature and proximity to each other.

5.4 The two city regions in the North East region, Tyne & Wear and Tees Valley, are at the smaller end of the scale, and are set within the smallest of England’s standard regions. They are essentially polynuclear in nature⁶⁷ with several significant centres with over-lapping areas of influence. For Tyne and Wear, research by CURDS⁶⁸ indicates that there are in fact six key employment centres which make up the city region, with the urban core being within the two of NewcastleGateshead and Sunderland. In Tees Valley, several towns make up the city region, and although they are spatially close, they do not yet form a continuum.

5.5 Research and analysis on the Northern Way and rural areas, by the Centre for Rural Economy at the University of Newcastle⁶⁹, describes three different relationships between city regions and their “hinterlands”. For the North East, it sets out that there is a high level of interdependence between the city regions and the rest of the region. This contrasts with, for example, the differentiation between Liverpool and Cumbria in the North West. This demonstrates that there is no case for an assumption that a city region driven approach is necessarily appropriate in all regions of England.

5.6 The small scale and polynuclear nature of city regions in the North East is typified by the fact that County Durham forms a bridge between the two, with both city region development programmes featuring the North East Technology Park (NetPark) and the University of Durham as opportunities to carry forward improved productivity.

5.7 As highlighted earlier, the public in the North East demonstrated their opposition to what was perceived as an “additional layer” of bureaucracy at the referendum for an Elected Regional Assembly. The development of the city regions may require additional bureaucratic arrangements, such as city region bodies, officer support groups and other elements, which would run counter to current public opinion.

5.8 Durham County Council therefore proposes that an approach based upon competing and semi-autonomous city regions is unlikely to assist the North East region in achieving its economic aims. Rather, a favoured approach would be to focus upon collaboration and maximise capacity through developing the potential of all areas of the region; be they rural or urban. As such, a stronger case may be made for strengthening the existing and developing regional arrangements, such as the Regional Transport Board,

⁶⁶ North East Regional Information Partnership (2006), “State of the Region 2006”.

⁶⁷ Tyne & Wear City Region: Emerging Polynuclearity (Mike Coombes, CURDS, Newcastle University).

⁶⁸ Coombes MG and Raybould S (2004) “Finding work in 2001: urban-rural contrasts across England in employment rates and local job availability”—Area 36 202–222.

⁶⁹ City Regions and Rural Areas in North East England (J Midgley, N Ward & J Atterton, Centre for Rural Economy, University of Newcastle, 2005).

the Regional Housing Board and One North East's co-ordination of the tourism activities, to provide an improved regional performance. The functions of these bodies would clearly have been adopted and further re-enforced as significant powers of an Elected Regional Assembly.

6. THE POTENTIAL IMPACT OF NEW ARRANGEMENTS UPON PERIPHERAL TOWNS AND CITIES

6.1 Taking into account the polynuclear nature of city regions in the North East, and the high level of interdependence between the city regions and their surrounding areas, re-direction of focus solely onto the city regions may have an adverse affect on major towns and rural areas. Even when broadly defined, the city regions are small in comparison with others in the North of England. During the development of the city regions concept, it has become clear that this broad definition, while useful for preparing statistical evidence supporting the city region approach, is unlikely to be reflected in bringing forward activity; this is more likely to be centred on the core urban areas.

6.2 Current arrangements, and the direction of travel of the Regional Spatial Strategy, provides some balance between the thrust of economic development activity and sustainability, with attention given to the opportunities and needs of the towns and rural areas in both of these respects, but with the bulk of funding and resources directed to the urban core areas. There is, therefore, some counterweight to the increased distance and volume of commuter journeys currently made, particularly for travel to work but also for retail purposes.

6.3 Focusing attention on the core urban areas, with a view to making these a more desirable place to live and work, runs counter to the aspiration of the general population. Assuming that the change can be achieved, carrying it forward will have a very long time horizon; in fact the change may not be achievable. In either case, the impact of loss of attention and resources to the major towns and rural areas will have a damaging effect. The region would move from interdependence to separateness.

6.4 If the region is to drive up its economic performance and reduce regional disparities it must retain variety in its tourism, housing and business offer. In the North East it is vital that no opportunities are lost. Reducing its capacity to capitalise on its substantial environmental, historic and cultural assets (for example, the North Pennines Area of Outstanding Natural Beauty and GeoPark, Durham Cathedral & Castle, Hadrians Wall World Heritage sites and Beamish and Locomotion Museums) will not assist the North East to improve its economic performance.

7. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION TO TACKLE ECONOMIC DISPARITIES

7.1 Pan regional and inter regional co-operation can be a route to reducing the level of regional disparities and maximising the economic activity of the UK, and enable it to compete more effectively on a global scale. In the context of the North East of England, there is a case for looking more closely at the opportunities presented by improving the efficiency and effectiveness of intra-regional arrangements.

7.2 The North East's city regions are essentially polynuclear in nature and small in size. As such, if economic policies focus upon city regions working in isolation from one another, they are not well placed to develop the "critical mass" needed for city regions to make an impact. Currently however, a regional approach is making progress, with the Regional Transport Board, Regional Housing Board and regional co-ordination of tourism activities. These regional approaches work in tandem with a range of sub regional arrangements to develop approaches which achieve outcomes for local people regardless of their existing local authority administrative boundaries.

Memorandum by Transport 2000 South West Network (RG 50)

1. SUMMARY

We feel that, although we recognize the importance of regional government, that the present South West Regional Assembly does not function effectively as a united body. Members appear to be more interested in Local and Parish Council viewpoints than the good of the region as a whole. The SW Regional Assembly is aptly-named by the media as "Wessex County Council", although those who have seen it in action often talk about Wessex Parish Council. The size—170 members—is far too large.

There are huge tensions between the deep rural areas and the city regions. Government Office (GOSW) is not set up to regulate or represent such a diverse view, and tends to end up siding with the rural authorities, under pressure their forthright lobbying, despite clear government policies on city regions and sustainable communities.

2. PUBLIC PARTICIPATION IN REGIONAL GOVERNMENT—NEEDS IMPROVEMENT

Public participation is very poor, and there is no democratic services department within the South West Regional Assembly for which community participation is supposed to be directed. This is in no way a reflection on the staff, but rather on the numbers of staff present in order to carry out effective management of statements, and questions to committees and so on. In practice these are not recorded and filed, and community groups are expected to do their own photocopying because of lack of secretarial support. The Assembly has failed completely to reach hard-to-reach communities or in fact working class areas in discussion of the Regional Spatial Strategy. The latest consultation of the RSS was held in the Cheltenham Race Course complete with three course lunches, had a gentlemanly atmosphere which suited the British establishment flavour of retired generals and Commanders from the County Councils with very few ordinary tax-payers and voters.

This issue has now been picked up by David Miliband, Minister for the Regions and Sustainable Communities, in his recent letter to the chief executive of the South West Regional Assembly. The issue is acknowledged by the Assembly, but they lack resources to outreach to working class communities, such as Hartcliff, Cambourne-Pool Redruth, Trowbridge, Swindon, parts of Gloucester or even the south side of Bath.

Often a county will be pushing an agenda favored by a minority of active parochial elderly retired councilors where the general community and taxpayers and voters are unaware even of the discussions taking place. This is made worse by the county councils fighting the Assembly because they do not believe in it, with Wiltshire, Gloucestershire and Devon particularly problematic.

Whilst the Assembly has done some very good things such as supporting the Public Transport Users Forum, and working with Sustainability South West, with some laudable policies emerging, their ability to get the county authorities to sign up to delivery is very difficult. These county councils oppose the unitary authorities and wish to keep the money away from PUAs at all times.

3. NEED FOR CITY REGIONS

We believe that the regional assembly should be broken up into City Regions based on the current sub-regions of:

- Torbay and South Devon.
- Greater Bristol including Bath and NE Somerset, North Somerset, South Gloucestershire, and the City of Bristol.
- Swindon incorporating North Wilts and Kennet but not the area south of Calne.
- Bournemouth and Poole.
- Gloucester and Cheltenham.
- Exeter.
- Taunton incorporating Wellington.
- Bath and West Wilts, Mendip, North Wilts.

Bath is the most dysfunctional of the city regions that the Assembly has set up for the RSS process.

3. SUB-REGIONAL PARTNERSHIPS—PARTIALLY SUCCESSFUL

Sub-regional partnerships work, up to a fashion, and have been a success except for Bath which needs serious government office intervention. The city of Bath functions almost like Vatican City, and fails to work with its hinterland in any meaningful way with Wiltshire, Mendip and Somerset, where housing allocation is being allocated in large numbers to satellite towns to Radstock, Chilcomton, Midsomer Norton, Trowbridge, Shepton Mallet and Frome, and even Wells and Glastonbury, rather than provide an urban extension.

Sub-regional partnerships and city regions need to be created in the south west, set round the city regions of Greater Bristol, Bath, Swindon, Gloucester-Cheltenham, Plymouth, Torbay, South Devon, Bournemouth and Poole and the Cornish Five Towns. Cornwall could be a unitary authority in its own right, but would need a special arrangement within Plymouth and Tamarside for joint working. A second option would involve breaking up Devon and Cornwall to create city regions. Somerset could be split into Yeovil, Taunton and West Somerset, and South Somerset would be one council. Sedgemoor would go to North Somerset and Greater Bristol, and Mendip in with West Wilts and North Wilts as far as Calne and with Bath itself, to create the Bath City Region. Greater Bristol needs to be one authority with a London Assembly model and the four unitary authorities underneath, plus the Bath City Region.

A new South Dorset Unitary authority needs to be created, covering from Swanage to Lyme Regis, including Dorchester and Weymouth. The rest of Dorset needs to go into a south Coast Metropole authority covering Bournemouth and Poole, Hampshire and South Wiltshire. The county names can be kept in the titles eg Bath, Somerset and Wiltshire Unitary Council.

4. TRANSPORT

Transport, like police, fire-fighting and health should be planned on regional basis, with strong sub-regional units for delivery. A regional transport board, formed out of a new regional assembly partnership, would create a more equal footing between rural and urban areas. The present model is a shire model. The regional transport board would have sub-regional partnerships similar to the Welsh and Scottish transport partnerships, but with powers to franchise and regulate bus services, and ferry services and inter-regional air services. The present 1985 bus deregulation Act is a worse piece of legislation than the railways act and is causing major problems at local government level, with bus fares rising, and powers of council intervention limited. The industry is not properly regulated to protect the passenger interest. The model needs to change to a franchise model with private sector delivery, similar to the railways, with democratic accountability to elected transport partnerships in the city regions, similar to the London model.

The industry would then be properly funded, and fares protected by linking with government social polices and modal shift with public transport. Local rail needs also to be devolved to these partnerships with boards made up operators, users and business community representation— to control fares, service levels, new stations. These within larger franchises set by the department for transport. The case for City Regions in England is very strong, and the regional assembly should be made into partnerships of City Regions but with boundaries which are meaningful to modern day people. The Bournemouth and Poole sees itself as not really part of the South West Region.

With the railways, the local and regional trains need to be devolved to the passenger Transport Authorities on a regional basis only, the funding of services included in the RFA as soon possible, to balance up the present road and bus funding.

The public transport forums need to be rolled out across the eight English regions as soon as possible, the South west and West Midlands, North west and East Midlands are in existence, but the government needs to work with the RDAs and regional Assemblies to set up Regional Public Transport User Forums in the Thames Valley, Eastern England, Yorkshire and Humber, the North East, Sussex and Kent, and the Solent Area including Dorset and Southern Wiltshire. This model is much better than the now defunct Rail Passenger Committees, as they are more inclusive and reaching to grass routes communities and deal with issues such as social inclusion, crime and disorder issues, ethnic minorities and the gay community.

Other regions that need attention are the west Midlands where for instance, whilst we would welcome a West-Midlands wide Assembly based on the whole of the area and not just the urban conurbations. The PTE needs to cover the whole area, and be accountable like the Assembly in London. This should have an operational arm to run bus and rail services with a user Forum with more resources, as is the case in the West Midlands PTF.

Memorandum by the West Midlands Regional Assembly (WMRA) (RG 51)

INTRODUCTION AND OVERVIEW

(a) The West Midlands Regional Assembly (hereon referred to as “the Assembly”) welcomes the opportunity to respond to this inquiry and to highlight briefly the work it has been involved in, particularly its successes to date and future work plan, which we feel will be useful to this Inquiry. The Assembly would also welcome the opportunity of presenting oral evidence to the Inquiry.

(b) Firstly we would like to express how timely the Inquiry is given the current work the Assembly is undertaking on submitting a response on Regional Funding Allocations, the Barker Review—Regional Housing Board and Regional Planning Body merger proposals and a number of key planning policy documents.

(c) The West Midlands Regional Assembly consists of 100 nominated representatives from a wide range of democratic, social and economic interests throughout the West Midlands Region. There are 68 members representing the local authority sector, 16 representing the business sector and 16 representing other economic and social partners, for example, trade unions, health, further education, higher education, culture, housing associations, environment, parish councils, voluntary and community sector, black and minority ethnic community, disability, gender and faith communities.

(d) The Assembly provides a platform for organisations to consider matters of common interest including: regional planning, housing, transport, economic prosperity, sustainability, culture and Europe.

(e) The Assembly is the Regional Planning Body for the Region, with statutory responsibility for developing and implementing the Regional Spatial Strategy and for scrutinising the operation of the Region’s Development Agency, Advantage West Midlands. Another key function of the Assembly is to ensure alignment of key regional strategies, particularly the Regional Spatial Strategy, the Regional Housing Strategy and the Regional Economic Strategy.

(f) The Assembly conducts its business through working in partnership with key regional agencies, under the guidance of the West Midlands Regional Concordat. Further details on the Concordat and its partners can be found at: <http://www.wmra.gov.uk/page.asp?id=9>

(g) To support the full Assembly in its work, a series of Policy Partnerships and corresponding officer groups exist to ensure knowledge and expertise within each policy area is captured from around the Region, from a wide range of local, regional and regionally based national organisations and individuals.

(h) The Assembly believes that the Region is ideally placed spatially to address the links that exist between economic, social and environmental issues and that it is particularly at the regional level where the spatial inter-relationship between many of these issues becomes apparent along with their implications for the principles of sustainable development and an integrated policy approach.

RESPONSE TO SPECIFIC QUESTIONS

1. The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

1.1 The Assembly feels that it has a high degree of accountability currently, particularly given its membership size and structure. As mentioned previously there are 100 members of the full Assembly, with representatives from all local authorities, weighted to reflect size and a 4:1:1 ratio of local authority members to business and other stakeholders.

1.2 The membership of the Policy Partnerships is drawn from the Region rather than the Assembly itself. They provide further opportunity along with the officer support structure, for a broad membership to ensure wide representation from a full range of interests as possible to input into decision making at the regional level.

1.3 One possible way of increasing further the Assembly's accountability is to formalise how local authority Assembly members report back to their local authorities on the issues being discussed and their outcomes and implications for local authority work. Similarly if Local Authority members had an opportunity to discuss issues on Assembly and Policy Partnerships in advance with their local authorities, this would also improve accountability.

1.4 Whilst it may be possible to simplify existing arrangements, the Assembly currently aims to be clear and concise and effective over a number of policy areas, which can be very complex. Thus the mechanisms and structures for Assembly working need to reflect this to ensure the wide range of policy issues, geographic dimensions and interests of Assembly members (due to its size and range of sector engagement) are addressed yet communicated as effectively as possible to a wide audience. So whilst a steer from ODPM would be welcome as to how existing arrangements could be simplified, the Assembly feels that each region is in the best position to determine what works best with current resource and capacity parameters.

1.5 Also on the issue of accountability, whilst the Assembly is not legally obliged to comply with the Freedom of Information Act, in the spirit of openness and transparency the Assembly has agreed to respond to Freedom of Information requests and has recently done so.

1.6 The role of the Assembly and of all assemblies is to provide a forum to represent the issues, often of smaller local authorities, experienced by more than one of them, ie to identify mutual problems and act on their behalf with a stronger single regional voice.

1.7 Another example is Assembly responses to the many and various Government consultation documents such as, draft PPS3, Barker Review of Housing Supply and Planning for Housing Provision. The Assembly, through its support structures and networks is able to achieve consensus across the Region and respond to Government consultation documents often at very short notice. Thus the Assembly's added value is very much about the weight of its opinion as a regional voice, whilst also setting the context for local and sub-regional work.

1.8 All of this work is vital to the Assembly and its members welcome the opportunity for their decision making and empowerment ability to increase its accountability and role, particularly in relation to the Government's agenda of devolving power to the more local level to local people.

1.9 The Assembly takes full advantage of a wide range of mechanisms to disseminate its work within the Region and more widely via its website (which can be accessed at: www.wmra.gov.uk) email groups/networks, mail outs, newsletters, press releases, various publications and also by presenting at events/conferences/seminars, etc. All of this work is co-ordinated by our Communications Team to ensure consistency.

2. The potential for devolution of powers from regional to local level

2.1 It is important to note here that the Assembly believes that one of the initial purposes of the Regional Assemblies was the devolution of powers from Whitehall to the regions, as opposed to drawing up power from local authorities. It is this devolution from central Government to the regions which the Assembly supports.

2.2 Also in terms of the Assembly's current statutory role of acting as the Regional Planning Body and undertaking scrutiny, we feel that these are best left at the regional level.

2.3 Planning is just beginning to change following the Planning and Compulsory Purchase Act 2004, thus the Assembly feels that time is needed to bed in these principles and statutory responsibilities for producing Regional Spatial Strategies.

2.4 In relation to particular policy areas such as planning and housing it is felt more clarity on the roles of different tiers of local government is welcome and it would be helpful if the proposed White Paper on decentralising power to local people were an opportunity to clarify this.

2.5 With regards to the Assembly's scrutiny role (which will be referred to in more detail under question 3), the Assembly feels that local authorities are committed to working with us on this but do not have the capacity to undertake it alone.

2.6 In relation to the Regional Development Agency, Advantage West Midlands, the Assembly feels that there is a need for greater devolution of local service delivery to local service providers, including local authorities.

3. The effectiveness of current arrangements for managing services at the various levels and their inter-relationships

3.1 The West Midlands is very effective at co-ordinating wide partnership working across a number of partners within the Region and across a number of policy themes. As mentioned in the introduction, the Assembly delivers its work through a series of Policy Partnerships which draw their membership from a wide range of organisations and individuals with the appropriate expertise and level of influence. Supporting these Partnerships are a series of Officer groups, again whose membership is determined according to expertise in the field.

3.2 In order for these Officer groups to effectively support the Partnerships and full Assembly we work closely with all the Regions 38 local authorities to capture their expertise on key policy areas and we also have Service Level Agreements with the strategic authorities on a number of planning activities, ie RSS Policy Leads, conformity, etc.

3.3 The Assembly also works very closely with the West Midlands Local Government Association (WMLGA) on a number of policy areas relating to specific local government issues. Also in terms of inter-relationships, WMLGA and the Assembly hold meetings of full Assembly and WMLGA Association on the same day and there is cross over of membership between WMLGA's Executive Committee and the Assembly's Board. In addition WMLGA has a series of elected member Portfolio Holders for key policy areas who as well as supporting WMLGA, also Chair the corresponding Policy Partnership under the Assembly. This ensures that there is no duplication of effort and ensures good cross linkage between both organisations and their partners at regional and local level.

3.4 The Assembly's joint working with WMLGA is exemplified even further in the administrative arrangements that exist, in that there a number of shared resources between the two organisations, such as accommodation, office equipment, administrative support, financial support, Support Officer requirements and Policy support. This ensures cost effectiveness and efficiency across both organisations.

3.5 The effectiveness of current arrangements can also be exemplified through the assembly's co-ordinating role for regional strategies, such as the Regional Spatial Strategy, Regional Housing Strategy, Regional Economic Strategy, Regional Energy Strategy to name a few, down to sub-regional and local level and vice versa. The Assembly believes in the value of undertaking this co-ordinating role and whilst it feels that a great deal is achieved, it is very resource intensive and needs adequate resourcing in order to be effective and efficient.

3.6 Given the Assembly's responsibility for producing the statutory Regional Spatial Strategy (RSS) and ensuring local development frameworks are in conformity, the Assembly feels that further resources would enable it to be more effective in this increasingly demanding role. For example, resources are required to be represented at public inquiries and defend the RSS when being challenged by planning appeals. The Assembly therefore feels that the work of the Planning Body and the enhanced housing role (following the proposed merger of Regional Housing Boards and Regional Planning Bodies) needs to be effectively resourced.

3.7 The Assembly has worked closely with Advantage West Midlands (AWM) and Government Office West Midlands (GOWM) to develop an effective and balanced scrutiny process as set out in the Strategic Review Protocol which can be accessed at: <http://www.wmra.gov.uk/page.asp?id=10>

3.8 The Assembly through its scrutiny process aims to be a critical friend to Advantage West Midlands, informing policy development and enhancing its strategic approach. The Assembly calls on a wide range of regional and local partners across the Region to contribute to the scrutiny process. Further detail on the process is available in Appendix 2.

3.9 Another example of the effectiveness of current arrangements is the work the West Midlands Local Government Association (WMLGA) have been undertaking regarding Local Area Agreements (LAAs). Since LAAs were announced in July 2004, WMLGA has worked closely with its constituent authorities and

associated partners, to support them in the development and implementation of these new arrangements. WMLGA developed early links with the GOWM Strategic LAA Co-ordinator, which has included ongoing close liaison with the GO Strategic Steering Group. This included early briefing and information exchange sessions with the pilot LAAs.

3.10 For the 2nd round LAAs a series of events were organised to facilitate learning and best practice, which has included:

- A regional getting started event.
- During September 2005 a series of events were delivered, focussing on each of the thematic blocks of the LAA framework.
- WMLGA also ran a number of sub regional “Introduction to LAAs” sessions specifically for elected members, to enable them to gain a better understanding of LAAs, and their role within this.

3.11 As part of the ongoing LAA support programme, the key agencies WMLGA, GOWM, AWM and IDEa are working together to pool their resources in providing support specifically for 3rd round LAAs. WMLGA is also facilitating linkage between agencies developing strategy at a regional level and is strengthening its relationship with lead officers from the National LGA.

3.12 It is important to note here, that in terms of the effectiveness of current arrangements, there are current difficulties being experienced as different Government departments often give conflicting guidance to local authorities on regional and local issues, for example, there appears to be a lack of clear understanding or recognition by the Audit Commission of the way in which ODPM and Regional Housing Boards have been encouraging local authorities to work together and with regional bodies. Colleagues in the Region also have experience of the Planning Inspectorate Service not giving due weight to the findings of housing needs or market assessments.

4. *The potential for new arrangements, particularly the establishment of city regions*

4.1 Recently there has been an intensification of the debate about the nature and role of City Regions, particularly in the context of the Assembly’s core activities, namely its role as Regional Planning Body, scrutineer of the Regional Development Agency and as facilitator of regional strategic partnership work.

4.2 In the West Midlands the seven Metropolitan Authorities with encouragement from ODPM, are actively pursuing a City Region approach. Stoke-on-Trent is also exploring a case for a City Region with support from ODPM.

4.3 There has been much conjecture about how the City Region approach will play into and support existing regional and sub-regional arrangements. Recent meetings of the Planning Partnership and Assembly Board have discussed the City Region approach. West Midlands Local Government Association also hosted an event for Leaders and Chief Executives from all 38 local authorities to discuss and understand the relationship between the West Midlands Region and the City Region approach.

4.4 An outcome of those discussions is the appended (1) agreed statement by the Assembly on 18 January 2006 named; “West Midlands Region—Incorporating A City Region and Sub-Regional Approach”; the purpose of which is to:

- Clarify the expectations that the Assembly has of the City Region approach.
- Agree in outline the nature of the relationship between the Assembly and the City Region approach.
- Confirm to ODPM that the Assembly is supportive of the City Region approach as set out in the statement appended.
- Set the above in the context of the Region as a whole with all its sub-regions.

4.5 It is important to note that this is the Assembly’s view at the time of this submission. As the regional and City Region agenda is an evolving one both regionally and nationally, the Assembly may wish to review this position at appropriate points in time.

5. *The impact which new regional and sub-regional arrangements, such as the city regions, might have upon the peripheral towns and cities*

5.1 Please refer to the Assembly’s response to question 4 above and also appendix 1—the West Midlands Region—City Region mission statement.

5.2 As promoted above under question 4 a whole region approach needs to be adopted to ensure that each town/settlement and sub-region has a role to play. This is the premise of the Regional Spatial Strategy. Any new regional or sub-regional governance arrangements require careful thought and the full involvement of the Assembly. The Assembly is best placed to broker and facilitate any such new arrangements.

6. *The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities*

6.1 The West Midlands has strong relationships with the regions on its borders and a great deal of cross-border work takes place with the South East, North West, Wales, East Midlands and South West.

6.2 The Assembly and its partners fully recognises that trade and commerce do not recognise regional/administrative borders, just as housing markets do not respect local authority boundaries. Thus the Assembly works hard to engage with other regions on key strategic issues as appropriate and where there is mutual benefit.

6.3 The Assembly is also actively involved in the English Regions Network (ERN) which promotes shared views and understanding across regional boundaries on a range of issues, eg planning, housing, transport. The Network provides a valuable opportunity for Assemblies to share their approaches to key policy areas and also to respond to Government consultation documents with a single unifying voice across all of the regional assemblies.

6.4 The two Midlands Regional Development Agencies are leading the development of Smart Growth: Midlands Way, together with the Regional Assemblies, Government Offices and City Regions (currently the West Midlands Metropolitan Districts and the East Midlands Three Cities). Currently there is a brief for further work aimed at developing the existing strategic framework set out for Midlands Way and to identify opportunities for the East and West Midlands and the top end of South East (Milton Keynes South Midlands) to work together.

6.5 The Assembly believes that whilst it is vital to work across regional boundaries on important issues, these should not necessarily be confined solely to Midlands Way.

6.6 The Assembly is wary of establishing formal structures between regions, whilst acknowledging that informal working arrangements are very important and indeed are already in place and working well.

6.7 The Assembly's, AWM's and GOWM's soon to be submitted Regional Funding Allocations response is very much about how we as a Region want to raise our game to bring our GDP closer in line with the UK, therefore ODPM needs to be clear to the regions as to where priorities for activity lie, whilst acknowledging the mutual inter-relationship of all regions.

APPENDIX 1

MISSION STATEMENT

WEST MIDLANDS REGION—INCORPORATING A CITY REGION AND SUB-REGIONAL APPROACH

The overriding objective of West Midlands Regional Assembly is to achieve the long term sustainable regeneration of the region. We are committed to working together and in partnership with national Government and other partners to achieve our purpose. Our response to the Government's challenge to consider the City Region approach is positive and proactive.

ONE

A key role of the Assembly is to facilitate regional strategic partnership work. This Mission Statement—"West Midlands Region—Incorporating A City Region and Sub-Regional Approach" has been developed in that spirit of partnership.

The West Midlands Regional Assembly supports sub-regional partnership working and the move taken by the seven metropolitan authorities to develop a City Region approach at the heart of the West Midlands Region. The West Midlands Regional Assembly welcomes the steps taken by Stoke-on-Trent to explore such an approach.

Two

The Assembly recognises that the City Region approach is:

- A challenge from ODPM to which the Region, its sub-regions and partners is responding positively.
- A key delivery vehicle for the Regional Spatial Strategy, Regional Housing Strategy especially the Urban Renaissance element and Regional Economic Strategy.
- Capable of balancing demands and needs of other settlements and centres as part of a polycentric West Midlands Region.

THREE

The Assembly will work with City Region to ensure it:

- Develops within the framework set by the Regional Spatial Strategy.
- Recognises the realities of economic, travel and housing patterns but acknowledge administrative boundaries.
- Strengthens the Region's profile in the UK, Europe and globally.
- Recognises and support the role of and linkages to other cities, towns and settlements in the West Midlands Region.
- Recognises and enhance the interdependence between urban and rural areas and economies to ensure a successful City Region approach.
- Is able to demonstrate/evidence how the City Region approach will contribute to the Region's competitiveness.
- Is able to add value to the social, economic and environmental well-being of the West Midlands Region.
- Help to achieve sustainable communities.
- Integral to and accountable to the whole West Midlands Region through appropriate governance arrangements.

FOUR

The Assembly makes the following commitments:

The Assembly is committed to working with the seven Metropolitan authorities, Stoke-on-Trent and all other local authorities to secure robust and transparent governance arrangements and working links with partners from national Government, local government, the private, public and voluntary sectors. Our objective is to ensure that the City Region approach is compatible and accountable to the region in which it is based and to West Midlands Regional Assembly.

Our commitment to regional working and the City Region approach is to continue to facilitate discussion leading to coherent and integrated regional policy which is deliverable and developed with, and owned by sub-regional partnerships and local authorities and agencies.

APPENDIX 2

SCRUTINY

The West Midlands Regional Assembly has worked closely with Advantage West Midlands and Government Office West Midlands to develop an effective and balanced scrutiny process. This is set out in the Strategic Review Protocol that was revised in 2005 to provide a framework for how the Assembly fulfils its statutory role. This identifies two areas of activity, scrutiny of Advantage West Midlands, the Regional Development Agency and wider strategic reviews throughout which the Assembly aims to represent the views of the West Midlands.

The Assembly, through its scrutiny process, aims to be a critical friend to Advantage West Midlands, informing policy development and enhancing its strategic approach. The majority of the Assembly scrutiny activity examines how Advantage West Midlands is leading regeneration and economic development within the region. This is primarily focused on the development and delivery of the Regional Economic Strategy with detailed reviews of specific areas of Advantage West Midlands activity such as Regeneration Zones and, High Technology Corridors. In addition the Assembly also reviews monitoring reports submitted to Government Office West Midlands by Advantage West Midlands.

The Assembly also carries out one strategic review each year to examine how regional bodies are working collectively to address key issues for the region. Such thematic reviews are carried out under the aegis of the Regional Concordat. Completed reviews include Sustainable Development and Equalities and Diversity.

The Assembly plays a key role in strengthening regional accountability both through its scrutiny of Advantage West Midlands and its wider strategic review activity. The process aims to promote open and transparent policies and decision-making by provide a forum for partners to discuss issues and areas of concern. In the case of scrutiny reviews these identify key question areas for Advantage West Midlands to respond to in a formal hearing. All evidence gathering sessions and formal hearings are held in public and the Assembly has worked hard to engage partners at a regional, sub regional and local level. This has led to over 130 participants in the recently completed Equalities and Diversity Review and 80 in the current scrutiny review of Advantage West Midlands support for Rural Renaissance.

The process has demonstrated that partners are looking for opportunities to understand and contribute to decision making at a regional level. There is clear view that regional bodies should be held to account both from a funding and policy development perspective. The Assembly has provided a route by which partners feel that they can start to influence organisations with complex and often opaque lines of accountability.

Memorandum by Merseytravel (RG 52)

INTRODUCTION

1. Merseytravel is the operating name of the Merseyside Passenger Transport Authority (PTA) and the Merseyside Passenger Transport Executive (PTE). As a Passenger Transport Authority, Merseytravel is subject to the Government's best value regime and, as such, represents itself as one of the "best value authorities" alongside police, fire and national park authorities, amongst others.

2. The changed nature of transport and its delivery to citizens over the past 20 years means that there is a need for a major review of Transport Authorities. The forthcoming Local Government White Paper provides such an opportunity. Merseytravel proposes:

- that Passenger Transport Authorities must remain and do not fit neatly within any likely local government reorganisation; and
- that communities must have a much bigger influence in their transport provision, through Passenger Transport Authorities.

3. Transport, unlike many other services, does not recognise administrative boundaries. In the major conurbations, Passenger Transport Authorities and Executives work across boundaries and hence work within some complex partnership arrangements. Any review of local government will inevitably have an impact on the success of these partnerships.

4. Merseytravel welcomes this inquiry by the ODPM Select Committee and, if it would assist in the inquiry, Merseytravel would be pleased to appear before the Committee in order to expand upon the proposals set out in this memorandum.

BACKGROUND

5. There are seven PTAs and corresponding PTEs located in metropolitan areas of Great Britain, but Merseytravel is unique in that, to the fullest extent permitted by law, the PTA and PTE operate as a single organisation. All other PTAs and PTEs still operate as separate entities. The integration of the PTA and PTE on Merseyside began in July 1988, as a response to the changing responsibilities of those bodies, following the advent of the 1985 Transport Act. It was a radical step, driven forward by the Labour-led PTA of the time, which has greatly enhanced Merseytravel's ability to meet the changing demands of delivering high quality public transport.

6. PTAs and PTEs were established nearly forty years ago under the Transport Act 1968, which followed Barbara Castle's 1966 Transport White Paper. Since then the powers and roles of PTEs, and to a lesser extent PTAs, have been altered but there has never been a fundamental review of their structures. During the 1970s and 1980s, PTAs were submerged into the metropolitan county councils but they were re-introduced in 1986 when metropolitan county councils were abolished and PTAs were identified as the most effective way to deliver transport in the city regions.

7. PTAs were formed to consist of:

"Persons appointed by local authorities whose areas fall wholly or partly within the area of designated by the order . . . being councils of counties, county boroughs or county districts. . ."

Local Elected members from the five district councils are nominated to form the Passenger Transport Authority developed policies which their Passenger Transport Executives implemented via their own funding mechanisms (including, now, the council tax levy).

8. The PTEs were established as operators with responsibilities, among many others, that included powers to:

- (i) carry passengers by road within, to and from that area;
- (ii) carry passengers by any form of land transport or by any form of water transport . . ."

Until the mid-1980s a major element of the PTEs' work was the operation of publicly-managed bus services. Bus deregulation in the Transport Act 1985 compelled the PTEs to sell their bus fleets to private operators. They were also stripped of their powers to regulate the fares and timetables of private bus operators.

9. In the Local Government Act 1999, PTAs were identified alongside fire, police and waste authorities as specific authorities that would be subjected to the best value regime. This would ensure that their performance would be measurable and comparable. But the structure of PTAs and PTEs means that, unlike fire and police authorities which include the delivery arm of the authority, the work of PTEs is presently not subject to the scrutiny of the Government's best value regime.

MERSEYTRAVEL

10. On Merseyside the PTA comprises 18 elected councillors nominated (in proportion to their respective populations of their relevant district) from each of the five metropolitan district councils:

- Knowsley Metropolitan Borough Council;
- Liverpool City Council;
- St Helens Metropolitan Borough Council;
- Sefton Metropolitan Borough Council; and
- Wirral Metropolitan Borough Council.

11. The PTA in its current form was established in 1986 on the abolition of Merseyside County Council.

12. The "Authority" sets the transport policies in the Merseyside sub region, which are then implemented by the Executive. The policies are set out in the Merseyside Local Transport Plan, a statutory document which is jointly produced and delivered by Merseytravel and the five Metropolitan district councils, covering the period of 2000–01 to 2005–06. The draft Local Transport Plan 2 will be finalised in July 2006 and will set out the transport priorities for the sub-region between 2006–07 and 2010–11.

13. Current legislation requires that some functions are performed by the PTA and others by the PTE and, therefore, to the extent that there is legal requirement to maintain that separation between the two bodies, Merseytravel does so. However, where no such constraints exist, Merseytravel operates as a single entity to ensure that close working relationships are developed between those responsible for policy and its implementation. This has helped Merseytravel to develop and deliver significant improvements to public transport on Merseyside including:

- the introduction of one of the first free concessionary fares schemes, which from April 2006 the Government will be extending nationally;
- securing unique concession-granting powers for Merseyrail, which in three years has been turned around from being known as "misery rail" to become the best performing railway in mainland Britain;
- turning the Mersey Ferries into a major attraction, including promotion of the ferries and ferry terminals as popular tourist attractions;
- promoting an active social inclusion agenda;
- securing the long term future of the Mersey Tunnels by promoting the Bill which became the Mersey Tunnels Act 2004;
- promoting a single integrated public transport network accessible to everyone;
- promoting an active environmental policy.

14. Merseytravel has been identified as a Transport Centre of Excellence by the Department for Transport recognised as the "PTA of the Year" for the past two years.

15. In terms of governance Merseytravel operates a committee structure. Like any other local authority, the organisation has looked at the alternative governance structures which have developed as part of the Government's modernisation agenda. However, given the PTA's cross-boundary responsibilities, the conclusion is that the traditional committee system needs to be retained in order to ensure fair representation of all the district authorities across a range of policy areas.

THE INQUIRY'S TERMS OF REFERENCE

The potential for increasing accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

16. In re-organising local government, the Government may be attracted to transferring the powers of PTAs to a single tier authority. In Merseytravel's view, because of the nature of transport planning and delivery, this would be inappropriate.

17. Transport must be structured according to demand; travel to work areas do not conform with natural administrative boundaries and in many cases the area of "local travel" for residents is far larger than any multi-functional local authority could justifiably oversee. Each region should work together to determine the best structure for their transport authority—there is unlikely to be a "one size fits all" solution.

18. Any new transport body will need to be formed to reflect a fair representation for everyone in the “transport region”. Election onto the body must be on a representative basis and it will be essential that any scrutiny procedures are sensitive to the need for a fairness of cross-boundary decision-making. The current structure of electing members to PTAs is successful in achieving fair representation and as a result there would be no need to change their constitution. Decisions cannot be made on policy alone, geographical priorities must also be a consideration.

19. There is no question that the electorate often find it difficult to understand the different tiers and lines of accountability within local government and, as this example shows, the transport sector is no exception but, merging functions simply to deal with that issue would put an unnecessary constraint on the scope and remit of transport authorities.

The potential for devolution of powers from regional to local level

20. The North West, like many other regions in the UK, has more than one urban hub. Therefore, any form of regionalisation must include scope for the devolution of power to the sub-regional or local level to take account of those demands.

21. In the case of Manchester and Liverpool, each city and its surrounding areas has their own challenges and transport priorities (in Manchester the focus is congestion management, whereas in Liverpool there is a much greater need for encouraging inward investment to address social exclusion and regeneration). A larger region incorporating more than one major area would challenge prioritisation for transport and not allow for a focussed needs-based programme of improvement. The scope of each transport body must be decided to reflect local circumstances and priorities.

22. Last year, the Secretary of State for Transport introduced a new regional tier of decision-making into the approvals process for major transport schemes; there are now three phases, initial approval from the DfT, securing a place in the regional prioritisation as decided by the Regional Assemblies, and then securing final approval from DfT once procurement procedures have been completed. Merseytravel does not believe that this additional regional “hurdle” promotes best value in procurement as potential suppliers may be put off working on UK schemes because of uncertainty about their future. There are also significant costs to the public purse when planning a scheme which the bureaucratic approvals procedure at the regional and national level may decide to reject. In many cases these costs are not recoverable. This approach can result in promoters shying away from innovation because of up front costs before undergoing an uncertain approvals procedure.

23. There is scope to devolve funding decisions currently held at the regional and national level. Transport for London (as part of the GLA) has the benefit of an agreed budget for transport over a five year period and devolved decision-making on how to spend that budget. Local transport bodies should be given similar security in their level of funding to allow for better longer term planning and more project certainty. There is also the opportunity to transfer the strategic bus road network to the PTE which would allow swifter introduction of bus lanes and other bus priority measures.

24. Merseytravel accepts that were there to be devolved decision-making of a five year commitment to infrastructure, there would be a need for wider scrutiny of decisions. Should the Committee consider this an attractive solution for Government, there would be a need to consider how value for money evaluation and measurement would take place. Scrutiny could be closely tied to an agreed constitution and managed in close partnership with central government and, more importantly, the local community.

The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships

25. Presently, PTAs’ and PTEs’ delivery records are vulnerable to the actions of a wide number of people outside the organisations. As well as central and, now, regional funding approvals, projects are subject to ongoing planning approvals from the relevant planning authority throughout the life of the project. These relationships are subject to differing political and geographical priorities to that of the original promoter.

26. As the pressure to devolve local decisions from central government to the local community grows, transport bodies will be able to identify appropriate methods of scrutiny within the evolving regional structures. Regional priorities should be identified at the local level and the PTAs would be expected to champion scrutiny of transport decisions made locally. The ongoing relationships with planning authorities should be restructured to reflect community-based decision-making so decisions are made independently of the promoter but with the overall good of the region in mind. This would enable a more streamlined decision-making process that would make the public better aware of how local money was being spent.

27. Merseytravel recognises the need for an ongoing dialogue with central government and recommends a longer-term change in the relationship from “bank manager—account holder” to a genuine delivery partnership where the scrutiny of decisions made jointly by government and local government was conducted locally. The partnership between central and local government would ensure a longer term commitment to delivery rather than the them/us relationship presently in place.

28. Current procedures for securing any funding from the Department for Transport do not ensure a secure future. Presently, funding for smaller projects is block-granted on an annual basis according to the previous year's delivery. The process for securing funding for major infrastructure projects currently takes about three years. These procedures need to be streamlined. The proposed devolved funding decisions over a five year period would have a significant impact on reducing costs spent on approvals.

The potential for new arrangements, particularly the establishment of city regions

29. Merseytravel has demonstrated how transport bodies do not fit neatly into the progression of the city regions debate. There remains an important role for PTAs, formed according to need in each area.

30. The PTEs should be streamlined as the delivery arm under the PTA structure. This, in effect, is the Merseytravel structure which has proved extremely successful since its introduction in 1988.

31. The role of PTEs has changed significantly since their formation from an operator to a commissioner of public services. Merseytravel had foresight when making the decision to merge the two statutory bodies in 1988 and the benefits of the decision are now becoming more and more prominent, particularly given the findings of the Gershon efficiency review.

32. There are some significant benefits to this approach:

- Transport Authorities will be formed in a common structure with other “best value” authorities—providing a better clarity of structures in this already unique tier of local government.
- As part of the PTA, PTEs' functions will fall within the best value regime.
- Improved accountability as the PTEs' are under a directly elected body.
- Inevitable efficiency savings—in line with Gershon recommendations.

33. There may also be a need to expand the responsibilities of the PTA/PTE bodies to include some of the responsibilities currently with the Traffic Commissioners and the local highway authority. This would ensure an improved, streamlined public transport service for the electorate. Communities must have a much bigger influence in their transport provision, through Passenger Transport Authorities.

The impact which new regional and sub-regional arrangements, such as the city regions, might have on towns and cities

34. Merseytravel is supportive of the proposals for revised arrangements at the regional and sub-regional level. However, because of the strategic nature of transport planning and the fact that travel patterns, particularly travel to work areas, do not recognise administrative boundaries, Merseytravel considers that transport must continue to be managed with a sensitivity to cross-boundary and geographical issues in towns and cities and with appropriate representation across the area served. Merseytravel believes that this can best be achieved by merging the existing PTAs with their corresponding PTEs.

The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

35. Additional inter-regional co-operation would be welcome as long as it does not turn into an additional layer of government. At present, relations across different levels of government can be burdensome and increase the risk of a project not succeeding. Merseytravel accepts that big infrastructure projects have national as well as regional drivers. Co-operation is not just desirable, but imperative. However, the layers of Government must be streamlined to identify the best value for money for taxpayers.

36. A merged transport authority with better security over their medium-term funding for large-scale infrastructure projects will be in a stronger position to work collaboratively across policy and regional boundaries as there will be much more security in their position which will inevitably lead to a more cooperative approach than is presently seen when competition and uncertainty of funding is so common.

CONCLUSIONS

37. In any review of local government structures, it is imperative that all of the services that may be affected are carefully considered so that solutions which work for one aspect of the public sector are not inappropriately imposed on others. Merseytravel considers that transport, because of its inherent nature, is best delivered on a sub-regional basis but that significant improvements can be made to the delivery of integrated transport solutions.

38. The review comes at an opportune time to modernise PTAs and PTEs to reflect their changed responsibilities, and Merseytravel recommends that the Select Committee consider the suggestion that the Merseytravel “model” of one passenger transport body that is streamlined, accountable to the public and in accordance with the Government's best value regime is extended.

Memorandum by the Centre for Urban and Regional Development Studies (CURDS) (RG 53)

INTRODUCTION

1. This memorandum has been prepared by the Centre for Urban and Regional Development Studies (CURDS) at the University of Newcastle upon Tyne. CURDS is a research centre specialising in policy-relevant research, and since its creation in 1977, it has been actively involved in urban and regional governance issues. CURDS staff engaged in debates concerning English elected regional assemblies: our staff contributed in various capacities to three memoranda of evidence in the 2004 ODPM Inquiry *the Draft Regional Assemblies Bill*⁷⁰ and have undertaken a range of research for the Office of the Deputy Prime Minister, among others, on questions of local and regional governance. We welcome this opportunity to reflect in a considered way on the future for regional government in England.

2. As London has effective elected regional government, we limit our comments within this memorandum largely to the English regions outside London. Since the modern tasks of national government were introduced during World War I, governments of all political persuasion—Liberal, Conservative and Labour—have found a regional administrative tier vital for effective service delivery given England's size and diversity⁷¹. There has been regional government of some form for the last 90 years, and we believe that globalisation, European expansion and increasing human mobility will increase rather than decrease its value in the future.

3. English regionalisation has been greatly hindered since its inception by the continuing centralisation of powers in the British state, and the time is now ripe to directly address that centralisation. Addressing the UK's longstanding productivity gap requires effective and responsive regional economic policies. This logic remains compelling. Delivering the benefits of regionalisation calls for concerted central government action to fulfil its claims about flexibility and decentralisation, before English regional government can evolve from its current complexity and confusion.

INCREASING AND SIMPLIFYING REGIONAL/SUB-REGIONAL ACCOUNTABILITY

4. From 1998 to the North East referendum in 2004, central government activities faced pressures to co-ordinate their activities within common regional boundaries in anticipation of the future creation of ERAs, in line with the White Paper *Modernising Government*⁷². There will be less pressure for government departments for ensuring any new regional structures are co-terminous with existing regional arrangements. This is likely to have implications for the effective accountability of regional Non-Departmental Public Bodies (NDPBs) and arm's length agencies; they may face less scrutiny of their activities in terms of individual regions' needs. The most effective remedy in this situation is a statement by central government of its vision for particular regions, recognising that different regional situations produce different regional needs from national policies. This will allow local and regional stakeholders to continue to hold national bodies to account.

5. A recurring problem is that similar institutional arrangements ("one-size-fits-all") are used to deal with very different regional issues. Every region has a regional development agency, a regional spatial strategy and an array of regional NDPBs. As Professor Morgan observed in 2003 to a previous Committee Inquiry.

"Treating unequals equally is hardly a recipe for promoting equality"⁷³

6. The boundaries of the South East region are inadequate for dealing with its regional spatial and economic development issues, too remote to deal with local issues in places as diverse as Thanet, Portsmouth and Buckingham, whilst too fragmented to provide a sound basis for planning transport, housing and environmental protection around the London conurbation⁷⁴. As a result, the recent Sustainable Communities Plan does create a framework for planning these issues at a Greater South East scale. At the same time, the current regional boundaries and economic institutions do indeed have much greater relevance for the economic needs/especially addressing the regional productivity gap/of the northern regions. Serious consideration should be given to having qualitatively different regional institutional arrangements according those regions' primary needs.

7. A final issue we raise is that since 1994, the regional governance arrangements have been in a permanent state of flux. From 1997 to 2004, this was arguably because these arrangements were evolving towards a potential end point (ERAs). Effective regional and sub-regional accountability requires a degree of institutional stability and relationships between governmental tiers. There is a risk that regional challenges are met with institutional simplification and rationalisation (and temporary paralysis) rather than concerted leadership and collaboration. There is a danger that a rush to further ad hoc change and

⁷⁰ CURDS staff contributed to (in a range of capacities) to DRAs 12, 26 and 57 in that Inquiry.

⁷¹ See Tomaney, J (2005) "Anglo-Scottish relations: a borderland perspective" *Proceedings of the British Academy*, 128, pp 231–248.

⁷² Cabinet Office (1999) *Modernising Government*. Cm 4310. London: TSO.

⁷³ Para 65, Select Committee on Office of the Deputy Prime Minister (2003) "Reducing Regional Disparities in Prosperity" *9th report of the Select Committee*, London: The Stationery Office.

⁷⁴ Cochrane, A (2006) "Looking for the South East" in I Hardill *et al* (eds) *The rise of the English regions*, London: Routledge.

rationalisation will undermine the effectiveness of existing arrangements before any attempts have been made to quantify their value. There is a strong case for the government to clarify its vision for the future of regional government to provide an end-point towards which regional partners can work.

POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

8. One feature of the post-1997 regional governance system has been that regional bodies have predominantly been granted powers from national bodies best exercised regionally, or which were already previously regionally exercised. These powers are those in which there is a clear national interest but in which different regions have demonstrably different interests and purposes. The creation of elected regional assemblies was premised upon “devolution downwards” rather than “regionalisation upwards” of local authority powers⁷⁵. Transport is one such power—the greater South East region’s main transport need is in dealing with commuters into London, whilst the polycentric nature of the north makes their demands much more complex to articulate. Regional bodies allow nuanced differences to be expressed within the competing interests shaping the overall national policy framework.

9. Indeed, this regional differentiation has allowed such bodies in some cases to reflect their local partners’ needs more closely than hitherto. Many RDAs use Sub-Regional Partnership arrangements to plan regeneration spending: Single Regeneration Budget decisions previously taken regionally by Government Offices are now taken sub-regionally, closer to affected communities and individuals. Likewise, RDAs’ Single Programme Budget arrangements allowed development and funding of their priorities, notably identifying and promoting potential regional excellence. The North West Regional Development Agency’s support for a world-class new Manchester University demonstrates how regional flexibility and regional priorities can produce outcomes which strengthen the UK economy as a whole.

10. The question remains which additional powers are currently held centrally which can better be exercised at a regional level, to reflect local diversity within a common national framework. Local partners can lack capacity to articulate local investment needs within a broader strategic case related to this national priority set. We note with interest Treasury proposals to prepare regional financial allocations for transport, housing and economic development⁷⁶. If this proposal is implemented in the spirit of Treasury guidance, these regional allocations will create more capacity to meet local partners’ needs than passing those powers directly to local partners⁷⁷.

EFFECTIVENESS OF CURRENT MULTI-LEVEL SERVICE MANAGEMENT ARRANGEMENTS

11. We have strong concerns over the capacity that exists within the regions to exercise genuine choice and influence over regional policies and priorities. Regional policy development capacity is largely absent from the English regions outside London. In Scotland and Wales, even prior to political devolution, their respective Ministries worked hard to create effective policy networks involving interest representation with universities, think-tanks and consultancies responding to this demand creating effective territorial policy-making networks⁷⁸. The lack of comparable demand in England for competing views on significant policy decisions has undermined the effort to build up coherent regional policy formulation capacity.

12. The lack of policy capacity in the regions means that there is no clear articulation from regions themselves of how future governance arrangements might develop in England. Too frequently the role of regional decision-makers involves little more than endorsing priorities and strategies of central government, with at best minimal input to their design, in the hope of accessing additional resources. Thus regional concepts and policies are being developed synoptically at the national level without enough consideration of whether the proposed approaches are the most sensible way forward for promoting regional convergence in the light of diverse geographical conditions.

13. There is a discrepancy in the level of accountability for regional NDPBs. Although many of these bodies have delimited territorial areas, they are now formally held to account through their national sponsor Ministries. Only one occasion has the National Audit Office inquiry directly investigated the performance of a regional body, namely the RDAs.⁷⁹ This was followed by a Public Accounts Committee Inquiry, but its focus lay on ODPM and DTI rather than whether these regional bodies were delivering for their regions⁸⁰. Parliament should consider carefully its role in delivering regional accountability for nationally-sponsored bodies, and how the Select Committee model might hold territorially-focused national bodies effectively to account.

⁷⁵ Department for Transport, Local Government and the Regions (2002) *Your region, your choice*, London: TSO.

⁷⁶ HM Treasury, Department of Trade and Industry, Department for Transport, Office for the Deputy Prime Minister, (2005) *Regional funding allocations: guidance on preparing advice*, London: HMSO.

⁷⁷ HM Treasury (2005) *Devolving decision making: 2—Meeting the regional economic challenge: Increasing regional and local flexibility*, London: The Stationery Office.

⁷⁸ J Mitchell (2003) *Governing Scotland: The Invention of Administrative Devolution*, Houndmills, Macmillan.

⁷⁹ National Audit Office (2003) *English regions: success in the regions*, London: The Stationery Office.

⁸⁰ National Audit Office (2003) *English regions: success in the regions*, London: The Stationery Office; Public Accounts Committee (2004) *Success in the regions, Fifty first report of the Public Accounts Committee 2003/04*, London: TSO.

14. There is very limited regional scrutiny of these bodies: the existing voluntary Regional Assemblies have attempted to develop regional scrutiny programmes but are limited both by funds and policy capacity constraints (cf para 11). It is likely that regional assemblies are likely to find themselves increasingly restricted to their statutory roles (eg in spatial planning), leaving a vacuum in the exercise of the regional public interest in the scrutiny process, which is too often eclipsed by a Whitehall view that systematically overlooks regional differences (cf para 13). This is likely to be a brake on the realisation of the Treasury's ambitions for more effective devolved decision-making⁸¹.

POTENTIAL FOR NEW ARRANGEMENTS AND "CITY REGIONS"

15. The concept of the city region has begun to be discussed as a new system for sub-national governance arrangements. CURDS undertook work for the Core Cities group since the 1990s exploring the contribution of city-regions to economic development. Recently, the concept has generated more commentary rather than research, much of which has been characterised by a confusion and misinterpretation and contradictory claims rather than clear analysis: rather than providing a single explanation, this conflates a number of separate issues⁸². For instance, commentary on city-regions is often supported by claims about the city-region governance arrangements in other EU Member States, which on closer inspection prove inaccurate. This field calls out for careful gathering of evidence and analysis; this notwithstanding, a number of observations can safely be made.

16. Clearly, there is value in analyzing the operation of the city-region as a functional economic area, especially through travel to work areas developed by CURDS; this does not necessarily make city-regions an optimal scale at which to create governance institutions. The Greater London Authority does not cover the full territorial extent of the London city region, which as an economic space covers the South East and East of England, and significant parts of the South West, West Midlands and East Midlands. Conceiving regional governance on such a scale is highly problematic: the London city-region contains 20 million people. There may be value in conceiving city-regions as suitable scale for inter-local co-ordination of services at the urban level, like Belgian "inter-communal service providers". But, there is little evidence, however, that they represent an effective mechanism for taking key national decisions which can rebalance the national economic structure and help address the UK's £30 billion productivity gap between North and South.

17. City-regions sit very uneasily with existing English traditions of sub-national governance. On the one hand, experience has shown that larger bodies such as the Scottish regional authorities and the English metropolitan counties have been criticised for remoteness from their citizens, whilst governments have often been hostile to large (and potentially critical) elected authorities. On the other, effective multi-level governance requires a degree of stability at the different levels, and creating a new city-regional tier could undermine much of this stability. Although city-regions are therefore important economic spaces, the city-region model promoted in some quarters seems to fail to address the key issue in regional governance, namely encouraging central government is to live up to its rhetoric on decentralisation.

IMPACTS OF "CITY REGIONS" ON PERIPHERAL TOWNS AND CITIES?

18. The city region focus has implications for peripheral towns and cities. For instance, the city region rubric used in The Northern Way omits whole swathes of the north, especially Cumbria and the northern uplands, from city regions' spatial coverage⁸³. This is unsatisfactory: parts of South West Cumbria have similar kinds of structural problems—and require similar policy approaches—to peripheral areas within city-region zones (such as East Durham or Central Lancashire). Moreover, some peripheral towns and cities will do extremely well out of the proposed core cities arrangements. Chester, Hexham and Harrogate have all fed, to some extent, on the economic success of their nearby cities in the last decade. Indeed, such places can be expected to continue to thrive under whatever governance arrangements emerge.

19. A city-regional approach could tackle the problems of peripheral towns if it was from very outset based on a polycentric model. The early drafts of the City-Region Development Programmes commissioned by the Northern Way suggested each city region was pursuing its individual aspirations, rather than each city-region contributing to a polycentric and complementary whole generally aiming to reduce regional disparities. This could potentially exacerbate disparities between city-regions.

⁸¹ HM Treasury, Office of the Deputy Prime Minister, Department of Trade and Industry (2004) *Devolving decision making 2: Meeting the regional economic challenge: Increasing regional and local flexibility*. March.

⁸² For critically informed, research based analyses of the city-region concept see Parr, J B (2005) "Perspectives on the city-region", *Regional Studies*, 35, 5, 555–566; Rodríguez-Pose, A (2005) *The City-Region Approach to Economic Development*, Report for the Department of International development, London. DFID. Gonzalez, S (2005) "The Northern Way: filling an imaginary geography or a collective voice for the North?" RGS-IBG Annual Conference, London, 31 August–2 September.

⁸³ Midgley, J & Ward, N (2005) "City regions and rural areas" in S Hardy *et al.* *Sustainable regions: making regions work*, Seaford: Regional Studies Association pp 22–23.

20. The real peripheral places ignored by the city-regions concept are poorer places within the city-region which, for example, completely lack the tools to engage with the knowledge economy. The city-region concept—inasmuch as it has an underlying economic model—appears to be based on a very simple trickledown approach to wealth-generation. There are unanswered questions concerning whether promoting city regions in themselves will deal with the problems of multiple deprivation which afflict communities and local authorities within many regions.

TACKLING ECONOMIC DISPARITIES THROUGH CLOSER INTER-REGIONAL CO-OPERATION

21. There is a clear need for actors across the English regions to work closely together to tackle economic disparities. Effective co-operation through collective action allows large-scale activities to be realised which bring benefits to all the participants. The Northern Way provides a framework for this co-operation amongst the three northern regions, and early business plans suggest that some of their activities are supporting such strategic actions in the field of transport, regional science policy and place marketing⁸⁴.

22. However, it is not evident that there is a compelling logic for northern co-operation in fields such as skills gaps, promoting entrepreneurship and addressing worklessness. Whilst there is a role for sharing of best-practice between places, and worklessness is a problem across the northern regions, it is unclear why a trans-regional arrangement is required to develop what are essentially locally delivered training programmes. There is case for reassessing the policy areas which can benefit significantly from a pan-regional governance framework aimed at fewer, strategic priorities.

23. Moreover, inter-regional co-operation is necessary but not sufficient to tackle English regional economic disparities. Recent announcements suggest that the Department for Transport does not view the strategic transport needs of the north as a national priority. In those circumstances, even focused inter-regional effort will only be able to tinker at the margins. The Northern Way for example is spending £12 million on transport investments that “meet the north’s requirements”, whilst national transport investment is set at £2 billion for the road network alone for the next three years⁸⁵. There is a strong case for ensuring that national priorities in a range of policy fields are more closely aligned with strategic inter-regional needs.

CONCLUSIONS

24. The Government needs to quickly articulate a clear vision for the future of regional governance and government in England, but this should build on the progress that has been made in building a relevant regional tier over the last nine years. At the moment—excepting London—no serious consideration has been given to different arrangements for different places related to their specific needs. Whilst current regional arrangements might be overly complex for the southern regions, it is clear that if the government is serious about tackling complex regional problems in the north and west of England, the regional tier will remain important.

25. The regional tier in England has been created through an evolutionary process in which capacity has been built up, as a precursor for the taking of a next evolutionary step. Currently regional authorities are acquiring strategic powers for transport, housing and planning. Each of the previous steps has helped to build up regional policy capacity to better fit national policy to local requirements, especially in the northern regions where national policies are frequently out of step with these local needs. It is clearly worth waiting until these latest powers have been exercised, and reflecting on what additional regional governance capacity has been built, before definitive decisions are taken on the future direction of English regional governance.

26. There needs to be continued central government support for the regionalisation process. Central government benefits from an effective regional tier which tailors its own policies across an economically, culturally and socially diverse nation. Much more needs to be done at the central level to facilitate regional working. Socio-economic differences between regions are not simply the result of market failures, but reflect deep-seated structural problems. The government needs to match rhetoric on regional and development and governance with a stronger political impetus to create a robust system of local and regional government. Government should recognise that regional differences are not simple matters, not spatial market failures, but reflect a divergent reality which has built up over decades. We believe that this failure by government to progress beyond rhetoric reflects a failure of political will to shape a regional agenda for national government.

27. Parliament, acting as the principal scrutiny body for England, might also consider what it can do to support effective regional governance. There have been no meetings of the Standing Committee of Regional Affairs in this Parliament, while the Public Accounts Committee has undertaken a very limited scrutiny of the regional “quangocracy” in England. MPs could exercise real powers to hold regional bodies to account. Without clear political leadership the future for regional government is likely to comprise an unstructured and piecemeal evolution which fails to provide a rational framework for sensibly addressing England’s deep-seated regional economic problems.

⁸⁴ Northern Way (2005) *Moving forward: the Northern Way: business plan 2005–2008*, Newcastle: the Northern Way.

⁸⁵ Department for Transport (2005) *Department for Transport autumn performance report 2005*, London: The Stationery Office.

Memorandum by Carlisle City Council (RG 54)

In January 2005, Carlisle suffered its worst floods in over a century. Over 2,000 homes and business were affected with the cost of damage estimated at more than £250 million. Carlisle City Council believes that, in the aftermath of the floods, there is an opportunity to establish, a bold new vision for the regeneration of the City, a vision that addresses the significant economic, physical and social challenges that face Carlisle now and in the future.

Under than banner of Carlisle Renaissance, we have been working with our partners at a local, regional and national level to get a better understanding of what needs to be done to secure the future growth and prosperity of the City, and the role that we and others would have in this. We have also been exploring how such growth can support improvements in the economy of Cumbria and the North West region as a whole. Since the floods, we have been working on a new Vision for Carlisle Renaissance that sets out what the City could evolve into over the next decade. It is ambitious and aspirational and achieving it will require investment by both the public and the private sectors.

Carlisle City Council is pleased to have the opportunity to respond to the latest enquiry on regions and city regions.

Carlisle supports devolution of powers to sub regional and local level and is already seeking opportunities to collaborate within Cumbria to achieve efficiency savings and more effective services for local people, eg Achieving Cumbrian Excellence (ACE) Cumbria Housing Strategy, Cumbria Procurement Initiative in partnership with the North West Centre of Excellence, Connected Cumbria.

Carlisle welcomes closer collaboration within the region and inter-regional co-operation to tackle complex economic, social and environmental issues that do not respect administrative boundaries.

Carlisle Renaissance, a major urban regeneration programme for the city, has revealed its potential as a model for a city region within Cumbria. Carlisle is already the principle commercial, administrative, retail and cultural centre for much of Cumbria and south west Scotland and Carlisle Renaissance is about securing economic growth for the city. Carlisle is not part of a conurbation like other city regions; its geographical location, extensive rural hinterland and local topography mean it could be considered as a “stand alone” economy. However, its sphere of influence extends across north Cumbria to north east England and to south west Scotland and as such, is more significant geographically than other city regions⁸⁶. Carlisle Renaissance has the potential to deliver economic growth across the whole of its catchment area and to tackle other strategic issues that contribute to sustainable communities, eg road and rail transport. Working across current administrative boundaries in this way, Carlisle Renaissance would be well placed to contribute to the economic prosperity of its catchment area.

Memorandum by the Centre for Cities (RG 55)

INITIAL REPONSE

CENTRE FOR CITIES

1. The Centre for Cities is an independent urban policy unit, based at the Institute for Public Policy Research (ippr). It is taking a fresh look at how cities function, focusing on the economic drivers behind urban growth and change.

2. Dermot Finch is Director of the Centre—he was previously a senior policy adviser at HM Treasury (1994–2005). Tom Bloxham MBE (Chairman, Urban Splash Ltd) is Chair of the Centre’s Steering Group. Lord Sainsbury of Turville is the founder of the Centre. The Centre’s website is www.ippr.org/centreforcities.

3. The Centre is currently carrying out three research projects in Barnsley, Birmingham, Derby, Doncaster, Dundee, Liverpool, Manchester and Sunderland. They are:

- *City People*, on city-centre living in Liverpool, Manchester and Dundee (published 11 January).
- *City Leadership*, on financial devolution to city-regions (to be published on 24 February)—Sir Michael Lyons will speak at our launch event, in Birmingham.
- *City Markets*, on business location and growth in deprived areas (to be published in May).

RESPONSE TO INQUIRY

4. Our response to the Committee’s Inquiry is based on our City Leadership work. We will submit a full response by 7 February. This shorter, initial response sets out the key findings of our research. We would be very happy to deliver oral evidence to the Committee, if that were helpful.

⁸⁶ 450,000 live within one hour’s drive of the city, Carlisle Renaissance Prospectus, 2005.

The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

5. The regional government experiment has failed. The “no” vote in the North East devolution referendum in November 2004 put an end to the prospect of accountable regional government in England. Further devolution to the regional level would be unwise, given the lack of accountability.

6. There is a strong economic case for devolving certain funding streams to the city-regional level. This fits with the vision of “variable geometry”, where different places have different degrees of autonomy. In the first instance, we would recommend that regeneration, transport and skills funding should be devolved to the two biggest city-regions in England—Greater Manchester and Greater Birmingham. This would require the two relevant RDAs (NWDA and AWM) and the Learning & Skills Council to cede control over regeneration and skills funding, for example.

7. For this to work, Greater Manchester and Greater Birmingham should consider the case for directly elected mayors in their city-regions. These would provide the greatest degree of accountability, visibility and strategic decision-making across existing local authority boundaries.

The potential for devolution of powers from regional to local level

8. Devolution works best when political boundaries match functioning economic areas. City-regions are the most appropriate scale for economic development purposes. This is the basis of the economic case for devolving significant financial powers to our biggest city-regions—and also, to a lesser extent, to local authorities generally.

9. As well as gaining control over funding for regeneration, transport and skills, city-regions should be able to raise their own revenues—for example, through a partial re-localisation of business rates. The local authorities within our two biggest city-regions should pool these revenues, which would be allocated strategically by a directly-elected city-regional mayor.

The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships

10. Our research backs up years of findings from the Audit Commission: the current arrangements for public service delivery and economic development are too complex and involve too many layers of governance. Government needs to review what functions are best delivered at what level. For example, regeneration, transport and skills would best be delivered at the city-region level.

The potential for new arrangements, particularly the establishment of city regions

11. As a first step, our biggest city-regions should gain significant new financial powers and be run by directly-elected mayors.

12. City-regions are both economic and political entities. They already exist as economic areas, but they are politically difficult. They include a core city, as well as surrounding areas that have close economic relationships with that city. These relationships can be measured in a number of different ways, including labour markets, housing markets, retail catchment areas and business-to-business linkages.

13. If governance arrangements are imposed at a level that matches specific economic flows, city-regions become political entities, with administrative boundaries that broadly reflect an economic area. But the formal establishment of city-regions will not be easy. Existing local authority leaders, for example, strongly oppose the idea of directly-elected city-regional mayors. Nevertheless, we believe this is the right approach.

The impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities

14. Up until recently, the focus on Core Cities has tended to exclude smaller cities and towns. City-regions provide a clearer role for peripheral towns and cities. Barnsley, for example, is considering carefully its role as part of both the Sheffield and Leeds city-regions, and stands to benefit from the growth of both. However, there is a need to prioritise policy around our largest cities, as they can make the biggest contribution to national and regional economies.

The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

15. Closer inter-regional co-operation is not a top priority. The Northern Way is a useful concept, but it contains too many city-regions and risks losing momentum. Almost two years since its establishment, the Northern Way has failed to prioritise on key investment priorities in the North’s most important cities. It must recognise the primary importance of its biggest city-regions, especially Greater Manchester.

Supplementary memorandum by the Centre for Cities (RG 55(a))

FULL RESPONSE

This full response follows our initial response of 19 January 2006.

CITY LEADERSHIP

1. Our response to the Committee's Inquiry is based on our City Leadership report, due to be launched on 24 February. This report sets out the economic case for financial devolution to England's cities and towns, using original research in Birmingham, Liverpool and Barnsley.

Cities matter

2. We argue that financial devolution should focus first of all on our biggest city-regions. England's largest urban areas contain the highest concentrations of economic activity in the country, and are drivers of the national economy. Large, well-connected urban areas offer the best opportunity to boost regional growth and narrow the productivity gap. Strong city-regions are key to improving wider regional performance and driving national economic growth.

3. Cities would make a stronger contribution to the national economy, if they had more revenue-raising powers and spending flexibilities. Greater financial autonomy would also improve their leadership. But devolution must be done at the appropriate scale. Urban areas perform better when administrative and economic areas match up. This suggests that city-regions are the right level for financial devolution over economic development.

City-regions

4. Our report therefore concludes that economic development is best delivered at the city-regional level. Regions are too big, and many local authority districts are too small.

5. City-regions are both economic and political entities. They already exist as economic areas. But drawing political boundaries around these areas is difficult. They include a core city, as well as surrounding areas that have close economic relationships with that city. These relationships can be measured in a number of different ways, including labour markets, housing markets, retail catchment areas and business-to-business linkages.

6. If governance arrangements are imposed at a level that matches specific economic flows, then city-regions become political entities, with administrative boundaries that broadly reflect an economic area. Our definition of city-regions explicitly excludes small urban areas (eg Stoke-on-Trent), polycentric city networks (eg The Three Cities of Nottingham, Leicester and Derby) and shire counties (eg Kent). It also excludes some of the smaller so-called city-regions in the Northern Way.

Variable geometry

7. Financial devolution should be selective. It will require different models for different places. A one-size-fits-all approach will not work. We recommend "asymmetric devolution", with different places having different degrees of financial autonomy, proportionate to their economic importance.

8. Where local authority boundaries cover a functioning economic area, devolution should be to the local authority level. But in England's biggest urban areas, local authority boundaries have little relation to economic flows. Here, city-regional governance arrangements are required to maximise the effectiveness of devolution.

9. That is why we propose a priority focus on our biggest city-regions, with substantial new spending and revenue-raising powers for Greater Manchester and Greater Birmingham.

City-Region Contracts

10. We recommend City-Region Contracts for Greater Manchester and Greater Birmingham, with control over their own budgets for regeneration, transport and skills. This is over £600 million per year, for each city-region. These two city-regions should also have revenue-raising powers, for example through a 5% levy on business rates—hypothesized to specific transport projects.

11. City-Region Contracts must be selective. Only our two biggest city-regions are ready to try them out. Only they have the scale, tax base, maturity of joint working and business buy-in to take on radical financial devolution.

12. But over time, five other city-regions could follow—Liverpool, Newcastle, Leeds, Sheffield and Bristol. In the meantime, we recommend more modest financial flexibilities for smaller cities and towns. Economic Development Contracts within Local Area Agreements would give local authorities greater discretion over regeneration.

Accountability

13. Radical financial autonomy for city-regions would require a step-change in accountability. We make the case for directly-elected city-regional mayors, scrutinised by boards of local authority leaders, business and community representatives.

SUMMARY RECOMMENDATIONS

14. In summary, the City Leadership report makes eight recommendations.

15. Radical devolution to Manchester and Birmingham city-regions:

- City-Region Contracts that devolve key economic development powers and budgets to city-regions, starting with Greater Manchester and Greater Birmingham. These would comprise £600 million of existing funding from Regional Development Agencies, Transport and Housing Boards, Passenger Transport Executives and the Learning and Skills Council.
- City-Regional Supplementary Business Rates, hypothecated to key city-regional infrastructure priorities. For example, the ability to levy up to 5% on the business rate would raise £35 million per year in Greater Birmingham, and cost small businesses less than £150 per year.
- City-Region Growth Incentive would re-focus LABGI (Local Authority Business Growth Incentive) at the city-regional level, allowing city-regions to retain increases in business rate revenue resulting from growth. This would promote cross-boundary collaboration and reward city-regions for growing their business base.
- Clear city-regional policy framework, with Whitehall departments, RDAs and other agencies sharing a common focus on city-regional growth.

16. More freedoms for all cities and towns:

- Economic Development Contracts within Local Area Agreements, giving local authorities greater discretion over economic development.
- Enabling greater take-up of existing powers, including prudential borrowing, Business Improvement Districts and user charging.
- Improving capacity and skills in local authorities, to further public-private co-operation and promote investment.

17. Our report will feed into the Lyons Inquiry, Local Government White Paper and Comprehensive Spending Review.

18. We will send copies of the report to the Committee, once it is published on 24 February. We would be very happy to deliver oral evidence to the Committee, if that were helpful.

RESPONSE TO INQUIRY

19. Here are our responses to the Committee's issues.

The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

20. England is one of the most centralised countries in the developed world. Major economic development decisions are taken by Whitehall and by unelected regional quangos, such as Regional Development Agencies. Greater financial autonomy to major city-regions over economic development would improve the performance and leadership of our major cities and their surrounding areas.

21. Scale matters. Economic development is best delivered at the city-regional level, not the regional or local level. City-regions are the best level for running functions such as transport, skills and regeneration. For economic development, therefore, decision-making and accountability should focus around city-regions.

22. The regional government experiment has failed. The “no” vote in the North East devolution referendum in November 2004 put an end to the prospect of accountable regional government in England. Further devolution to the regional level would be unwise, given the lack of accountability and the fact that regions are too large for economic development purposes.

23. There is a strong economic case for devolving certain funding streams to the city-regional level. This fits with the vision of “variable geometry”, where different places have different degrees of autonomy. The priority should be to devolve regeneration, transport and skills funding to the two biggest city-regions in England—Greater Manchester and Greater Birmingham. This would require the two relevant RDAs (NWDA and AWM) and the relevant Learning & Skills Councils to cede control over regeneration and skills funding, for example.

24. For this to work, Greater Manchester and Greater Birmingham should consider the case for directly elected mayors in their city-regions. These would provide the greatest degree of accountability, visibility and strategic decision-making across existing local authority boundaries.

25. For Greater Manchester and Greater Birmingham, this would increase the accountability of decision-making and simplify existing arrangements.

The potential for devolution of powers from regional to local level

26. Financial devolution has so far been piecemeal and less than effective. Central government has taken some tentative steps on the road to financial devolution: the RDA single pot and regional funding allocations; Local Area Agreements, the Local Enterprise Growth Initiative (LEGI) and the Local Authority Business Growth Incentive (LABGI); Business Improvement Districts and prudential borrowing. These are all useful, but they lack ambition and their implementation is proving problematic.

27. City-regions are the most appropriate scale for devolving financial powers over economic development. Devolution should not focus on local authorities in isolation, since they are too small for economic development purposes. Real economic markets are bigger than local authority districts, and more closely match city-regions.

28. Devolution should focus first of all on Greater Manchester and Greater Birmingham, with other major city-regions to follow after that. As well as gaining control over funding for regeneration, transport and skills, city-regions should be able to raise their own revenues—for example, through a partial re-localisation of business rates (City-Regional Supplementary Business Rates). The revenues would be ring-fenced for investment in strategic infrastructure projects. This would encourage our biggest cities to work across boundaries with their surrounding smaller cities and towns.

29. City-regions make good economic sense, but they are a “hard sell” politically. Financial devolution to city-regions has downside as well as upside risks. And directly-elected city-regional mayors are bound to be controversial. But they offer significant potential benefits, such as effective delivery of devolved spending, strategic decision-making and real accountability.

The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships

30. Our research backs up years of findings from the Audit Commission, that the current arrangements for public service delivery and economic development are too complex and involve too many layers of governance. Regeneration, for example, involves a bewildering array of agencies at every level of government—national, regional, sub-regional, local and neighbourhood. This is inefficient and ultimately hampers successful delivery.

31. Government needs to review what functions are best delivered at what level. Devolution of economic development functions offers opportunities to boost city performance, and also national performance. Regeneration, transport and skills would best be delivered at the city-regional level. Other levels of government should step back from these functions and allow city-regions to drive them forward. This will rationalise the fragmented, disjointed and dysfunctional landscape of current urban governance in England.

The potential for new arrangements, particularly the establishment of city regions

32. Our two biggest city-regions should gain significant new spending and revenue-raising powers and be run by directly-elected mayors.

33. City-Region Contracts should co-ordinate and devolve funding for regeneration, transport and skills. Contractual approaches have been adopted in other countries—in France, for example. They should be initiated in Greater Manchester and Greater Birmingham. They would allow these two city-regions to direct over £600 million of funding towards their own economic development priorities.

34. City-regions should also have some revenue-raising options. For example, the power to raise business rates by up to five per cent, with additional revenues hypothecated directly to strategic transport priorities. In Greater Birmingham, this Supplementary Business Rate would raise around £35 million per year. City-regions should also have a clear incentive to promote business growth. A City-Region Growth Incentive would refocus LABGI at a city-regional level, and allow city-regions to retain increases in business rate revenue resulting from growth, up to £200 million over five years.

35. Such radical financial devolution to city-regions would require a step-change in accountability. City-regional governance arrangements should be judged against four tests: democratic legitimacy, clarity and visibility, strategic vision and delivery.

36. We believe that a directly-elected city-regional mayor would meet all four of these tests. But directly-elected mayors are difficult. Existing local authority leaders, for example, strongly oppose the idea—not surprisingly. And it is not yet clear that voters would embrace the idea.

37. Several areas, including Greater Manchester and the West Midlands, have developed proposals for “Executive Boards” at conurbation level, composed of the leaders of existing local councils. Executive Boards would be a step in the right direction, and an improvement on existing cross-boundary collaboration. They could be put in place with relative speed, and might usefully serve as transitional vehicles on the way towards directly accountable city-regional entities. They could also perform a scrutiny role, in relation to a directly-elected mayor. But Executive Boards are not robust enough to take on the full range of financial powers that we propose.

38. Directly-elected Commissioners for regeneration, skills and transport are another route forward. They would be harder to implement than Executive Boards, but would offer a higher degree of accountability and transparency.

39. Overall, therefore, we favour directly-elected city-regional mayors as the best model for delivering successful financial devolution. But we fully understand the political difficulties.

The impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities

40. Up until recently, the focus on core cities has tended to exclude smaller cities and towns. City-regions embrace smaller cities and towns, not just core cities; and can help promote closer working between them. City-regions can also help peripheral cities and towns develop a better sense of their economic role. Barnsley, for example, is now thinking about this in relation to both Sheffield and Leeds, and stands to benefit from the growth of both. However, there is a need to prioritise policy around our largest cities, as they can make the biggest contribution to national and regional economies.

The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

41. Closer inter-regional co-operation is not a top priority, and should not be the Northern Way’s main objective. Rather than being driven by its three component RDAs, the Northern Way should be focused around its principal city-regions. However, the Northern Way’s eight “city-regions” are not all city-regions, in our view. The Northern Way also risks losing momentum, because—almost two years since its establishment—it has failed to prioritise on key investment priorities in the North’s most important cities.

42. To succeed, the Northern Way must recognise the primary importance of its biggest city-regions, especially Greater Manchester. Economic disparities between the North and the rest of the country would best be addressed by releasing the growth potential of the North’s largest city-regions. Greater financial devolution would help achieve this.

Memorandum by Localise West Midlands (RG 56)

1.1 For there to be a future that will win popular support regional government needs to have a clear, understood purpose and it needs to be predominantly about bringing power closer to local communities, not regionalising power from the localities.

1.2 Regional levels of government needs to be elected and based on a clear set of principles—without this it will be seen by the public as just another level of expensive and confusing bureaucracy.

2. THE PRINCIPLES FOR LEVELS OF GOVERNMENT

2.1 Government should be administered at the level nearest to the locality that is practical.

2.2 Responsibility and authority should be held at the same level. Thus if regional government is to be responsible for the coordination and funding of major infrastructure projects then it should have the power and resources to deliver its plans. If however local authorities are responsible for delivering community based regeneration then they should have the power and resources, these should not be partially held at the regional level.

2.3 Government organisations should be learning organisations. This requires them to be able to monitor and evaluate their own policies and have the power to amend them accordingly. They should be responsible to their own electorate for the effectiveness of their policies not to a higher tier of government or to external inspectors. A crucial aspect of learning comes from qualitative evaluation rather than number crunching. That requires closeness to the ground.

2.4 If the electorate is to be reengaged with government then government needs to operate and have the clear powers to operate as close as possible to the people whose lives it is impacting on. This will normally be at a much more local rather than regional level.

2.5 As far as possible structures should promote cooperation rather than competition between various levels of government. Organisations should be empowered to produce their own solutions rather than compete with each other for the same limited resources.

2.6 Regional and local authorities should be able to raise revenue locally and control how it is then spent locally.

3. THE IMPLICATIONS FOR REGIONAL GOVERNMENT

3.1 Regional Government should only be responsible for those items that have a clear regional basis to them. This will be items that can not be effectively handled at a local authority or community level and which require different responses in different regions rather than a uniform national approach. This could be based on appropriate economies of scale, or aspects that need co-ordination across greater geographical areas than the local authority level.

3.2 In practical terms this would imply:

- Major infrastructure projects eg trunk roads, railways not local road networks, tram routes which are local issues.
- Major new industrial developments that will have a regional impact to ensure the most appropriate location that will maximise the benefit from new or existing infrastructure. These should be rare.
- Major new urban developments again to ensure the coordination of infrastructure.
- Ensuring the provision of major housing sites within a region to meet national targets. This is important because of the extent to which nimbyism has led to an under-provision of land for housing in many areas. Density and design parameters are also crucial.
- Co-ordination of the provision of other unpopular but necessary facilities and infrastructure. Eg Travellers sites, major waste disposal sites and mineral workings.
- Management of resources that have a regional element eg water, rivers and reservoirs and some minerals.
- The production of a regional spatial strategy. This would include housing at a very broad level and be linked to necessary public investment.

3.3 There may also be some services where the economies of scale are such that there may be a regional role. This could include the location of specialised hospital facilities where the regional requirement is for only one or two such units. Specialised educational or research facilities where there is only such limited need. In these cases the regional authority should not take control of such facilities but should be able to decide on their location where there is excess competition for such facilities.

3.4 There will also be some aspects where individual local authorities will be too small for it to be cost effective for them to employ specific skills. This could include major regeneration projects, the development of new initiatives such as sustainability appraisal, and major projects such as airports and ports. In these cases the role of the regional body would be to make specialists available to local authorities as advisors or trainers not as decision makers.

3.5 There will also be a role for the Regional assembly to act as a referee between local authorities on issues that cross local authority boundaries and where they can not agree.

3.6 There could also be a role for the regional assembly to act as an appeals forum against individual local authority decisions or non decisions within the region. Care would need to be taken in designing this role to ensure that it does not take responsibility away from local authorities to make democratic local decisions or to pass the book on difficult decisions to a different level of government.

3.7 In relation to the two above points the Regional Assembly would also have a role in ensuring conformity with regionally agreed strategies and in monitoring and evaluation of delivery.

4. THE CURRENT STRUCTURE OF REGIONAL GOVERNMENT

4.1 The current structure can only be described as an inefficient, confusing and irresponsible mess.

4.2 There is a multiplicity of unelected regional organisations. Regional Development Agencies, Regional Government Offices. Regional Planning Boards, Regional Housing Boards (to be merged). There is a separate Passenger Transport Executive. There are proposals to have regional police forces and Learning and Skills Councils as further separate bodies. Most infrastructure decisions are made by national bodies—both public and private—with some element of regional structures all independent of the existing regional bodies. It should not be described as regional government but is rather poorly coordinated regional administration.

4.3 There seems little logical reason why the powers of many of the public sector bodies such as the Housing Corporation or English Partnerships should not be devolved to regional levels and beyond to local authorities.

4.4 It is hard to imagine a structure more designed to create duplication, waste, fighting between regional, national and local organisations, lack of effective co-ordination, lack of accountability and thus irresponsibility than the current structure.

4.5 It needs a complete overhaul based on sound principles for the whole system not just adding on something for the latest single initiative and “fund chasing”.

4.6 Most importantly it needs to be accountable to a democratically elected body, elected by residents of the region who at least have the possibility of being able to understand what the regional assembly to which they are electing people is actually responsible for.

4.7 Currently many of the issues that most people expect local authorities to be able to deliver have confused responsibility. In practice what the local authority can do is very heavily prescribed by central government officials, and sometimes also by regional officials and sometimes by national auditors. Sometimes the demands of all three are conflicting. It can be impossible for the councillor to discover where the real power lies. It is rarely with the local elector—so why should they have confidence in this system or any proposals for more confusing governance.

5. CURRENT REGIONAL BOUNDARIES

5.1 The West Midlands perhaps more than any other region is a city region based on Birmingham.

5.2 The peripheral areas of the West Midlands are however not part of the city region. Stoke for instance has as many links to Manchester as Birmingham.

5.3 All the various areas of the West Midlands have their own distinctive characteristics and advantages on which they should build. Their interdependence with Birmingham varies by distance and from issue to issue.

5.4 There will never be a perfect set of boundaries for regional or indeed local government. This is one of the reasons that it is crucial to only carry out the appropriate activities at the appropriate scale.

5.5 In the West Midlands, only Birmingham would be strong enough to base a city region upon. This would however provide a very poor structure for the more peripheral rural and urban areas.

5.6 An appropriate Birmingham City region should really be a slightly larger area than the old West Midlands County Council. While there is an argument for recreating this with stronger county councils to replace all regional bodies our belief is that the level of interdependence across county boundaries does support a regional structure as long as its remit is clear and appropriate. The area of a Birmingham City Region could be based on a commuter pattern.

5.7 The current structure of local authorities is also inappropriate for many of its activities. Birmingham for instance is too large to operate close to the ground in the wide variety of neighbourhood and personal services that are of prime importance to people. It is a large and complex city with a range of different areas. To some extent this has been recognised by the council in its decentralisation initiatives. At the same time it is not large enough to cover the economic and travel to work area that is dependent on the city or the role that the city centre performs for a large part of the region. While Birmingham Council is large enough to run education and many health services most district councils are not.

5.8 There is a need to review the structure and size of local authorities. It is however our belief that this should not be done at the same time as restructuring regional government.

5.9 The process should be one of deciding what can be decentralised from national government to the regional and local level, developing an appropriate regional structure which may differ in each region and then considering the structure and scope of local government within each region accepting that even with using a common set of principles there may be differing structures in each region.

6. INTERREGIONAL CO-OPERATION

6.1 There will always be cross boundary issues on which interregional cooperation is required.

6.2 The Northern Way is however about more than this. It is about a multi regional framework to promote the economic development and regeneration of the North.

6.3 The question that needs to be asked is why such an approach is needed. The logical answer is because of failure of central government. Its failure to have a proper regional strategy to support dispersed economic growth and its failure to devolve power with responsibility to the regional and local authority level. Instead it has set up regional development agencies to compete with each other for foot loose investment.

6.4 The most effective way to tackle economic disparities is through national policy and through local areas growing their own economies and building on their strengths, rather than prioritising putting resources into competing with other regions or areas within a region for the limited and less stable footloose investment. The role of the “local multiplier effect” should be considered.

7. CONCLUSIONS

7.1 There is an urgent need to restructure regional administration and make it into a democratically elected, uniform structure with a clear and appropriate remit.

7.2 The new structure needs to be based on the principles of:

- Decentralisation to the most local level possible.
- Clarity and transparency
- Accountability and responsibility.
- Effectiveness.
- Self-reliance.

7.3 The regional structures should have a responsibility to promote the development of strong local communities, and economies that are environmentally sustainable within their region.

7.4 Taking such an approach would remove duplication, waste inefficiency, ineffectiveness and help preserve and strengthen local distinctiveness, helping to create places where people choose to live, vote and work.

Memorandum by Yorkshire Forward (RG 57)

1. BACKGROUND

1.1 Yorkshire Forward, the Regional Development Agency for Yorkshire and Humber, is pleased to contribute to this inquiry. We are aware that there is a combined RDA response, which we support, and that many of our RDA colleagues are also intending to make submissions.

2. REGIONAL DEVELOPMENT AGENCIES (RDAs)

2.1 Yorkshire Forward is the RDA responsible for the sustainable economic development of Yorkshire and Humber. The organisation is one of eight RDAs in England, created under the Regional Development Agencies Act 1998 with the following purposes:

- To further economic development and regeneration.
- To promote business efficiency, investment and competitiveness.
- To promote employment.
- To enhance development and application of skills relevant to employment.
- To contribute to the achievement of sustainable development.

2.2 As a region-wide organisation who works with a wide range of partners to deliver for the people and businesses of the region we are well placed to comment on this inquiry.

3. KEY ISSUES

3.1 *Increasing the accountability of decision making and the regional and sub-regional level*

3.1.1 *RDA Accountability:* As facilitators for sub-regional and regional decision making on the expenditure of the RDA “single pot”, Yorkshire Forward delivers to and on behalf of the region. The accountability procedures that are in place, through the sub regional partnerships (particularly for Sub Regional Investment Planning), the scrutiny process undertaken by the regional assembly, the publication of an Annual Report and Accounts, and a public Annual General Meeting are more than adequate. Additionally, the National Audit Office is about to commence an Independent Performance Assessment of the RDA which will contribute to our accountability to the region.

3.1.2 However, there are some other options that could be explored. One of these is to establish a Select Committee for each of the regions, to ensure accountability to the elected representatives from the region. Another would be to have a specific time for questioning established in the House of Commons which dealt only with regional issues with Ministers from all Departments present.

3.1.3 *Regional Accountability:* With regard to the regional assembly, some clarity on their role and remit might be useful to the region, as they are the only truly regional partnership. At this stage they would appear to have a degree of some lack of accountability, and this could be addressed in an appropriate way.

3.2 *Potential for devolution of powers from regional to local level*

3.2.1 It is difficult to consider the “regional” powers that are currently in existence, apart from the devolved responsibility we have as an RDA for the expenditure of the “single pot” and the various functions of the regional assembly.

3.2.2 There is a point to be made however for greater decision making at the local level, but these would be in areas other than those mentioned in paragraph 3.2.1. The recent work of the RDA, the regional assembly and the Government Office for Yorkshire and Humber on Regional Funding Allocations is a good example of devolving power to the region and encouraging input from a more localised perspective.

3.2.3 If there is a movement towards subsidiarity, it must be recognised that this will need to involve a strong regional presence and input. Local Authorities will always have a democratic mandate but are not always best placed to deliver.

3.2.4 We do not have a view on the establishment of an Elected Regional Assembly, should this ever come back onto the Government’s agenda.

3.3 *Effectiveness of current arrangements for managing services at the various levels and their inter-relationships*

3.3.1 The current arrangements appear to be working well. There has been a long-running review of the regional assembly in Yorkshire and Humber which has affected the way the assembly is perceived by some in the region. However, it has not affected the operation of the assembly as it has contributed to the review of the Regional Economic Strategy (RES) and lead on the Regional Spatial Strategy (RSS).

3.3.2 The Local Authorities also appear to be managing services well. Managed by the Association of Local Authorities, we are a member of the Local Government Improvement and Innovation Partnership, which is a capacity building programme for officers and elected members. The region participated in a pilot in 2004–05, having successfully bid for funding from ODPM. The Partnership is in the final stages of negotiating on the approval of a new strategy and funding for the coming three years.

3.3.3 The pilot programme did some work around sharing best practice and joining up services on waste management and ICT. These have contributed to the learning and partnership working across the region. The Partnership hopes to continue these types of activities and expand on them when the new phase of funding is approved.

3.4 *Potential for new arrangements, particularly the establishment of city regions*

3.4.1 Within Yorkshire and Humber there are three city regions—Sheffield, Leeds, and Hull and Humber Ports. These city regions cover five million people and aim to contribute to the growth of the north on an economic and geographical basis.

3.4.2 We have supported the city regions and the City Region Development Plans that have been proposed by each area, and will continue to work with them to hopefully attain a stronger alignment to the RES. We are firmly of the belief that the economy should be the focus of the city regions, and that the discussions around governance and city regions have been distracting.

3.4.3 We are in favour of city regional work to bring together a wide range of issues. At the very least they should cover the economy, skills, transport, planning and housing, but would also advocate the inclusion of health, culture and the environment. City regions must also engage with the expanding regional agenda and should not become “mini regions” in their own right.

3.5 *Impact of new regional and sub-regional arrangements, such as city regions, might have upon peripheral towns and cities*

3.5.1 Consideration must be given to those cities and towns that fall outside of the defined city region boundaries. There is also consideration to be given to those towns and cities that cross regional boundaries also, particularly with regard to the delivery of regeneration programmes.

3.5.2 It should also be recognised that there is the potential for tension between the “core cities” and other towns and cities within a city region.

3.5.3 Both of these issues need to be addressed through collaborative working and through the genuine engagement of those towns and cities that view themselves as being outside the core towns and cities.

3.6 *Desirability of closer inter-regional cooperation (eg. Northern Way) to tackle economic disparities*

3.6.1 The Northern Way aims to make the North of England an area of exceptional opportunity, combining a world class economy with a superb quality of life. We support the concept of the Northern Way and are working closely with the other two Northern RDAs, One North East and the North West Development Agency, to make this vision a reality.

3.6.2 We are committed to ensuring close working between the RDAs and the relevant Local Authorities, business, and the voluntary and community sectors, as there is still work to be done in this area to ensure the maximum benefit for the North from this strategy.

3.6.3 The three Northern regions have worked closely on the Comprehensive Spending Review, lead by Yorkshire Forward, to negotiate for funding to implement the Northern Way Business Plan, and there may be the need to review the role and remit of the Northern Way when this Review is completed.

Memorandum by UNISON (RG 58)

BACKGROUND

UNISON is Britain's largest trade union with over 1.3 million members. Our members are people working in the public services, for private contractors providing public services and the essential utilities. They include frontline staff and managers working full or part time in local authorities, the NHS, the police service, colleges and schools, the electricity, gas and water industries, transport and the voluntary sector.

As we will highlight below we have had a long tradition of supporting the development of regional government and campaigned for devolution. We are also actively engaged with the whole range of regional institutions and non-departmental bodies that now exist in England. It is from this position of engagement, experience, and expertise that UNISON now comments on the current inquiry, and we would welcome the opportunity for senior regional members, regional secretaries or other senior officers to share their views and experiences with the committee as it receives oral evidence.

1. UNISON ENGAGEMENT IN THE REGIONAL DEBATE

UNISON has, for many years, been deeply involved in the debate over the devolution of power from Westminster. Ahead of the 1997 General Election we called for a commitment in the Labour Manifesto, and were an integral part of the "yes" campaigns in Scotland, Wales, Northern Ireland and London. UNISON supported the concept of devolution in 1997 not because of political expediency but because it was right for the people of those regions, right for public service delivery, and right for our members. In our view, if the principle of devolution for the Celtic nations and the capital is right, it is also right to consider devolution to our English regions. That is why UNISON also produced a number of documents presenting a positive case for the "yes" campaign in the North East referendum.

UNISON was also amongst the first unions to undertake a significant piece of work on this agenda when it published *Towards Regional Government—a UNISON discussion document* (UNISON, 2000). This reflected our position at the forefront of the debate regarding English regions. The document very clearly set out the principles upon which regional government should be established, and the different paths directly elected English regional governance could take—from the powers an assembly would assume, to its size, boundaries, funding sources, and voting systems. Importantly it also discussed the potential relationships between assemblies and local, central and European governments.

2. THE NEED FOR DEMOCRATIC ACCOUNTABILITY AND STAKEHOLDER INVOLVEMENT IN REGIONAL INSTITUTIONS

UNISON has always assumed that central to any new regional structure is the principle of stakeholder and social partner involvement. Indeed, so central has been our notion of "stakeholder involvement" in the operation of regional governance that we noted "democratic renewal" as one of the four principles upon which such reforms should be based.

UNISON believes that the core objectives for directly elected regional assemblies in England should be:

- *Democratic Renewal* To bridge the "democratic deficit" in the regions, with direct democratic accountability over Government Regional Offices, government agencies, RDAs and other unelected bodies. Any elected regional assembly should also seek to extend democratic participation, particularly for disadvantaged groups, and promote equal opportunities for all. Active citizenship, transparency and open decision-making should be at the heart of regional government and elected assemblies must be more inclusive and more accessible than existing institutions of government.

Taken from "Towards Regional Government—a UNISON discussion document" (UNISON, 2000).

For UNISON, democratic accountability and the ability to respond to the needs and expertise of social partners is a fundamental principal upon which regional assemblies must be built. Without proper structures in place that will enable assemblies or city regions to listen, respond and meet the needs of its residents there will be little justification, and no long-term popular support for such regional institutions. We would ask the committee to consider drawing on our expertise and experience to develop plans for structures that can truly deliver on the aspirations of our regions.

Wales, Scotland, Northern Ireland and London each have different arrangements for safeguarding stakeholder involvement. These differing structures have arisen in response to the different constitutional arrangement that currently exists in these parts of the UK and the legacies that they have inherited. It will be invaluable to have an opportunity to share with the committee how these arrangements are working from the union's perspective. Furthermore we are in a unique position with regard to participation in the many initiatives taken by English regional assemblies to engage stakeholders and our own experience within our own union in safeguarding and developing a voice and role for all our members.

3. FROM REGIONAL TO LOCAL LEVEL

UNISON believes that the powers of democratic regional governance should be devolved down from the centre rather than moved up from local government. This view is echoed by the LGA which has stated that “should a regional tier of government be proposed, it should be associated with devolution of powers down from the centre—consistent with the principle of subsidiarity”.

We also believe that the development of a positive relationship with local government would be critical to the success of regional governance and that the creation of democratic structures at a regional level would improve both the effectiveness of local government and enhance democratic viability.

The move towards regional government offers an opportunity for partnership working and would add value in terms of public service delivery and enhance local democratic accountability. When assessing the case for an elected regional assembly the North East Constitutional Convention stated that “because the assembly is concerned with improving the performance and accountability of existing institutions, rather than creating new ones, it has no implications for existing local authorities. Indeed, local authorities would benefit insofar as they would have a single regional authority with which to work in partnership instead of the current multiplicity”.

In addition the Association of London Government has stated that “In London, there are clear safeguards for councils set out in legislation and that it is hoped that the Mayor and Assembly will strengthen the role of the boroughs, especially their capacity to act on a pan-London basis”.

We therefore see an opportunity for regional governance to be a forum that brings authorities together to work more effectively. Such a tier, working in partnership with authorities, can assess appropriate powers to devolve—not only to an individual authority area, but to the sub-regional level as well. As we have seen sub-regional partnerships have developed at pace in London, Scotland and Wales, and we believe that initiatives in other parts on England would be strengthened by an empowered strategic democratic regional body.

There are clear links between these developments and the vision outlined by Sir Peter Gershon in his final report to the Treasury. Again, while we have concerns about this agenda, we are open to share our views with the committee and the government in order to build a shared vision for the future.

4. REFORMING LOCAL GOVERNMENT

UNISON has in the past resisted local government reorganisation on the basis of cost, disruption to service provision and our own member's interest. Yet we are open to and objective and honest debate on the future vision for local government, and are willing to weigh-up the costs and benefits that a major re-organisation will produce.

It is a much stated and obvious fact that England-wide re-organisation of local government would impact differently in different regions. Most urban areas are covered by unitary authorities and there is only one county council left in Yorkshire and Humber. However, in the South East, South West and Eastern region country councils are more dominant. The North East Constitutional Convention argues that a case remains for two-tier authorities in sparsely populated areas, and that the North East could proceed to regional government without any alteration to the structure of local government.

At present the two-tier system covers 272 local authorities and it is estimated to take at least two to three years to complete a full reorganisation. The cost of reorganisation for the whole of Shire England could rise to over £1 billion (the local Government Commission for England estimated a cost of £780 million in 1993), which may present difficulties in respect of Labour's manifesto pledge that regional government would not involve any additional public expenditure.

The Government has yet to enter the debate on the role of local government under a new regional government structure, and we await the Lyons review recommendations in the summer as a useful contribution to this debate. If we are to accept the potential benefits of reorganisation the government does need to provide a realistic assessment of the costs involved and a clear and reasonable strategy for managing change in the wider context of all the other requirements it expects from local authorities.

5. FROM REGIONAL ASSEMBLIES TO CITY REGIONS

While we monitor with interest the debate on city regions we have not yet been convinced that many of our fears regarding regional assemblies will not simply be transposed into the new debate. In particular we are concerned at:

1. *Conceding a debate about local government reform being a precondition of regional reform*

This argument is based on the assumption that creating democratic regional institutions is actually creating a “new” tier of government. This is demonstrably not true. Regional government already exists through the hundreds of unaccountable organisations currently spending billions of pounds of public money and having a significant influence over public policy.

2. *Cities dominating their hinterland and driving roughshod over the will of suburban and rural areas*

One of the major concerns of county councils and rural areas regarding previous plans for assemblies was that they would be dominated by the large metropolitan areas. It seems that these concerns have been totally ignored in the current debate where resources are even more likely to be “sucked-in” to the regional centre where debates will be dictated by metropolitan concerns.

3. *How will other organisations respond to a new “regional” map?*

Regional boundaries have been stable for some time now, and we question the value of re-opening the boundary debate when there can never be a universal consensus. In addition, with the stability of boundaries we have seen more and more organisations either move, or plan to move, towards co-terminosity with the Government Office borders. We question the cost and disruption re-opening this debate will have on future regional coordination and partnership working.

4. *What will happen to areas either not naturally included in a city region, or areas where there may be more than one city to which they are linked?*

While this is a question posed by the committee UNISON has raised the same concerns publicly, and is yet to receive a satisfactory answer.

5. *Why does the government think city regions are preferable to regional assemblies?*

While there has been a growing body of academic writing, and few think pieces by Ministers, there is yet to be a clearly stated case for why city regions are a better alternative to regional assemblies. We do not wish to invest time, effort and goodwill into a vision that is simply derived from the failure to win the argument for elected regional assemblies. If any democratic structure is to be endorsed by the public we need a strong and powerful case to be presented as soon as possible.

6. CONCLUSION

While we accept the result of the North East referendum on an elected Regional Assembly in 2004 as the democratic will of the electorate we continue to invest our resources into engaging with regional institutions and play an active role in the debate over the future of regional governance in England. We were disappointed that people rejected the idea of an elected assembly on the basis of arguments that were pessimistic, business orientated and premised on the falsehood that the proposals would create a “new” tier of government.

It is unquestionable that the result has not held back the tide of regional government. A significant tier of regional governance exists, and indeed, it continues to grow as the government devolve more power and resources to regional Government Offices, quangos and non-departmental bodies. We believe that while these institutions spend billions of pounds and have a profound influence over public services they must become democratically accountable to service users and the public. They must also have a genuine commitment to consult and involve all the social and economic stakeholders. Therefore, we look forward to working with Parliament, Government, social and economic stakeholder groups, our members and the wider public in developing a vision that provides efficient, effective and accountable regional governance.

Memorandum by the South West Regional Assembly (SWRA) (RG 59)

1. INTRODUCTION

1.1 The South West Regional Assembly (SWRA) is pleased to have been invited to provide a response to the terms of reference for the Committee's enquiry into "Is there A Future for Regional Government".

1.2 As a cross-party, broad based partnership; members of the SWRA have wide ranging views about the future of the regional agenda and the relationship between Central Government, the region and sub-regional and local partners. Nevertheless, there are matters on which the SWRA is able to offer a consensus view. The points made in this response reflect:

- on the impacts and successes of the regional agenda as it has developed in the South West region;
- the Assembly's response to the 2002 Regional White Paper; and
- the Assembly's response to the Rt Hon David Miliband's letter on the structures and functions of Assemblies.

1.3 The Assembly is one of a number of the organisations working at the regional level within the South West, and is a relative newcomer only having been in existence since 1998. It is a true regional partnership in that it is both politically and geographically representative of the region and draws together elected politicians with key social, economic and environmental organisations in the region. By bringing together such a wide partnership it has not only enabled some strong regional decision making but a number of important qualitative outcomes around cross-boundary collaboration, sharing of information and resources, and enhanced understanding of the challenges facing the South West. It considers amongst its key headline successes to date to be:

- agreement across regional organisations as to the South West's key aims and objectives through the Integrated Regional Strategy;
- effective engagement of local authorities in planning for the future growth of the South West through the emerging Regional Spatial Strategy; and
- accountability of the South West RDA to the people of the region through successive regional strategic scrutiny reviews.

1.4 Members and Officers of the SWRA would be willing to appear before the committee in further support of this submission.

1.5 The following sections address each element of the terms of reference in turn.

2. THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

2.1 Assembly members are committed to increased accountability and transparency of decision making at all levels.

2.2 The Assembly believes that real progress has been made in the South West on increasing accountability at the regional level through the Regional Assembly working in partnership with key regional organisations. The following list provides some key examples of progress:

- The publication of Just Connect!, the South West's first Integrated Regional Strategy in 2004, which for the first time provides the region with a set of clear aims and objectives to aid the integration of the 20 plus regional strategies in the South West and is signed up to by all key regional organisations (copy enclosed).
- Agreed regional responses on the Regional Emphasis Document 2003, consultation on the potential for Regional Funding Allocations in 2004, and the Regional Funding Allocations process in 2006.
- Regional strategic review—the Assembly's approach to its role in scrutinising the SW RDA which draws together partners from across the South West at regional, sub-regional and local level to reflect on policy issues of regional significance and the respective roles of organisations in delivery.
- In progress—a draft leaflet outlining the work of 3 of the key regional level bodies—the Assembly, GOSW and the SW RDA which should help increase understanding of the respective roles.

2.3 The Assembly believes that it is the only regional level body with a clear measure of democratic accountability, however imperfect. All the 51 local authorities nominate a Councillor to the Assembly and the local authority membership which accounts for nearly 70% of the total is politically balanced reflecting the make up of the region. In addition key regional partners, across sectors as diverse as business, the environment and equality groups, are represented on the Assembly.

2.4 Nevertheless, there is potential for change that would enhance the accountability of decision making for which there is clear appetite both within and beyond the region. Much of this appetite stems from the fact that it is clear that current arrangements at regional level are not well understood by all players which leads to lack of clarity over lines of responsibility. Indeed, a consistent finding of the Assembly in

undertaking its regional strategic review programme to scrutinise the work of the South West RDA is that there is a desire amongst partners at all levels to understand better the relationship between regional and sub-regional players and their respective roles and responsibilities. It follows that there is a desire for clear communication and further understanding on the roles of players at all levels.

2.5 The Assembly considers that there are a number of processes in the pipeline that will increase accountability and aid simplification at the regional level, for example the creation of Natural England and the proposed merger of the Regional Planning and Regional Housing bodies. Nevertheless, the Assembly would encourage the Select Committee to explore the following issues around the potential for simplification:

- the opportunity to streamline where institutions are involved in doing the same thing eg are there too many agencies doing the same thing, eg around business support and economic development?;
- the opportunity to combine regional assemblies with regional observatories to enable assemblies to more effectively link policy development work and their role in providing “the voice of the region” to regional intelligence;
- the opportunity for organisations to come together on statutory planning work eg several regional organisations are involved as statutory consultees on development plans and applications—is there an opportunity to the draw together regional players in responding to their statutory consultee role?⁸⁷;
- the opportunity for regional assemblies to have more of a role in the appointment of board members to organisations such as RDAs, and for the greater sharing of board papers amongst regional institutions including assemblies; and
- the need for greater connectivity between policy and delivery. Further opportunities for spend to be connected to strategic policy, such as through the Regional Funding Allocation process, need to be explored.

2.6 Although joint working within the Just Connect framework, has helped ensure that decision making is set more firmly within the context agreed by the region, there remains a lack of formal accountability to the region by the vast majority of regional institutions. At the moment the Assembly only has the remit and capacity to scrutinise the Regional Development Agency spending within the region, but increasingly the scrutiny reviews are looking at issues which cross organisational boundaries both at regional and local level and which are helpful in ensuring more open and better joined-up decision making at regional level for example: the strategic review of the Learning and Skills agenda encouraged Learning and Skills Councils in the SW to work together regionally for the first time; the strategic review of tourism enabled the linking of regional and local activity so that expenditure supporting tourism in the region works better.

2.7 The Assembly considers, therefore, that the Select Committee should explore seriously the potential for increasing regional accountability through further endorsement and effective use of the Assembly’s scrutiny function. Regional reviews of public spending led by the Assembly bringing in other key partners will help ensure more soundly based expenditure in meeting regional as well as national priorities. One area which the South West Regional Assembly is keen to be able to contribute to ensuring effective regional working in the activity of the Highways Agency. There needs to be a closer relationship between the Highways Agency, Assembly as the body responsible for regional transport and local transport authorities.

2.8 The Assembly also believes it would be helpful to arrange more partnership working across the health, education and crime sectors in the South West. (The South West Assembly has found it very beneficial to have a secondee from public health support the development of the Regional Spatial Strategy).

3. THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

3.1 The Assembly remains committed to the principle of decision making being at the right level for the purpose (as outlined in the Assembly’s response to the Government’s White Paper).

3.2 Powers that are currently held at regional level cross a range of regional institutions from the economic role of the Regional Development Agency to the role of Regional Assembly on statutory planning. Nevertheless, it is important to emphasise that powers held at the regional level are still relatively limited. The Assembly’s current role is clearly in the area of strategic policy and regional overview—facilitating cross-boundary working. The Planning and Future Housing Body functions, will still be advisory to Government and Few regional organisations have executive, decision making powers directly influencing spend in the region.

3.3 From the Assembly’s perspective a key question that needs to be pursued is about ensuring accountability of decision making at whatever level it takes place. As outlined in section 2 above, key institutions operating at the regional level are effectively arms of national Government and are therefore accountable at national level rather than regional or local level.

⁸⁷ The Assembly is committed to establishing protocol with other statutory consultees to ensure that in commenting on local plans and planning applications there is a consistency of approach and the avoidance of duplication.

3.4 The Assembly firmly believes that joint-action at the regional level has been important in assisting effective delivery at the local level. For example, two key areas where coordination at a regional level in the South West has proved to be particularly important have been on waste incineration and affordable housing. The regional housing body, in drawing together key partners, has been able to provide clarity on the South West's housing needs and priorities in a way which has been beneficial at all levels in the South West. The Assembly in partnership with the South West Local Government Association has then taken this forward in making the case to Government on behalf of all the region.

3.5 Clearly, one of the key functions of the Assembly is regional planning. Working at the regional level is enabling the greater joining up of policy at the local level. It is arguable whether the extent to which some of the successful cross-boundary collaboration on planning for the future of parts of the region would have taken place without the influence of the region. Joint Study Areas that have informed the developing Regional Spatial Strategy have involved significant cross-boundary collaboration in many parts of the South West.

3.6 It will clearly be important for the Select Committee to reflect on the findings of the Lyons Review on the functions of Local Government as part of this inquiry.

4. THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

4.1 The SWRA operates at the strategic level and does not have a direct role in service provision. However, it is able to make two key observations on this area.

4.2 The first is that it is committed to the subsidiary principle—service delivery should take place at the right level. There may be much to learn from Local Area Agreements which offer the flexibility to local authorities to deliver services in innovative ways to meet their needs.

4.3 The second is that the mismatch in institutional boundaries across service providers creates confusion. At whatever level services are deemed appropriate to deliver at, co-terminosity of geographical boundaries would be of significant benefit.

5. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

5.1 The evident link between the economic performance of regions and the competitiveness of their towns and cities is clear. This is one of several reasons why the SWRA, through the emerging Regional Spatial Strategy, supports the focussing of housing and economic growth in its key urban areas. However, as a very rural region, these areas' importance cannot be overlooked.

5.2 The “city-region” concept is gaining increased parlance. Yet, without clear details on the purpose, funding or administrative arrangements for city-regions it is hard to comment on the real potential for, or implications of such a model for the South West. Three key observations that the SWRA can make are:

- any city region structures should not be a substitute for regional wide policy coordination and debate which has shown to be of real benefit to the South West region as detailed under section 2 above;
- the relationship between any new and existing arrangements needs to be clear and transparent and increase accountability not blur it; and
- if “city-regions” are to be equated with England's core-cities then in regions such as the South West, with only one core city, arrangements will need to be sensitive to the needs of other cities, towns and rural areas.

5.3 The SWRA would be cautious about instigating new arrangements without proper assessment of the value and effectiveness of current structures.

5.4 It might be helpful to know that under the auspices of “The Way Ahead”—the South West's submission to Government on the Sustainable Communities Plan—the region (led by the South West RDA) has established a “Key Areas Group”. What this group has shown is the benefit of sharing best practice and experience between urban areas.

6. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

See comments under 5 above.

7. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

7.1 There are clear and tangible benefits to close inter-regional co-operation to tackle economic disparities. As the Northern Way has shown, where commonality of objectives exists, there are real economies of scale achieved by working closer together.

7.2 From the perspective of tackling economic disparities in the South West two key areas that can be influenced by inter-regional co-operation relate to transport infrastructure and spatial planning. The South West has worked closely with Wales and the South East on the Multi-Modal Study and continues to work with across-regional boundaries on the development of the Regional Spatial Strategy. A current priority is working with the South East and East of England on the implications of the construction of Crossrail on the economies of our respective regions. Nevertheless, the SWRA considers working cross-regional boundaries is an opportunity that regional players collectively need to do more of.

7.3 In the context of increasing global competitiveness, it is clear that regions will need not simply to collaborate with one another within the UK but look to solutions to tackle economic disparities with neighbours in Europe and beyond.

Memorandum by the South West Constitutional Convention (SWCC)(RG 60)

1. EXECUTIVE SUMMARY

- Controversial policy issues in most regions—for example new housing targets and strategic transport infrastructure—do not map neatly on to the mandates and competences of existing authorities. Leaving them to be determined centrally is unlikely to prove politically acceptable, as bitter debates about new housing patterns shows. There is a need for these issues to be controlled, as far as practicable, by democratically accountable authorities, advised where appropriate by appointed quangos. There is also a need for wide-area issues to be addressed by authorities—whether elected or not—whose members are constrained neither by parochial NIMBYism nor by arbitrary and narrow “silos” of specialism (See section 2, below).
- The referendum result for the North East last year was a sobering—and perhaps unexpectedly stark—insight into the depth of public scepticism about the Government’s devolution plans at the time. However, we believe that the scepticism was about the effectiveness of local government generally, and about the robustness of emerging city-regions in the North, as much as about the viability of the specific model of elected assembly being proposed in the Draft Regional Assemblies Bill (See section 3, below).
- The concern a few years ago about a “democratic deficit”—when judging English governance by the standards of continental Europe—seems to have been replaced by a concern about the calibre of local and regional governance—and of politicians themselves. The Comprehensive Performance Assessment (CPA) regime has shown over the last three years that some authorities struggle to reach even basic levels of corporate competence, which is often a consequence of their simply being too small. But nor are the unelected assemblies held in high esteem. There is a growing consensus that better governance, and restored public engagement in local politics, could be secured by having fewer, better qualified, better empowered and more focused people engaged in governance (see section 4, below).
- People are sceptical about enlarging government, and fear that it will create additional fiscal drag on the region’s economy. This argues not only for persevering with the rationalisation of the two-tier system, but for ensuring that any new structure is rationally based on subsidiarity. It is unlikely that the existing tiers of local government will muster much enthusiasm for this, as too many personal careers and power bases may be threatened, but the status quo is now so confusing and inefficient that the long-term case for pressing ahead is overwhelmingly strong (see section 5, below).
- There is a possibility—not beneficial to the South West—that “city regions” will take root by default. The cities face intense regeneration needs, and many in the southern regions also face crises in affordable housing and sustainable transport. This may mean that new forms of governance will evolve to fill the vacuum in regional policy, but will fail adequately to address the interdependence of conurbations and rural England—a particular challenge in the South West where a minority of people live in urban settings.

2. THE STATUS QUO

2.1 The current apparatus of governance in the South West has, in the wake of the NE referendum, needed to carry on for at least a while, although we are aware that the existing (un-elected) South West Regional Assembly (SWRA) is not highly thought of, and is increasingly regarded in the region as an expensive and over-large talking-shop which many attended with extreme reluctance. We are also aware the Conservative party nationally has—in the wake of the NE referendum—called for the unelected assemblies now to be wound up, and that some Conservative politicians see them as Trojan horses for the imposition via ODPM of unacceptably high new house-building targets.

2.2 On the other hand, we recognise that issues such as house-building, general land-use and long-range transport cannot entirely be resolved at the level of district or even county councils, and that some kind of regional decision-making apparatus is needed. Those involved in the former Regional Planning Conference can testify as to the degree of tension between even upper-tier local authorities when these issues are being negotiated.

2.3 In the Regional Assemblies legislation, the creation of elected assemblies was linked to the rationalisation of the existing two tiers of local government to a single unitary tier in shire areas. We have always believed that the move to unitary government was likely to resume at some point—and was desirable—even if temporarily stalled because of the NE result. The existing unitary authorities are likely to want to press ahead with their respective agendas without waiting for a regional policy to be reassembled. Unless the problem of two-tier local government is addressed within a year or two, it seems likely that that existing unitary authorities—mostly centred on conurbations—will by default seek to develop their infrastructure and policies along the lines of city-regions. This would simply not suit the South West, as large tracts of the region are centred on comparatively small market and coastal towns.

3. RELEVANCE OF THE NOVEMBER 2004 REFERENDUM IN THE NORTH EAST

3.1 The result on 5 November last year of the referendum held in the NE region appeared to show a high degree of public rejection of the proposal to create an elected NE Assembly. We believe that the referendum had probably offered a “lightning-rod” for a local electorate who might have reacted against a whole series of secondary issues, apart from the specific idea of an elected North East Assembly.

3.2 Among the dislikes encountered during the campaign were (a) a general disenchantment with the current Government and anything it proposed, (b) a non-specific suspicion of politicians generally (perhaps especially a new tier of politicians), (c) a worry that an extra tier would be costly in relation to the limited powers on offer, (d) an unease about the prospect of regional power being concentrated in one locality (probably Newcastle) at the expense of others, (e) worries that regional government was the first step towards dismantling the sovereignty of the UK, and (f) a general conservatism about the notion of changing patterns of government at all. In short, it was difficult to be sure precisely what people were saying “no” to, but the effect was undoubtedly to blight any immediate prospect of parallel referenda in other English regions.

4. THE EXTENT AND QUALITY OF DEMOCRATIC REPRESENTATION

4.1 The calibre of local politicians—whether members of the SW Assembly or not—is not universally high, or at least not as high as it needs to be to restore public faith and engagement in local politics. A few years ago, the concern being voiced was of a “democratic deficit”: of there being too few elected politicians to represent the diverse territory of the region. There is still concern in some quarters that an elected assembly with not less than 25 but not more than 35 members (as originally proposed in para 3(5) of the Draft Regional Assemblies Bill) would have struggled to secure fine-grained local knowledge of a region as extensive and diverse as the South West. Even so, more often nowadays one hears complaints that the members in office in the existing authorities are unimpressive, and that good governance could be secured by having fewer members who were more focused on their mandate.

5. SUBSIDIARITY AND POWERS

5.1 We in SWCC support the principle of subsidiarity in shaping governance structures. But that is not what we currently have in England. On a rigorous application of subsidiarity, one would expect to see truly local services, such as the running of a local library or the management of a local care home, administered by the most local democratic tier of government, and yet these are two examples of county council functions. Most county councils run these services well enough, but need to set up sub-county teams—often with their own local offices—to achieve this.

5.2 By the same token, one would expect to see very wide-area functions such as strategic transport through the trunk road network, accountability for rail franchises, the shaping of land-use policy, such as the handling of waste disposal or the protection of amenity land, handled at a regional level. There seems currently to be an acceptance by Government that police and fire services need to be seen as at least sub-regionally structured, as strategic health service management is already. And yet strategic transport and

land-use functions are rather awkwardly scattered among non-democratic regional quangos, individual county councils with different cross-boundary policies, or else are subject to diffuse influence through the non-elected regional assemblies.

5.3 For their part, the district councils seem to us to hover rather uncomfortably between cohesive local communities—such as urban neighbourhoods, market towns or clusters of villages—and arbitrarily-drawn larger entities (such as Torridge or West Somerset) which have neither the self-awareness of natural local communities nor the strategic detachment and critical size needed to escape NIMBYism. The result is—in the South West—far too many small bureaucracies, each struggling to sustain a huge breadth of functions for a relatively small area. Again, within these constraints, most perform surprisingly well, but we cannot help thinking that this same level of ingenuity and industry applied within a more appropriate framework would work better for the populations they serve.

5.4 The South West is also a region still governed predominantly through two-tier local government structures. Now that we have had three years' experience of formal performance rankings for local authorities through the Comprehensive Performance Assessment (CPA) regime, we can see all too clearly the effect of some of the smallest districts in the South West struggling to maintain basic corporate functions. Even where new unitary authorities were created in the late 1990's, as in Torbay and Plymouth, it was painfully obvious that they struggled to apportion resources with the pre-existing county council—in that case, former Devon—and neither has yet regained financial stability even seven years after incorporation. While SWCC values the democratic sensitivity which can flow from two tiers of elected local government, we are concerned by the spectacle of 51 sovereign authorities each seeking to support administrative back-of-house functions, with—inevitably—51 sets of mostly purpose-built premises for a region of only 5 million people.

5.5 It seems clear to us that the rather unimpressive array of powers on offer to proposed regional assemblies in the last legislation has been a factor in failing to capture public enthusiasm for elected assemblies, and has allowed the allegation that they would be little more than expensive talking shops to take root. The Campaign for the English Regions (CFER) has campaigned strongly for the range of powers to be extended. A report recommending this, "Regions that Work", was published jointly by the CFER and the Local Government Information Unit in March last year. But ultimately some (including SWCC) had allowed themselves to be persuaded that assemblies with initially few direct powers might be a basis for regional policy growth in future years. This was a tactical error. The "expensive talking shop" epithet has stuck—for at least some people—and will now require that there should be clear moves towards properly empowered assemblies before there is any chance of future public support for the concept.

5.6 There is a particular difficulty over the current planning regime, in that development control authorities are the lowest available tier of government (excluding the parishes), and this seems likely to encourage members on planning committees to pursue very parochial interests or simple "NIMBYism", safe in the knowledge that the Secretary of State could always take the flack in over-riding their decisions in the wider interest. This had over the years fostered an unhealthy disregard among local politicians for issues which benefited any area outside their immediate "patch".

6. REGIONAL BOUNDARIES AND CITY-REGIONS

6.1 The South West is England's most extensive region, and probably also its most culturally and economically diverse. At its eastern end, around Swindon, it effectively contributes to the economy of the south-east through the M4 corridor, where connections to Heathrow and Greater London make the sub-region attractive as a location for national headquarters offices and to new technology inward investors. At its western end Cornwall, Plymouth and Torbay struggle with economic fragility and some of the highest levels of social deprivation anywhere in Britain. This size and diversity has encouraged some dissenting groups in the South West to campaign for smaller sub-regions—perhaps most conspicuously one centred on the county of Cornwall—or to promote the re-drawing of boundaries. We believe these to be dangerous distractions from the more pressing issues of critical mass and subsidiarity.

6.2 The issue of regional boundaries has been played down both by Government and by CFER for the last few years, on the grounds (a) that economies of scale demand that a viable region in the mainland European mould be of about five million population—roughly equivalent to that of the whole of the current SW region, and (b) that it will probably never be possible anyway to reach a universal agreement about where a region actually begins and ends. For the SW, the main friction points have been Cornwall (some of whose residents oppose any continued association with points north and east, and contend that Cornwall is an economic, linguistic, and cultural region in its own right) and the "Solent fringes" of East Dorset, Christchurch, Bournemouth and Poole, whose economic and cultural hinterland extends more naturally to the east than to the west. To a lesser extent, there are also boundary ambivalences in Gloucestershire (tending to look north towards the West Midlands conurbation) and in Swindon and East Wiltshire (tending to look east along the M4 corridor).

6.3 These issues are a minefield, and suppressing debate about them might alienate certain would-be supporters of devolved governance. Rekindling them might, however, divert attention away from the less popularly visible shared resource and infrastructure problems of the region. In the current climate the Government might well be tempted to re-cast its proposals on different geographic boundaries, if that meant

capturing more local support. This is a particular issue for the South West, because open support for devolved government here is lower than in other parts of England anyway. If the towns and cities along the M27 arc bordering the Solent were, for the sake of argument, to evolve by default into a Solent city-region, than that would further deplete any political will to create a wider SW region incorporating Bournemouth and Poole. And that in itself could make the Cornish tension greater, even if it meant moving the regional centre of gravity further west.

6.4 The concept of city-regions is now gaining ascendancy by default, and they may well offer a suitable model in those parts of England which are more urban in character than most of the South West. City regions are less prone to boundary disputes, simply because most of the debates about land-use and economic activity are focused on the conurbations themselves, allowing the gravitational pull of the cities to feather out into their economic and cultural hinterlands. But in the case of the South West, this would inevitably lead to a loss of political profile for those parts of the region—the great majority—lying beyond the travel-to-work areas of Bristol, Bournemouth and Plymouth.

Memorandum by Network Rail (RG 61)

1. Further to your letter inviting comment on the Committee's inquiry exploring the question "Is there a future for local government?" I would like to take this opportunity, on behalf of Network Rail, to briefly address the terms of reference outlined in your request.

2. It is worth stressing from the outset, that the planning of railway provision has, to date, proceeded along lines of routes and across the physical and social geography that reflect the users of the network and its operation, rather than any artificial political or governmental boundaries. As a result the comments in this response will not necessarily fit closely with the areas and regions that the committee is reviewing.

3. In some cases—such as city regions and inter-regional planning—the provision of rail services, as will be discussed, has pre-empted a number of the considerations that the committee are now making.

4. Conversely, there is little that can be contributed in relation to local authority specific planning of rail services, as the scale of services are such that provision will always be a matter that concerns a number of local authorities in addition to other stakeholders in their areas. This interdependency of needs and aspirations by stakeholders is something that is already reflected, and being developed, in the planning and provision of rail services—and is a fact that I believe we demonstrate we are conscious of when conducting consultations for future delivery.

5. As the committee will be aware, following the outcome of the Government's rail review, the 2004 White Paper and the Railways Act 2005, Network Rail has taken on significant additional responsibilities in the areas of accounting for performance and industry planning.

6. These additional responsibilities include the production of Route Utilisation Strategies, which local and regional government feed into. RUSs seek to identify opportunities for improved utilisation of the existing network, small opportunities for enhancement and changes in customer and stakeholder demand and aspirations. We are publishing a Consultation Guide explaining the RUS process, how people can contribute and the programme of work to be undertaken. In a number of areas we have inherited programmes where work was already underway and have already begun the consultation processes.

7. Once established, RUSs have to be taken into account by Network Rail in carrying out our activities and by the ORR in considering access and licence issues. They will also link with the government's High Level Output Specifications, franchise specifications, and rolling stock specifications. Network Rail's approach has been to invite input from local authorities and other regional stakeholders—offering briefing sessions in advance of the consultation in order for transport officers to be fully able to participate.

8. Due to the size and shape of the railway it can be expected that any transport consultation will not be contiguous with regional, or indeed local, political boundaries. While the RUSs do need to be informed by regional planning assessments and local development plans (and submissions on both counts are sought), long-term, strategic, transport requirements will continue to be set by central government through the Department for Transport's High Level Output Specifications.

9. Network Rail has recently held the first of what we intend to become biannual local authority conferences reflecting the fact that as well as local transport planning, there are a wide range of other interactions we have at regional and local levels including: environmental management, town planning, antisocial behaviour, redevelopment, and future planning up to regional planning assessments. In many of these cases we work at an operational level with the relevant authority.

10. In many environmental and social areas, new regulations and initiatives continue to be led by central government: Network Rail regularly interfaces through working groups, pilot programmes and consultations.

11. We note that the committee's interest in studying the desirability of inter-regional co-operation (such as the Northern Way). Network Rail are working with the Northern Way through our work with Yorkshire Forward, which is funding development work for enhancing rail freight capacity and capability on two important routes out of Hull and Immingham, both of which are aimed at delivering wider economic benefits.

12. With regards the committee's proposal to consider the establishment of city regions, we would point to the existence of the seven Passenger Transport Executives and Passenger Transport Authorities already in existence. These cover the West Midlands, Greater Manchester, Merseyside, West Yorkshire, South Yorkshire, Tyne and Wear and Strathclyde (the latter of which is to be absorbed by the new Scottish Transport Agency).

13. PTEs specify and manage local rail franchise operations in their area. Following the rail review, the government is moving to give these bodies greater ability and responsibility to bear the direct financial implications of their decisions on services and fares—and thereby flexibility to make trade-offs between rail and other modes.

14. In summary therefore, we would suggest that transport planning has already moved beyond the simple boundaries of both local and regional government in many areas. In other matters it is continuing to develop, across these boundaries, tailored approaches to fit the needs of customers, the structure and operation of the services, and wider stakeholder groups affected by industry decision making.

Memorandum by Andrew George MP (RG 62)

I want to respond to the invitation the Committee has issued in the light of its Inquiry into whether there is any future for regional government.

There are three issues which I and my fellow Cornish Members of Parliament (Colin Breed, Julia Goldsworthy, Dan Rogerson and Matthew Taylor) wish to convey for the Committee to reflect upon.

1. REGIONAL AFFAIRS STANDING COMMITTEE

I have been surprised and disappointed that since the resounding “No” vote in the North East Devolution Referendum on 4th November 2004, neither any Government Minister, nor the Leader of the House nor anyone else with an influence on these matters has sought to call a meeting of the Regional Affairs Standing Committee, to provide an opportunity for a post referendum reflection on lessons learned and how to seek to build a new consensus for devolution, if that was desired.

I have raised the matter in letters, business questions and debate and am surprised and disappointed that the Government has so far resisted the opportunity to permit the Standing Committee an opportunity to debate an issue which would have been the most substantial that the Committee would have considered since it was set up in early 2001.

2. GOING BACK TO “FIRST PRINCIPLES” OF DEVOLUTION

I attach with this brief submission a copy of a debate I provoked in the Westminster Hall on 23 November 2005—Local and Regional Government (Columns 450WH-473WH)—
<http://www.publications.parliament.uk/pa/cm200506/cmhansrd/cm051123/halltext/51123h03.htm>

One of the key principles I felt it was important to convey to the Office of the Deputy Prime Minister was a reminder that devolution was fundamentally about “letting go” rather than “holding on for dear life” of the agenda. I also set out a proposal for how that principle could be translated into policy practice.

Fundamentally, this would involve the Government setting up and “enabling” a process and an opportunity for local authorities and communities to bring forward a “business case” and to bid to the Government for the transfer of powers on the basis of that case from a “menu” of powers set out in the initial enabling legislation.

3. CORNISH CONSTITUTIONAL CONVENTION

Dovetailing into the approach outlined, we have been sent copies of the submission from the Cornish Constitutional Convention and wish to make clear our support for the approach that it takes.

Memorandum by Councillor Nic Dakin (RG 63)

This is a brief submission made in a personal capacity but drawing on my experience for six years as a member of the Regional Assembly for Yorkshire and the Humber and more latterly, my two years as Yorkshire Forward Board Member. I make the following observations:

- Devolution of powers to regional level continues apace. Most recent examples of this include business links responsibilities and the quasi regionalisation of LSCs. This trend is both welcome and appropriate.
- Wherever possible power should continue to be devolved to the level closest to the people. This may be European, national, regional, local or area level. (Where area level involves communities on geographical basis smaller than the local government boundaries).
- Individuals operating at regional level put a huge amount of work in. There are a number of paid employees operating at regional level. Regional governance is, however, precarious. A lot of people do their best but regional governance, however important, is marginal to their principal driving concerns. These tend to be local government based or from voluntary, community, other public or private sectoral interest.
- Only directly elected members to a regional body will properly address the vulnerability of regional governance. This would also, of course, tackle head on the issue of accountability. This would also lead to simplification of the current system.
- Current arrangements lack clarity for the general public. Whilst the Assembly, the RDA and Government Office work broadly well together one can't help but wonder if the model is simple, efficient and effective. The accountability lines are distorted.
- City regions work well as an economic concept like travel to work areas or travel to learn areas. It would be a significantly flawed approach to turn these into units of governance or government. Such a move would exacerbate confusion in the public mind, increase tensions at regional and local level, and distract energy from the key task of driving up the region's performance.
- Closer inter-regional co-operation is more than desirable; it is essential. People don't operate within governmental boundaries whether they be geographic or otherwise. If we are to achieve the best for the people we serve we must co-operate with a purpose.

Memorandum by Richard Buttrey (RG 64)

SUMMARY

I write in my capacity as a Council tax-payer in the North West. I have closely followed the workings of the North West Regional Assembly (NWRA), and attended meetings for two years. I have no particular knowledge of other Assemblies.

It is clear that the NWRA Assembly is largely a networking club for local councillors. This is evidenced in much of their literature and conferences. It seems to have little relevance to the people of the North West and most of the public have no idea that it exists. To the extent that they are aware, they believe that they were at some stage going to be given a referendum on whether to have an Assembly at all, and it comes as a complete surprise to most that it already exists. It is unrepresentative and does not adhere to normal standards of accountability.

These deficiencies are not a reason for reforming it, rather eliminating it and devolving powers back to local councils. With MEPs, MPs, local and parish councillors we have sufficient representation. What we don't need is another level of government.

1. Unrepresentative

In the last region wide election, that of the 2004 European Parliamentary election, the Labour party gained 27% of the NW vote. Yet the NWRA is dominated by Labour councillors who account for 60% of the local authority councillors on the Assembly.

2. Unaccountable

2.1 The NWRA has not published its accounts for two years, and at the date of writing this submission, still we don't yet have a date when they will be published. The NWRA costs the public purse over £5 million. It is totally unacceptable and against all the normal standards of public accountability that we have not seen the accounts since 2003.

2.2 The NWRA is in breach of its own constitution. Under section 13 (c) of its constitution, local authority subscriptions for 2005–06 should have been paid by 30 September 2005. By that date not one of the local authorities had paid. (Confirmed in a letter to me by the Monitoring Officer of St. Helens MBC, the lead authority for the NWRA).

When, at its 18 November 2005 meeting, I complained to the Chairman of the Assembly (Councillor John Joyce of Warrington BC) that the Assembly was conducting business in contravention of its constitution, he replied that, “the Assembly is akin to a private club”, and that members (sic) present could unilaterally vote for continuing in business. Which they duly did.

What should have happened is that a vote to become a member of the NWRA should have been put to councillors in all NW local authorities, and the whole council should have decided. This never happened and so in my opinion the NWRA and its members (sic), are acting ultra-vires.

It is completely unacceptable that a body paid for by the public purse can regard itself as a private club.

2.3 Last June the NWRA re-structured itself and set up an 18 member board. Despite the web site saying this was, “following widespread consultation across the length and breadth of the North West”, and despite my particular interest in the Assembly, I detected no consultation whatsoever, and certainly not at local authority level.

2.4 Last May the Chief Executive of the Assembly was suspended. Nearly eight months later we are still unaware as to why.

Richard Buttrey

Memorandum by The Law Society (RG 65)

I write on behalf of the Law Society’s Planning and Environmental Law Committee in response to the request for written evidence to assist the ODPM Committee in its inquiry into regional government. The Law Society is the professional body which regulates and represents the 100,000 solicitors practicing in England and Wales. The Committee is comprised of 20 practitioners expert in these areas of the law from a cross section of the profession, both public and private sectors and from across the country.

The Committee has been consistently critical of the establishment of Regional Development Authorities which lack the democratic involvement of the people who live in each region. Indirect representation through the nomination of representatives from constituent local authorities and the involvement of invited “stakeholders” is no substitute for democratic election. However, as the referendum in the North East in 2004 demonstrated, there is no appetite amongst the electorate for the creation of a new tier of government which many regard as likely to be both remote and bureaucratic.

The Committee’s interest in regional government lies in the area of town and country planning and the planning of other strategic issues such as housing and transport. Under the Planning and Compulsory Purchase Act 2004 there is a new obligation on Regional Planning Bodies to produce Regional Spatial Strategies. The Secretary of State has designated the Regional Development Authorities as the Regional Planning Bodies for this purpose, without addressing the question of democratic accountability. Indeed, fresh initiatives in relation to regional devolution seemed to have been placed in the deep freeze.

The Committee acknowledges the need for issues which cut across the boundaries of local authorities such as housing need and transport, to be addressed at the strategic regional level in order to maximise co-ordination across the area and to act as a focal point when seeking Government funding. The transition from Regional Planning Guidance prescribed by the Secretary of State to Regional Spatial Strategies developed within each region has to be regarded as an improvement. The significance accorded to community involvement in the production of RSS has yet to be tested in practice. There is a real problem in rendering regional level plans relevant at the local level and the Committee fears that few ordinary members of the public will feel impelled to participate in that process. It is to be hoped that novel approaches to community involvement can be initiated to address this disinterest and to ensure that there is some material level of popular participation and hence consent.

In the absence of democratic involvement at the regional level, the Committee considers that there must be a clear demarcation between the respective responsibilities of the regions and the constituent local authorities. In all cases issues should be for the local authority unless there are demonstrable reasons for dealing with an issue at the regional level. As indicated above, the Committee agrees that there are good reasons for that regional level in planning and transport. That aside, as far as practicable planning issues should be the responsibility of the local authority and not the regional bodies—as indeed is the case with minerals and waste planning which lies with the county council or the unitary local authorities. However, there is no immediate solution to the absence of democratic involvement in regional government. The Government’s reluctance to undertake further devolution referenda is not particularly helpful. The job of selling the principle of regional government has scarcely begun.

The Committee is sceptical of the establishment of city regions and inter-regional co-operation along the lines of the Northern Way for purposes of economic regeneration. Both concepts appear to focus on core

central areas rather than looking across the whole of the area. Indeed, the Northern Way is focused on urban centres almost to the exclusion of the regional hinterland. If these sorts of initiatives are to be taken forward as an alternative to regional government they will need to embrace far more clearly the whole of their areas. They will also need to address the issues of democratic involvement and popular support for these approaches to regional development lest they share a fate similar to that of the Regional Assembly in the North East.

Memorandum by the Campaign for an English Parliament (RG 66)

SUMMARY OF EVIDENCE

Regional government is not devolution. Accordingly, the six issues which the Select Committee is addressing are issues of English local government re-organisation, not English devolution.

A correct understanding of devolution is required.

The basis of the devolution accorded by the UK Government in 1988 to Scotland and Wales was distinct nationhood within the United Kingdom.

Devolution was granted only to 16.6% of the UK population, namely Scotland, Wales and Northern Ireland, not to the 83.4% of the UK population, namely England, despite the claim made by the Prime Minister in 1998 that his Government was embarking on a “comprehensive programme of constitutional reform”.

The “regional government” on offer in the 2004 referendum was nothing more than another round of English local government re-organisation, and indeed one which would have in fact increased Whitehall control.

This is the English Question and the West Lothian Question, both of which are not being addressed by the UK government and, it appears, not by this Select Committee.

Devolution 1998 made the Scottish Parliament and the Welsh Assembly responsible for Scottish and Welsh local government. No UK Parliamentary Committee of MPs can consider either independently of that Parliament and Assembly. The UK government however inclusive of Scottish and Welsh members, in the absence of any English devolution, continues to be responsible for English local government. This is both discriminatory and constitutionally wrong.

The issues listed by the Select Committee in its press release cannot be constitutionally, adequately and fairly addressed without resolution of the English Question and the West Lothian Question.

It is constitutionally unfair, unjust and discriminatory, that the UK government can and does address and decide the local government issues of only one of the constituent nations of the United Kingdom, namely England while giving Scotland the freedom to decide the same issues independently.

The only way forward genuinely fair to England, and indeed to each of the constituent nation parts of the Union, will consist in a reconstruction of the Union in which the new relationship of Scotland to the UK State is granted to the other national constituent parts.

Unless the Select Committee addresses this issue in its Inquiry, its recommendations will not be complete, thorough and adequate.

OBSERVATIONS ON THE TEXT OF THE COMMITTEE’S PRESS RELEASE

“A FUTURE FOR REGIONAL GOVERNMENT?”

1. There is regional government in England, none in Scotland and Wales. Scotland and Wales have national institutions of devolved government, the Parliament and the Assembly. The 1988 devolution legislation expressly designated them distinct nations within the United Kingdom; the terminology of regions was not applied to them. The Prime Minister’s assertion: “I certainly recognise that England is a nation” (*Bradford Telegraph/Argus* 22/2/01) has not received any political or constitutional expression.

2. England has received no devolution of any sort. Instead it has been organised into eight regions with regional assemblies and one urban authority, the GLA by the UK government. Whereas the mayor of the GLA is directly elected, members of the RAs are not. RAs are made up of nominated members and they co-exist with county/city/district councils and regional development agencies. The GLA boundaries are those of the former GLC, those of the eight regions completely arbitrary. Their geographical size and that of the populations vary very greatly. England’s North East region is 2.5 million, England’s South East region is eight million. The NE region is just 90 miles in length, the South East some 250 miles. Their actual powers and responsibilities, which differ greatly from those of the GLA, are not clearly defined but are being developed by a process of UK Government subtraction of powers from existing councils in such areas as planning, economic planning, housing and transport.

3. The GLA and the RAs constitute a form of local government organisation.

TEXT DETAILS

4. “In the light of the no vote in the North East devolution referendum on 4 November 2004 . . .”

The said referendum was not a devolution referendum. Not only did it contain no elements of devolution, but the constitution of the RA on offer was designed to achieve an increase in UK central government control of local government. Further that constitution would have maintained the independence of the RDA in relation to the RA, though of course central government control of the RDA remained unaffected. The correct description of the said referendum is a “referendum on local government re-organisation”.

5. “Issues relating to regional government”

This phrase and the listed issues confirm not just that there is regional government in England but that it is the intention of the UK government to develop and extend regional government in England. Regional government in England has been imposed incrementally by both Conservative and Labour administrations. No RA members have been elected. In contrast to English counties, regions are not historically organic local government developments but artificially constructed and governmentally imposed. The new concept of “city regions” will by and large correspond to the organic way in which England has developed. One salient feature of “regions” which is very unpopular is that that they do not correspond with local identities, which have taken centuries to develop.

6. “the potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements”

This is a rather gnomic objective. It must be assumed that “regional” refers to the present eight regions and “sub-regional” to counties, cities and district, even parish, councils. As things stand, electoral accountability exists only at the “sub-regional” level, it is altogether absent from the regional level, so the potential for increasing it exists only there, which points to direct elections. Direct election of regional members however was in fact the only thing formally on offer in the referendum and was therefore what England’s North East rejected.

7. The statement assumes there will be regional government. “Accountability of decision-making” should however start with letting the electorate vote on whether they want regions and regional assemblies in the first place in any shape or form. It appears deficient of the Select Committee not to see this.

8. “the potential for devolution of powers from regional to local level”

As the existing RAs are not devolved authorities but a newly introduced form of local government and have no devolved powers themselves but only powers extracted by the UK government from existing local government authorities, it must be that what this statement means is that powers extracted from existing local authorities and given to RAs will be returned to them through the agency of the same RAs. This hardly makes sense.

9. There is much confusion of meaning here. It would be preferable if the Select Committee used the term “delegation” and not “devolution” of powers when discussing local government.

10. “the effectiveness of current arrangements for managing services at the various levels and their inter-relationships”.

This aspect of the Inquiry is not a matter this Campaign would deal with.

11. “the potential for new arrangements, particularly the establishment of city regions”

Like England’s historic counties, which constitute the oldest form of local government in existence in Europe and with which the people of England identify, city regions are an organic development, specifically since the Industrial Revolution, and in the case of London long before. What develops organically and naturally almost always works. What doesn’t work is imposed and artificial divisions of populations, of which it is very demonstrable that these “regions” are a prime example. These “regions” which the ODPM favours are artificial in their boundaries, have no roots in the political history of England and strike no resonance with how the people of England identify themselves. City regions however do suggest a definite potential for new and advantageous local government arrangements because they correspond to historic natural organic developments in the way English people have organised and identified themselves. But with caution, as immediately below.

12. “the impact which new regional and sub-regional arrangements, such as city regions, might have upon peripheral towns and cities”

This statement lacks clarity. Does it mean that city regions will be “regional” or “sub-regional”? One would hope the former because the vast bulk of population and economic output is located in what will be city regions, and if despite that they are sub-regions within a “region”, the rest of that “region” will be totally dominated by them, creating a dreadful democratic deficit and storing up deep reservoirs of resentment among the rural population. The environmental impact will be very bad too in that the rest of the “region” will become open game for new housing, employment parks and shopping malls, and all the roads that serve such developments.

13. City regions must be clearly delineated from the counties, and the counties must have equal powers in order to defend rural traditions, the countryside and the environment, rural employment and alternative ways of living from the cities. It is that the shire counties are not subordinated to urban areas. If the issue

were ever put to the population at large, it would overwhelmingly stand up for the preservation of England's countryside. There must be this buffer of power between city and shire county. However, the ODPM appears to have failed to recognise and appreciate any of this. Future generations will be the victims.

Usefully, the statement indicates that the Select Committee itself is sensitive to the possible impact of city regions upon peripheral towns and cities. They too have their local histories, identities and traditions which must be respected.

14. "the desirability of closer inter-regional cooperation (as in the Northern Way) to tackle economic disparities"

This "Northern Way" aspiration of the ODPM cannot possibly be dealt with adequately within the constraints of this submission. It a prime example of the utter artificiality of the whole regional programme. There are others. The West Coast line, the East Coast line, the motorway system, the distances people travel to go to work, the plane links from, say, Manchester to London of a mere half hour, the way the health system works, etc, they all show up that artificiality. England is a small country. "Regions" are not the way the country works or the way people think and live their lives. This "Northern Way", strangely, was dreamt up by the ODPM even when it was engaged with total vigour and immense expense in trying to persuade the people of the North of England that they lived in three different regions. The reality is that industry defies such artificial boundaries. The M62 intersects with the M6 and the M1. Hull, Sheffield, Bradford, Leeds, Manchester, Warrington, Saint Helens, Runcorn, Liverpool, Birkenhead, all along the M62 and its connecting motorways are not in different "regions", they are in one country. Life flows between them. Industry, life, employment, culture in England flows east and west, north and south without boundaries. How out of touch can one get when Gloucestershire, a stone's throw from Oxford and from Hereford, towns and counties it has lived in close commerce with for centuries, is placed with total artificiality inside a South West "region" that runs hundreds of miles away to the Scillies, separated from the South East "region" that has Oxford in with Dover (yes, Dover!) and from the West Midlands "region" that has Hereford in with Stoke on Trent?

ISSUES TO BE CONSIDERED

15. The Select Committee's press release inviting evidence states that the Inquiry is its response to the "no" vote in what it calls "the North East devolution referendum". The presumption of that statement is that devolution was on offer to England's North East on 4 November 2004; and that devolution is the context to the six or more issues about which the Committee invites evidence. This Campaign believes that it is imperative that there is clarity about the meaning of "Devolution" and how it is to be distinguished from "local government".

16. Devolution consists in the distribution of power between the State and one or more or all of its constituent parts to be exercised by them independently of the State. It can take two forms. One, as in the USA, Germany, India and Spain for example, it is the fully constitutionally established right of a constituent part to exercise power without leave of the centre in specific areas of governance which the central government cannot legally amend or revoke. The other is what has been called by the Constitution Unit "permissive autonomy" such as exists in Scotland, and to a lesser extent in Wales. Scotland now has autonomous powers in major areas of governance, Wales less so, which autonomy in both cases the UK Government respects and indeed has instituted. However, in the UK the relationship between them is not federal. The power of the Crown invested in the UK government remains supreme. The UK Government has retained its constitutional right to close down the Scottish Parliament and the Welsh Assembly and to intervene in any of its decisions. Whether it will ever do so is of course another matter. The relationship is a very delicate balance, has not yet become an issue because the same party is in power in all three. We cannot predict what might occur in the future.

17. Local government amounts to local councils acting as agents of central government, a political system established over centuries as in England and France.

18. The regional assembly offered to the NE was not devolution. The clauses of the constitution of the regional assembly on offer demonstrated that very clearly, specifically that which made central government subsidies to the assemblies dependent upon them meeting economic targets which the government itself would set and performance about which it would be the judge, something not imposed on Scotland where devolution was genuine as well as extensive. What in fact was on offer under the guise of "devolution" was the extension of Whitehall control. In the UK, harsh though it is to say it, what really matters economically and politically is England which is 83.4% of the population, producing up to 90% of the GDP. Any committee considering devolution in the UK must make this its starting point.

19. In 1998 devolution was granted in different forms by the UK Government to just 16.6% of the UK population, namely to Scotland, Wales and Northern Ireland. None to the remaining 83.4%, namely the people of England, despite the Prime Minister's assertion in 1998 that devolution was part of his "comprehensive programme of constitutional reform". Furthermore, the form devolution took in 1998 has worked to the disadvantage of the English people.

20. Intrinsic to devolution 1998 is the West Lothian Question. The WLQ constitutes a constitutional irregularity which flies in the face of the most fundamental principle of Representative Parliamentary Democracy which is the very basis of our system of government, that no minister should be able to introduce legislation and no ministers and MPs be able to vote on such legislation without being accountable to their constituents. The WLQ has legislated that principle out of existence by the very parliament that is supposed to live by it.

21. Furthermore, as much as £1,300 is spent on each individual in Scotland, Wales and NI more than in England in such areas as health, education and social services. These extra amounts of money, and others make possible a huge provision of services denied to England, like free personal care for the elderly, more free public transport for pensioners, free prescriptions in Wales for the 18–25 age group and due to be extended to the total Welsh population, no top-up fees in Scotland and a raft of health care provisions such as cancer treatments etc. For all English MPs this should be a matter of the greatest concern.

22. Devolution is a very good thing, an immense collective and individual resource. It distributes governmental power from the centre to the constituent parts, it encourages initiative, it promotes variety and creativity in government and culture, it respects differences of history, geography and culture, and it restrains and restricts the ever-overweening tendencies of central government. It should be available in equal measure to all UK citizens, not just a small minority of just 16.6%. However, the very limited way it has been granted by the UK government has been divisive, and harmful by being divisive.

23. Devolution however has to have a basis. The devolution introduced in the UK in 1998 in fact had a very clear and definite basis. It was Gordon Brown himself as Chancellor of the Exchequer in his speech to Labour's 1997 conference who set out the basis. He based Devolution UKt on the concept of "the nations of Britain" Up to that moment we had spoken of "the British nation". Mr Brown, the engine behind Scottish devolution, declared that it was the distinct nationhoods within this island which was the basis of UK devolution.

24. That the basis of Devolution 1998 was nationhood becomes incontestably clear from the language used by the government both in the actual devolution legislation itself. The UK Government in 1998 devolution legislation used the language of "nations", and only of "nations". Not of "regions" or any other division of population. Statement after statement, emphasise precisely this fact time and time again. "Scotland is a proud historic nation in the United Kingdom" Mr Blair asserts in his Preface to the Scotland Devolution Bill White Paper. "The Assembly will be the forum for the nation, able to debate all matters of concern to Wales" declares Clause 1.15 of the Welsh legislation. "The Scottish Parliament will strengthen democratic control and make government more accountable to the people of Scotland" promises Donald Dewar Secretary of State for Scotland in his Foreword. "Wales has some clear priorities which reflect its particular geography and history" states 2.4. The Scottish Parliament and the Welsh Assembly are authoritative statements of the constitutional existence of Scotland and Wales as distinct political national entities within the UK. The undisputable basis of Devolution 1998 was nationhood that of Scotland and Wales. Neither was segmented into "regions".

25. But once Scotland as a distinct nation had been given devolution in the form of its own parliament and executive without any segmentation whatsoever, Mr Brown, the architect of the process, changed the basis. At the 2001 Manchester CBI conference he brought in the phrase: "the nations and regions of Britain". By "nations" he meant Scotland and Wales. But not England. Instead of England just "regions".

26. Whatever Mr Brown's perspectives in all this, the fact is, it is where we are. "Regions" and "regional assemblies" is the terminology used by the ODPM for England. The Government oppose any political and constitutional devolution settlement for England within the United Kingdom which would recognise and give expression to her historic distinct nationhood such as is accepted for Scotland and Wales. It is precisely that attitude, even ideology, towards England which has embroiled it in the constitutional and political turmoil that have followed, not just upon the referendum, but the 1998 devolution legislation.

27. That constitutional situation has to be correctly understood if ever it is to be resolved. Devolution was not on offer in that referendum. If regional assemblies represented genuine devolution, they would have meant that England would have been administratively terminated, that the English Question would have been resolved by officially constitutional and political termination of England. They would have meant that the North East would have stood in the same constitutional and political relationship to the UK state and government as Scotland and Wales do, and each "region" in relationship to each other as Scotland does to Wales.

28. But it was local government re-organisation, not devolution, that was not on offer. Yet that it was being passed off as devolution. The question that must be asked is why was the regional assembly put about as devolution for England. The answer to that will greatly assist this Inquiry.

29. The NE RA was put about by the ODPM as devolution because the government does not want devolution for England but is under pressure to somehow find an answer to both the WLQ and the English Question. The WLQ is a ticking time-bomb. It has plagued this government throughout all its proposals for reform of the health and education systems in England. How long can any UK government keep depending upon Scottish MPs' votes to impose changes upon England which the Scottish Parliament rejects for Scotland? How does the government defuse this time-bomb? Does it do it by segmenting England into mini-Scotland's each with their own assembly with the powers of the Scottish Parliament? That would result in the WLQ magnified another nine times. And it would terminate England, the oldest unified state in Europe, which no UK government has a mandate to do.

30. One way-out was just to keep ignoring the issue in the hope that the people of England, who are not dedicated constitutionalists, might just live and let live. That was the solution proposed by Lord Irvine as Lord Chancellor. It has not worked. English regional assemblies passed off as a form of devolution has not worked either.

31. There are only two ways in which to effectively defuse the time-bomb. Either the UK government repeals the 1998 Devolution legislation or it extends it to England. Repeal of the legislation is out of the question. An English Parliament, and with it a reconstituted Union, is not. It is the only way forward.

32. The only way forward genuinely fair to each of the constituent nation parts of the Union consists in that crucial reconstruction of the Union in which, as initiated in the 1998 legislation, a new relationship of the nations of Britain to the UK government must be worked out.

Supplementary memorandum by Campaign for an English Parliament (RG 66(a))

Its recommendations:

A. THAT THE COMMITTEE WILL ACKNOWLEDGE IN ITS REPORT

1. that devolution has been granted only to Scotland and Wales and none to England;
2. that "regional government" is not devolution but just English local government re-organisation;
3. that because responsibilities for Scottish and Welsh local government are devolved, it, and indeed the ODPM, when dealing with local government issues, in fact deals only with English local government issues;
4. that by reason of the form devolution legislation took in 1998 the West Lothian Question applies to this Inquiry and therefore no MP from a Welsh, NI or Scottish constituency should be a member of it;
5. that, contrary to the discrimination content of that legislation in favour of Scotland, each of the constituent nations of the Union should receive equal constitutional, political, financial and cultural respect and treatment from the Union government and enjoy equally devolved powers, with no one constituent nation, namely Scotland, receiving preferential treatment;
6. that accordingly the English Question applies to the legitimacy of the Select Committee itself whenever as in this case it considers an issue which concerns England only;
7. and therefore in the interests of political and constitutional justice and equality it (the Select Committee) should abandon this Inquiry and register on behalf of the people of England the demand that they should have their own devolved institution with the same powers and executive as the Scottish Parliament to deal with all matters of English local government independently of the UK Parliament and Government.

England like Scotland should be master of its local government arrangements.

B. THAT THE SELECT COMMITTEE WILL RECOMMEND A FUTURE DEVOLVED NATIONAL INSTITUTION FOR ENGLAND

8. that the historic English counties are organic in origin and acceptance;
9. that English city regions likewise can be organic if their boundaries and powers are decided by its devolved national institution with due sensitivity to the actual commercial and cultural interplay of the area;
10. that the GLA is organic;
11. that the recently created eight English "regions" are non-organic, that is, they have been imposed without electoral mandate, their assemblies are constituted of non-elected members, their boundaries are artificial and bewilderingly unrealistic, they have no roots in England's history or culture and they "express no sense of English identity and shared values at the local level" (D Blunkett MP. March 2005).

Memorandum by The Centre for Sustainable Urban and Regional Futures (RG 67)

EXECUTIVE SUMMARY

. . . Effective policy making must be a learning process which involves finding out from experience what works and what does not and making sure that others can learn from it too. This means that new policies must have evaluation of their effectiveness built into them from the start . . .
Professional Policy-Making for the Twenty-First Century, Cabinet Office, 1999

1. The key findings from this review of the Whitehall policy making process for ERAs are the different sets of expectations and experiences of the central and regional officials involved.
2. Central officials were focused on internal processual issues within Whitehall in order to meet the tight timetable outlined in the White Paper. The critical issue was to provide the framework for action that would lead to the establishment of ERAs.
3. Regional officials were attempting to anticipate what this framework for action might mean in practice in particular regional contexts.
4. Yet all officials agreed that the central policy making processes did not attempt to bring together the relevant departmental and regional interests to anticipate how the framework would be translated into effective action.
5. The work raises issues that are central for understanding the development of more effective policy making and making more successful use of regions in national policy making. While ERAs are stalled, the role of regions and how central policy in general can be improved is still very much a live issue for Whitehall.
6. Successful regional policy making needs to link context and interpretations to organisational cultures and proposed environmental solutions embedded in policy itself. Key to this is generating a greater understanding of expectations, degrees of ambition, drive and resistance.
7. The key transferable lessons from this work for the Better Policy-Making agenda concern improving understanding of context, and coherence, consistency and communication.

1. INTRODUCTION

1.1 The core purpose of the work upon which this submission was based was to review the process informing the establishment of Elected Regional Assemblies in order to generate knowledge and intelligence that would improve the quality and effectiveness of future central government policy making. With this in mind, this work focused on:

- Tracking the delivery of policy relating to ERAs.
- Examining the regional responses to policy.
- Identifying “good practice” from both central and regional perspectives.

1.2 A total of 71 interviews were undertaken with officials in Whitehall and all the English regions. These included Whitehall officials across all the main OGDs involved in implementing ERAs as well as officials in the GOs, RDAs and RAs in all nine English regions. Particular attention was focused on the three northern regions.

1.3 With the results of this work in mind, the remainder of the submission is divided into the following sections first the transferable lessons from the research and second the ways forward and recommendations.

2. TRANSFERABLE LESSONS FROM THE ERA POLICY

2.1 This section examines those lessons that arise from the research for subsequent regional policy making. We make an important distinction between frameworks “for” and “in” action.

2.2 “Frameworks for action” refer to those understandings that can be read off from formal policy prescriptions and the intentions of policy makers in terms of how they anticipate they will transform actions at a distance in different locations. “Frameworks in action”, on the other hand, are concerned with the practicalities of making policy work in particular local and regional contexts.

2.3 A failure to understand the relationship between these two quite different frameworks leads to a significant reduction in the effectiveness and efficiency of both regional policy conception and execution.

2.4 Past experiences of regions being seen as sites of implementation, rather than co-participants in the construction of policy, as well as its delivery, meant that the consultation process between the referendum regions and the centre was variable. Effectively—extending the analogy—the author, director, actors and audience are not sufficiently well engaged in the joint production of the play.

2.5 Regional officials offered the view that relevant regional expertise, knowledge and intelligence could have been of significant practical value in shaping the implementation of the White Paper. But these resources were not exploited in any systematic or effective way. Most officials centrally and regionally had little knowledge of the *Incorporating Regional Perspectives into Policy-Making* report. A number of ways in which regional officials could have added value to the policy making process were identified.

- An understanding of specific regional contexts, challenges and opportunities for a national White Paper may have been identified that would have resulted in the anticipation of potential problems in the future.
- A capacity could have been developed to see how policies would work in practice and identify options which would have resulted in more positive outcomes.
- Officials could have highlighted those areas in which policy recommendations would have had different effects at a regional and sub-regional level. This, in turn, could have fed back into a more sensitive analysis of differences and similarities that would have improved overall effectiveness.
- The results indicated that policy gaps and areas could have been identified among those whose needs were not being met, or anticipated, by the centre.
- In the policy making process, regional officials could have more systematically mediated the policy with stakeholders, thereby not only enabling a greater understanding of the purpose and powers contained within the legislation, but also providing an understanding of the claims of other regional actors.
- GOs could have promoted even better linkages between policies across OGDs given continual contacts with different official at the centre.

2.6 The findings on relations between central and regional perspectives led to a number of points that have a direct bearing on the effectiveness of the policy making process.

2.7 There were widespread views by both Whitehall and regional officials that there was no single, clear agenda of regionalisation at the centre. Instead officials referred to the co-existence of multiple forms of regionalisation citing the *Treasury Regional Emphasis Review* and the *Devolved Decision-Making Review* (and a number of senior regional officials also referred to the *Modern Regional Policy* document). While each of these agendas had implications for central and regional officials, it was not clear how these developments were coordinated and there was little opportunity to explore the relations between them in any strategic way.

2.8 There were strong views, centrally and in referendum regions, that developments in Chapter 2 agenda of the ERA White Paper were not widely understood amongst OGDs in Whitehall and that they had very little direct contact with regions about its implications. The regions, in turn, felt that it was not being centrally coordinated or managed.

2.9 Central and regional officials were clear that the implementation of assemblies would have led to the development of increasingly shared roles between OGDs and ERAs and also with a restructured local government. Yet there was concern about the lack of clarity about what effective working would have meant in practice or how relations between local government, ERAs, non-referendum regions and OGDs would be managed.

3. WAYS FORWARD FOR EFFECTIVE REGIONAL POLICY MAKING

Reconnecting Purpose, Process and Product

3.1 What we find in the results is that considerations of process and product cannot be divorced from purpose. Quite simply, unless a policy has sufficient legitimacy attached to it, then the extent to which it is effective will be reduced as it is not perceived as making any addition to existing conditions but may, instead, actually detract from those in significant ways. The processes of enrolment and communication, and how resultant decision making is affected by those, are thus crucial to obtaining the commitment of those who are expected to deliver it in different settings. That, in turn, also provides for better dissemination to stakeholders of intentions and opportunities as those persons act as intermediaries of understanding to those who may be not only hostile, but often confused and uncertain about implications.

Developing a Shared Orientation

3.2 A sense of provisional orientation is required for this process to be effective. Thus, a problem may arise if there is a selection of issues to be included that excludes the frame of reference of those whose actions are meant to be changed by the policy itself. In this case, an absence of such orientation, in terms of clear strategic messages from the centre that explains not only process, but also purpose, will lead to considerable degrees of uncertainty. What may be taken from this is that successful policy making links context and interpretations to the issues and opportunities that the proposed policy is intended to address and bring about. What is implied is not that context drives such considerations, but that policy is sufficiently context sensitive to work in different environments in order to be effective.

Creating a Learning Culture

3.3 Ideally, from the policy point of view, this is about generating a learning culture. What is absent in the “official” channels of communication in the civil service is how the “informal” means and mechanisms through which policy is contested and resolved are understood and then inform practice in context according to different pressures. There was a clear tendency to see the ERA Bill as an endpoint or product, whereas experiences of devolution in other countries have emphasised the importance of viewing devolution as a process that changes over time, not an event within a particular time frame. At present, there is a limited understanding at the centre of how policy works in particular contexts and as a result, a limited effectiveness to that policy itself. Instead of addressing this, performance management measures, which carry little context sensitivity, transmit messages that bypass the necessity of understanding which is part of this process. Such an absence then rebounds on policy to challenge its process and purpose and overall effects.

Quality, Knowledge and Intelligence

3.4 Success, derived from the lessons from this work, depends on the quality of thinking within the regions and the confidence of the policy making processes adopted at the centre. Regions need to coordinate themselves in improved ways and be proactive around inputs into policy. This is a matter of practical organisation, along with the power and responsibility to construct an orientation towards the future in order to become proactive problem solvers, not just reactive implementers. Not all regions will have the abilities and resources to achieve such changes. After all, resources are scarce and regions, if they want to take on this role, they will have to invest in their own development to improve their leadership and negotiation skills. What is required here is the tangible support of the centre and a willingness to reflect upon what implications this would have for the policy making process, accompanied by a transformation in the light of these new relations.

Cultures of Judgement

3.5 Taking this forward meets that most intractable of issues: that is, the strong culture of upward accountability to Ministers and Parliament within the civil service. A culture of deference and risk aversion then arises which fosters a process mentality that separates frameworks for and in action. While existing structures are important for developing accountability and integration and providing orientations for career trajectories over time, greater emphasis needs to be placed on civil servants negotiating the space within the broader architecture of policy to deliver change based upon judgement within frameworks of accountability through evaluation. For instance, developing good project management skills and negotiating with Ministers on how policy drift affects delivery can be a useful means to progress change. In addition, there is a need to improve mutual understanding and open up organisational cultures between the Government Offices and the centre, as well as between OGDs and the regions. Such work should be valued highly at the centre. Learning programmes and processes to share experiences should be developed. Workshops and seminars should be promoted in the recognition that the informality that makes policy work is something valuable to be shared in developing better understanding of contexts.

4. RECOMMENDATIONS

Improving Understanding of Context

4.1 More effective strategic fit in policy making involves examining regional needs in relation to emerging policy priorities from the centre. This requires analysis of the tensions between vertical alignment and horizontal integration in terms of the crosscutting impact of policy and the effect of variable commitment between OGDs on the development of regional policies.

4.2 Improved forms of communication within and between OGDs concerning policy development has regional implications. This requires the identification of officials who would be responsible for particular substantive areas of activity within and between Departments.

4.3 Government Offices have a key role to play in coordinating regional responses to policy. This requires greater sharing of knowledge and understanding in the development of shared strategic directions and partnerships between Whitehall and with officials in the regions.

4.4 An improved focus on generating networks and communications with the regions will enable more of the right people to be involved at the right time in policy development. This requires a commitment to building relations between Whitehall and regions that are able to construct an honest and shared understanding of what is feasible and what is desirable in policy formulation.

4.5 Government Offices can take more active responsibilities for managing strategic fit at a regional level. This requires the coordination of input from different regional agencies, including the private and voluntary sectors, as well as negotiating between different perspectives and managing the resulting intelligence.

4.6 Regions cannot respond to every new policy concern with equal capacity and commitment. This requires Whitehall and the regions to jointly make informed choices about which policies they are actively intending to respond to through a sustained process of mutual understanding.

Coherence, Consistency and Communication

4.7 Close linkage between policy and evaluation needs a more in-depth understanding of the capacity of different institutions to deliver outcomes according to overarching purposes. This requires an evaluation process that asks not only how it will be known that a policy is working, but also what is the appropriate methodology for communicating that to different audiences.

4.8 Turnover of key personnel diminishes important tacit knowledge that makes policy work in particular contexts. This requires consistency and continuity in roles and responsibilities by selecting key personnel in terms of the knowledge and capacity they possess, as well as giving consideration to the time and space needed to occupy these roles effectively.

4.9 The evaluation function should not be developed at the end of the policy process. This requires designing evaluation into the planning phase in cooperation with key personnel at different levels to ensure that it is linked with the strategic purpose of policy.

4.10 Restrictive time deadlines exist in uneasy tension with effective enrolment to make policy work. This requires a more systematic approach to developing networks for policy engagement that gives consideration not only to who is included and why, but also to who is excluded, why and with what effect.

4.11 Policy making is often characterised by misalignments and duplication rather than identifying overlaps and interrelationships. This requires the development of a shared ethos in partnership with identified stakeholders with a clear set of aims that are internally coherent and externally communicated in a consistent manner.

4.12 More effective strategic fit involves the development of a stronger foresight element in the policy making process. This requires the development of prospective techniques and processes that aid identification of the difficulties that will be faced in the process of design and implementation and anticipation of how they might be overcome.

4.13 Establishing programmes of work outside of the normal policy process will benefit different stakeholders. This requires the development of effective and sustainable infrastructures of communication that support and enable developments over time and coordinate effectively between different policy innovations.

Although it is relatively easy to improve the policy process from the point of view of the centre so that there is greater regional involvement, this says nothing about whether regional ideas and suggestions will be included in decisions and deliberations.

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ABBREVIATIONS USED IN THE SUBMISSION

DEFRA	Department for Environment, Food and Rural Affairs
DTI	Department of Trade and Industry
ERA	elected regional assembly
GLA	Greater London Authority
GO	Government Office
ODPM	Office of the Deputy Prime Minister
OGDs	Other Government Departments
RA	regional assembly
RAD	Regional Assemblies Division, ODPM
RCU	Regional Coordination Unit
RDA	Regional Development Agency
WDA	Welsh Development Agency

Memorandum by Leeds City Region (RG 68)

The following narrative forms part of the Leeds City Region Business Case to the Rt. Hon David Miliband MP.

“Manchester and Leeds are becoming successful city region economies, challenging other major European Cities for investment and jobs and leading the growth of the North of England. Absolute levels of economic output are highest in the Manchester and Leeds City Regions . . .”

Moving Forward: The Northern Way, First Growth Strategy Report, September 2004

The Leeds city region with its proven economic growth record and its concentration of key assets already plays a significant role in the economy of the wider region and within the context of the Northern Way Growth Strategy. The city region accounts for 20% of the population; 21% of the business stock and 21% of the GVA of the three northern regions that make up the Northern Way. Over the next 10 years the Leeds city region is projected to create 65,300 net additional jobs, representing 93% of the jobs projected for Yorkshire and Humber Region as a whole. The sheer size of the city region economy means that boosting its dynamism will lead to economic impact locally, regionally and nationally.

The city region is recognised, along with Manchester city region, as playing a key role within the Northern Way Growth Strategy. If the Leeds city region fails to achieve its full potential, there is little prospect of achieving local, regional or national job and wealth creation targets, and just as crucially there is no serious and sustainable counter balance in England to London and the South East.

The Leeds City Region covers; Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. The extent of the city region was defined following extensive research carried out over the last five years (CURDS 1999; Llewelyn Davies, Steer Davies Gleave, Jones Lang LaSalle and the University of Leeds 2002; ODPM and Northern Way Secretariat 2004; Local Futures 2004). The functional Leeds city region therefore consists of 10 local authority districts and cuts across three existing sub regions.

PARTNERSHIP WORKING TO DATE

Early recognition of the importance of city region collaboration led to a Leeds City Region Economic Summit being held in November 2004. This event brought together around 200 stakeholders to discuss the economic growth potential of the city region.

The City Region Leaders, Chief Executives and Yorkshire Forward (the Regional Development Agency) met separately during the Summit and made a commitment to work together.

Significant progress has been made in city region collaboration since the Summit:

- a Concordat has been developed which has guided partnership working to date;
- a first iteration of the City Region Development Programme (CRDP) has been prepared and submitted to the Northern Way Secretariat;
- themed groups have been established to lead on different aspects of the CRDP; and
- work is underway to develop fully evidenced proposals for a second reiteration of the CRDP which will be submitted to influence the Comprehensive Spending Review 2007.

The current partnership includes the 10 local authorities that make up the city region, plus North Yorkshire County Council by virtue of their strategic role in transport planning and economic development.

As the complexity of the work has increased and the city region has moved from analysis and strategy development towards project delivery, a number of barriers to implementation have become apparent.

Current arrangements are not able, at least consistently to prioritise the needs of the city region. The current arrangements for sub regional analysis and delivery also constrain the ability for developing interventions that work within existing local labour and other markets to spread prosperity more evenly across the city region.

Additionally, there is currently no mechanism for the city region to engage and input into Regional Funding Allocations—a potential flaw given the city region provides the functionally coherent unit for analysis and developing interventions for the key drivers of economic growth and that Regional Funding Allocations are concerned with “joining up” transport, economic development and housing funding.

ENHANCED COLLABORATION

The City Region Leaders met in Huddersfield on 16 December 2005 to discuss how they could better work together. They recognised the progress that had been made in the last twelve months, particularly in developing a greater understanding of the complexity of the city region economy and the types of issues that need to be addressed to improve economic performance. However, they acknowledged that it is now an appropriate time to consider the next steps in developing collaboration.

Leaders recognised that there exist a number of difficulties with current economic working arrangements, which are likely to constrain the city region's ability to operate as a single economic entity and hence inhibit delivery of the CRDP and ultimately the achievement of a step change in economic performance.

To tackle such barriers, Leaders committed to stepping up their collaboration and agreed to hold bi-monthly meetings to provide political leadership, aimed at promoting the enhanced economic competitiveness of the city region.

Leaders agreed to move towards arrangements aimed at promoting greater strategic alignment of strategy and delivery, specifically:

- To align activity directed at the economic competitiveness agenda which will necessitate a review of a range of organisations and their associated budgets. An early priority will be a discussion focusing on the potential for greater alignment of Yorkshire Forwards Investment Planning Boundaries; Passenger Transport Executive Boundaries (recognising the WYPTE can broadly work across the Leeds City Region within its existing powers); Learning and Skills Council and Housing Strategies.
- A formalisation and widening of the existing voluntary arrangements.
- Priority will be given to engaging more widely with stakeholders (as acknowledged in the existing Concordat) and consideration will be given to the creation of a city region wide Local Strategic Partnership.

At this point the ambition of the local authority partners is to address and seek to resolve issues arising from the current dislocation between various funding silos; and to press for rationalisation of the number of institutions and partnerships working on the economic competitiveness agenda.

Leader of Kirklees Council, Councillor Kath Pinnock, chaired the meeting and said:

“I hope the agreed approach will provide greater policy and fiscal focus on the city region as well as provide for greater democratic accountability and political leadership over the economic agenda”.

WHAT DO WE NEED FROM GOVERNMENT

- Leaders request that decisions taken by relevant Departments of Government, which have an impact on the economy, should be calculated to promote the competitiveness of functioning city regions.
- Leaders request that Government support the propositions contained within our CRDP through the 2007 Comprehensive Spending Review and recognise the economic potential of the Leeds city region.
- Leaders request that Government give close consideration to new arrangements for managing the local transport system at a city region level.

Memorandum by the UK Independence Party (UKIP) (RG 69)

Few things, which have no past, have any future; and those things, which have a past, tend to repeat it. Aside from a few brilliant innovations, therefore, formulae of proven worth are best, and convincing reasons are needed for sweeping changes. In the case of regional government, however, no such reasons have been forthcoming.

Rather, we have been asked to accept a glib slogan, or two (“bringing government closer to its citizens”, “Your Region, Your Choice” etc) in lieu of reasoned explanations, and to ignore the fact that all the territories of the EU are being regionalised simply in order to provide a convenient *nomenclature des unités territoriales et statistiques* (NUTS) for administration from Brussels.

The latest antecedents with any similarity to these jumped-up “regions” succumbed to the unification of England, under Edgar, in the ninth century. This was a step forward, which eventually precipitated the Union of the British Isles and the dissemination of the English language and of parliamentary democracy throughout the world.

Since that great flowering, the destruction of the United Kingdom has been proceeding step-by-step, and has now, with the introduction of these painfully artificial “regions”, reached the foundations of the state and even aroused disquiet among an otherwise apparently inattentive population.

Your inquiry has not come soon enough, but it is all the more welcome for that.

You have undertaken to examine matters, which include the following:

1. . . . *the potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements;*
2. . . . *the potential for devolution of powers from regional to local level;*

Accountability has suffered horribly from the imposition of the cabinet-system on local government and from the de-localisation of decision-making to remote “regional”, national and supra-national centres.

County-, and Town-, Halls are now so constrained by spatial and transport plans etc—issued by a regional executive, but derived, via the Regional Government Office and the ODPM, from the various “European Spatial Development Perspectives” (ESDP’s) etc. of the Directorate General of the Regions (DG-REG) in Brussels—that they have almost no discretionary function at all. Thanks to the obscurantism of the cabinet-system, of the regional governorate, and of the ODPM—not to mention DG-REG—most councillors do not even know this. They would be very upset if they did know it. Hence, presumably, the systematic deception of the public, regarding the origin of today’s regulations.

The potential for increasing local accountability, and simplifying existing arrangements, lies quite patently in freeing councils from DG-REG/ODPM micro-management, restoring the committee-system, scrapping the bogus “regional assemblies” and thereby resuscitating the tradition of loyal, local government-service.

Unfortunately, this cannot be done as long as HMG interprets the European Council Decisions of the 80’s (“to co-ordinate regional development among member-states”) and the Tampere agreement of 1999, as meaning that, throughout the EU, the same things have to happen, region-by-region, and, as far as possible, at the same time. On the other hand, it is impossible to see how else these scandalous agreements could be interpreted. The only antidote to them is their abrogation.

The absurdity of the system now operating is well illustrated by the status of a small town’s “extra” fire-engine. Permission to maintain it had to be sought directly from the ODPM. Meanwhile, the District’s Planning Committee was struggling with applications made under the ESDP’s “high-density, car-free, infill-housing” policy, which threatened to wipe out green spaces, treasured from time-immemorial.

Both the abolition of the fire-engine, and the cramming-in of new housing, were said to be part of the “devolved, regional plan”, but no plan more brutally centralised could be imagined. “Regions”, and the ODPM itself, are no more than camouflage for an attempt at pan-continental uniformity and control, and all the “consultations” and “frameworks”, which besiege councillors and electors alike, make no difference to that sinister fact.

3. . . . *the effectiveness of current arrangements for managing services at the various levels, and their inter-relationships;*

Lack of accountability can be accompanied by greater effectiveness in the delivery of services, if the delivery of services is actually the aim of the unaccountable administration. That is not the case here.

The aim is the construction of a new, closely-controlled, social order, under a new, pseudo-democratic system of governance. Consequently, the services people want, and need, are only delivered, in good order, by accident. Indeed, many such services are being deliberately curtailed as part of this grandiose and spine-chilling scheme.

Instead of efficient, weekly waste-collection and treatment, we now have didactic, fortnightly doorstep-sorting exercises, which have never functioned as advertised to provide any substantial, environmental benefit. Vast quantities of hand-sorted cullet are land-filled in South America, while vaster quantities of unsorted waste are shipped to China—all because of the EU-induced, artificially high cost of land-filling in Britain, where geological conditions are exceptionally (and “unfairly”) favourable to it. Processing-plants are available to sort plastics, glass and metals from organics, on an industrial scale. Why do we have none? Why do we not even have power-plants (an excellent, British invention) which convert organics to plasma without incineration? Why is road-maintenance and construction seven years, and rising, behind schedule—and this is not due just to the EU-obligatory tax on road-stone—while ever more transport is being forced on to Britain’s roads?

Further examples could be given of services, which are not being delivered. Many of those, which are being “delivered” are not wanted, or needed. These are the counselling, advice, monitoring and enforcement “services”, performing social engineering in every identifiable, civil sector, according to a concept of equality, which discriminates against certain groups, on precisely the grounds, upon which discrimination is outlawed. This is called “positive discrimination”, if you please! Good law has been destroyed, and—as with the environmentalists’ “precautionary principle”—there is no firm basis to what is being put in its place. Class-rights are being substituted for individual rights. “Government” can make up whatever it likes—about “global warming”, or who needs to be discriminated against next—thereby, creating a culture of bewilderment and compliant fear.

The “new governance”, which, at ever spiralling cost, is failing to provide the services people need, and forcing others down people’s throats, is a miasma of semi-governmental partnerships and agencies strung between the local and “regional” level. Their accounts, when they have any, are not open to scrutiny, and they are frequently impossible to track down. A councillor, who turns up for the monthly “full council”,

and has nothing else to do, except write to the local press, can only take a full part, and find out what is going on, by convincing the stake-holders, in this “supra-municipal” system, that he can be relied on to take the money and toe the line.

For those who have eyes to see, the current situation is a nauseating spectacle of bland public-relations exercises and arbitrary decisions taken in camera, and it is rapidly getting worse. The so-called “Standards Board for England” is now being evoked in spurious attacks against dissident councillors, and political audits, disguised as efficiency inspections, are being used against “rogue” councils. What is occurring is nothing short of a coup d’état.

4. . . . the potential for new arrangements, particularly the establishment of city regions;

The establishment of “city-regions” is no newer an idea than the regionalisation, under which we now groan. It was part of the original concept formulated by the prototypical “European Council of Municipalities and Regions”, before the Treaty of Rome was signed, and is now being dusted off, as regionalisation flags.

The plan has long been discussed, at the EU-Commission, as “le scénario de l’Europe des mille fleurs” [from “Cinq Scénarios de L’Avenir de L’Europe”, a secret report—by the Commission President’s “Cellule de Prospective”—which was partly revealed to a conference of the Commission’s “Soul for Europe Project”, in 2001].

The idea—in a remarkable echo of Lenin—was that, once “the European Union of the Regions *and Cities*” [emphasis added] was established, the state (ie the centralised EU-state) would wither away. Unlike Lenin, however, the “Cellule de Prospective” foresaw a subsequent outbreak of civil strife, which would allow central authority to re-establish itself, through draconian measures, and create an entirely new civil order, virtually from scratch, with “national-service” (ie EU-service) in civil occupations, strict rules governing personal ownership etc. Interesting too was that the three, “most favourable” scenarios, of the five, all featured a strong element of civil strife.

Under the present system, there has long been tension (on a much lesser scale than civil strife) between the “principal urban centres”, which were not chosen as “regional capitals”, and the “regional capitals” themselves, and some of the impetus for the current initiative probably comes from that. Bristol, for example—or the upper-crust thereof—finds itself a little too far removed from the privileges being accumulated in Exeter, and there were some very acrimonious exchanges, on this account, behind the scenes of regionalist pressure-groups, like the “South West Constitutional Convention”. Thus, it is probably partly to keep the local prominenti on board that the first EU-conference on “city-regions” was held in Bristol on 5 and 6 December.

More cogent, however, is the EU’s need to transfer structural funds to the 10 states, which joined the EU in 2004. It is no longer possible to fund the existing “regions”, as before. Regions have now been set up in Central Europe, and much of the money has to go to them. They joined on that understanding. Consequently, much of Western Europe will find itself several wagons short of the gravy-train, which it is paying for and has come to expect.

The problem then, is “how to keep regionalisation going, in the West, on the cheap?” and the answer seems to be “to concentrate what funds remain (the ‘cohesion funds’) on the principal urban centres”—which most people are connected to, in some way—and, hey presto, “Beau Geste” defends the fortress, all on his own, running from one embrasure to another, firing a shot from each!

These two reasons are essentially the same. The plan is intended to take care of the urban aristocracy, *and* of the urban plebs, and hope that the country-bumpkins will stay “fell-in” behind; but “what potential for new arrangements,” you ask, do “city-regions” offer?

Well, not much. They are being proposed as a stop-gap, until the EU can get its claws on the national taxes of the member-governments—or, that is, until the member-governments feel confident of wrenching those taxes entirely to the EU’s purposes. Let us not forget that the EU is, above all, its member-governments, even if the Commission does, on a year-by-year basis, run everything.

Once in possession of 5% of GDP, the EU will have all the money it needs to rule Europe with a rod of iron. No more stop-gaps then.

5. the impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities;

The general impact of the new regional, and sub-regional, arrangements is likely to be as already experienced—remote, centralist, arbitrary, divisive, hypocritical and intensely unpopular—“city-regions”, or no “city-regions”.

Peripheral communities, in particular, have—and will continue to—become more isolated from the country as a whole, more disparate in their standards of living and more dependent upon artificial bias in the Barnett Formula. They will continue to become selectively de-populated, with large tracts of derelict housing, and selectively over-crowded, with house-prices beyond the reach of local people.

There is no substitute for genuine, local self-determination and national support for essential industries and infrastructure, neither of which EU-regionalist bureaucracy does, can, or is intended to, provide.

“City-regions” will merely make matters worse, by further fracturing national co-ordination, duplicating functions and creating fiefdoms.

The sole, and admittedly immense, success of regionalism, has been “to avoid the unpopularity [ie—obscure the un-democratic reality—] of government by a remote bureaucracy in Brussels”. These are the exact words of the FCO/Cabinet briefing-paper, released, under the 30-year rule, in 2001, which explained to ministers, in 1974, why regionalism had to be encouraged.

It was the only sane—if secret, treacherous and criminal—reason ever put forward for creating the hideous travesty of democratic government, which now disgraces our islands.

6. *the desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities*

It’s breathtaking—having carved up the country into dysfunctional lumps (thus exacerbating economic disparities) “HMG” now suggests cobbling some of the bits together again, in a different order—in order “to tackle economic disparities”!

It appears to be unaware that joining odd scraps of a corpse do not bring it back to life. In fact, it knows this all too well. As with the proliferation of QUANGO’s, which “elected regional assemblies” were supposed to save us from, so here also we see problem tailored to solution—the insane ratchet of error generating error, hypocritical, beneficial crises and the wanton throwing of good money after bad—all because, in the minds of those who hold sway, national democracy must be destroyed, and global technocracy—briefly preceded by pan-continental bureaucracy—must take over.

Memorandum by the Campaign to Protect Rural England (CPRE) (RG 70)

INTRODUCTION

1. The Campaign to Protect Rural England (CPRE) engages as a key stakeholder throughout all the English regions. Our primary aim is to promote environmentally sustainable development, and particularly the protection and enhancement of the countryside. Our Regional Groups and dedicated Regional Policy Officers in each region have amassed considerable expertise in regional policy issues, particularly in connection with regional spatial planning policies and processes.

1.1 CPRE therefore welcomes this opportunity to acknowledge recent achievements in regional working, to highlight concerns of real significance and to discuss future options for the regions that would promote our core aims.

1. The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

1.1 Under current arrangements Regional Assemblies are required to develop a spatial strategy in line with central Government policy. Assembly members are not directly elected at the regional level and they tend to act as county delegates who promote the best interests of their “sponsoring” authority. Scrutiny of the Regional Development Agency (RDA) by Regional Assemblies is solely in an advisory capacity, as RDAs report to the Secretary of State. Assemblies’ financial resources are small when compared with the RDAs and their staffing levels minimal. The Draft Elected Regional Assemblies Bill sought to address accountability with the introduction of directly elected members. However, the constituency size envisaged in the dual electoral process was so large as to preclude genuine representation of local communities in the Assemblies, especially where the proposed membership was intended to be so very much reduced. No additional powers were envisaged and we were concerned that the dual electoral system offered less effective representation of local interests than the first past the post system enjoyed in national and local elections.

1.2 If the Government is to continue to pursue the regional government agenda, CPRE wishes to see directly elected Regional Assemblies with greater numbers of members than those proposed under the recent draft Bill. We particularly highlight the need for smaller constituencies as this can provide the necessary level of representation for rural communities. Otherwise there is a concern that the voice of the greater numbers living in urban areas could dominate the agenda of Regional Assemblies to the detriment of rural communities and the countryside. In this context, CPRE highlights the need for regional electoral boundaries to distinguish between urban and rural areas.

1.3 If elected regional assemblies were to become truly accountable to the communities they represent, we would have no objection in principle to their assuming greater powers in those areas where they can better address the needs of their regions. CPRE highlights the particular expertise gained by those working at the regional level on issues relating to natural resources, landscape protection and economic activity in rural areas. We wish to see a system that accommodates distinctive regional identities and sensitivity in working

towards the over-arching goal of securing sustainable development in each region. Regional Sustainable Development Frameworks contain regionally specific indicators that can be used to guide policy development in regional spatial strategies and other regional policy documents, notably regional economic strategies.

1.4 CPRE welcomes the development of stakeholder working at regional level. The intended 30% stakeholder representation on Regional Planning Boards and in other areas of regional government has created close co-operation between the indirectly elected members and key stakeholders. As the majority of stakeholders work with a regional rather than a more local focus, this has helped develop a truly regional perspective and identity. However, the arrangements for stakeholder involvement in the different regions have varied considerably. In the North West the introduction of a cabinet system has meant that stakeholder involvement is substantially reduced at all but full Assembly level. With the introduction of some delegated powers in regional planning, we are concerned that stakeholders have become increasingly marginalized in that region. This contrasts with the position in the South East where the Assembly actively supports the engagement of stakeholders with a small secretariat and where 30% stakeholder representation is rigorously maintained with an emphasis on increasing stakeholder diversity. CPRE believes that the need to recognise distinctive regional circumstances should not preclude greater consistency in the representation and engagement of stakeholders. We strongly support the development of more consistent arrangements.

1.5 CPRE recognises that the introduction of elected Regional Assemblies would mean the end of current voting rights for stakeholders. However, with such bodies, we consider it essential to ensure continuity of stakeholder engagement and representation at the current 30% level. This will allow the significant expertise of economic, social and environmental partners to inform the decision-making of elected members. Under the provisions of the Draft Elected Regional Assemblies Bill this continuity of engagement could have been lost, with *ad hoc* arrangements put in their place only at the discretion of the much smaller assemblies proposed. Currently, many stakeholder organisations invest substantial resources in the employment of staff to engage at regional level. If levels of stakeholder involvement were to reduce it is questionable whether some organisations would be able to justify continued financial commitments at this level. If the powers of Regional Assemblies are to be extended, CPRE believes it would be appropriate for consideration to be given to providing greater support, including financial, for stakeholder engagement in the future.

1.6 CPRE believes that making RDAs accountable to directly elected Regional Assemblies would provide greater confidence in the activities of these bodies. There is a serious deficit in accountability under current arrangements since the statutory duty of Regional Assemblies to scrutinise the activities of the RDAs only enables them to perform an advisory function, as these latter bodies report directly to the Secretary of State. The emphasis should be on giving elected Regional Assemblies real powers that are properly resourced, and to make these bodies properly accountable to the electorate.

2. *The potential for devolution of powers from regional to local level*

2.1 With regard to the scope for devolving from regional to local levels, the recent announcement by David Miliband that the Government is to review local government arrangements with a view to replacing district with unitary authorities is ambiguous. It could suggest a movement in the opposite direction, ie away from the local level. As we set out in our submission to the Boundary Committee, CPRE believes that it is vital that any changes should result in authorities on a scale that is small enough to remain meaningfully accountable and for the public to feel a sense of identity, but also large enough to be strategic. The approach that can achieve this will vary across the country, but a central objective throughout should be to improve, rather than undermine, local communities' ability to participate in and influence decision making in their areas. CPRE's network of branches, regional groups and volunteers play an active and, on some issues such as planning, informed role, in local civic matters. We are concerned that the creation of more geographically remote authorities could make it more difficult for local communities to engage with those responsible for delivering services and making decisions in their area—if only by making distances so great that such participation is prohibitively difficult and expensive.

3. *The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships*

3.1 Service delivery is mainly by local rather than regional government but sub-regional working might provide scope for delivery at that level, particularly when addressing the specific needs of rural communities. More seamless working by the authorities concerned would be needed.

3.2 Business support and training provision by RDAs should specifically address the skills required in rural communities to ensure the good husbandry of the countryside and management of the landscape, as well as other social and economic needs of rural communities, based on sound local knowledge.

3.3 Additional service delivery in areas such as education and health could develop in the future, but this would require the devolution of additional powers to Regional Assemblies and RDAs, an additional funding requirement and robust measures to ensure equity of provision.

3.4 CPRE is also concerned that, despite the statutory provisions in the Planning and Compulsory Purchase Act 2004, there is a lack of opportunity for county councils effectively to engage in regional spatial planning processes. The powers of Regional Assemblies and the cross-border nature of sub-regional working mean that the expertise of accountable and elected county and unitary councillors is not harvested to the best effect. CPRE strongly recommends that county councils and unitary authorities, as well as Regional Assemblies, should be asked to consider how the role of former in regional planning processes can be enhanced in future.

4. The potential for new arrangements, particularly the establishment of city regions

4.1 City regions, with their constituent networks of market towns and villages, are relevant in some regions. This is particularly true in the northern regions where most people live in large urban conurbations. However, there is a need to ensure that the needs of rural communities, especially regarding affordable housing and transport provision, are effectively recognized. The maintenance and possible extension of significant areas of designated Green Belt as an integral element of the city regions concept is essential to safeguard and improve the quality of life for both urban and rural communities in the future.

4.2 The relevance of the city regions concept is less clear in other regions where population is more dispersed and where there are a large number of urban areas, none of which exerts a dominant influence over the region. There is a need to avoid a “one size fits all” approach. For example, the “polycentric” distribution of settlements in the greater South East, beyond London, does not match the current city region model. There is an overwhelming need to appreciate the fundamental differences between regions when developing future models for regional government.

5. The impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities

5.1 A weakness of the current system is that each RDA is charged with maximising economic growth within its own region to the exclusion of other areas, which often causes damaging competition with other regions. Inappropriate application of the city region model in this context could focus resources into areas with the greatest immediate potential for prosperity, while communities most in need of investment, whether on the periphery or in the urban core, are neglected. The drive towards economic growth must not undermine objectives for social and environmental progress in urban and rural communities, with protection and enhancement of the countryside and the natural environment as key factors underpinning regional quality of life.

5.2 There is a danger with planning according to the city region of urban interests dominating and as result there could be a failure to engage with and understand rural issues. For example, a draft version of the North West’s Regional Spatial Strategy described the city region as “containing a range of towns, villages and urban fringe” (the North West Plan Interim Draft Revisions to the Regional Spatial Strategy for the North West of England, October 2005). It is vital that any conceptualisation or definition of city regions explicitly recognises the value and role of countryside, not purely as an adjunct to urban activity, but as integral to achieving wider social, economic and environmental objectives across the region as a whole and beyond.

6. The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

6.1 The focus of both Regional Assemblies and RDAs on the economic growth within their own region without regard for others, has the potential to cause significant problems in future. We therefore welcome, in broad terms, the thinking which underpins the Northern Way initiative. However we have very serious concerns about the dominance of the RDAs in the process and elements of the policy agenda which is being promoted. Sub-regional working arrangements have often been developed in recognition that housing and labour markets, as well as communities, do not conform rigidly to the administrative boundaries of county or district councils. Equally, the natural environment and discrete areas of economic and social activity show similar disregard for regional boundaries.

6.2 There is a need to look beyond the purely economic context for inter-regional working. We therefore welcome inter-regional cooperation where necessary to address and pursue environmental objectives. For example, the recent development of strategies in isolation for the disposal of waste in London and the greater South East demonstrates the need for integrated inter-regional working to support a more joined-up approach in this policy area. Effective, inter-regional cooperation is also a priority in the area of transport planning, particularly in view of the importance of reducing the need to travel by car.

Memorandum by the East of England Regional Assembly (EERA) (RG 71)

1. INTRODUCTION TO EERA

1.1 The East of England Regional Assembly (EERA) is the designated voluntary regional chamber under Section 8 (1) of the Regional Development Agencies Act 1998. EERA originally came into existence in 1999 and, within severely limited resource constraints, made the most of its role of scrutinising the new Regional Development Agency, EEDA.

1.2 The May 2002 Regional Governance White Paper provided a major boost to EERA's work and paved the way for a major constitutional review. Public appetite for an elected regional assembly was found to be weak in the East of England when the Government took soundings in 2003. The Assembly chose to embrace the so called Chapter 2 agenda from the Regional Governance White Paper, seeking to incrementally develop regional arrangements, without drawing up from the powers of democratically elected local authorities. The Assembly sought to extend democratic influence to central Government departments, and non departmental public bodies. Our scrutiny role with EEDA has also continued to develop, and we have extended the Assembly's scrutiny role, on a voluntary basis, to other public agencies such as the Environment Agency and the Regional Cultural Consortium.

1.3 The Assembly's own organisational arrangements are somewhat unique in an English regional context. The EERA is the single "brand" under which three separate regional functions are operated. EERA acts as the voluntary regional chamber for the region, but also undertakes the role of the Regional Local Government Association, and also the Regional Employers' Organisation. These arrangements are not only highly cost effective, in terms of bureaucratic structures and costs, but they have enabled EERA to build on its established links with all the 54 local authorities in the Region, together with the new stakeholder partners which the Assembly was required to recognise as a condition of being designated as the Regional Planning Body. A major review of the Assembly's constitution in 2003 introduced a new single constitution which guarantees the participation of all 54 local authorities, who, in spite of differing political views about the merits of Regional Agenda, all voluntarily pay a subscription to the Assembly. Unlike other regions, to date the Assembly has not had any requests for its dissolution nor requests for local authorities to withdraw from membership. We believe that this situation directly stems from a strong belief in working together, to advance the interests of the Region, drawing on the strengths of both our local government and stakeholder partners.

1.4 There is all group consensus on the Assembly about the benefits of working together and whilst individual political groups have their own views as to the long term future of regional working, and the nature of regional arrangements, the Assembly has successfully established itself as a key regional institution which is there to support the actions and capacity of local authorities in the region.

1.5 This degree of consensus is perhaps doubly remarkable given the political "colour" of the East of England Westminster and Local Government Map, and also because the Assembly has had to manage the process of a highly controversial Regional Spatial Strategy (the East of England Plan), with its headline uplift in housing numbers of 15% over previous plan targets.

1.6 We strongly believe that a key to our success is the inclusive nature of Assembly working, where all local authorities are members of the Assembly but the detailed work of the Assembly is undertaken in a range of both thematic panels and a smaller Executive Committee. So while the 102 member Regional Assembly meets in full twice per year the detailed work of the Assembly is done in much smaller panels of 20-30 members and an Executive Committee of 40 members. Much of the day to day policy continuity of the Assembly is provided by the Assembly's Group Leaders (total five members) working consensually.

1.7 We have however recognised that we have to work hard at continuing to secure the buy-in and goodwill of all the local authorities, political groups and stakeholders on the Assembly. Very recently we have agreed to improve our strategic engagement with the district councils in the region, where there is probably less capacity to engage with the regional agenda, but where it is now even more critical for districts to understand the nature of regional working, and to take advantage of the support offered by the Assembly, eg in the improvement agenda.

1.8 We have noted with some concern that the Assembly arrangements in other regions appear to be considerably less robust than ours. In some regions Assemblies and Regional Groupings of local authorities are moving apart whilst in other regions they are becoming more integrated. But we are unique in having achieved the degree of integration we have narrated by a single Assembly constitution and supported by a single organisation. We believe there are some lessons about critical mass which may be of relevance to other regions as they review their Regional Governance Arrangements.

2. Effectiveness of current arrangements for managing services at various levels and their interrelationships

2.1 Throughout its development, EERA has always recognised the need for local and sub-regional buy-in to regional arrangements and to secure the delivery of regional strategies. For example, the Draft East of England Plan, which commenced its public examination on 1 November, contains a partial coverage of the region into planning sub-regions, which depart from established local government boundaries, and aim to deal with the planning and growth dimensions emanating from the Sustainable Communities Plan, and other growth proposals in parts of the region not formally covered by the SCP.

2.2 In addition, EERA's Regional Housing Strategy is based on a different but complete coverage of the region into housing sub-regions. These housing sub-regions bring together local authorities and other housing service providers working in partnership, and this experience will be particularly relevant as we respond to recent ODPM proposals for allocating housing by sub-regions based on housing markets.

2.3 The recognition of the importance of sub-regional delivery is well understood within the East of England and is a feature of the delivery mechanisms of the key regional partners. For example, EEDA's new Regional Economic Strategy observes the same planning sub-regions as the East of England Plan, and so we have already started the process of aiming to use a consistent set of sub-regions for delivery across housing, planning and economic development domains. The forthcoming merger of housing and planning will give a further impetus to achieve consistent planning and housing sub-regions in the future.

3. Accountability for decision making at the regional and sub-regional level and the simplification of existing arrangements

3.1 The results of the Referendum in the North East Region, coupled with the contents of the draft East of England Plan, raised the profile of EERA and led to unprecedented media interest and public scrutiny. Regrettably, much of the media coverage has been "informed" by misunderstandings, and misrepresentations about the activities and constitutional legitimacy of EERA, as a voluntary regional chamber. However, in spite of these issues, EERA is quite clear about its constitutional legitimacy and its accountability to its local authority and community stakeholder members.

3.2 EERA has maintained a quiet consensus across all Assembly Groups about the need to work together to speak up for the Region, and work with our key regional partners in strongly articulating the region's needs and aspirations to Government. This consensus includes the determination to extend the accountability of "big government" including what is colloquially known as "the quango state", other bodies engaged in regional and sub-regional governance and indeed EERA itself. We believe it is through robust partnership between key regional bodies that such accountability can best be achieved.

3.3 This commitment to partnership working is well established across organisations in the East of England as manifested in the completion of a first Integrated Regional Strategy (IRS) for the region, a joint initiative with the Government Office and RDA. It is the cornerstone of new initiatives within a Regional Governance Framework to improve our ability to give sound prioritisation advice to Ministers across the policy domains of housing, economic development and transport. The East of England region was the only one specifically invited to make a regional submission to the 2004 Spending Review.

3.4 Although we are proud of our integrated arrangements within EERA itself, we have concluded that fast moving national and regional agendas require us to be even more innovative. We have recently agreed to set up a new Regional Partnership Group, combining the democratic influence of local authorities, as expressed through LAA Groupings, EERA Group Leaders and non-executive representatives of EEDA etc and a range of Executives from key regional partners. By drawing from the emerging Local Area Agreement Groupings in the Region we can ensure a complete geographical coverage of the whole of the East of England, combined with the thematic executive responsibilities of key regional partners, many of whom have substantial regional public service budgets which need to be more aligned to secure the improvements in social, economic and environmental well being which we all want.

3.5 The Regional Partnership Group will shortly sign off the region's first advice on Regional Funding Allocations and will play a similar role where Government asks "regions" to make an input into national government policy eg the regional input into the next comprehensive spending review.

3.6 The Regional Partnership Group is not a replacement for the Assembly, rather it gives a unique blend of non-executive and executive interests in the region and particularly those public sector delivery bodies in housing, planning, transport, economic development, skills and environment domains which are critical to the successful delivery of "sustainable development" in its broadest terms. There is a strong read across to the national sustainable development agenda and ODPM's Five Year Plans to build stable, sustainable communities.

4. The potential for devolution of powers from the regional to local level

4.1 From the very beginning, the principle of subsidiarity has been important in the business and activity of EERA. In conducting its business EERA is always keen to differentiate between those decisions that require a regional perspective and those decisions which are best taken more locally to ensure the efficient and effective delivery of services at a sub-regional level. Indeed as has already been mentioned, EERA and

its regional partners have actively sought to promulgate sub-regional delivery. Only recently, EERA took the opportunity to debate and respond to the Home Secretary on the subject of police force reorganisation. EERA was quite clear in its view that the case for amalgamation at a regional or sub regional level had not been made, quite apart from its profound concerns about the consultation process.

4.2 Outside of the planning system, EERA's "powers" are few. As a voluntary regional chamber, EERA concentrates its efforts on exerting influence and we would respectfully suggest that the real question regarding the devolution of powers would be to examine the devolution from the national level be it to regional, sub-regional or local level.

4.3 EERA's development has also been closely intertwined with changes to the new planning system. Since June 2001 the Assembly has been involved in preparing a new Regional Spatial Strategy for the East of England. During the course of the preparation of the draft East of England Plan (the RSS) the planning system has been comprehensively overhauled leading to changes both in relation to the new statutory nature of the RSS, and also corresponding changes to the development plan system at local level. In spite of this difficult background the Assembly has made good progress in formulating a new Regional Spatial Strategy and this was formally submitted to Government in December 2004. The Plan is currently undergoing its public examination.

4.4 These changes to the planning system have indeed seen the demise of the County Structure Plan but in the debates and discussions surrounding that change, it is all too often forgotten that within the previous system local authorities worked through planning conferences (in the greater south east they were SERPLAN and SCEALA). The existence of these planning conferences demonstrated that for some decades local authorities have needed mechanisms to cooperate and plan collectively on matters of sub-national importance. EERA fulfils that function within the new planning system and we would contend fulfils it more effectively and transparently. To illustrate this point, SCEALA, the former regional planning body for Norfolk, Suffolk and Cambridgeshire famously once refused to come to a view as to whether the A11 or the A14 should be the top roads priority in East Anglia. Contrast this with the fact that at its last meeting, EERA was able to agree a schedule of 23 transport schemes across the whole East of England for an extremely limited amount of priority funding.

4.5 The places at the SERPLAN table were very few indeed and certainly the representation of District Councils was particularly derisory. Contrast this with the fact that all 54 local authorities are members of EERA, all have an equality of voting, and all meetings are open to the public.

5. IMPACT OF CITY REGIONS

5.1 In the particular circumstances of the East of England the City Region model would need very careful adaptation, both in concept and scale. None of the designated core cities, around which the concept appears to have been built, are in the East of England and while we have a number of small and medium sized urban settlements in the 80,000—120,000 population range none are in the same league as say Manchester, Newcastle, Leeds or Birmingham. However, in the draft East of England Plan, EERA has recognised the value of such settlements as being the key preferred locations for much housing growth, as urban centres serving a wide hinterland area for services and jobs and as key transport interchange centres. So we are supportive of initiatives which maximise the importance of such urban centres within their natural footprint.

5.2 There remains a degree of uncertainty about whether changes to the governance arrangements for such small and medium sized towns and cities will be offered and there has been limited interest in our region to date in some of the new executive mayor arrangements (Bedford and Watford being conspicuous exceptions).

5.3 Unless it is changed by Government actions accompanied by a move to the introduction of unitary local government the predominantly two tier pattern of local government in the East of England will also probably inhibit the development of city regional governance in the East of England. In many ways the East of England is a region of shire sub-regions rather than natural city regions, and of course in many parts of the East of England the only city which really matters is London whose influence affects a good part of the southern part of the Region.

6. POTENTIAL FOR OTHER NEW ARRANGEMENTS

6.1 *Housing*: EERA is ready to take on the responsibilities of the Regional Housing Board and arrangements are in place within the region to assume these responsibilities early in 2006–07. Last year EERA produced a new Regional Housing Strategy 2005–10 which further develops the concept of new housing sub-regions and this development will also pave the way to work within the new housing market areas, recently signalled by ODPM in Draft PPS3.

6.2 *Health*: The current pre-consultation exercise on health structures seems to be pointing to a single SHA being developed for the East of England, the policy position adopted by the Assembly in the 2001 review of health structures (which led to 3 SHAs being formed within the East of England). If such an SHA is introduced following the formal consultation on health structures, then we believe very strongly that it will be important for EERA to undertake a single regional scrutiny role over the activities of the new SHA.

At its last meeting EERA agreed the first Health Strategy for the region, presented by the Public Health Group in GO-East. Given the importance of the health service, including the health economy and its links with a variety of key public services, EERA is well placed to undertake an RDA type scrutiny role with regard to the new SHA, properly integrating health planning into our wider work, particularly in housing/planning/transport.

6.3 *Extending Accountability of the quango state within the region:* EERA has been innovative in seeking to secure, through voluntary agreement, greater influence for the Assembly over the activities of key public sector agencies. We already have a voluntary concordat with the Environment Agency which is paving the way for a greater scrutiny role over the regional activities of the Environment Agency by the Assembly. Similarly, we are developing a scrutiny role with Living East; the regional cultural consortium.

The Regional Funding Allocations exercise, where regions are being asked to give co-ordinated advice to Government on how best to use a small regional pot of housing/transport/economic development funding could be capable of wider extension into other policy domains. Skills would be an obvious example. In the East of England the budget of the Regional Learning and Skills Council is some 6 times that of the Regional Development Agency and it will be important to draw in to regional policy making a number of key regional NDPBs. Our new Regional Partnership Group should pave the way to make these relationships work more effectively.

7. DESIRABILITY OF CLOSER INTER REGIONAL CO-OPERATION TO TACKLE ECONOMIC DISPARITIES

7.1 As a Regional Body with responsibilities for the East of England, EERA naturally concentrates its efforts on promoting East of England issues. However, we recognise that given the somewhat arbitrary nature of regional boundaries, we are increasingly required to work across them, and to maximise the benefits of inter regional co-operation. The East of England has to actively manage its relations with London, the South East and the East Midlands in view of particular cross regional projects such as the Milton Keynes-South Midlands Sub Regional Strategy, London 2012 and the Thames Gateway. EERA has actively participated in the Inter Regional Planning Forum (London, the South East and the East of England) and in the Milton Keynes Inter-Regional Board. We are also aware that the Regional Development Agencies covering the Greater South East have recently agreed to work more closely together, given the similarity of economic development challenges facing these regions. Whilst we are working towards reducing both inter and intra-regional disparities in economic performance, and we note the development of initiatives such as “the Northern Way”, it is important that the needs of the East of England, as a region with further considerable potential to offer to “UK plc”, are not ignored in any overriding objective to tackle national economic disparities. EERA will keep such matters under close review in the light of emerging Government policy in this area.

8. CONCLUSIONS

8.1 As a somewhat new and as some would say artificial region, key regional partners in the East of England have forged strong and mutually beneficial ways of working. In particular, GO-East, EEDA and EERA have faced up to their new role as key regional institutions, and have sought to build robust partnerships and inclusive working arrangements which serve the needs of the Region effectively. We will continue to respond innovatively and pragmatically to further developments in the regional agenda and in a way which adds value to the actions of our local partners and seeks to draw down genuine devolution and decision making from Whitehall into the East of England.

Memorandum by Gloucestershire County Council (RG 72)

“THE EFFECTIVENESS OF THE CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS AND THEIR INTER RELATIONSHIPS”

Gloucestershire County Council is committed to partnership working across a multitude of service areas, and in particular the areas now identified under Local Area Agreements ie economy, young people, safer and stronger communities, healthy living and older people.

Our pattern and successes in partnership working have been reliant upon partners serving the same population base, usually just Gloucestershire.

We would not pretend that the current arrangements are simple, or even make sense to the community, but we have made them work. We are particularly concerned by the trend towards quasi regionalisation of the services of our major partners. This situation is occurring in the following areas:

- Merger of Police forces.
- Merger of Ambulance Trusts.
- Regionalisation of Fire Control.

- Regionalisation of Learning and Skills Councils.
- Regional control of Business Links.

In contrast, we believe the current proposals to create a single Primary Care Trust for Gloucestershire, coincident with our Children's Service and Adults Social Care responsibilities, will create better opportunities for co-ordinated service delivery.

For many of our services to make sense to our customers require co-ordination across partners. Successful multi-sector working often requires the pooling of budgets. This is often seen as a brave step, but is realistic where we share the same customer base, and money cannot leak out. The chances of such working with regional partners is dramatically reduced, particularly where we cannot yet even identify the governance arrangements for such bodies. If just one partner was subject to change, the impact may well be manageable, but with the wholesale change that we are witnessing, as listed above, we face a serious setback in the challenge of providing and leading joined-up public services for Gloucestershire.

Memorandum by the County Councils Network (CCN) (RG 73)

THE COUNTY COUNCILS NETWORK

The County Councils Network (CCN) is a Special Interest Group within the Local Government Association (LGA), with all 37 English Shire Counties in membership. The County Councils Network promotes the voice of counties within the LGA and the values and interests of the English Counties. Together these authorities represent 48% of the population of England and provide services across 87% of its land area.

THE GOVERNANCE OF SHIRE ENGLAND

The Select Committee has asked for views about the potential for increasing the accountability of decision-making at the sub-regional level. We consider that the existing county councils provide a very effective mechanism for co-ordinating the delivery of key public services at a sub-regional level. It is for this reason that the CCN and its member authorities made the case (successfully) for the retention of the role of county councils in strategic land use planning during the passage of the Planning and Compulsory Purchase Act 2004. We believe the fact that the Government overturned its original proposals and accepted the case for this role was recognition of the place of county councils as the sub-regional building blocks.

County councils are democratically elected bodies and it is through this that they derive both a mandate and accountability for performing a sub-regional coordination role. We consider it is significant that in shire areas it is the county council which leads the Local Area Agreement process. We consider that counties are of a scale to have both the capacity and capability to bring together the various agencies necessary to produce an effective Local Area Agreement.

It is the strong belief of the CCN that the existing counties are of a scale to operate effectively at the sub-regional level. We see the sub-regional role as being one which mediates between the community and the regional level. The scale of counties enables them to be effective advocates of their communities and a regional level, whilst at the same time being local delivery agencies enabling them to implement strategic decisions at a locality level.

County councils have a long track record in the governance of shire England. However, as organisations, they have proved themselves able to adapt to changing circumstances and the requirements of the modern world. We would cite the fact that all shire county councils proactively responded to the development of local Public Services Agreements and subsequently to Local Area Agreements as evidence of their commitment and ability to operate and deliver effectively at a sub-regional level.

The Select Committee is interested in receiving views about the current regional arrangements. County councils enjoy generally good, positive and productive working relationships with their Government Offices. We would observe that the quality of these relationships can be variable both between Government Offices and on different issues dealt with by the same Government Office. However, we consider that a regional presence of government is beneficial where this improves understanding of local circumstances and speeds decision making. Whilst we consider that there is added value in the Government Office arrangement, we would not want this to be the only interface which principal authorities (such as county councils) have with government departments, since on certain matters it will be entirely appropriate for us to deal directly with Whitehall. In this context the role of the Government Office should not be seen as a filter. Government departments based in Whitehall need to retain a clear awareness of what is happening on the ground, the quality of their understanding will be enhanced if they have information directly from local government as well as feedback from Government Offices.

On various occasions our membership has expressed concerns about "creeping regionalisation", the process whereby additional powers and functions are established on a regional basis. We would cite the example of the move to the establishment of regional fire control centres as an example. Regarding the

delivery of public services, we believe that the principle of subsidiarity should apply. Where there are moves to establish public services delivered at a regional level, a clear business case needs to be made in each and every case. We have also noted a growing trend for Government Offices to be involved in the coordination of matters such as public health, performance assessment of local government and formulation of Local Area Agreements. We believe that where the use of regional coordination can be clearly demonstrated to add value, by improving the speed of decision making and strengthening the interface between central and local government, these developments can be beneficial. However, we are concerned that on occasion these arrangements can add an additional layer of bureaucracy which works against these objectives, and in practice slows decision making and responsiveness. We can cite examples in the preparation of local Public Service Agreement and Local Area Agreements where Government Office officials were acting as intermediaries between local government representatives and officials and Ministers in Whitehall with the effect of creating an additional layer of administration.

Further, we would wish to impress upon the Select Committee that the devolution of decision making in relation to funding for local highways schemes from Whitehall to Government Offices has risks as well as potential benefits. Under the arrangements which are currently being implemented, schemes are determined against regional priorities. Whilst Government Offices can often have a better understanding of local circumstances, there is a risk when schemes which would have significant sub-regional benefits are tested against regional criteria. We consider that this could result in a distortion of resources, favouring schemes of regional significance, and resulting in schemes of sub-regional impact being lost. In submitting written evidence we consider it inappropriate to cite specific examples, however, we would urge the Select Committee to seek systematic evidence on this issue. The CCN would be pleased to submit some illustrations in support of the arguments which we have advanced.

REGIONAL INTERDEPENDENCE AND CITY REGIONS

The Government is giving high priority to the role which core cities play in the economic performance of the national economy. Whilst these cities play a major part in economic prosperity, a research report published in 2004 by the County Surveyors Society and the Chief Economic Development Officers Society provides evidence that (when London is excluded) three-quarters of all economic activity is outside the eight core cities. The CCN considers that it is important to give due weight to the inter-relationship which exists between these cities and their hinterland. It is that hinterland which is served by county councils. Shire areas play a key role in the prosperity of the core cities. These hinterland areas provide significant amounts of labour to service the industries and businesses of these metropolitan and city areas. The services provided by county councils are key in ensuring the well-being of these workers and their families. In addition, hinterland areas are often the location key support services, and of small and medium sized enterprises which form part of the supply and delivery chain for larger firms. We would cite the role of county councils in strategic economic development, regeneration and the development of skills, support for business development and innovation, both as direct providers and working in partnerships with others including Local Strategic Partnerships and the learning and skills councils as practical demonstration of this pivotal role.

Further, hinterland areas, due to their high environmental quality, provide important sources of recreation and other amenities for city dwellers. Facilities such as county parks, cultural and heritage facilities, key tourism venues are provided or supported by shire authorities. These facilities provide an important and complementary resource for city dwellers and workers.

The CCN considers that the debate so far has focused overly on the role played by cities themselves. We would urge the Select Committee to give consideration to the interdependence of cities and their hinterland. We note that the Select Committee is interested in the issues of both intra and inter-regional cooperation and coordination, we consider that this issue of interdependence is relevant for both considerations.

INTRA-REGIONAL CO-ORDINATION

The Select Committee has asked about the current arrangements for managing services at various levels and their inter-relationships. The CCN considers that cooperation between local authorities has enabled a great deal to be achieved and that this has resulted in the delivery of more efficient and effective public services at a local level. A great many public services are now delivered through some form of joint-working. We would cite the examples of waste disposal, adult social care, services for children with severe learning or mental difficulties, economic regeneration and highway maintenance as being examples of key service functions where there is already a high degree of co-operation and co-ordination between local authorities at a sub-regional level. We would be pleased to share specific examples of such activity with the Select Committee upon request.

Whilst we can cite a large number of examples of joint or shared provision in front-line public services, we would also wish to impress upon the Select Committee the extent to which local government is also developing arrangements to share back office functions on a sub-regional basis. Arrangements exist in a wide variety of forms; some being joint arrangements between local authorities, others involve cooperation with other sub-regional public services providers, such as health and police services. We would also note that a

number of these arrangements involve partnership with the private sector, often bringing skills and resources which complement the public sector organisations. We can provide detailed examples of such arrangements operating in a range of functions including, revenue and benefits services, payroll and financial services, human resources and staff training, and property services and asset management. It is our belief that these arrangements are working well. Analysis of the Government's most recent assessment of savings made through the Gershon efficiency review shows that local government (and county councils in particular) have been able to realise the benefits not only of improved cost efficiency but also enhanced performance through such shared back office arrangements.

INTER-REGIONAL CO-OPERATION

We would observe that, from a county council perspective, the existing regional administrative boundaries are not an impediment to the type of cross-boundary coordination detailed above. The authorities which we represent have demonstrated the ability, in a range of circumstances, to engage in joint arrangements with neighbouring authorities as readily where these cross administrative regional boundaries as when they operate within them.

DEVOLUTION OF POWERS

The Local Government Association (LGA), on behalf of local government collectively, makes a powerful case for further delegation of powers and functions to local government, we strongly support this case. County councils have been proved through the inspection process as having attained the highest levels of performance in the delivery of public services. The Audit Commission has demonstrated that one of the key success factors for local authorities is in having clear and effective leadership, both politically and managerially. Further, high performing authorities are those which are closely in touch with and responding to the needs of their communities. The CCN believes that county councils are of a scale which makes them effective in operating at both the strategic and local level. Combined with high performance, it is for this reason that we believe a strong case can be made for the devolution of new powers and duties to county councils. Current ODPM Ministers have indicated to the CCN (and more publicly) that they consider that departments and agencies are far too directly involved in local service provision, and that more could be devolved to local government. The CCN considers that in a number of key public services improvements could be made not only to the cost effectiveness but also the quality of delivery by such a move. We would cite the examples of highway maintenance, environmental regulation, economic and social regeneration, public health, community safety, as being areas where there would be benefits and added value in a greater role for local government in the commissioning, delivery and scrutiny of local public services.

In a speech to the New Local Government Network annual conference on 18 January 2006, David Miliband the Minister for Communities and Local Government spoke about his vision for "double devolution". He made the case for greater devolution to local government and to neighbourhoods and individual citizens. He observed that "[in England] national government takes a lot of decisions that in other countries are taken locally." We consider that "double devolution", whereby greater power and responsibility is devolved from national to local government and from local government to communities, could produce real benefits in improving the quality and effectiveness of public services. The Select Committee has raised the question of the devolution from regional to local level. We believe that such devolution should take place, but would go further in encouraging the devolution of more from national to local and community level in the manner which we understand the Communities and Local Government Minister to be describing.

Memorandum by the Trades Union Congress (TUC) (RG 74)

SUMMARY

- Regional governance in England has not ground to a halt since the North East referendum in November 2004. New regional arrangements continue to be established, in part driven by the Chapter 2 Agenda as well as elements of the Government's public sector modernisation programme.
- An accountability gap remains at the heart of regional governance in England. The TUC believes that effective stakeholder engagement can play an important role in strengthening governance at regional, sub-regional and local levels.
- Hubs of governance (eg Regional Assemblies and local authorities) have to demonstrate they are fit for purpose for facilitating stakeholder engagement. Equally, stakeholders themselves have to demonstrate fit for purpose.
- At present, City Region governance lacks broader stakeholder engagement. Steps should be taken to encourage wider participation.

1. INTRODUCTION

1.1 The TUC is the voice of Britain at work. With 67 affiliated unions representing nearly six and half million working people from all walks of life, it campaigns for a fair deal at work and for social justice at home and abroad. The TUC negotiates in Europe, and at home builds links with political parties, business, local communities and wider society.

1.2 At the regional level, the TUC structure is organised into the Wales TUC and six regions across England. The Scottish TUC is a separate body, although it works closely with the TUC. The Wales TUC and the TUC regions are recognised as influential stakeholders in the governance of regional development in England and the UK's devolved territories.

2. REGIONAL GOVERNANCE IN ENGLAND

2.1 Alongside Central Government in its different forms, an array of institutions and agents are operating within the field of regional and sub-national public policy. London aside, the pattern of governance across the English regions has become much more complex and multi-layered.

2.2 There is growing evidence that the evolution of regionalisation in England should be seen as being rooted in a set of deeper trends and policy-making processes derived from both New Labour and the UK state, rather than as a precursor to regional government. As such, the subject of regional governance in England requires closer scrutiny.⁸⁸

2.3 In line with its support for the notions of subsidiarity and accountability, TUC policy has backed the establishment of elected regional government in England, having welcomed the introduction of political devolution in Scotland, Wales and London. Many trade unions in the regions and devolved territories have begun to realise the opportunities presented by regional and devolved governance across the UK.⁸⁹

2.4 Several reasons are said to lie behind the overwhelming “no” vote in the North East referendum in November 2004, including an apparent perception that an Elected Regional Assembly (ERA) would be inefficient and lead to higher taxes, and would have limited impact in boosting the Region's economy or voice in Europe.⁹⁰ The fallout from the referendum has generated limited appetite within Government to push for the creation of new political institutions in the English regions and localities. Elected regional government is off the political agenda for the foreseeable future.

2.5 However, governance at the regional level has not ground to a halt. Instead, regional government in England, albeit in a non-elected guise, continues to evolve, in part driven by the dynamics of the “Chapter 2 Agenda”, which has provided a basis for Government to recast the mechanisms for delivering elements of national policy.⁹¹ The drive to decentralise and rescale public policy and public service delivery has accelerated in the aftermath of the North East referendum. Central Government considers Regional Assemblies as the most appropriate bodies to take on the role of regional co-ordination, mindful perhaps that a gap in democratic accountability remains at the centre of regional development and governance in England.⁹² Government Offices and Regional Development Agencies (RDAs) have seen their responsibilities increased, while Regional Assemblies have assumed the lead role in preparing Regional Spatial Strategies (eg planning and housing). Regional Assemblies also undertake important scrutiny of the RDAs and Regional Economic Strategies. Regional Skills Partnerships have been established, while new mechanisms have been put in place, via the Regional Funding Allocations, for regions to determine spend on economic development, housing and transport priorities, albeit within the parameters of national frameworks.

2.6 An emergent theme within the regional agenda is the Government's public service modernisation programme built on the premise of generating greater efficiency. Proposals to reorganise fire and rescue, health and police and prison services in England appear to reflect a rationale on the part of Government that the regional tier represents a useful scale in which to deliver important elements of its public service “reform” programme. The Learning and Skills Council's (LSC) Agenda for Change, which seeks to rationalise local LSC offices and strengthen regional mechanisms, could also be viewed as an important part of this process. Affiliate unions planning to submit written evidence to this inquiry may expand upon some of the industrial implications derived from this development.

⁸⁸ Sandford, M (2005) *The New Governance of the English Regions*, Palgrave Macmillan.

⁸⁹ O'Brien, P (2005) *Devolution, Regionalisation and the Trades Union Congress (TUC)*, unpublished PhD Thesis, Newcastle upon Tyne, University of Newcastle upon Tyne.

⁹⁰ Rallings, C and Thrasher, M (2005) “Why the North East said No: The 2004 Referendum on and Elected Regional Assembly”, ESRC Devolution and Constitutional Change Programme, Briefing No. 19, February.

⁹¹ Rallings, C and Thrasher, M (2005) “Why the North East said No: The 2004 Referendum on and Elected Regional Assembly”, ESRC Devolution and Constitutional Change Programme, Briefing No. 19, February.

⁹² ODPM (2005) *Evaluation of the Role and Impact of Regional Chambers: feasibility study*, London, Office of the Deputy Prime Minister.

2.7 Similarly, the Local Government Modernisation Agenda (LGMA) has sought to encapsulate attempts to improve performance management, efficiency and productivity. Initiatives such as the Neighbourhood Renewal Fund, Local Strategic Partnerships and Local Area Agreements reflect new attempts to encourage and engender a more holistic approach to local development and sustainable communities.

2.8 The issue of scale and the appropriate level at which governance should be formulated and delivered in England is worthy of consideration. The TUC supports the principle of subsidiarity to underpin regional, sub-regional and local forms of governance. Regional bodies can play an effective role in managing strategic activities, such as waste, planning, housing, skills and transport. Yet, more localised tiers, closer to the public and consumers of services, should play the lead role in delivery.

3. ACCOUNTABILITY AND STAKEHOLDER ENGAGEMENT

3.1 Amidst what is still recognised as a yawning gap in the accountability of governance in the English regions, attention has turned to the existing role, structure and performance of Regional Assemblies.⁹³ In particular, a fresh examination has been launched on the mechanisms for making regional bodies, such as Assemblies, more accountable to regions and localities. The Assemblies are recognised by Central Government and others as useful vehicles for bringing together a wide coalition of interests, including local authorities, business, trade unions and the voluntary and community sectors.

3.2 Regional assemblies, such as the North East Assembly, have undertaken a comprehensive examination of internal processes, external relationships and governance arrangements. Under the heading of “New Horizons—The Way Forward”, members of the North East Assembly have agreed a series of measures designed to improve the operation, effectiveness and accountability of the Assembly as it delivers its statutory functions.

3.3 The TUC believes that a key driver of successful regional governance is effective stakeholder engagement. The review undertaken by the North East Assembly has produced an agreement to underpin the process of stakeholder engagement inside the Assembly with a statement of principles. The principles reflect a desire on the part of members to strengthen the role of stakeholders in Assembly business. There are three elements to the process. First, a series of overarching arrangements illustrate the significance attached to engagement based on genuine equality, diversity, transparency, accountability and inclusion. In addition, stakeholders should be equipped with the capacity to make meaningful interventions at all levels of Assembly business. Second, the Assembly itself is expected to ensure that its proposed modus operandi operates in such a fashion that stakeholder engagement can flourish. Third, stakeholders themselves are expected to operate in a transparent manner and to possess open and accessible procedures. Crucially, these overarching principles should apply equally to different forms of governance operating across a range of spatial scales.

3.4 Governance should not be seen as something that is “done to people”. Instead, it should be a process of civic and societal participation in shaping, delivering and evaluating policy decisions that impact on the lives of the general public. Governance, at whatever scale, should also draw upon a wide range of talents from various interests.

3.5 Stakeholder engagement, which brings together government (central and local), agencies and non-state stakeholders, such as business, trade unions and the voluntary/community sector is the catalyst to effective public policy implementation and delivery. Stakeholder engagement can assist in prioritising key issues or areas for delivery, as evidenced through recent activity undertaken by Regional Transport Boards as part of the Regional Funding Allocations, and as illustrated by the evolving apparatus of Regional Skills Partnerships.

3.6 Prior to the North East referendum, the TUC welcomed the recognition by Government that the involvement of stakeholders in existing Regional Assemblies had been successful. The Government’s approach to regional policy has been framed on partnership or networks, drawing on expertise from institutions and stakeholders. Alongside Central Government, agencies and other institutions, regional stakeholders have made important contributions to shaping and delivering local and regional strategies. The path of devolution in England, whichever course it takes, should not diminish the influence and engagement of stakeholders. Stakeholders contribute towards more accountable governance, and should have a role in regional, sub-regional (including City Region) and local arrangements.

3.7 A recent study has shed light on stakeholder engagement as part of local government modernisation.⁹⁴ The research has produced a set of interim findings that resonate with similar issues raised about the importance attached to improving the qualitative nature of stakeholder engagement with regional

⁹³ In July 2005, the Minister of Communities and Local Government, David Miliband, met with the Chairs of the Regional Assemblies to discuss the developing role of Regional Assemblies. The meeting covered a range of issues, including the balance between executive and scrutiny functions, the balance of stakeholder representations, and the balance between focus and integration. Towards the end of 2005, the Minister wrote to Chair of the English Regions Network and Chairs of all Assemblies inviting them to submit proposals based on how Assemblies would undertake their new responsibilities within the updated guidance that had been drafted for Assemblies.

⁹⁴ ODPM (2005) *Meta-Evaluation of the Local Government Modernisation Agenda: Progress Report on Stakeholder Engagement with Local Government*, London, Office of the Deputy Prime Minister.

governance. Stakeholder engagement at a local level is seen as delivering a significant contribution to public participation in local governance, amidst falling interest in direct forms of political representation. While local government is taking into account the views of stakeholders, service users and residents, there is insufficient evidence at present to support the view that the ability of stakeholders to hold local authorities to account has improved since the LGMA was launched. In addition, concerns have been raised about the representatives of stakeholders and the ability of local government structures, agencies and community groups to reach out and connect with under-represented and under-served individuals and communities. This suggests that the hubs of sub-national governance, in this case, local authorities, need to take the necessary steps to ensure that they are “fit for purpose”, and able to function in a manner that encourages and facilitates genuine stakeholder engagement.

3.8 While the TUC argues that participatory democracy strengthens the accountability of governance at regional, sub-regional and local levels, greater inclusion within the governance process can be improved if stakeholders themselves undertake steps to ensure that their own structures are governed by the principles of inclusion.

3.9 Representation is the core activity of trade unions. As umbrella organisations, representing the interests of different individual unions, Regional TUCs, by any measure, are significant actors in the regions. Aside from undertaking a traditional role in the workplace, unions also have a stake in influencing and shaping broader polity and socio-economic governance at all levels. TUC Regions in the North East, North West, Yorkshire and the Humber, London and the South East are delivering projects with their respective RDAs, which are based on strengthening the trade union contribution to delivering sustainable development in the regions. In addition, with the support of RDAs and LSCs, TUC regions are managing successful regional skills projects.

3.10 The strength of Regional TUC engagement, alongside an ability to deliver strategy and action, is based on the fact that TUC regions are democratic organisations, governed according to the principles of equality, accountability, transparency and legitimacy. Elected trade union representatives shape Regional TUC activity. Affiliate unions, themselves democratic bodies, ensure that the Regional TUC possesses an effective and meaningful stake in achieving objectives within and across a diverse range of key areas such as, race relations, disabilities, LGBT, women’s equality, young people, pensions, skills and learning, public services, international development, economic development and regional governance. For example, representatives of Northern TUC forums leading on these issues, elected via constituent bodies, serve on the Northern TUC Executive Committee, thus strengthening the relationship between affiliate organisations, the Northern TUC and specific subject areas. Research has suggested that the Northern TUC regional structure represents an example of best practice on how to secure, as an accepted principle, the concept of equality and diversity within an umbrella organisation.⁹⁵

3.11 The inclusion and participation of a wide range of regional partners has strengthened governance in the English regions. The TUC subscribes to a model of stakeholder engagement that is both inclusive and effective. Striking an appropriate balance between the two is not easy. However, creating an effective structure that facilitates both representation and advocacy is a major challenge. Reflecting the findings of LGMA research on stakeholder engagement, the onus at all spatial levels should be on organisations that purport to “represent” interests to demonstrate transparency, accountability and inclusion within their own structures.

3.12 Reflecting distinct political, economic, social and cultural geographies, the capacity of stakeholders to engage effectively with models of regional and sub-national governance is uneven. Evidence from the UK’s devolved territories and regions suggests that new approaches towards participatory governance have placed demands on the capacity of stakeholders to respond to policy developments. As stakeholders are invited to adopt a role in policy formulation, implementation and scrutiny, they require policy/research support.

4. CITY REGIONS AND NORTHERN WAY

4.1 Responding to the Northern Way Growth Strategy, the TUC noted the reference to City Regions as the principal spatial entity for driving up the North’s economic performance.⁹⁶ City Regions are identified as major vehicles for delivering Regional Economic Strategies in England.⁹⁷ Development strategies seeking to reduce disparities between the English regions are encouraged to draw greater attention to the regional roles of City Regions.⁹⁸ Interest in City Regions has grown in the aftermath of the North East referendum, drawing attention to the challenge of identifying suitable scales for managing activity that is too small for Central Government or too large for local authorities to deliver.

⁹⁵ Shaw, K and Humphrey, L (2003) *The Engagement of Stakeholders in a Directly Elected Regional Assembly in the North East*, research for the North East Assembly, Newcastle upon Tyne, University of Newcastle and Northumbria University.

⁹⁶ TUC (2005) Report on the Northern Way growth Strategy, London, Trades Union Congress.

⁹⁷ See for example, the revised Regional Economic Strategies for the North East, North West and Yorkshire and the Humber.

⁹⁸ SURF (2004) *Realising the national economic potential of provincial city-regions: the rationale for and implications of a “Northern Way” growth strategy*, an ODPM New Horizons Study, Final Report, University of Salford, Centre for Sustainable Urban and Regional Futures.

4.2 The Government has welcomed new proposals calling for the creation of City Regional government.⁹⁹ The Office of the Deputy Prime Minister (ODPM) has factored City Regions into its work programme through its Core Cities Group and the Northern Way, and they are expected to form a major strand of the forthcoming local government white paper.

4.3 Over 90% of the population of the North live in eight city regions, and together they constitute a broad polycentric framework. The Core Cities group suggests that cities are engines of economic growth and, as such, priority action should be taken to strengthening the growth potential of the core city and the wider City Region. However, while the City Regions should be seen as key drivers of economic activity, the TUC also believes it is vital to develop strategies, policies and instruments that pull core cities and their economic/rural hinterlands together rather than apart.¹⁰⁰ We recognise that efforts to “objectively delineate urban and rural areas are always contested and problematic given, not least because of the increasing complexity of spatial relations (the flows of people and things between places)”.¹⁰¹

4.4 However, the Northern Way should at least recognise the unique geographical, economic and social circumstances of areas that fall outside the boundaries of the eight City Regions. Reference in the Growth Strategy that City Regions and places outside these areas will benefit in equal measure is welcome, but how this is delivered in practice will be observed closely. The TUC sees the Northern Way as an initiative that will be judged ultimately on its ability to find, and persuade Central Government to adopt, new innovative approaches to tackle the problems of connectivity, transport, housing and employment across different parts of the North of England.

4.5 In strengthening the contribution of the eight City Regions to the economy of the North, it is important to bear in mind the challenge of global competition. If City Regions are the motors driving the economy of the North, they will have to create higher levels of indigenous enterprise and attract a greater share of external investment. The objective should be to create, attract and embed new economic activity in the North, and not simply displace economic activity from part of the North to another. Intra-regional competition can produce polarising tendencies, forming and exacerbating the cycle of winners and losers. Existing Regional Economic Strategies, aided by elements within the Growth Strategy, should focus on delivering equitable and balanced growth for all parts of the North.

4.6 Delivering balanced equitable growth requires effective governance, although this is a major challenge for City Regions given the fragmented nature of local authority boundaries, and the difficulty that many core cities face in carrying the cost of undertaking regional roles armed with a wholly inadequate tax base.¹⁰² Greater understanding is required about the precise nature of multi-level governance, and the contribution of national, regional, sub-regional and local government to broader pan-regional regional, sub-regional and local economic performance. Central Government, regional agencies, including the RDAs, Regional Assemblies, Sub-regional Partnerships and local authorities are part of a multi-layered system, which, if it is to be successful, demands maturity from all parties at levels to manage working relationships based on strategic alliances rather than formal institutional change.

4.7 The TUC has identified a potential flaw in the current shift towards City Region governance, which appears to be driven, in the main, by Central Government and large “metropolitan” local authorities. Alongside the lessons of regional and local governance, it is essential that new forms of City Region governance contain sufficient democratic quality based on direct representative and participatory elements, ie stakeholder engagement.

Memorandum by the Association of Chief Police Officers (ACPO) (RG 75)

1. ASSOCIATION OF CHIEF POLICE OFFICERS (ACPO)

1.1 The Association of Chief Police Officers (ACPO) was set up to undertake work on behalf of the Service as whole, rather than in each force separately. ACPO co-ordinates consultation with the 48 Home Office forces of England, Wales and Northern Ireland to provide a service response to national issues and can offer the authoritative service “voice” on all aspects of policing. ACPO provides professional advice to government, police authorities and other agencies and individuals.

ACPO develops policies, manuals of guidance and memoranda of understanding for the forces to use public resources to best effect.

ACPO is not a staff association; this function is performed by the Chief Police Officers Staff Association CPOSA.

⁹⁹ NLGN (2005) *Seeing the Light? Next Steps for City Regions*, London, New Local Government Network.

¹⁰⁰ Parkinson, M, Hutchins, M, Simmie, J, Clark, G and Verdonk, H (2004) *Competitive European Cities: Where do the Core Cities Stand?* A report to the Office of the Deputy Prime Minister, London.

¹⁰¹ Midgley, J, Ward, N and Atherton, J (2005) *City Regions and Rural Areas in North East England*, Centre for Rural Economy, University of Newcastle upon Tyne: pg 2.

¹⁰² CURDS (1999) *Core Cities: Key Centres for Regeneration*, Newcastle upon Tyne, Centre for Urban and Regional Development Studies.

1.2 In producing this memorandum all forces were invited to respond on the terms of reference; a total of 15 responses were received (34%) and their views are summarised under each of the six key issues set out in the ODPM consultation.

1.3 It is appropriate that the service is given the opportunity to contribute to the debate in view of the potential impact of regional Government on current and proposed policing structures.

2. POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

2.1 The devolution of decision making and accountability to a more local level is welcomed. Connection with and accountability to communities and locally based partners is fundamentally important to the delivery of policing at all levels and to the achievement of policing outcomes in terms of reassurance, prevention, detection and bringing offenders to justice. Policing is delivered at neighbourhood (parish/ward), basic command unit (district) and strategic (force/county) level.

2.2 There is an inherent conflict between the current system of centrally driven priorities and the need to reflect local issues when determining organisational priorities. Decision making and accountability at the regional level has the potential to increase this strain further as there are significant concerns that regional level does not have the necessary democratic structures to support it. Clearly there are benefits for all Whitehall departments to apply a “joined up” approach to developing new structures and a shared vision. The community safety plan incorporating the national policing plan is an example of this emerging approach.

2.3 The relationship between the regional and sub-regional structures is critical in terms of accountability, resource allocation and the ability to set local targets and priorities at a local level. In order for arrangements at a regional and sub-regional level to be effective it is imperative that flexibilities and freedoms are granted by central government to allow local priorities and needs to be met and delivered by existing partnership working arrangements with the Crime and Disorder Reduction Partnerships (CDRP), Local Strategic Partnerships (LSP) and in turn, their relationship with the Local Area Agreements (LAA) that are currently being piloted.

2.4 A further consideration for the police service is the outcome and final decisions made around HMIC review of protective services “Closing the Gap” and Force restructuring. Policing issues transcend boundaries and tiers; it is a fundamental principal for chief officers that resources can be deployed at their discretion in support of national, local and neighbourhood level priorities as determined by intelligence assessments.

2.5 There is a real tension between the desire to provide an increasingly personalised service directed towards genuine local priorities set against the need for each agency to deliver against Governmental priorities expressed within the Public Service Agreements and the mass of related targets and expectations that flow from them.

2.6 For example, the ODPM’s 2005 consultation document “Securing better outcomes: developing a new performance framework” emphasises the collaborative delivery of local public services in a way that is helpfully consonant with neighbourhood policing. However, this highlights LAA (sitting at County/Unitary level) as the relevant vehicle for the production and monitoring of shared targets and outcomes. It is not yet clear how, or how well, priorities identified at the neighbourhood level of granularity will survive or be influential when aggregated to the level of LAA.

2.7 There is a need to move beyond status quo for public services as articulated by the ODPM consultation document’s description of the current performance framework for councils, which: “fosters compliance rather than innovation, with a greater focus on accountability to central government rather than to local people . . . is increasingly rigid, complex, process heavy and resource hungry . . . [and] focuses on extremes of performance.”

3. POTENTIAL FOR DEVOLUTION OF POWER FROM REGIONAL TO LOCAL LEVEL

3.1 There is some attraction in the devolution of powers from a regional level to a county level. In particular powers to direct resources and funding could increase the focus on local issues, and potentially facilitate faster decision-making and implementation of change. However, it could potentially increase competition for finite available funding, creating conflict in terms of local priorities and aims which would not be conducive to partnership working. The issue of devolution of powers from regional to a local level opens up a debate whether local, regional, or even central priorities take precedence.

3.2 The level and degree of the potential devolution will depend upon the nature and type of powers that are devolved. In principle, such an approach supports the emphasis on local public service delivery and localism. It serves to reinforce the opportunities for timely and efficient delivery on local issues, enhance and strengthen partnership working and delivery on community safety issues. It further provides tangible support to the concept of empowering communities and enabling them to influence levers of power to hold people to account. It effectively places the citizen at centre stage.

3.3 There is a need to challenge the presumption of competence in delivery at the local level, as evidenced by variance in the consistency and effectiveness of CDRP; one should question an assumption that local government is perfectly able to take on devolved powers and the challenges associated with such powers.

Simplification of existing arrangements should be balanced against the commensurate management investment to secure consistency, corporacy and curbing unilateral action.

3.4 At the sub-regional level, future local government reform will have a considerable part to play. The introduction of Local Area Agreements (LAA) in every local authority area provides a mechanism through which appropriate levels of accountability for local decision making, allocation and use of funding and performance attainment against agreed standards and priorities can be assessed. To support this, focus needs to be given to the development and delivery of an LLA performance management framework. Such a framework is still required in some regions that are currently piloting this concept.

3.5 It is clear that the implementation of devolved decision-making is a goal shared by the Government's public service reform programme and the public services alike.

3.6 Truly citizen focussed policing is intrinsically linked to active citizen engagement and devolution of powers from the regional to more local level has potential benefits. However the economic and service benefits of co-ordinating and managing the delivery of some policing services at a regional and wider than regional level should not be lost and underpin the government's current plans for the restructuring of policing.

3.7 The principle of subsidiarity should apply, with relevant powers devolved to the lowest appropriate level, together with trust in operational leadership. Any resulting governance arrangement should be recognisable to the public, to maintain their engagement and confidence. According to recent MORI research in one county force (Cumbria), "neighbourhood" and "county" have the strongest resonance with members of the public. Another MORI survey within West Mercia showed a lack of public support for "regional" government, albeit in a policing context.

4. EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS AND THEIR INTER-RELATIONSHIPS

4.1 The co-terminosity of local policing units with those of partners, particularly local authorities, supports effective partnership working and should be prioritised. The current two tier system of local Government complicates issues. This complexity is likely to intensify with the increasing influence of Local Strategic Partnerships (LSP) which develop and manage local sustainable community strategies. There is no mechanism for managing poor performance by CDRP/LSP.

4.2 A move to regional government accompanied by unitary authorities at the local level should streamline the process for management of CDRP partnerships and thereby improve performance. Regional government would also offer greater scope for co-ordination of activities between partnerships and unitary authorities.

4.3 Whilst we are enthusiastic about LAA and the benefits they bring, we are anxious about the governance and local accountability of these structures. The outcome of evaluation of the LAA process is needed to provide an informed response to this question.

4.4 The clearest route through the thicket of delivering national priorities while also localising public services is for LAA to consist of a very slim set of PSA-derived outcomes with accountability for their attainment residing at the regional level. This approach would provide the scope for more "granular" governance structures to have regard to these outcomes, but also to pursue authentically local priorities.

4.5 There may need to be a very clear delineation between a slim set of central expectations monitored at the regional level or above, set against a rationalised regime of local performance monitoring and management rebalanced towards local priorities.

4.6 It seems that monitoring, management and target-setting regimes have evolved in a relatively uncoordinated way that militates against effective service delivery in pursuit of clear national targets and well-defined local priorities.

4.7 The police service is subject to a high degree of thematic or geographic oversight. For example, Basic Command Unit (BCU) commanders are required to operate within a preponderance of accountabilities and potentially conflicting priorities established by the following:

- GO targets for CDRP contributions to Public Service Agreement targets.
- (Home Office) Police Partnership Support Unit monitoring and/or intervention.
- (Home Office) Police Standards Unit monitoring and/or intervention.
- Maintaining performance against a wide range of PPAF Statutory Performance Indicators.
- OCJR Performance assessment and intervention.
- LCJB targets and processes.
- Local Policing Plan targets.

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- Force and BCU priorities as identified by NIM and performance analysis.
 - Efficiency targets.
 - Meeting floor requirements for ring-fenced funding streams.
 - Local Public Service Agreements.
 - Outputs from Local Strategic Partnerships eg Community Strategies.
 - Crime and Disorder Reduction Strategy and Implementation plans with associated targets and three-year longevity.
 - Local Probation Plans.
 - Drug and Alcohol Action Team plans.
 - Local Youth Justice Plans.
 - Local Youth Service Plans.
 - Together Action Plans.
 - Respect Action Plans.
 - Local Area Agreements.

4.8 The above is far from an exhaustive list, but it is reasonable to suggest that, to a large extent, effective management of local services will occur despite, rather than because of, the mass of performance-related architecture that has grown around the local delivery agencies.

4.9 If change is to occur at the regional level, then the driver of this development must be the alignment and rationalization of existing demands and rebalancing the relative weight of target-setting from the national to the local.

4.10 While acknowledging that there are clear advantages to be had from managing specialist and back office services on a wider than the current County Force basis the majority of policing business is managed at the BCU and sub BCU level working with partners, organisations and communities from the ground level.

4.11 Our experience of working alongside two tier Authorities in large rural areas, such as GOSW, challenges the accepted definitions of regional and sub regional. The diverse nature and spread of the communities across large geographic areas and confused accountability mechanisms do not support a regional model for service delivery.

5. POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

5.1 Whilst city regions are perceived to be catalysts in driving regional and national economic performance it must be recognised that this development is still in its relative infancy and it is not clear how the city region is defined. Key benefits appear to be the focus on collaboration to promote economic success, delivery of sustainable neighbourhoods and communities and the focus that is given to enhancing key city and conurbation infrastructures.

5.2 There is a lack of clarity on how such an arrangement will engage socially excluded communities to improve their quality of life. Moreover, the question of how the envisaged wealth and prosperity will be equally spread across communities still appears unanswered. There is also the potential obstacle that may be encountered with the differing local governance mechanisms and political allegiances that exist between the areas that fall within the city region. This may prove difficult to reconcile and thereby impede the collaborative stance required.

5.3 Within the North East region there are two proposed city regions; the Tyne and Wear City Region¹⁰³ and the Tyne & Wear and Tees Valley¹⁰⁴ City Region. It is worth bearing in mind that these are economic not social concepts and consequently are not aligned to existing structures. Any new arrangements, such as the establishment of these city regions, must therefore be cognisant of the revised local authority structures that underpin them.

5.4 The concept of city regions appears to undermine the argument for regions and raises the concern that cities would attract greater funding to the disadvantage of the remaining region, with increased bureaucracy and additional costs. Bearing in mind the fragility of regional structures these could be a further, unhelpful, complication.

¹⁰³ Including the unitary authority areas of Newcastle, Gateshead, South Tyneside, North Tyneside, Sunderland and adjacent parts of Durham County and Northumberland County.

¹⁰⁴ Including the unitary authority areas of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton on Tees, and the District of Sedgfield in County Durham.

6. IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS SUCH AS CITY REGIONS MAY HAVE UPON PERIPHERAL TOWNS AND CITIES

6.1 The development of a city region may enhance the migration of resident core city population to the peripheral towns and cities, thereby creating an economic stimulus through demand for local housing, education and health. Further spin offs may include improved accessibility to transport infrastructure, skills, health services, educational facilities and cultural activities within core cities and city regions.

However, the city region could actually affect the peripheral town and cities' ability to survive economically. An occupational divide could develop alongside a local economic downturn which may exacerbate deprivation levels and lead to the development of pools of economically inactive people and poverty.

6.2 In reality, it is difficult to envisage circumstances in which the establishment of city regions would benefit "peripheral towns and cities" rather than disadvantage them. It is important to recognise the potential risk that greater emphasis could be placed on city regions, to the detriment of other areas, such as rural communities. The importance of people's perceptions should not be under-estimated. Policing of these areas should be effectively managed through sound BCU and local partnership arrangements.

6.3 The establishment of city regions could adversely affect funding to and economic growth in peripheral towns and rural areas.

6.4 There is clearly an optimum size of infrastructure beyond which public services cannot be delivered in an effective and comprehensive manner to the customer. Regional structures become detached and unnecessary bureaucratic obstacles, when they are applied to areas beyond that optimum size.

7. DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

7.1 Policing is not a business bound by lines on a map and inter-regional co operation will remain a feature of the way policing operates whatever boundaries apply. Economic disparity does impact upon crime and therefore in principle co operation at any level that assists in the management of this could be viewed as welcome.

7.2 Regional co-operation might be seen as the movement of resources between regional Government offices. This could impact upon the police ability to sustain its efforts in crime reduction if funding streams currently administered by GOSE were redistributed to other parts of the country and regions.

7.3 The benefits of such cooperation are not only economic—for example the inter-regional work on the Milton Keynes and South Midlands Regional Strategy is an effective model to deliver sustainable communities.

7.4 Inter regional co-operation becomes difficult in a geographic region such as the South West, where city based regions such as Bristol have no beneficial impact on the socio-economic profile of the peninsula counties. The reverse is also true, the hinterland of that same city (Somerset) is relied upon for substantial economic and political support yet arguably receives inequitable allocation of service delivery.

7.5 Rural disadvantage and poverty would be detrimentally affected by dependence upon a regional government structure upon which the most powerful persuasion for resource allocation will be from urban centres.

Memorandum by John Napier (RG 76)

This is a difficult subject to constructively comment on without defining what is meant by Regional Government. The perception of the electorate in Yorkshire, Humber and the North East, was that it involved two broad aspects:

1. The devolution of more decision making power and influence to the Regions.
2. Some form of increased political Regional accountability via an additional elected representational agency.

There was clearly widespread general scepticism about the first aspect and rejection of the specific proposals, even by those in favour of Regionalisation, because of the limited powers transferred.

The main downside of linking the two points above, is that it obscured the fundamental economic efficiency, service gains and improved decision making that could be obtained from a greater degree of decentralisation in the management and provision of Government services, and related improved decision making in Central Government.

In discussing this opinion, a model is used that focuses on the improvements in cost and efficiency and in service delivery that could be achieved and are available to National Government, without requiring a change in political processes at a Regional level, ie it is in the control of Government.

THE MODEL

The model assumes:

- There is a National Government that controls the National legislature and determines policies and legislation in all areas, legitimised by a General Election. It normally attempts to implement a detailed programme or a manifesto on which it feels it is mandated.
- That the implementation of policy and National Government decisions, including the delivery of related outputs and services, is achieved via Departments of State, managed and operated by the Civil Service, permanently responsible for the administration and executive management and the performance of the relevant Department of State.
- That the required organisation of any Department of State should depend on the nature of the activity and the type of service outputs it delivers and an ongoing management responsibility to achieve continuous improvements in performance.

THE RANGE OF GOVERNMENT SERVICES OR OUTPUTS

The range of Government services and outputs can be broadly grouped as follows:

Type 1: Those that are principally involved with the collection of tax and other major revenues and/or with the transfer of cash to individual citizens on a continuous and regular basis.

Examples of such Departments are the newly combined Tax and Excise Department and welfare payments.

Type 2: Those that provide actual physical services involving employing specialised skills in dedicated premises where service needs are on a “free” or demand basis.

Examples of outputs here are Education and Health

Type 3: Those that interface with other non-National Government Bodies eg Local Authorities and non-Government private sector organisations and involve either advisory and discretionary services or significant strategic infrastructure and resource decisions, eg Transport, Housing and DTI, and ODPM.

THE USE OF REGIONAL OR DECENTRALISED ORGANISATIONS

A key question becomes to what extent there is use of effective Regional or Decentralised management structures within the relevant Departments of State. Each Department type for this purpose is considered separately.

Type 1

The essential activity of these types of Department are the collection and allocations of monies from or to individuals and organisations, or to other Government Departments or directly to individuals. It also involves the management of the Treasury and finance functions, cash flow and cash management as well as the measurement, financial management and control of the government itself and managing and forecasting the total economy.

Such Departments are expected to be heavily centralised, apply strict guidelines on collection and payments and are suitable for large scale computer operations. The service they deal with is essentially money. They should be and are centralised.

Type 2

There are invariably a number of essentially common characteristics in this category

- They provide real services involving the organisation of people and premises and other financial inputs to provide services to families and individuals on a “free” on demand basis.

These services are delivered across the country in free standing locations, largely distributed on a population basis.

- They involve elements of “expertise scarcity” and research needs but have a very significant core of standard activities and outputs.
- They are of significant scale, measured by total resource and are a large employer of people.
- Outputs can be time critical or subject to significant quality factors. All outputs have high public awareness and failures can have a very high reputational impact.

The type or organisational structures which would be best suited from an efficiency and service outlook would include:

A tightly controlled central function which dealt with

- Strategic planning to avoid duplication of scarce knowledge and optimum use of capital and technological resources.
- The identification of research needs and provision in-house or from the market.
- Financial planning and budgeting
- Policy interface with any external regulatory reporting and requirement
- The setting of internal policy standards and key performance indicators
- Consolidated National reporting performance on:
 - Budget and financial outcomes,
 - Cost and output standards, and
 - Compliance where relevant to policy standards.

The actual operational performance would be devolved into a Regional management structure which would have the responsibility for, and capacity to, be fully empowered to deliver the required results. It would also feed into the Centre:

- Regional inputs into strategic planning of specialised resources.
- Standardised information and financial reports on key outputs related to cost and efficiency and quality of service.
- The corrective action taken to remedy performance failures in individual units.

In addition the Centre would have available to it, through time, a rich set of comparative data which would be sufficient to assess the performance of the decentralised management functions and make senior management fully accountable. The Centre would not attempt to directly manage individual units.

The benefits to this type or organisational approach would be very significant, given the scale of the NHS. For instance, no private sector Corporate could effectively manage the NHS scale in any other way than that proposed above. A Regional Manager would have a job size commensurate with a Footsie 250 company. The National Health Service would have effectively not one high calibre Chief Executive but nine or 10. The impact of people of this calibre, allowed to manage should not be understated.

It is possible to estimate, from experience, that the benefits of greater Regional identity and decentralised real accountability, working with inter-regional data comparators could provide:

- An average 20% reduction in labour and management costs.
- A 10% increase in the volume of existing outputs and increases in the quality of outputs.

It is an extreme organisational paradox that the two Departments of State, that deliver such key services on a City, Town and Regional basis, are so heavily over centralised.

The focus on unit performance and information is correct, but the attempt to manage from centre to individual unit is always likely to be seriously sub-optimum. It cannot identify and define the real issues early enough and it is always going to be deficient in applying sustainable remedies on a timely basis.

It also leads to a massive expansion and proliferation of IT requirements and exposes units to the distraction of many competing Central initiatives and controls.

In the private sector the increases in output and performance that would arise, would translate to a loss of employment, if services and sales could not be expanded. In the Public Sector, given the trend of demand for Health and Educational services and known deficits in average standards, such improvements could be transformed into additional services and outputs within current budget limits. It would require a radical management and organisational rethink.

The current constraint to these organisations is not people and capital resources. There is already evidence of significant marginal declines in output from increasing capital and labour inputs. The constraint is organisational, managerial and motivational.

The third type of Department of State is more complex:

- Services provided are more intermittent and can have a longer time span eg a transport plan.
- Outputs are difficult to define and measure eg business support.
- There can be significant Regional differences in what is required eg housing and transport.
- Strategic conditions can be subject to external events eg energy supply and price, sudden emergencies.
- Decision options tend to be constrained by Central Departmental planning and policy guidelines which are not sufficiently flexible to accommodate different Regional requirements eg affordable housing.

- Consultative arrangements with private and public companies and bodies can be complex and inconsistently applied.
- Special fit for purpose bodies and NDPB's are created, prove to be effective or fail may be superseded but continue to exist in a reduced form, thereby increasing confusion and complexity.
- The role of the Regional Government Office remains ambiguous and under developed with some Departments of State embedded in a common location but retaining a more separate ambassadorial rather than a regional role with Regional authority to decide.

The dominant form of organisation should therefore be central as these Departments have a larger strategic element and consider decisions over longer periods of time. They should however, have more well defined structures for getting strategic information and input from Regions and a disposition to share strategic and other essential information and decision making with Government agencies in the Regions, particularly RGO's and RDA's.

As an example the RDA Regional Economic Planning process has become better informed on housing and transport information, but the transport elements still exclude inputs and advice on major road schemes and prioritises rail and airport projects. Housing allocations are centrally pre-allocated. Other Departments of State have less Regional awareness.

Transport planning should be much more Regional. The recent "Northern Way" Initiative has value as a wider regional transport infrastructure planning concept. It would be better informed and more effective had it been based on an existing inclusive Regional transport planning activity. There is a danger the "Northern Way" concept will be extended to other less appropriate areas and cause confusion and inhibit a first priority recommendation of increased Regional Government within the Civil Service, namely a more defined and strengthened role for Regional Government Offices with some surrender of policy and power to those offices. This initiative should be lead by the ODTPM and DTI. There should also be a review of Regional effectiveness within each Department of State.

In general more care is required to adopting the "isms" of the moment. In particular words like "sustainable development" have different interpretations within Departments and are a cause of communication confusion and have the potential to significantly distort decision making eg DEFRA, the DTI, Housing and Transport, may have quite different interpretations of "sustainability".

WHY IS NOT REGIONAL GOVERNMENT MORE PREVALENT IN DEPARTMENTS OF STATE

Given the benefits to strategic decision making and operational performance in terms of efficient delivery of public service outputs that could arise from improved Regional Government as defined in this memorandum, the question has to be asked "why is it not more proactively championed and achieved". The Civil Service in particular contains a great number of very able people, both seem biased against regional or decentralised management concepts. Why is that? My view is that factors include:

1. *The Historic Legacy*

- Growth of Government activity in society at a national level with national policy initiatives.
- Transfer of finance and responsibility for key services like Health and Education from Local Authorities to Department of State.
- Experience of poor Regional delivery from Local Authority Departments more dependent on reallocated finance from general taxation.

2. *Cultural Aspects*

- The current doctrine and Ministerial accountability tends to reinforce the centralising tendencies of information gathering and attempting management of operations from the Centre.
- Their historic excellence is in administration rather than in operations and the delivery of physical services.
- A reluctance to prioritise new Regional initiatives when reduced and failing Regional Delivery Agencies are still involved on a Regional basis.
- Senior Civil Service career opportunities are seen nationally across Government rather than vertically within a particular Department. The Civil Service Executive is more structured in this direction.
- The attractions of London culture and being at the "heart of things".

3. *Technology*

- Information, technology and computing power has increased and made it more possible to centrally administer and manage remote units.

- Supports increased functionalism and a wider decision making involvement via emails.
- More dependent upon large scale information system providers and external consultants than is normal in private industry.

4. *Role of Secretary of State*

- A Secretary of State, with his roles as constituency MP, Member of the National Government, introducer of legislation in Parliament, has very limited time to interest himself in long term policy aspects of the efficient operation of the Department for which he is responsible for.
- The short time of average tenure in office in a particular Department of State.

HOW DO WE CHANGE THE SITUATION

1. The relative under performance of Type 2 Departments, given the insignificant increase in investment may lead to:

- More analysis of the reasons.
- More challenge of the *status quo*.
- More use of an external review process.

2. In the Type 3 area a more active role for the DTI and ODPM is proposed in promoting more Regional considerations within all Government Departments and extending the role and powers of Regional Government Offices.

3. Regional Government will not increase without effective champions within National Government and in the Departments of State.

4. There is need of a culture change in the Civil Service.

5. There should be a more independent third party measurement of the real economic and efficiency performance of Government Departments. Note: If the data does not exist within a Department to facilitate this, it is a “classic” indicator that this is an area that receives very limited attention, therefore needs urgent attention.

6. That we expand Regional government concepts within the existing Departments of State as a first priority.

7. We minimise further confusion by ensuring Central initiatives like the “Northern Way” are closely defined in scope as fit for purpose specified outputs, ie transport infrastructures and strengthen the role of Regional Government Offices.

8. We make efficiency, cost and quality of outputs a much higher general priority.

Memorandum by the English Regions Network (ERN)(RG 77)

IS THERE A FUTURE FOR REGIONAL GOVERNMENT

1. The English Regions Network is pleased to submit written evidence to the Office of the Deputy Prime Minister Select Committee—is there a future for regional government? The English Regions network represents all eight English Regional Assemblies.

2. The ERN would welcome the opportunity of presenting oral evidence to the Select Committee.

3. Following the outcome of the North East referendum the Government announced that elected regional assemblies were off the agenda for the foreseeable future. There remains, however, a complex web of regional and sub—regional governance arrangements. Common to every region there are three core bodies: a Regional Assembly, a Government Office for the Region and a Regional Development Agency. In addition there are a plethora of non governmental bodies operating in each region such as Learning and Skill Councils, the Environment Agency, English Heritage, the Highways Agency, the list goes on.

4. ERN believes that the current regional governance arrangements, driven as much by a quest for administrative efficiency as a coherent policy on devolution are likely to continue for the some time to come. This being the case, a focus on regional governance is more pertinent than a focus on regional government.

The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements

5. Regional Assemblies, as the regional strategic partnerships, already play a key role in ensuring decisions taken at a regional level are accountable back to the region.

- They are responsible for scrutinising the work of Regional Development Agencies (RDAs), to make sure that delivery is in line with regional priorities and objectives;
- They have robust internal governance structures to ensure that policies developed by the Assemblies are fully owned by the region (particularly important in the development and submission of Regional Spatial Strategies);
- They are responsible for aligning strategies at a regional level through the development of regional integrated strategic frameworks/integrated regional strategies and regional sustainable development frameworks (RSDFs). The use of these frameworks and tools by a wide-range of local and regional agencies provides a degree of accountability back to the region. In addition, there is a greater sense of ownership as strategies are developed by the region for the region. Much of this work takes place on a partnership basis.

6. Regional Assemblies are uniquely placed to improve regional accountability and strategic alignment. No other regional organisations have the same breadth of functions and membership. Assemblies comprise regional, sub regional, cityregion, local and rural representatives. Nor do any other regional organisations have governance structures that engage locally elected politicians alongside other key partners in the way that all Assemblies currently do. Regional Assemblies are uniquely placed to provide democratic legitimacy for regional decision making. Whilst the exact profile and number of Assembly Members varies from region to region in general 70% of Members are elected local authority councillors and 30% are social, economic and environmental partners drawn from sectors such as business, arts and culture, education, faith groups, community, voluntary and environmental organisations.

7. The ERN believes that a number of steps could be taken to increase the accountability of decision-making at the regional and sub-regional level. These include:

- Confirmation by Government of the democratic mandate of Regional Assemblies resulting from the majority of Assembly Members being elected local councillors. This legitimacy is enhanced and strengthened by involvement of stakeholder partners.
- Expanding the scrutiny role of regional assemblies beyond that of the RDA, and strengthening the scrutiny powers that regional assemblies have, would lead to better and more accountable strategies within the region which would in turn make a greater contribution to achieving national priorities. There are numerous non-departmental public bodies (NDPBs) spending large sums of public money at the regional level that are not currently accountable to the regions eg the Highways Agency, the Environment Agency, the Learning and Skills councils. Such bodies would be better able to deliver more effective and more aligned strategies if supported by a clear framework of governance and accountability. Regional assemblies are best placed to provide this framework, building upon the expertise and skills developed through the scrutiny role of the RDAs;
- Increasing the involvement of Regional Assemblies in the appointment of board members to the numerous NDPBs. In the case of appointments to the Regional Development Agency Boards, for example Assemblies, via their Government Office are given the opportunity to comment on the draft person specification for appointments however not on potential applicants. As well ensuring the right skills and competencies are present there may also be case for geographical representation on boards of NDPBs operating at the regional level.
- Accountability might be extended by involvement of MPs and MEPs in the work of regional assemblies and other regional bodies. With elected regional government off the agenda Government needs to think creatively about how it will ensure that structures are in place to support accountable decision making at a regional level. For instance, there may be a case for a select committee for each region, or a committee for the regions at Westminster or an annual state of the regions debate. Assemblies themselves would be keen to work in partnership with government to investigate possible ways of engaging MPs/MEPs in future work.
- Assemblies are increasingly taking on an important role as strategic co-ordinating bodies, bringing together a range of partners to broker policy deals and activity eg work on Regional Funding Allocations. This work is often carried out by a “partnership” or “board” comprising senior level representation from the key regional organisations including the Regional Assembly, RDA and Government Office. Such emerging governance arrangements and the regional leadership they can provide should be recognised by Government.

8. The Government announcement to proceed with the merger of Regional Housing Boards and Regional Planning Bodies resulting in the transfer of responsibility for the RHB functions moving from the Government Office to Assemblies is a good example of existing arrangements being simplified and increased accountability being achieved. Other options for simplifying arrangements include:

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- A commitment by government that accountability back to the region will be a key factor in how any new NDPBs are developed in the future.
 - Building on the introduction of Regional Funding Allocations, Government should respond positively to any future requests from regions to work more flexibly through greater use of pooled budgets such as those developed by the Regional Skills Partnerships, RDAs (the single pot concept) and through Local Area Agreements. Using resources more flexibly, within the national PSA target framework, would allow the development of regional solutions to specific regional issues. This would ensure that national standards were met and maintained whilst allowing greater regional flexibility. This would mean fewer targets and more accountability to the regions.
 - On the grounds of simplification and increased accountability Government should also give full consideration to extending the scope of the Regional Funding Allocations to include more of the funding spent at the regional level on transport, housing and economic development and to encompass other areas such as skills development, including the European Social Fund allocation. Skills policy is a key contributor to regional economic performance and there is already close working by regional partners to deliver better skills through Regional Skills Partnerships.
 - Further emphasising the roles of integrated strategic frameworks/strategies and Regional Sustainable Development Frameworks in aligning policy development and evidence bases.

The potential of devolution of powers from the regional to local level

9. Regional Assemblies are concerned with drawing down powers from the centre not up from local government. ERN is committed to the principle of decisions being taken at the appropriate level. It is widely accepted that certain policy areas need to be addressed at a cross authority level. Strategic Planning and sustainable development, for example, can not be confined to the local authority borders.

10. In relation to the core functions of Regional Assemblies; ie preparation of the Regional Spatial Strategy (RSS) including the Regional Transport Strategy, scrutiny of the RDA, policy co-ordination at the regional level and acting as the voice of the region, the ERN does not believe that these roles could be devolved to the local level. It should be noted that in case of the RSS and soon to be the case with the Regional Housing Strategy the role of Assemblies is an advisory one and the final decision on the content of the documents rests with the Secretary of State.

The effectiveness of current arrangements for managing services at various levels and their inter-relationship

11. Building upon the work at the regional level, being led by Regional Assemblies, Regional Development Agencies and Government Offices, to identify aligned housing, transport and economic development spending priorities, regions are focussing increased attention on mechanisms to achieve co-ordinated service delivery such as multi agency delivery groups. Whilst Regional Assemblies operate at a strategic policy level and do not have a direct role in service provision they are concerned with implementation and through their extensive partnership working can do much to facilitate and encourage service delivery.

12. A substantial amount of regional working is informed and co-ordinated at the sub regional level. All RSS have been informed by sub regional studies whilst consideration of sub regional housing markets underpins Regional Housing Strategies. Sub regional working is equally embedded in Regional Development Agencies and Government Offices working practices.

The potential for new arrangements, particularly the establishment of city-regions

13. As noted at the outset of this submission governance arrangements comprise a complex web of institutions operating at the regional level.

14. The ERN recognises the increasing evidence for, and importance of, core cities and other urban centres as key drivers of regional and economic competitiveness. The ERN supports city-sub regional partnership working within existing regional structures. The Network would strongly support and encourage the participation of city-region representatives in the Regional Assembly in order to influence/inform the national/regional context' for successful sub-regional development.

15. Emerging Government policy should be clear that city-regions and Regional Assemblies are complimentary and that there is an interdependence between them. An Assembly is concerned with the social, economic and environmental well being of the whole of the region whilst a city-region is concerned with a sub regional area and not all geographical areas of a region fall naturally into a city-region.

16. City-regions are not islands. To ensure coherent strategic development across regions, ERN believes that city-regions must be developed within the existing regional strategic context and thereby conform to key regional documents including the Regional Spatial, Transport, Economic and Housing Strategies, the Regional Sustainable Development Framework, Integrated Regional Strategy and Regional Funding Allocations Advice.

17. A one size fits all approach is not appropriate and thus emerging Government policy on city-regions needs to take account of regional variations and in doing so enable regions to develop their own potential.

The impact which new regional and sub-regional arrangements, such as the city-regions, might have upon peripheral towns and cities

18. The ERN proposes that small-medium sized cities can also be important drivers of “regional” competitiveness, for example, in the Greater South East where London has the most profound economic influence. This being the case it is important that any discussion takes account of regional variations and that the city-regions debate incorporates all regions including some smaller and medium sized cities that do not necessarily fit with the “core city” concept which has informed much of the debate so far.

19. The city-region agenda raises a number of challenges, not least for those areas that do not naturally fall within a city-region. Building upon point 16, the Government needs to ensure that its policies address both the urban and rural agenda.

The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

20. There are policy issues that are inter-regional in scope and require a coordinated approach. Where such commonality of objectives exists there can be clear and tangible benefits to close inter-regional co-operation to tackle economic disparities. Examples of interregional co-operation include:

- In the case of the Northern Way for example key issues requiring a cross regional approach include a Northern Airports Strategy, critical transport infrastructure networks and science policy. In order to meet the Government’s target of closing the economic output gap between the northern English regions and the rest of the UK there is a strong case for policy analysis and strategy formulation for these critical inter-regional policy issues to take place at a pan northern scale.
- From the perspective of tackling economic disparities in the South West two key areas that can be influenced by inter-regional co-operation relate to transport infrastructure and spatial planning. The South West has worked closely with Wales and the South West on the Multi-Modal Study and continues to work with across-regional boundaries on the development of the Regional Spatial Strategy. A current priority is working with the South East and East of England on the implications of the construction of Crossrail on the economies of our respective regions. Nevertheless, the SWRA considers working cross-regional boundaries is an opportunity that regional players collectively need to do more of.
- A further example of interregional working is the Milton Keynes and South Midlands growth area which is a collaboration between the South East, East of England and the East Midlands regional organisations including the Regional Assemblies, Government Offices and Development Agencies to promote the significant increase in the establishment of homes to relieve South East and London housing pressures
- In the North West region a framework for greater cross-border co-operation and development between North East Wales and West Cheshire has been published by a partnership including the Regional Assembly, the Welsh Assembly Government and Welsh Development Agency.
- The two Midlands Regional Development Agencies are leading the development of Smart Growth: Midlands Way, together with the Regional Assemblies, Government Offices and City-Regions (currently the West Midlands Metropolitan Districts and the East Midlands Three Cities). Currently there is a brief for further work aimed at developing the existing strategic framework set out for Midlands Way and to identify opportunities for the East and West Midlands and the top end of South East (Milton Keynes South Midlands) to work together.

21. Particularly so in the case of the Northern Way, the Government has been outwardly very supportive of this inter—regional initiative. The regions concerned are keen to ensure that this support is backed up by real Government commitment to delivering the strategy.

22. In the context of increasing global competitiveness, it is clear that regions will need not simply to collaborate with one another within the UK but look to solutions to tackle economic disparities and other issues such as the environment and transport with neighbours in Europe and beyond.

CONCLUSION

23. The regional agenda has moved on since the outcome of the referendum on an elected regional assembly in the North East. Regional governance arrangements continue to evolve. For example, Regional Assemblies are preparing to assume responsibility for Regional Housing Boards later this year and as part of the Regional Funding Allocations process, for the first time, a regional transport allocation has been identified. ERN urges the Committee to take full account of this developing agenda and to focus its attention on the ability of regional governance arrangements to address the economic, social and environmental wellbeing of regions.

24. ERN considers that city-regions can be an effective mechanism for harnessing regional economic growth. Developed within the wider regional context provided by the Regional Spatial, Transport, Economic and Housing Strategies, the Regional Sustainable Development Framework, Integrated Regional Strategy and Regional Funding Allocations Advice, city-regions have the potential to make a significant contribution to economic development at a regional and national level.

25. The Government needs to provide clarity on the roles and responsibilities at the regional, sub regional and local level. The present web of strategies and working arrangements is complex and as a consequence at times results in uncertainty and confusion. ERN believes that further functions could appropriately be devolved from the centre to the regional level and in particular to Regional Assemblies given their inclusive nature and their unique ability to bring democratic accountability to regional level working.

Memorandum by The British Chamber of Commerce (BCC) (RG 78)

1. ABOUT THE BRITISH CHAMBERS OF COMMERCE

1.1 The British Chambers of Commerce (BCC) is the national voice of local business; a national network of quality-accredited Chambers of Commerce, uniquely positioned at the heart of every business community in the UK. The BCC represents 100,000 businesses of all sizes across all sectors of the economy who together employ over five million people.

2. CHAMBERS OF COMMERCE AND REGIONAL GOVERNMENT

2.1 Chambers of Commerce are rooted in their local community, representing local businesses and also having close links to local government and public sector agencies. Most recently, a number of Chambers in England have been involved in drawing up bid proposals for the Local Enterprise Growth Initiative (LEGI) and many are playing a leading role in their Local Strategic Partnerships (LSPs), particularly concentrated around economic development.

2.2 As regional government has become a growing force in governance and economic development across England, Chambers of Commerce have adapted to work to best effect within this structure whilst still retaining their strong local presence. Since the late 1990s groupings of Chambers in the regions have been established through a process of mergers of smaller Chambers or the setting up of federal structures. These enable the Chamber network to build links between the business community and regional government, principally RDAs, in a coherent and accessible manner across the region.

3. EXECUTIVE SUMMARY

3.1 The BCC is not against regionalism per se and does believe it has a future as an intermediate level of authorisation between local areas and central government. However, we do have a number of concerns about the current state of regional government, with RDAs being given an ever-increasing role in delivery above and beyond their initial strategic role. RDAs should be using their strategic role to strip out proliferation and duplication of services, not compound the current situation. There is a need to consolidate funding streams to the regions and, if necessary, streamline regional bodies. There are real concerns about layering and the delays in decision-making that result.

3.2 Since the failure of the North East Regional Assembly referendum in November 2004, there has been a lack of clarity about the direction of the regional agenda. Though there now seems to be greater direction coming from central government, the emphasis appears to be on an enhanced role for local government and alternative arrangements such as city-regions or inter-regional alliances.

3.3 In putting forward proposals for alternative, or additional, structures, the Government must provide a coherent explanation as to how these will relate to existing regional, sub-regional and local structures. Whilst the BCC does have concerns about the expanding role of RDAs and a lack of democratic accountability, we do not want to see additional structures introduced to address these problems that then only constitute a further tier of governance, bringing with it bureaucracy, increased costs and, potentially, a confused remit. Any changes to structures at regional, sub-regional and local level should be based on a coherent, integrated re-organisation and must not result in overlap, duplication or confused responsibilities.

3.4 Devolving some powers away from the centre can benefit business, with decisions being taken closer to those who are affected by them. The business community needs an effective political framework and this framework must always be measured against criteria of accountability, efficiency and cost-effectiveness.

4. INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL AND SIMPLIFYING EXISTING ARRANGEMENTS

4.1 With the failure of elected Regional Assemblies there is now undoubtedly a democratic deficit and therefore the regions must have robust governance structures to underpin the regional decision-making process. Much of the existing structure is closely bound into central government, especially in the case of the Government Offices (GOs) and RDAs. All of the various regional bodies—RDAs, Regional Assemblies and GOs—need to be far more accountable and transparent.

4.2 RDAs are said to be business-led organisations but many are in fact public sector bodies with levels of business involvement and consultation varying between regions. RDAs do not always have defined processes for consulting business, as a result of which there is often little substantive engagement of business about matters that have far-reaching impact, for example the current re-organisation of Business Link. Businesses also lack representation in the GOs and they do not have a vote with respect to local authorities, with the result that regional structures' accountability to the business community is very weak.

4.3 The unelected Regional Assemblies, in contrast to RDAs and GOs, are independent bodies. Furthermore, they have crucial functions, including scrutinizing the RDAs and setting the Regional Spatial Strategies. They should be as representative as possible, with as broad a membership as possible. Their independence, as compared to RDAs and GOs, is a means of widening participation and representation at the regional level.

4.4 Regional Assemblies should not necessarily expand their membership, but should widen out the constituencies represented by members. Currently, a number of Assemblies are dominated by local government representatives. In many, there are only one or two business representatives. Regional Assemblies, as the partnership responsible for determining the region's priorities, should be representative of as wide a range of stakeholders as possible and take account of the needs of the region's economy and businesses, using the expertise of members drawn directly from the business community. Developing and implementing successful transport, housing and economic development plans that improve a region's competitiveness depends upon the business community being engaged. There is therefore a strong case for statutory business representation in Regional Assemblies.

4.5 Regional Assemblies should be far more transparent in their decision-making, and ensure there is greater awareness in the region of what their role is and the decisions being taken. Since their inception, Regional Assemblies have grown, with some employing around 80 staff, but there continues to be a real lack of awareness of who is involved in Regional Assemblies and what their role is. This must be redressed and there must be far greater clarity about exactly who is monitoring Regional Assemblies and to whom they are accountable. Regional Assemblies need to maintain their independence, rigorously scrutinize RDAs and ensure that they use their position to ensure that decisions made in the region meet the best interests and priorities of the region. They should not be so closely aligned with central government that they lose this independence.

5. THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

5.1 In the uncertainty following the failure of the North East Regional Assembly referendum, there has been an increasing drive towards greater localism. Local authorities are now charged with promoting economic development and the extended Lyons Inquiry is prompting discussion around the strategic role of local government and its revenue raising powers. As a new funding stream going direct to the local level, LEGI indicates an increasing emphasis on local government, rather than regional government, in economic development.

5.2 There has been much discussion of neighbourhoods and a number of policy initiatives, such as the Neighbourhood Renewal Fund, are targeted at ward level. As with the regional agenda, clarity is needed on the exact nature of devolution to local level—whether this is to local authorities, or neighbourhoods and wards. Decisions on reform of the two tier structure of local government should also be made in conjunction with further devolution to the local level, so that additional powers are not given to local authorities only to then be followed by a radical reform of the local government structure.

5.3 The ODPM's 10-year vision for local government and its local vision debate, point to a welcome drive to improve local government and equip it to take a stronger role in communities and neighbourhoods through better leadership, citizen engagement, service delivery and the performance framework. Coupled with the extended Lyons Inquiry, it would appear that central government is open to devolving greater powers to the local level and many of those powers mooted in discussions are ones currently vested at the regional level.

5.4 Much of the local government structure has legitimacy, even if it needs improvement, as it is based on communities with which people have a genuine affinity, unlike many of the regions. The position of local authorities at the heart of their local communities can make them better able to judge the needs of those communities, where they work in close partnership with other public sector agencies and the private sector. The challenge is for local government to ensure that it does engage with all sectors of the community, not least business, so that it knows what the needs of the area are and utilizes existing expertise, for example businesses' knowledge of economic development and business support.

5.5 As local government is given greater power and responsibility for delivery by central government, the issue of finance becomes pressing. The British Chambers of Commerce is firmly against the re-localisation of business rates as it is liable to lead to increases in business rates which would impose an additional burden on business and serve to discourage, rather than foster, enterprise. A return to local authority control of business rates could tempt local authorities to raise additional revenue through this vehicle, rather than endure the political pain associated with increases in council tax. The national system provides accountability and ensures national scrutiny of non-domestic rates. Business is not opposed to fair business rates, but believes that Business Improvement Districts (BIDS) and the Local Authority Business Growth Incentives Scheme (LABGI) offer scope for some changes in local government funding whilst building in accountability. With any sort of hypothecation along these lines, a statutory role for the business community needs to be built in.

6. THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

6.1 For the business community, economic development, transport and skills are the three principal areas of concern. RDAs have responsibility for all of these, with some responsibility being shared with local authorities and central government. In the case of transport, Regional Assemblies are the regional planning body, although central government ultimately holds the purse strings. Likewise for skills, multiple agencies are involved and this can result in overlap and confusion whilst not necessarily adequately addressing the skills needs of business.

6.2 Economic development comes under RDAs' remit through their responsibilities for economic inclusion, enterprise and innovation. Equally, local authorities are charged with developing their local economies and this responsibility is built into Local Area Agreements, LEGI and Neighbourhood Renewal Fund schemes through the "fourth block". They also have compulsory purchase powers.

6.3 The complex relationships between different layers of governance risk undermining regional government, both by further devolution to the local level and the creation of a situation where no one takes overall responsibility or provides leadership and direction.

7. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

7.1 The principle of city regions has been gathering momentum in recent months. As a concept, city regions would appear to have strong backing from ODPM and a compelling economic argument, particularly when the turnaround in fortunes of cities like Manchester and its benefit on the wider region is borne in mind.

7.2 Within the business communities in the Core Cities, there is some enthusiasm for city regions as a means of providing clear civic leadership and improving accountability at the local level. City regions could reduce the current fragmentation between local government, democracy and the economy.

7.3 If city regions are to go ahead, they must be to address a deficit in governance and be self-selecting, not imposed from central government as a solution appropriate to all larger cities. This is critical as they should not complicate governance or add a new layer of bureaucracy. They must have a strong business case setting out the benefits to the city region's economy and be based on the voluntary co-operation of the local authorities involved, with well-defined, substantial involvement for business in the civic leadership of the city region and in reviewing the performance and structure of any new arrangements.

7.4 The weight being put behind city regions from a number of quarters should not mean that other options are ruled out at this early stage, particularly before the Lyons Inquiry reports and the role and performance of RDAs and Regional Assemblies are looked at more closely.

7.5 New arrangements are liable to be costly and should not be introduced without a clear breakdown of the costs associated with them, both to set up and to run, and of those incurred by the current arrangements. It may be more cost effective to reform and improve existing structures and this option should not be ruled out.

8. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

8.1 City regions would be self-selecting and therefore immediately raise the issue of governance arrangements for neighbouring towns and cities, indeed for all other areas, not least rural communities. If substantial powers over transport, skills and economic development were transferred to city regions, it would have a huge impact on the existing RDAs and Regional Assemblies.

8.2 Removing certain geographic areas from much of the RDAs' remit could weaken them and undermine their effectiveness elsewhere in the region. Equally it could focus RDAs' and Assemblies' efforts on those areas remaining within its remit. However, this could give rise to confusion and further complicate the picture we see at the moment. All regions, sub-regions and local areas need to be clear of exactly how city regions will sit with other governance structures and have real assurance that they will not become a "second division" in terms of governance, economic development and funding. It could be that regional government offices remain as the sole regional-level structure, providing funding and administrative links to central government for city regions and their equivalent in non-metropolitan areas.

8.3 In terms of alternative regional and sub-regional arrangements should city regions be set up, the New Local Government Network, in its report *Seeing the Light? Next Steps for City Regions* (2005), proposed that other forms of supra-regional arrangements might be appropriate in other areas. The report suggests "county regions" where large urban centres are lacking. Again, this structure calls into question the continued role of RDAs and RAs and though it could result in a less fragmented situation at the sub-regional and local levels, could well render irrelevant the current regional structure. If city regions are accompanied by the setting up of equivalent sub-regions at county level in non-metropolitan areas, they should be replacing an existing layer of governance and creating an improved situation. They should not simply add an extra layer of government and additional bureaucracy, potentially delaying and complicating decision-making yet further.

8.4 In rural areas, sub-regions are extremely important and often more appropriate than supra-regional arrangements. Sub-regions bring together rural areas and towns to ensure coherent economic development plans across the sub-region but also allow for the very different characteristics and needs of these areas in comparison to larger cities.

8.5 Notwithstanding the potential of city regions and the importance of sub-regions, there still needs to be some structure that can, for example, oversee transport across regions, with all the associated implications for economic development and productivity. Cross-regional and inter-regional co-operation is therefore essential, as is some sort of formal structure and responsibility for this.

9. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION TO TACKLE ECONOMIC DISPARITIES

9.1 BCC is in favour of inter-regional co-operation such as the Northern Way, provided that it does indeed improve governance, achieve real economic results and address the major problems faced by business, including poor transport infrastructure, skills gaps and areas of market failure.

9.2 Inter-regional co-operation is recognition of the fact that economic development, transport, skills and regeneration often cannot be most appropriately addressed within the regional confines. It is vital that other structures at different levels, be they local, city-regional or sub-regional, likewise have the flexibility to co-operate with other areas where something cannot be addressed by that area alone. Although government structures need to be accountable to a clearly defined area, this should not result in organizations not co-operating beyond their area where an issue such as economic development cuts across these political boundaries.

Memorandum by Bolton at Home (RG 79)

THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

There can be no argument over the case for more devolved and transparent decision-making—it is only when the public perceives that important decisions affecting their future are made in secret that they start to doubt the democratic process. The perception is as important as the actuality. Clearly the negative publicity surrounding the proposals for an elected regional assembly proved an insurmountable barrier hindering objective public debate over the merits and the drawbacks of introducing such a democratic forum.

Any new regional democratic structure needs to be robust enough to deal with serious multi-layered issues that may not always have easy solutions that are met with total consensus approval. But it also needs to be transparent enough for the public and other stakeholders to be able to access and hold those making the choices accountable for their decisions. Such a mix of transparency and robustness is not easy to achieve, especially when such a model has to encompass town, city and regional boundaries; dealing with a comprehensive holistic programme crossing a full range of disciplines.

The usual means of introducing accountability is for those decision-makers to have to submit themselves to an electoral process. The elected Regional Assembly proposal is the simplest of such democratic models but this does not have much public support at present. It is well worth retaining as a long term option, but for the moment a more gradual incremental approach to achieving accountable regional government is required.

Here accountability has to be introduced not through the ballot box but through other means, such as performance review (with real customer involvement in the review process) and/or through the appointment of fixed term regional officers (seconded from the participating organisations) whose accountability is rested on achieving a whole range of targets relating to the effectiveness, inclusiveness, and openness of decision-making.

There is always merit in simplifying things—already such rationalisation is happening with the amalgamation of regional housing and planning boards proposed for later in the year. However, concern needs to be expressed that simplification is not seen as the predominant dynamic within the region and sub-region. A fully comprehensive approach to regional working that involves and/or engages all key stakeholders and the public does not easily fit into a simple formula—the more inclusive the democratic model then the greater the difficulty in making things simple. Clearly, for a robust enough model to emerge there will be inevitable trade-offs between the desire for simplicity and the need for inclusivity/comprehensiveness.

THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

Bolton is committed to providing locally based services and, wherever possible, delegating decision-making to local forums. In this we are very much in tune with the latest government pronouncements on devolution of powers to the local level. The case for giving local people real choices with direct access to making decisions about issues that affect their lives and their communities would be difficult to challenge. Also, it would provide greater opportunity for a more “bottom-up” approach to strategy development.

Some may argue that generally people are largely apathetic and disassociated with the democratic processes that shape their lives. Very often low voting percentages in national and local elections are quoted as concrete evidence of this propensity. Under such a view the devolution of powers to a local level would simply introduce an additional tier of decision-making that would have little public support or engagement. At root this view is synonymous with saying that people prefer things to be done for them or decisions to be taken on their behalf; at heart a deeply paternalistic take on society.

Contrary to this, Bolton believes that it is the very lack of robust and accessible local democratic frameworks for decision-making that fosters low expectation and disassociation. Our view is that real powers should be devolved to local levels; so long as these are exercised through sturdy democratic frameworks that are transparent, representative and are not isolated from the wider local, sub-regional and regional context. We contend that citizens can and do act as mature and knowledgeable contributors to improving their lives and the lives of their community, by making sensible decisions based on context and on experience. Further, that the more an individual is exposed to such democratic processes the better and the more willing they are to engage more fully with issues that effect their own lives and the general welfare of the community they live in.

Evidence of this in Bolton would be our success in engaging communities through our local neighbourhood strategy, a range of strategic partnerships, and in sharing real power with our customers. An example of the latter is the high proportion of residents who operate within the governing structure of Bolton at Home, Bolton’s ALMO.

It should not be presumed that devolution from regional to local level would not be challenging. Community engagement in real decision making has not got a long history so there is a confidence deficit to make up and a degree of capacity building required. Also, a move from “top-down” to “bottom down” approaches can cause Elected Members, officers, and others considerable anxiety as power shifts can cause seismic disturbances disrupting existing patterns of work and quality of engagement. In Bolton we feel we are well down this road and welcome the potential for even greater devolution of powers.

THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

Bolton is a strong supporter of the City Region concept and is very active in helping to deliver the Greater Manchester City Region’s programme aimed at eradicating the economic gap that has opened up between the north and the rest of England.

The idea of operating as a single collaborative unit around Manchester, the major city in our area, is very attractive; not least in that our single voice is magnified within such a structure. By establishing common and mutually supportive goals across a range of economic drivers involving a spectrum of stakeholders, we are able to build capacity and sharply focus activity so as to make a serious attempt at growing our economic base.

The alternative—individual authorities concentrating largely on their own turf having a loose convergence on issues of mutual interest on an ad hoc basis—has long been abandoned in our sub-region as insufficient to meet the demands of the modern sophisticated multi-layered markets in which we operate.

We believe that the City Region will be the most successful potential conduit for:

- Promoting better economic competitiveness and raising productivity levels.
- Achieving sufficient capacity to operate within a European and global market.
- Developing a strategic overview that links spatial planning, transport, and housing to achieving agreed economic outputs.
- Researching different markets (across boundaries) and understanding better their relationship.
- Supporting big flagship initiatives, such as the Housing Market Renewal Pathfinders.
- Joining things up at different levels and across different boundaries—around a range of expertise.

The biggest challenges to the City Region (other than delivering its economic programmes) are making them transparent and accessible enough to secure general public acceptance, value and involvement. In addition the differences of opinion, inevitable within such a confederation, need to be resolved in a manner conducive to the best practice in fairness and reasonableness; within a general atmosphere of trust and respect.

Also some consideration needs to be taken over establishing protocols when City Regions “rub up” against each other within the competitive nature of the economic marketplace. In particular here is the need to consider impacts on the national economy and the UK’s relationship to the global market.

Finally, the establishment of City Regions should not be an excuse for cost cutting and starving the region of national funds. Some of the rationalisation created as a dynamic of forming a City region may result in savings due to eradicating waste and duplication; but this should not overshadow the need for resourcing support to enable ambitious programmes to prosper. Greater efficiencies in line with Gershon recommendations should be an achievable long term outcome but resources are needed now to ensure that the City Region establishes deep roots at a local level in the manner previously outlined.

Happily, at regional and sub-regional levels, those working in housing already act collaboratively with great effectiveness—so there is a growing expertise in developing and delivering policy that cuts across boundaries in order to meet the wider aims and objectives of the North West.

THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MAY HAVE UPON PERIPHERAL TOWNS AND CITIES

The presumption here is that the question is about those areas not included in a City Region rather than those, like Bolton, who are in the City Region and are benefiting but lie outside the actual lead city.

City Regions are based upon those locations that have the strongest, or potentially the strongest, economies. The assumption is that as these are the main economic drivers within a locality, their growth will favourably impact on a much wider catchment area. This is an assumption; the counter argument is that the growth of the centre could act to exacerbate decline on the periphery. However, the rationale behind City Regions is to increase total inward investment and to grow economic base to meet new demand; not to make other areas weaker. Therefore, growth in any City Region should add to the overall national productivity indicator rather than redistribute economic advantage from the weaker areas.

Also, such towns and cities are designated as “peripheral” for a reason. They do not meet the potential critical mass for significant economic growth, so that any internal growth would be less likely to significantly “leach out” to a wider area. This is not to say that falling outside a City Region is a ticket to oblivion. Rather the specific needs of towns and cities outside the City Region, where acute, would still need public investment to support regeneration and reverse decline. Therefore, the City Region would not expect to soak up all the investment entering the wider region; rather it is more about establishing the best strategy to maximise the impact of investment.

THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

The northern situation is unique in that the economic disparity between the region and the rest of the country is so great that the Northern Way is an absolute necessity. The case for the rest of the country is less strong—weaker still within those regions where relative and growing economic strength is a feature. In these areas closer-regional co-operation may be desirable but certainly not essential.

Memorandum by Dorset County Council's Cabinet (RG 80)

1. EXECUTIVE SUMMARY

1.1 There should be as few layers of government as possible.

1.2 The establishment of sub-national/regional government should take account of all the following criteria:

- (a) regional government should be established only where it would have a clear role that would add value in terms of subsidiarity, accountability and efficiency;
- (b) the establishment of any regional government should be considered together with the review of local government;
- (c) the boundaries of regions should be defined having regard to economic and social geography, history and culture.

1.3 Dorset County Council's Cabinet considers that a system of county-sized unitary authorities would best meet these criteria rather than an additional layer of sub-national government at regional level.

1.4 We see no potential for increasing accountability at the regional level. Reducing the role of the regional layer would assist in this respect and help simplify existing arrangements.

1.5 We strongly urge a return to local authorities of powers that have been removed from them to regional level, particularly in relation to strategic land use and transportation planning and housing.

1.6 We consider current regional arrangements ineffective in managing services and would again press for these to be the responsibility of new large unitary authorities.

1.7 We support co-operation between areas with common interests—current regional boundaries create artificial boundaries that have no place in reality. We also support a consistent and complimentary policy approach between regions.

2. INTRODUCTION

2.1 Dorset County Council's Cabinet welcomes the opportunity to submit evidence to the Committee on the Office of the Deputy Prime Minister regarding the future of regional government.

2.2 In drawing up its evidence, we have assumed that the Committee is prepared to consider from first principles whether regional government is appropriate and desirable, rather than starting from the premise that the current regional arrangements will continue and evolve.

3. CRITERIA FOR THE ESTABLISHMENT OF REGIONAL GOVERNMENT

3.1 We believe that there should be as few layers of government as possible. The more layers there are, the more expensive governance becomes and the more need there is for time-consuming co-ordination.

3.2 We believe that the consideration of the establishment of regional government must take account of the following three criteria.

Criterion 1: Regional government should be established only where it would have a clear role that would add value in terms of subsidiarity, local accountability and efficiency

3.3 **Role:** We believe that any regional entity might play a useful role by:

- coordinating and promoting the interests of the area to central Government;
- agreeing strategic objectives for the region; and
- achieving the sustainable development of the region.

However, should local government be reorganised, with the creation of unitary authorities, county-sized unitaries would be more appropriate to achieve these objectives, particularly taking account of the other criteria below. Where considerations covering wider areas are appropriate, this should be achieved through partnership working.

3.4 **Subsidiarity:** we would support the devolution of powers from central to regional level, if the exercising of those powers met the criteria of greater local accountability and efficiency. The Council would strongly resist the drawing up of local authority powers to the regional level, unless it could be demonstrated that the regional level was able to act more strategically and efficiently, while retaining the degree of accountability currently exercised by local government.

3.5 **Local accountability:** We strongly support local accountability, and any regional entity should be accountable to those elected locally. Both the Government and the main opposition party are currently emphasising the need to base governance on as local a level as possible. The larger the unit of government, the more remote the decision-making processes become. Our experience is that many people feel regions to be too remote. The result is disempowerment rather than empowerment.

3.6 **Efficiency:** larger units of government may be able to achieve economies of scale and provide services more efficiently. However, at the same time, lack of local connectivity and increased bureaucracy may counterbalance these potential efficiencies. Further, if regional government is introduced as an additional layer of government, it is difficult to see how it will reduce overall costs to the public purse.

Criterion 2: The establishment of any regional government should be considered together with the review of local government

3.7 The Government is currently reviewing the role and financing of local government. It has also indicated that it may consider the further restructuring of local government. These considerations should be considered together with the future of regional government, so that a coherent and consistent form of sub-national government is established. Unfortunately, previous attempts at local government reorganisation have resulted in a confusing local government system in England. Further, the current regional arrangements do not sit comfortably with the current structure of local government. It is time the situation was resolved.

Criterion 3: The boundaries of regions should be defined having regard to economic and social geography, history and culture

3.8 The consultation seems premised on using the current Government office areas for regional governance. We suggest that this is not the best way forward.

3.9 Areas need to be of sufficient size to be able to promote themselves and to gain recognition of their needs in competition with the needs of others. This requires a minimum level of population and resources.

3.10 However, the viability of any regional governance depends on whether the regions being used actually have any basis and meaning. The current regions are based on the convenient administrative arrangements for Government Office areas, but do not reflect the local realities of identity, patterns of movement, economic geography or any of the other criteria commonly used to determine sensible boundaries.

CONCLUSIONS

3.11 Reviewing these criteria, we do not believe that sub-national government at the scale of regions as currently defined would be the best way forward. County-sized unitaries would offer a better alternative. They would have the following benefits:

- they would be sufficiently large to be able to coordinate and promote the interests of their areas to central Government, and to accept devolved responsibilities from central Government;
- they would be sufficiently small to establish commonly owned objectives for their areas and to be locally accountable, offering local people real influence on decision-making and capable of relating to local community arrangements;
- they would have the strategic capacity to deliver the sustainable development of their areas;
- they would be able to use economies of scale without being remote from local intelligence and without introducing additional bureaucracy;
- they would be a single tier of sub-national government, be established in the (possible) next round of local government reorganisation and result in a coherent and consistent pattern of sub-national government;
- their boundaries could be defined by meaningful geographies, not necessarily based on existing local government boundaries.

3.12 Where considerations covering wider areas were needed, these could be dealt with through partnership arrangements with neighbouring authorities.

3.13 Whatever arrangements come into place, it is essential that the powers and responsibilities of sub-national government should be clearly defined. These need to be enshrined in legislation so that powers cannot be arbitrarily removed from local areas as they have been in the past.

Specific Issues Raised by the ODPM Parliamentary Committee

4. THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

4.1 Current regional assemblies/chambers add little to democratic accountability. The time that local authority members of the Assembly are able to devote to Assembly meetings is understandably limited, particularly taking account of existing duties and the long travel distances to Assembly meetings. Further, because of distance, they do not enjoy the day-to-day relationships with Assembly officers that exist in local authorities. Their influence is therefore much more limited. This means that Regional Assembly officers enjoy far greater freedom in developing policy than they would at national or local levels. They appear to be unduly influenced by Government Office and the Regional Development Agency, neither of which are accountable locally, and do not give sufficient weight to the views of local authorities and representatives of local organisations and interests. Further, consultation events are stage-managed, and cannot be viewed as real engagement.

4.2 Nevertheless, given the significance and implications of decisions that are made at regional level, local authority members and officers do spend considerable amounts of time attending meetings. These events offer little added value to what has already been done at local level. Indeed, much of their time is spent heading off decisions that could cause significant damage locally.

4.3 The solution, as suggested above, is to scrap regional bodies, create unitary authorities and enhance the power of more local forms of governance through making these of a sufficiently large size to be able to carry out the functions currently undertaken at regional level. Also, as suggested above, unitary councils should be free to join together where they feel that certain areas of work can be done more effectively on a larger scale.

4.4 We believe that the existing and proposed regionalization of fire and police services serve to complicate, rather than simplify, the means and accountability of delivery at the local level.

4.5 Using the proposed system of unitary authorities, it would be clearer where responsibilities lay and who was accountable. The system would be much simpler and a lot cheaper both in terms of absolute cost and the cost of time and money spent by local councils in taking part in unnecessary meetings with no added value.

5. THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

5.1 There are a plethora of regional bodies or bodies with a regional structure. Their responsibilities include strategic land use and transportation planning (regional planning bodies), economic development (regional development agencies), housing (regional housing bodies), tourism, sustainable development, culture, education and health. Government offices enforce Government policy in the regions and administer some funding streams, particularly in relation to economic development and European funds.

5.2 In recent years has been a proliferation of regional activity. Some of this activity—particularly that seeking to integrate strategic direction and investment—has been admirable. However, some has been wasteful and/or drawn powers away from the local level. Substantial energy and resources have been devoted to the development of regional strategies, but many of these are at a level of generality to have little meaning locally or in terms of service delivery. It is doubtful whether the cost of this activity is justified.

5.3 A recent symposium of local authority chief executives in the South West, convened on behalf of the ODPM, identified a worrying proliferation of regional bodies. Focussed consultation with the chief executives indicated that there was no effective co-ordination between agencies, a lack of information on what each did and a lack of ability to influence agencies' policies, activities and outputs. A project has been established to try to improve the situation.

5.4 The loss of responsibilities from local authorities in relation to strategic planning, transportation and housing to the regional level has so far proved far from beneficial. Further comment on this is provided in the section below on "the effectiveness of current arrangements". We believe responsibilities for these activities should be restored to the proposed county-sized unitary local authorities described earlier. Among the other advantages of this course of action would be the re-establishment of local accountability and the empowerment of local people.

6. THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

6.1 We have severe misgivings about the current regional governance arrangements. In our experience, the arrangements have:

- drawn away powers from local authorities (particularly with regard to strategic planning, transportation and housing);
- distanced people from decision-makers, rather than improved accountability;

- imposed additional resource requirements and costs (funding, member and officer time, bureaucracy);
- added to the complexity of the administration of funding streams;
- been based on artificial areas that have no basis in the real world.

6.2 The Council has invested significant amounts of member and officer time in assisting the Assembly in its duties. However, much of this time is devoted to educating Assembly officers and members from other parts of the region about local areas and the policy history of those areas. Because of the size and nature of the region and the constituency of the Assembly (with many competing geographical and sectoral interests), it is difficult to influence decisions to the benefit of local areas.

6.3 A study carried out in 2003 of the experience of Dorset County Council officers and members of regional bodies showed that many issues were being addressed at regional level which were already being fully addressed at local level. The added value of regional work was unclear. The time spent in meetings was substantial and to this had to be added the time to respond to consultations (responses which in many cases were completely ignored), make bids for funding and maintain regional contacts. There were particular issues with economic development and spatial planning. It was difficult to influence the Regional Development Agency and the Regional Assembly.

6.4 The experience in developing the Regional Spatial Strategy for the South West has shown that there is little local accountability and reflection of local interests. There has been little opportunity for local consultation. This reflects not only the difficulty of holding effective engagement in such a large area, but the unrealistic timetables developed by the ODPM for the production of Regional Spatial Strategies. The Council has received unfavourable comment from the public on the lack of opportunity for engagement.

6.5 There remains considerable complexity with regard to funding streams. The Haskins Report highlighted the complexity of funding from Defra, and Dorset County Council has been pleased to be a pilot Rural Pathfinder authority. Its work in this respect has highlighted that the streamlining of funding from one Government department is only a start, and that other funding streams are needed to fully address common objectives. The simplification and local ownership of these streams is critical to effective delivery and local accountability.

6.6 The South West does not meet the criteria outlined earlier for meaningful sub-national governance. It has no coherence and no commonality of interests. There is no joint cultural heritage. There are no common patterns of activity. Indeed, its landside boundaries cut across such areas, and ignore the reality of the linkages that exist. The regional work on spatial planning and the economy, for example, does not properly recognise the links between the Bournemouth/Poole conurbation and South Hampshire/the South East.

6.7 The current multi-layered system adds complexity, confusion, duplication and cost to what, with fewer layers of governance, could be simple, efficient, effective and accountable.

7. THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

7.1 We would not support a system of regional, city region and local government. The aim should be to provide a single tier of sub-national governance, whether to govern cities or other areas. As outlined earlier, we suggest that what is needed is a new level of more strategic unitary councils with the freedom to work together jointly where this provides added value. The new authorities would have responsibility for public services in their areas and the resources and powers now held by regional bodies. This system, in effect, would provide regional as well as local governance and the enhanced powers would mean greater devolution to below national level had been achieved.

7.2 Unitary authorities should be based on County or city identities and with a sufficient population, eg a minimum 400,000 to 500,000 people, to undertake strategic and promotional roles and provide leadership. We would want to take a progressive view of these arrangements, in order that the new unitary system was fit for purpose in the twenty-first century.

7.3 A new system to ensure that sufficient resources were available to carry out the full role of the authority would then be needed. More financial freedoms to work with developers, borrow money, etc are needed. Dorset was a pilot area for Local Area Agreements and the Defra Rural Pathfinder. It is too early to report with certainty the advantages of these approaches, but they are expected to deliver improved local delivery, pooled based area funding for combined national and local priorities, improved performance management, local accountability and joined up service delivery.

8. THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

8.1 We reiterate that we would not support a system of regional, city region and local government, but we promote a single tier of sub-national governance.

8.2 The impact of unitary city government on peripheral towns and cities, and, indeed, other rural areas will depend on the selection and definition of boundaries. We recognise the merits of planning for cities and their hinterlands as economic and social entities. Indeed, prior to the last round of local government

reorganisation, Dorset County Council was responsible for the strategic planning and economic development of the second largest conurbation in the South West (Bournemouth/Poole/Christchurch—population over 400,000). We therefore speak from experience. We also recognise calls for such areas to be granted more control over the resources needed to secure their potential.

8.3 Current proposals which appear to focus on the Core Cities are incompatible with our proposals. We would support the New Local Government Network suggestion that smaller urban areas should also be treated in the same way, as should other unitary authorities.

9. THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

9.1 Local areas need to have the freedom to decide where they want to work jointly with adjacent authorities rather than being constrained by the boundaries of artificially created regions. As an example, in some areas of work, Dorset, particularly the eastern part of the county, with Bournemouth and Poole, works more logically with the South East and a new system of governance as suggested here would allow and facilitate this.

9.2 In its strategic planning and economic development work, the County Council has for many years encouraged a more coherent approach to cross-border working. Government offices appear reluctant to pursue complementary cross-border and inter-regional agendas. The Council has been disappointed that for many years the approach to regional planning in the South East has been out of step with the approach in the South West.

Memorandum by The Countryside Agency (RG 81)

SUMMARY

1. For more than a decade, successive attempts at reform of regional and local government have been substantial and costly failures. But reform is needed: we must learn from the past and, next time, get it right. City regions make sense as economic drivers but they do not offer a comprehensive alternative to the model of governance previously offered by elected regional assemblies. There is a real risk that their development will threaten rural economies and weaken the democratic voice of rural communities. There is a strong case for reforming local government structures, built on the principle of subsidiarity: locating functions at the most local level consistent with effectiveness.

INTRODUCTION

2. The Countryside Agency is a Non Departmental Public Body, with a national perspective on the needs of rural communities. It works to exert positive influence nationally, regionally and often very locally. Its role in advocating best practice also involves international engagement.¹

3. With the current emphasis on urban policy, and city regions in particular, the Agency is concerned to ensure that rural needs are given due attention.

4. We welcome the Select Committee's inquiry into issues relating to regional government, including:
- the potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements;
 - the potential for devolution of powers from regional to local level;
 - the effectiveness of current arrangements for managing services at the various levels, and their inter-relationships;
 - the potential for new arrangements, particularly the establishment of city regions;
 - the impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities; and
 - the desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities.

LEARNING FROM THE PAST

5. For more than a decade, attempts at changes in regional and local government arrangements in England have been characterised by failure, and on a significant scale. A few exceptions do nothing to soften this bold conclusion. The perceived success of some new unitary local authorities and of the London Mayor only emphasises our failure to make structural reform more universal and coherent. Rural areas in particular have been left with structures seen by many as outdated.

6. This rather stark track record means that we must not allow the policy vacuum left by the lost vision of elected regional assemblies simply to be filled by the next, partially relevant good idea. The notion of city regions presents this risk.

7. Rather, we need to think carefully about underlying principles, and to learn from our experience and from best practice elsewhere.

PRINCIPLES

8. Some years ago² the Prime Minister set out his key principles of public service, relevant now to this matter. They are:

- common, national service standards;
- devolution and decentralisation of decision making;
- flexibility, responding to local needs and priorities; and
- choice for consumers and service users.

9. These have been reflected in much of the subsequent debate about service modernisation. Other relevant policies include the joint HMT/DTI/ODPM Public Service Agreement target to reduce regional disparities in economic growth and the work by Sir Michael Lyons to transfer civil service functions out of London. But the picture these ideas offer is still incomplete.

10. The missing element is a hard analysis of governmental functions and the level at which they are most appropriately deployed.

11. The expanded remit of a further review by Sir Michael Lyons is addressing these matters. In September 2005 the Deputy Prime Minister and the Chancellor of the Exchequer agreed with Sir Michael that he would extend his work to consider the future role and functions of local government, as well as and prior to making recommendations on local government funding. Sir Michael's independent inquiry will now:

- consider the current and emerging strategic role of local government in the context of national and local priorities for local services; and the implications of this for accountability;
- review how the Government's agenda for devolution and decentralisation, together with changes in decision making and funding, could improve local services, their responsiveness to users, and efficiency;
- in the light of the above, consider in particular: how improved accountability, clearer central-local relationships, or other interventions could help to manage pressures on local services; and changes to the funding system which will support improved local services.

12. England is very far from unique in considering this matter, but a key difference has been the absence of a serious approach to subsidiarity. This requires both a rational, coherent analysis of which functions are best deployed at what scale, and a presumption in favour of location at the smallest, most local level.

13. It is important, though, to recognise that this debate is not just about regional and local government. We cannot fully understand these and their context without a similarly incisive appraisal of central government functions, again from the standpoint of subsidiarity. Robust pursuit of this principle is essential if we are to manage the centralising tendencies of government and the variable pattern which has emerged across Whitehall: recently evident, for example, in uneven engagement with local area agreements.

14. Moreover, effective joint functioning of different scales of government requires an appraisal of skills and career patterns. Others have proposed a common career structure and this idea merits very serious consideration.

CITY REGIONS

15. The idea of city regions has a sound policy and evidence base, emerging from experience here and in the United States, Europe and Asia. Cities are very important economic drivers and this needs to be recognised in how they are planned and resourced, and through a range of interventions such as encouragement of cooperation between universities and business. But this is a model which is essentially economic. It has implications for governance, but it is very dangerous to assume that the notion of city regions is a ready replacement for elected regional assemblies. Perhaps the city region concept could be part of a successful and broader model of devolved government, but it should not be the starting point.

16. Neither should we automatically draw a relationship between the idea of city government and the idea of concentrated decision making through a mayoral system. Again, this may be relevant but we should not make the assumption.

17. Some of the Government's current thinking derives from recent European history and the ascendancy of prominent regional cities. But it is extremely important to recognise that these (notably in France and Germany) have been part of explicit national strategies to reduce economic and governmental centralism, to build strong regional structures, and to invest heavily in transport and other infrastructure. European city regions without that context might look very different.

18. Our conclusion is that city regions should be driven through economic logic but should not be allowed to drive the debate about devolved administration. This needs to be set within a holistic view of subsidiarity.

RURAL AREAS

19. There is a real risk that the idea of city regions together with greater devolution itself could lead to a weakening of the position of rural areas, market towns and smaller cities. The focus on urban centres rather than geographical regions may pose particular threats to communities on the periphery of England or on regional boundaries.

20. In fact within a balanced and well organised regional structure the contribution which rural communities could make is considerable. This extends beyond the obvious assets of rural areas such as landscape, food, leisure, and tourism to issues such as the travel and migration patterns of people and businesses, and the impacts of technology on working patterns. Of course many rural areas benefit from real prosperity, often strongly linked to urban economies through commuting.

21. But while some rural areas and economies will link effectively with city regions, others are likely to remain separate and remote. This poses considerable challenges relating to low pay, low productivity, low skills, and reliance on narrow and declining economic sectors. These will remain numerically minor interests within some regions but collectively they have significance in economic, social, environmental and political terms. There is a strong case for a national focus from Government, across departments, on addressing the needs of these economies, albeit via regional and local delivery.

22. We also need to give rural areas adequate political rank within a devolved structure and to tailor structures of government to their particular needs. Earlier debate about sub-regional local government has tended to degenerate into an argument between counties and districts, resulting from an absence of strategy and principle in national policy.

23. When our Board visited the North East to consider the rural aspects of regional government in October 2003 we concluded that unitary local government structures had some strong merits.³

24. We also felt that any moves towards unitary local authorities would also be an excellent opportunity to enhance and invest in further developing the role of town and parish councils. MORI opinion polling published by the Boundary Committee as part of their work in the North East⁴ showed that people in both Northumberland and County Durham "identify most strongly with their local neighbourhood/village and their town/nearest town. They show less identity with the administrative areas of the two-tier councils. This is not an unusual finding, as people generally identify with the immediate area where they have made their home, rather than a large geographical area". MORI's qualitative research also concluded that in Northumberland and County Durham "participants were typically not overly concerned with concepts of current district council or county council boundaries . . . being more concerned with effective service delivery".

25. But this strong case for localism needs to be reconciled with the need for adequate capacity to develop and implement strategy and service provision. Increasingly this requires an ability to engage with regional strategy development, including spatial planning, economic development, housing and a growing list of other themes. Work in recent years has demonstrated the value of the regional scale in understanding housing markets, travel to work patterns and other matters previously obscured by traditional local authority boundaries and roles.

26. We need a pattern of local government which can effectively complement this strategic scale, without replicating or competing with it. Arguably local authorities could build capacity through drawing on effective regional resources, in turn offering genuinely local perspectives and experience in delivery. We need also to ensure adequate capacities within rural LSPs, within town and parish councils, and the voluntary and community sectors and their support bodies. From a specifically rural standpoint, we need also to ensure that we understand how best to address the needs of these communities through clarifying and harnessing the work of local authorities, LSPs, Regional Rural Affairs Forums, Regional Development Agencies, Government Offices and other key players. The Countryside Agency and, in future, the Commission for Rural Communities will work hard to support their work and to help to give it national focus and impact.

CONCLUSION

26. We cannot afford to repeat the failures of the past decade or so. We should adopt a more holistic approach based on clear principles. We should not be seduced by the idea that city regions offer a ready alternative to the model of governance previously offered by elected regional assemblies.

REFERENCES

¹ The Natural England and Rural Communities Bill currently before Parliament proposes to establish, from the existing Countryside Agency, firstly the Commission for Rural Communities and secondly (together with English Nature and the Rural Development Service), Natural England. The Landscape Access and Recreation operating division of the Countryside Agency will be forming part of the new Natural England body. The remit of Natural England will be to ensure that the natural environment is conserved, enhanced and managed for the benefit of present and future generations. The Commission for Rural Communities was established on 1 April 2005 as an operating division of the Countryside Agency. It provides independent advice to Government and others and ensures that policies reflect the real needs of people living and working in rural England, with a particular focus on tackling disadvantage. The Commission has three key functions: (i) Rural advocate: the voice for rural people, businesses and communities; (ii) Expert adviser: giving evidence-based, objective advice to government and others; and (iii) Independent watchdog: monitoring and reporting on the delivery of policies nationally, regionally and locally.

² Prime Minister's speech on Public Services Reform, 25 January 2002.

³ See A rural commentary report on Regional and Local Government in the North East. Also See also the research undertaken for us by PricewaterhouseCoopers, "The characteristics of successful rural unitary authorities". Both are available at: <http://www.countryside.gov.uk/VitalVillages/Local—Governance/regional—government.asp>.

⁴ See: <http://www.boundarycommittee.org.uk/our-work/MoriOpinionResearch.cfm>

Memorandum by Bolton Council (RG 82)

In Strategic Housing at Bolton Council we welcome the opportunity to comment upon and influence the debate that is currently underway on the future of regional working. Housing is one of the policy areas within the remit of local government that is particularly affected by the move towards regional working. Therefore in response to the consultation on the future of regional government we have prepared the comments set out below.

THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

In our region the North West Regional Assembly has the remit of Planning, Transport and Sustainability; it has responsibility for development of the Regional Spatial, Planning and Housing Strategies and has involvement in developing the Regional Economic Strategy. Yet the assembly is unelected and not directly accountable for decisions it makes on key issues in the region. The lack of accountability is a concern; there must be representation for all of the constituent areas within the region.

If regional working is no longer seen as the way forward in light of the "no" ballot in the North East then it is important that the future way of working is quickly resolved and that the concerns above are overcome. A potential solution to this problem is offered by the concept of city regions.

City regions (or sub regions) are areas that encompass both a city and its hinterland. City regions provide distinct localities, economies, commuting patterns and most importantly cultural identities. Building on the natural sphere of influence that cities have should make city regions acceptable to the public at large and provide an entity with which stakeholders and agencies can readily engage.

Sub regional working has the added benefit that it can move forwards by building upon the work of the existing structure. The most appropriately placed organisations to facilitate this are democratically accountable local authorities and their local strategic partnerships; the move to work sub regionally should evolve from the lower tiers, this natural progression would lend sub-regional working the democratic legitimacy that it needs to make it credible. The remit of the sub-regional group would be to provide a strategic overview for the region and facilitate closer integration between disciplines to ensure maximum benefits for the whole city region. Implementation and delivery would be the responsibility of the individual local authorities.

As part of the review of regional working there must be a simplification of the existing arrangements. There are numerous agencies and quangos working within the housing field in the North West region and Greater Manchester sub region. There is a need to rationalise these groups in order to facilitate better joint working and prevent overlapping work; it is essential that one body oversees these groups.

THE POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

We would support the devolution of powers from central government but it must be devolved to the appropriate level within the regions. The city region needs powers fitting to it as the body responsible for the strategic overview; whereas on a local level devolved powers would need to be meaningful to people living there.

The creation of a new governance structure for devolved power that functions well, meets the needs of the majority of constituent organisations and is well received by the public would not be a straightforward process. New structures must be carefully considered to ensure that there is no duplication of effort and therefore a less efficient use of resources. A gradual transfer to new ways of working would hopefully make new structures acceptable to those that work with them as well as the electorate.

THE EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES AT THE VARIOUS LEVELS, AND THEIR INTER-RELATIONSHIPS

Local authorities have a vast array of services and responsibilities; from grounds maintenance to schools to economic development. They also work in a number of partnership arrangements. This range of expertise means that local authorities are best placed to deliver change tailored to the local level. What is not necessary is an extra tier of government that will replicate any of these functions. A city region should build on the strengths of local authorities and should aim to build consensus, share knowledge and facilitate joint working; this will have a greater positive impact on the whole city region and prevent development of contradictory policies and strategies. In other words it is the strategic role that needs to be developed for city regions. Linked to this is the need for robust knowledge and information gathering systems to inform strategic development.

THE POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

We believe that city regions will be the most successful way of promoting economic competitiveness and raising productivity levels closer to the levels achieved by our European counterparts. The benefit of the city region approach is a stronger identity to promote to inward investment and compete within the European and global market. Other benefits of the city region are to provide a strategic overview of transport, spatial planning and housing. This is the principle benefit of the city region—a city region can look at the bigger picture yet with its partner organisations understand the priorities needed on the ground; a powerful and representative city region can make a stronger case for essential schemes or areas in need of investment. A city region approach is also appropriate in spatial planning where there is the challenge of preventing urban sprawl and utilising greater proportions of previously developed land. With housing new guidance states that authorities should work together to examine needs and demand. This is necessary as housing markets do not follow local authority boundaries; there are a number of flows throughout the city region; so joined up working is already seen as best practice. The Association of Greater Manchester Authorities (AGMA) has recently commissioned consultants to carry out an analysis of the housing market across the sub region. Other examples of this are the Housing Market Renewal Pathfinders at Oldham and Rochdale and Manchester and Salford. This joint working supports the view that city regions can grow organically from existing links, particularly for city regions like Manchester where there is a strong identity and a history of achieving joint initiatives upon which to found a new organisation.

If city regions are to be formed then they need to be high profile so that they are recognised by all as lead organisations. They must be set up with a clear remit and provide a strong strategic lead. This format would overcome objections that the public had to regional assemblies.

The move to larger organisations seems to be a common theme within the public sector with proposed changes to police authorities and primary care trusts. If there is to be a change to a new style of sub regional working there needs to be an awareness of the short comings of the Metropolitan Counties that were abolished in 1986 so that they are not repeated. If city regions are to be successful they need to be well resourced otherwise it will be difficult to foresee any benefits that will be derived from forming them; if the rationale is to cut costs by sub regional working then city regions will fail to deliver any additional benefits causing cynicism with the process and local leadership in general. City regions should be about better use of resources and Gershon efficiencies not cuts

THE IMPACT WHICH NEW REGIONAL AND SUB-REGIONAL ARRANGEMENTS, SUCH AS THE CITY REGIONS, MIGHT HAVE UPON PERIPHERAL TOWNS AND CITIES

This is an issue with particular relevance to Bolton which may be considered a second tier settlement within the Manchester City Region. If city regions are created they must be developed inclusively so that they have the potential to benefit all parts of the sub region. This is why they need to be representative of all of the local areas. If city regions are successful in raising economic performance then it is possible to envisage that all areas even the peripheries will gain from a joined approach. If city regions are not correctly set up with mechanisms to counter uneven development then it is likely that the core areas will grow at the expense of the others. The city region approach could provide a new perspective in tackling deprivation. The problems of inner urban areas—the parts between the economic centres and the affluent suburbs—are amongst the most serious facing society today. The areas of concentrated worklessness, deprivation crime and poor housing conditions could be better tackled by the city regions that re-unite the core and the suburbs.

THE DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION (AS IN THE NORTHERN WAY) TO TACKLE ECONOMIC DISPARITIES

Closer inter-regional co-operation is essential to enable city regions to develop in harmony and prevent conflicting aims. It should promote a more efficient use of resources. Where city regions share boundaries there may be shared priorities. For example Bolton would be part of the Manchester City Region but still has links to Lancashire on its northern boundary. If economic disparities are to be tackled then city regions must be well resourced to successfully compete with London the South East.

Memorandum by the Yorkshire and Humber Assembly (RG 83)

BACKGROUND

1. Around five million people live in the Yorkshire and Humber region. As well as thriving towns and cities, it has more National Park land, historic houses and castles than any other region, and boasts spectacular scenery and a Heritage coastline. It's also one of Europe's fastest growing regions, and home to more than a quarter of a million companies, many of them from overseas. Our economy ranks amongst the top third in the world.

2. The Yorkshire and Humber Assembly is the region's strategic partnership working to improve the quality of life for everyone who lives and works here. Our core functions include regional planning and transport, scrutiny of the Regional Development Agency, Strategic Alignment and Sustainable Development.

3. The Assembly has representatives from local government, business, public sector agencies, education and training bodies, trade unions and the voluntary and community sector. This broad based membership ensures that regional agencies and bodies are accountable and responsive to the needs of the region. By combining our experience and knowledge and working together, we achieve more and get things done faster.

THE POTENTIAL FOR INCREASING THE ACCOUNTABILITY OF DECISION-MAKING AT THE REGIONAL AND SUB-REGIONAL LEVEL, AND THE NEED TO SIMPLIFY EXISTING ARRANGEMENTS

4. In the absence of directly elected regional government there are no formal accountability mechanisms in place at regional level. The alternative "informal" arrangements are exercised through the representative assemblies known in all English regions as Regional Assemblies.

5. In Yorkshire and Humber we ensure regional accountability in the following ways:

- As the regional strategic partnership (the combination of local government providing the democratically accountable voice (60% of members) alongside that of partners (40% of members) ensures that decisions taken at a regional level are shaped by views within the region and are accountable back to the region.
- Through formal scrutiny of the work of Regional Development Agencies (RDAs), and delivery of the Regional Economic Strategy. In this region, eight scrutiny reviews have been completed looking at issues ranging from business start-ups to the role of cities, and skills. Each review is accompanied by an action plan to be implemented within 12 months of publication—ensuring tangible results that add real value.
- Ensuring robust internal governance structures so that policies developed by the Assembly are fully owned by the region (particularly important in the development and submission of our Regional Spatial Strategy);
- By working with partners to align regional strategies within the framework of our Integrated Regional Strategy—Advancing Together. This describes our vision and long-term objectives for the region. Progress is monitored against a suite of 32 high-level regional indicators and reported to the region each year in the Progress in the Region report produced by our regional observatory Yorkshire Futures.
- By ensuring our actions are sustainable in the long-term. We provide guidance and appraisal mechanisms in our regional sustainable development framework (RSDF). This is widely used at all levels in the region and ensures that all plans have consistent and complementary actions (particularly aligning economic development, housing, planning and transport) that together move us towards achieving the long-term vision set out in Advancing Together.

6. Although these arrangements have worked well we have also been looking ahead to see if our accountability and decision making processes are still appropriate given the changing regional agenda. This work has taken place in the context of two challenges. One from government¹⁰⁵ and the other from the region itself. As a result, a fundamental review of the Assembly has sought to clarify our purpose, functions and working process.

7. As part of this process, in November 2005 the Assembly hosted a regional governance symposium, chaired by Peter Hetherington. This event brought together the key players in the region to consider our future governance arrangements. A full report of the day, including a range of specially produced background papers can be found at <http://www.yhassembly.gov.uk/index.cfm?routine=content&channel=Library&contentid=839>.

8. In summary this event concluded that the Assembly continued to have an important and unique role in ensuring regional accountability and strategic alignment. In particular we:

¹⁰⁵ Letter from David Miliband MP to Cllr David Smith, Chair English Regions Network 18 November 2005.

- reconfirmed our commitment to the continued value of regional partnership working;
- agreed that in the absence of elected assemblies democratic accountability for regional decisions can only come from the active involvement of local authorities in regional decision making; and
- that the strength of the existing Assembly is a consequence of combining local authority and partner (social, economic and environmental) engagement.

9. As a result the Assembly is introducing revised and simplified governance arrangements. These retain the existing broad based assembly and include a renewed regional executive board that has representatives from Government Office and the Regional Development Agency as observers. The regional executive board will be the focus for regional co-ordination and alignment. Functional boards for housing, transport and planning will work alongside the RDA board to ensure that these key areas of activity are effectively joined up. A sustainable development board and a standing scrutiny board will provide robust challenge within the system. A full report setting out our renewed governance arrangements can be found at <http://www.yhassembly.gov.uk/index.cfm?routine=content&channel=YHA%20eetings&contentid=865>.

10. Despite this progress we are clear that there are a number of further steps that could be taken which would help increase the accountability of decision-making at the regional and sub-regional level. These include:

- Expanding and strengthening the scrutiny role of the Assembly to enable oversight of the full range of regional activity ensuring better and more accountable strategies in the region which would in turn make a greater contribution to achieving national priorities.
- Greater involvement by the Assembly in the appointment of board members to NDPBs operating in the region.
- More involvement of MPs and MEPs in the work of the Assembly and the region. For instance, there may be a case for a select committee for each region, or a committee for the regions at Westminster or an annual state of the regions debate. The Yorkshire and Humber Assembly would be keen to work in partnership with government to investigate possible ways of engaging MPs/MEPs in future work.
- Recognition from Government of the important leadership role played by regional strategic boards. In this region that Assembly has chaired the Regional Co-ordination Board that has prepared advice to government on Regional Funding Allocations. This regional board includes senior level representatives from Government Office and Yorkshire Forward and will provide the basis for our new strengthened regional executive board (see para 9 above).

11. The Government announcement to proceed with the merger of Regional Housing Boards and Regional Planning Bodies is a good example of existing arrangements being simplified and increased accountability being achieved.

12. Another possibility for simplifying arrangements relates to recent work on Regional Funding Allocations. Government should respond positively to any future requests from regions to work more flexibly though greater use of pooled budgets such as those developed by the Regional Skills Partnerships, RDAs (the single pot concept) and through Local Area Agreements. Using resources more flexibly, within the national PSA target framework, would allow the development of regional solutions to specific regional issues. This would ensure that national standards were met and maintained whilst allowing greater regional flexibility, resulting in fewer targets and more accountability to the regions.

13. On the grounds of simplification and increased accountability Government should also give full consideration to extending the scope of the Regional Funding Allocations to encompass funding for skills development. Skills policy is a key contributor to regional economic performance and there is already close working by regional partners to deliver better skills through Regional Skills Partnerships.

POTENTIAL FOR DEVOLUTION OF POWERS FROM REGIONAL TO LOCAL LEVEL

14. The Yorkshire and Humber Assembly is committed to the principle of subsidiarity, ensuring that decisions are taken at the most appropriate level. The current functions of the Assembly are those that are best dealt with at the regional level. (ie preparation of the Regional Spatial Strategy (RSS) including the Regional Transport Strategy, scrutiny of the RDA, policy co-ordination at the regional level and acting as the voice of the region). It should be noted however that the Assembly is not a service delivery body. Our role is to provide a strategic overview of regional activity, to develop strategic frameworks for action, to support policy development and to ensure outcomes are monitored and progress reported to the region.

15. Delivery is invariably through local level agencies, primarily local authorities. Because these bodies are members of the Assembly we are uniquely placed to ensure effective co-ordination between strategy and delivery.

EFFECTIVENESS OF CURRENT ARRANGEMENTS FOR MANAGING SERVICES

16. In addition to our strong links with local delivery we are also working closely with a range of sub regional delivery partnerships. These include sub-regional investment planning (economic development) bodies, sub regional housing partnerships, the housing market renewal pathfinders and local authority sub regional groupings.

17. An example of how these arrangements ensure proper management and tracking of service delivery can be seen in the way that we now monitor our regional progress. Each of our four sub regions independently produce their own Progress in the Sub Region report. These follow the same format as the regional report and include measurement of progress using a common set of indicators based around our six regional objectives. Progress is then judged against how well our services collectively deliver overall regional objectives.

POTENTIAL FOR NEW ARRANGEMENTS, PARTICULARLY THE ESTABLISHMENT OF CITY REGIONS

18. Many Assembly members have been closely involved in the development of the city region agenda although there are still different views about the role of city regions as economic “drivers”. For many however, the city regions are considered an effective and useful unit for economic planning and we have expressed a willingness and commitment to work collaboratively at this level for the economic benefit of all the regions communities.

19. In recognition of this, as part of our new governance structures we will be including a representative from each of our three city regions alongside our existing sub regional representatives on the renewed regional executive board. This will ensure that all existing and emerging bodies in the region can play their full part in regional activity. We would now like to see emerging Government policy acknowledge that cities and regions are complimentary and mutually supportive

THE IMPACT THESE ARRANGEMENTS MAY HAVE ON PERIPHERAL TOWNS AND CITIES

20. The Assembly has made it clear that the application of the city region concept must not be carried forward at the expense of smaller towns and rural areas. It is important that any strategy to grow the region benefits the whole of Yorkshire and Humber. The needs of those extensive areas that lie outside city regions (and also the rural and peripheral areas that lie within them) must not suffer because economic development priorities are developed with too narrow a focus on larger cities.

DESIRABILITY OF CLOSER INTER-REGIONAL CO-OPERATION TO TACKLE ECONOMIC DISPARITIES

21. The Assembly has welcomed the northern Way initiative and supports its ambition to tackle the £30 billion economic gap between the three northern regions and the rest of England. In the long term if we are to have any real prospect of closing the economic gap between north and south we must develop a genuinely pan regionally approach that focuses on long-term investment on selected strategic projects (eg transport and infrastructure) that support the growth of Yorkshire and Humber as a whole. We look forward to working through the Northern Way to develop future plans for step-change projects backed by the necessary levels of investment.

Memorandum by the Learning and Skills Council (LSC) (RG 84)

1. This memorandum describes how the LSC’s current and future arrangements can effectively deliver on the skill needs of the country at national, regional and local levels.

2. The role of the LSC is to equip the workforce with learning and skills that will drive up our economic competitiveness. Whilst the UK has the fourth largest economy In the world our productivity lags behind the most advanced countries and despite comparatively high growth over the last five years, Gross Domestic Product per capita falls below most of our competitors. At the same time we face increased competition from the Far East. These factors all point to a need to deliver more high quality learning and skills.

3. As a Non-departmental Public Body the LSC is committed to ensuring that decision-making is made at the most appropriate level—be this at local, regional or national level. This philosophy is at the heart of our current reorganisation with embraces:

- the maximising of localness to meet employer needs and deliver the 14–19 agenda. Local Councils have a range of powers, enshrined in the “*2000 Learning and Skills Act*” to ensure effective planning and funding of Learning and Skills In their locality;
- the ability to respond effectively to work more closely with other regional bodies on skills issues; and
- national policy development to ensure drive, consistency and the sharing of best practice.

4. The LSC priorities for 2006–07 are attached In the annex.

REGIONAL ACCOUNTABILITY AND DECISION-MAKING

5. Many public sector organisations are already regionally structured thus ensuring that skills planning and decision making are taken at the regional level and that good-practice is shared regionally. We are transforming our organisation to meet a demanding new agenda which challenges us to achieve a balance between local delivery, regional strategy and national policy.

6. As part of this restructuring the LSC is enhancing and formalising the role of its Regional Boards which brings together the wealth of knowledge and experience of our non-executive employer Local Council members. This will both enhance our regional skills planning and operations and Increase our regional accountability as well as providing an opportunity to work more closely with Sector Skills Councils and other employer bodies. At the same time we are strengthening our local working to better meet employer

skills needs and deliver the 14–19 agenda, working in partnership with local authorities. This is crucial to our success and means that, within a national framework, planning and funding of learning and skills is agreed at the local level and aggregated/ratified at the regional level to ensure that regional priorities, agreed by all partners engaged in Skills and learning activities, are addressed.

EFFECTIVENESS OF CURRENT ARRANGEMENTS

7. Within the skills arena Regional Skills Partnerships (RSPs) bring together the key regional organisations that plan and fund skills and learning. The RSPs work within the Regional Economic Strategy and they are supported within each region by subregional and Local Strategic Partnerships which ensure that skills and learning needs are identified and met at subregional and local levels. These arrangements, which embrace Local Authorities (LAs) are proving to be particularly effective in ensuring that all necessary partners are fully engaged in meeting employer skills needs and that funding is aligned to maximise the raising of Skills levels. Attached in the annex are examples of the RSP added value to raising skills levels.

8. LAs are a key contributor to the learning and skills agenda both at the strategic level and as a substantial local public sector employer. The LSC works in partnership with all LAs covering, for example, School Sixth Form Funding, developing 14–19 partnerships, supporting the development of Children's Trusts, sharing LMI data to identify learning and skills needs and more recently in developing Local Area Agreements (LAAs) which have been piloted within 20 local areas. The roll out of LAAs across the whole country throughout 2006–07 and 2007–08 will further strengthen the LSC/LA relationship and will result in further partnership working including agreeing joint local economic targets and opportunities to align funding to join up and maximise local skills and economic development. In terms of public accountability the LSCs close working relationship with LAs helps to address any perceived democratic deficit which is raised from time to time in relation to regional bodies.

CITY-REGIONS

9. The City-Regions agenda brings a focus on our conurbations which are the key drivers of the UK economy. They operate as single, integrated labour markets with a substantial degree of mobility of labour within their boundaries. Demographic change means City-Regions will have a massive recruitment requirement over the next 10 years as such there is a real value in adopting an integrated employment and skills strategy which transcends local political/administrative boundaries.

10. To be a success the City-Regions and Core Cities need to complement and build upon already well established sub-regional arrangements. Whilst this has initially added to the complexity of geographical operations and interventions greater clarity on the purpose, outcomes and inter-relations of these various working arrangements should, over the coming months, simplify systems and ensure effective decision-making is made at the most appropriate level.

11. The LSC is engaged in the development of the eight City-Region approaches and our new structure will give us further flexibility to reconfigure our regional and local teams to support this kind of pan-area approach thereby increasing our contribution and responsiveness. We will ensure that the Skills agenda is at the heart of social and economic regeneration and that current effective infrastructures are utilised to best effect thereby avoiding the introduction of any new tiers of bureaucracy. Examples of our approaches from Birmingham, Sheffield and the North East are included in the annex.

12. The City-Region approach does have the potential to focus effort on areas major economic potential and social need and to share the lessons learnt across the whole region. The approach will need to encompass substantial conurbations which are not centred on a major city and care needs to be taken to ensure that resources from outside the City-Region boundaries are not inadvertently diverted, and that rural needs continue to be addressed.

CLOSER INTER-REGIONAL WORKING

13. The value of closer inter-regional working on the skills agenda via, for example the Northern Way, is developing well in addition there are already good examples of cross regional working including the M4 corridor, the Milton Keynes/South Midlands development area and Thames Gateway. The impact of this approach and its transferability to other areas will be evaluated over time. Any replication of this approach would need to take into account regional variability in terms of both geography and economic make-up, and putting in place the most effective and simple structures for delivery in that context.

Annex

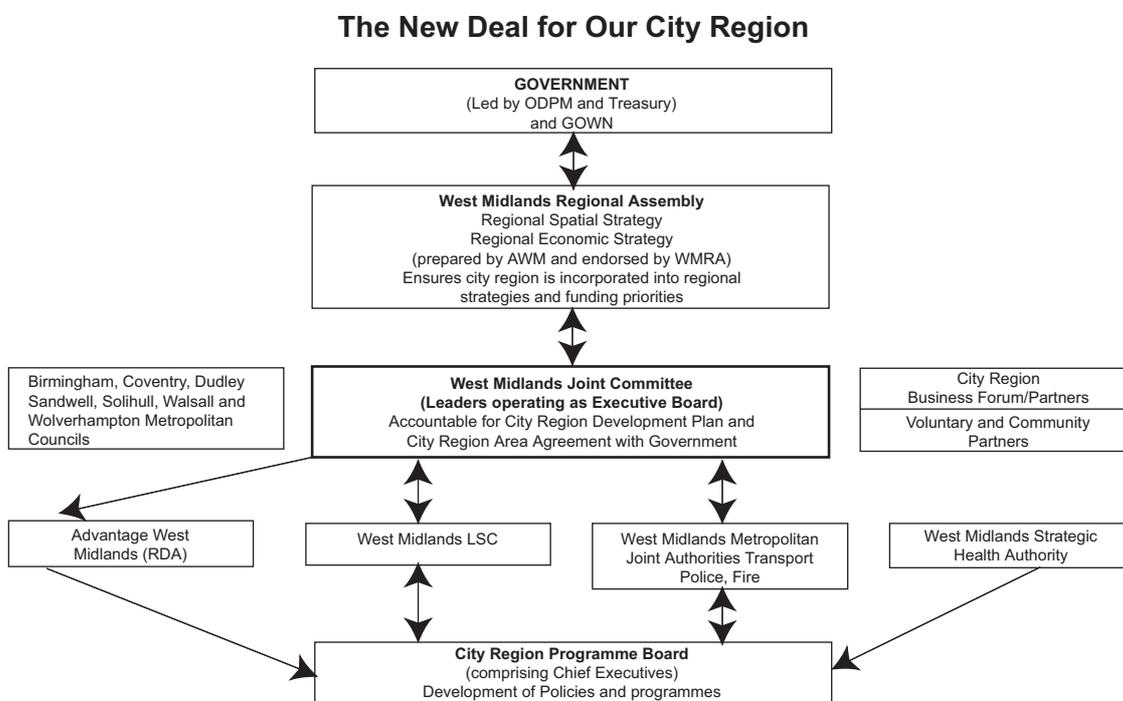
LSC PRIORITIES FOR 2006–07 (PARA 4)

1. Ensure that all 14–19 year olds have access to high quality, relevant learning opportunities.
2. Making learning truly demand led so that it better meets the needs of employers, young people and adults.
3. Transform the learning and skills sector through Agenda for Change.

4. Strengthen the role of the LSC in economic development so that we provide the skills needed to help all individuals into jobs.
5. Improve the skills of the workers who are delivering public services.
6. Strengthen the capacity of the LSC to lead change nationally, regionally and locally.

EXAMPLES OF THE RSP ADDED VALUE TO RAISING SKILLS LEVELS (PARA 7)

- The RSP in East of England has developed a 14–19 entitlement framework within which Children’s Trusts, Local Education Authorities, LSC and Connexions devise learning programmes that reflect the needs of the region and of learners.
- West Midlands RSP has developed a streamlined offer to employers and individuals In the region which combines recruitment and skills support for employers and seamless transition for individuals from preemployment into employment with ongoing skills development.
- South West RSP has developed a partnership tool to quantify the skills needs of the region to ensure the ASP priorities address the gaps in the region’s skill set.
- The “Joining Forces” Partnership of the South East RSP is working to improve the effectiveness of skills and business support in the region.



EXAMPLES OF CITY—REGION APPROACHES FROM BIRMINGHAM, SHEFFIELD AND THE NORTH EAST (PARA 11)

- LSC Regional Directors involved in the development of the City Region Development Plans where skills and employment are key features.
- In Birmingham the LSC is building on the work in Local Area Agreements to ensure consistency and greater impact for City Region.
- LSC in Sheffield is working closely with the City Council to put in place an employer led strategic body for skills.
- North East LSC is focused on ensuring better alignment of partner resources on priority skills Issues and on alignment of the skills and worklessness agenda.

Memorandum by Lancashire County Council (RG 85)

1. INTRODUCTION

Lancashire County Council welcomes the opportunity to make a submission to the Select Committee on this important and highly relevant topic. Lancashire County Council is the fourth largest shire county in England with a population of 1.1 million and has recently been assessed as a Four Star authority through the Audit Commission’s Comprehensive Performance Assessment.

The County's submission will focus on a small number of key messages related to each of the questions. However, the importance of other Government initiatives, in particular Local Area Agreements, needs to be stressed. Local Area Agreements present an opportunity to deliver outcomes across a range of activity, bringing delivery bodies together to achieve greater impact. Whatever decisions are taken regarding regional governance and/or government, the focus on the continuous improvement of local services through Local Area Agreements should not be undermined.

2. QUESTIONS

The potential for devolution of powers from regional to local level

Whilst not appropriate for all issues, there is a clear case for giving sub regions more power especially when they are the size of the Lancashire sub region (population 1.3 million + compared to the North East Region's total population of 2.5 million). There are many decisions that should be made sub-regionally in order to best meet local needs. Many government bodies/agencies, eg Learning and Skills Councils, are tightly constrained in their ability to respond to local circumstances due to nationally determined targets; a more local approach could be more effective, especially in Lancashire.

The importance of accountability, and joint working and planning, at a local level should not be ignored. Lancashire County Council, through Lancashire Locals is committed to developing its accessibility and accountability through local mechanisms that are not too far distant from local communities. Very clearly making all decisions at a regional level might only add to any perceived democratic deficit in the management and delivery of public services. The Government's focus on neighbourhoods and local decision making will be enhanced by ensuring the correct balance between local, sub regional and regional decision and policy making

In order to effectively implement Local Area Agreements (LAA) local partnerships need flexibility, especially on budgetary and targeting decisions. For the LAA process to succeed resources from a range of national, region and sub regional agencies need to be adapted to fit local requirements.

The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships

The current relationships at regional, sub regional and local levels are complex and the need to deliver quality services can be confused by the plethora of service deliverers and overlapping partnerships. It is clear that where service deliverers have a clear view of their role and the capacity to deliver the quality of service delivery is high, eg Lancashire County Council was an "Excellent" authority and is now a "Four Star" authority as judged by the Audit Commission.

Clearly the impact of services is aimed at a local level and the increased focus by the government on neighbourhood issues is to be welcomed. However, the range of service providers means that the ability to deliver a high quality of services across the County area can be hampered by inconsistency and, in some cases, a lack of capacity.

The potential for new arrangements, particularly the establishment of city regions

There is a great deal of potential for new arrangements but any changes should be appropriate and should not adversely affect the quality of service delivery. A distinction needs to be made between the effective delivery of services and the co-ordination of strategic decision making. The two are not the same although they are inter related, and the same boundaries will not always be appropriate. Trying to develop a model that fits all circumstances and geographies will not necessarily be possible and would not reflect the diversity and needs of different areas.

Representatives of the Lancashire sub region have already suggested that a Lancashire Sub Region Passenger Transport Authority be established as a way of improving service planning and connectivity in the sub region and beyond. This would benefit both the Central Lancashire City Region and those parts of the sub region outside of it.

The impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities

It is crucial that any new arrangements, especially for City Regions, are not detrimental to areas outside City Regions and do not adversely affect their economic performance. For example, in the Lancashire sub region the area around Lancaster is outside the identified City region area but has substantial economic growth potential linked to a university with a world class reputation and good connectivity through ports and the M6. Any arrangement that excluded the opportunities afforded by investment in the Lancaster area would be detrimental to both the sub region and the North West.

It is clear that any City Region arrangements cannot be "inward looking" and must accept the challenge of ensuring that the City Regions do not become "islands" of growth surrounded by less well performing/under achieving areas. As a result in areas such as that covered by Lancashire County Council service delivery and planning arrangements must encompass more than just the City Region areas.

The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities

Interregional co-operation is an important issue for Lancashire due to its strategic position in relation to Yorkshire and the economic opportunities improved connectivity would bring with it. This notwithstanding, the fact that there is and will be competition between regions and the effect that this might have cannot be overlooked. Intra regional co-operation is just as important as the County Council area lies at the heart of the North West and contains most of the Central Lancashire City Region, part of the Merseyside City Region and borders on the Greater Manchester City Region. The County's access to seaports also means that it is well placed to develop international connections.

**Memorandum by the National Association of Schoolmasters Union of Women Teachers
(NASUWT) (RG 86)**

1. NASUWT welcomes the opportunity to comment on the Office of the Deputy Prime Minister's consultation on the future of Regional Government.
2. NASUWT is the largest union representing teachers and headteachers throughout the UK.

GENERAL COMMENTS

3. NASUWT believes that some Local Authorities are too small and that they are failing to support their schools in an acceptable manner. NASUWT is therefore not averse to a regional/local Government review provided that the following factors are addressed:

- (a) That any changes made as a result of devolution are not purely being made to differentiate any new body from its predecessors but are made for genuine evidence-based reasons;
- (b) Local democratic accountability forms a key part of any Regional/Local Government structure;
- (c) The role of local Government as the employer of the majority of teachers working in the education service is retained;
- (d) Local Government has a clearly defined role in strategic planning, funding and managing the delivery of education and school improvement in its elective constituency;
- (e) There should be no additional change or burdens imposed on the education service, schools or teachers as a result of any reform.

4. NASUWT also believes that the review should clarify how the commissioning and provision of support services to schools and other educational establishments will be carried out in any new structure.

5. NASUWT seeks confirmation that no steps will be taken which would impact adversely upon the delivery of the school workforce reforms arising from the implementation of the National Agreement "Raising Standards and Tackling Workload" or teachers' national pay and conditions of service.

6. The Union seeks clarification on what is meant by devolution of powers from "regional to local level"?

7. The NASUWT seeks assurances that the views of recognised unions and of those working within and directly affected by any proposed changes to Regional, Local and National Government will be sought and taken into account at all stages.

NASUWT RECOMMENDS THAT

- any changes made as a result of devolution are made for genuine evidence-based reasons;
- local democratic accountability forms a key part of the new Regional/Local Government structure;
- the role of local Government as the employer of the majority of teachers working in the education service is retained;
- local Government has a clearly defined role in strategic planning, funding and managing the delivery of education and school improvement in its elective constituency;
- there should be no additional change or burdens imposed on the education service, schools or teachers as a result of any reform;
- no steps are taken which would impact upon the delivery of the school workforce reforms, arising from the National Agreement or "Raising Standards Tackling Workload"; to teachers' national pay and conditions of service;
- clarification is provided on what is meant by devolution of powers from "regional to local level";
- the views of regional unions and of those working within and directly affected by any proposed changes to regional, local and national government be sought and taken into account at all stages.

Memorandum by the North West Regional Assembly (NWRA) (RG 87)

SUMMARY

1. This response from the North West Regional Assembly to the Committee makes three principal arguments.

- First, we hope that the committee will focus on the respective roles of existing institutions of regional and sub-regional governance and advocate that the principle of subsidiarity is applied more rigorously at national, regional and local level.
- Second, as the Government looks to the next phase of its thinking on regional and city governance, we hope that the Committee will add its voice to ours in arguing that future changes should add to the credibility of all institutions and processes of regional governance.
- Third, we would expect the Committee to acknowledge that the current debate about regional governance has moved on from that about elected regional government and that new initiatives such as city region governance and Regional Boards (which bring together Assemblies and Development Agencies) should be supported and where appropriate piloted and evaluated.

INTRODUCTION

2. The North West Regional Assembly is a partnership of local government, business organisations, public sector agencies, education and training bodies, trade unions and co-operatives together with the voluntary sector, working to promote the economic, environmental and social well-being of the North West of England (Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside).

3. It is the Regional Chamber with responsibility for scrutinising the North West Regional Development Agency (NWDA); preparing the draft Regional Spatial Strategy; and working with partners to advise Government on how to prioritise £764 million of public money is spent each year in the North West region on economic development, housing and transport. The Assembly also acts as a strategic focal point on a variety of genuinely regional matters including European issues.

THE NORTH WEST REGIONAL ASSEMBLY: RECENT DEVELOPMENTS

4. In October last year the Assembly restructured to create a streamlined Executive Board comprising representatives of each of the North West's sub-regions, and the economic and social partners. The NWDA and Government Office for the North West participate at senior level although without voting rights.

The creation of the Board was a response to the difficulties the NRWA had experienced in the early period of its operation and in anticipation of the Government's current emphasis on streamlined organisations fit for purpose.

5. The NWRA is confident that its partners view the regional Board as providing an inclusive mechanism for driving forward the regional agenda.

6. This is the North West Regional context for the Select Committee's Inquiry, context which leads directly to the first and perhaps most important point we would wish to impress upon the Committee. It is that developing credible and durable institutions is a long-term process, requiring widespread co-operation between partners. Change initiated by the centre needs, therefore, to be introduced with great care. Ill thought through changes are not in the interests of anyone. We would also urge the Committee to impress upon the Government the need for clarity so that all parties know their roles and thereby ensure that the governance of the region as a whole is improved. The present situation is one of considerable regional complexity and no small amount of uncertainty.

7. The NWRA's response to the Committee advances this theme looking in detail at the potential impact of developments in city regional governance, changes in existing Government structures in the regions and the future for regional governance.

CITY REGIONS

8. In the wake of the referendum on the introduction of an elected Regional Assembly in the North East, Ministers have made it clear that the Government is considering the next steps to improve the governance of the regions—particularly to help improve regional growth. Though no definitive statement has yet been made, it is clear both that the Government now believes regional structures can co-exist with the development of measures to help the development of city regions and that city regional governance is under active consideration.

9. The Committee's inquiry therefore provides a well-timed opportunity to ask important questions of the Government and thereby ensure that further reform is well-grounded as well as considered alongside the range of other devolutionary initiatives taken by the Government since 1997.

10. Academic opinion varies on the matter of governance versus other solutions to the co-ordination issues facing cities and city regions. What is clear is that governance solutions always co-exist alongside other, more informal arrangements and that with cities the size of the major English conurbations, there is always likely to be the need for co-ordination at a number of levels.

11. It is important that change is well planned and implemented and as infrequent as is consistent with delivering effective services and good governance.

12. We therefore have no objection in principle to the development of ideas for the governance and coordination of city regions. On the contrary. The North West's cities are considering these ideas actively whilst the Assembly as a whole recognises that a successful region requires strong and well-governed cities. The issues for the NWRA are therefore about: how change is developed and consulted on; the impact of changes in city regional governance on areas beyond their boundaries including in rural areas; and, how any new institutions and arrangements proposed by the Government relate to what it has done previously or what the regions themselves have in place.

13. This leads to several recommendations.

14. The creation of a regional framework of decision making has not been easy. After much effort it is making significant progress, improving decision making of the region. The Government's next steps should seek to build on this progress.

15. The Government should make clear at the outset that any future plans for city regions will not imply changes in the statutory role of Regional Assembly role in planning or in scrutiny.

16. When it sets out its proposals on cities and regions, the Government should make a clear statement on the division of labour between existing regional and sub-regional governance as well as any new institutions, and lay out a clear vision for the future and a commitment to stability of governance in the future.

17. City regional pilots are a logical extension of the sub-regional arrangements that have been emerging over recent years. North West city regions volunteer to pilot arrangements. However it is hoped that the Government's plans will be brought forward following full consultation with existing regional and sub-regional as well as local authority partners.

REGIONAL FUNCTIONS OF GOVERNMENT

18. The impact on regions and localities of Government policies and programmes has been recognised since the mid 1990s, when, under the previous Conservative administration, Government Regional Offices were established. This in turn paved the way for Regional Development Agencies and Chambers.

19. Government has long had arrangements for the regional management and oversight of its programmes. As the framework of regional governance has matured, more Whitehall Departments have shown a willingness to use them in the oversight of Government activity or to assist in the allocative process itself. For example, the Regional Housing Boards will now shoulder the responsibility for housing strategy and investment in the regions. Regional Assemblies also have responsibility with RDAs for advising the Department for Transport on investment priorities, something which we hope would evolve into regional transport boards in due course.

20. The Government has added to the complexity of the regional picture through the creation of a range of sub-national bodies, increasingly using the region as an important tier. For example it looks set to change matters—and possibly to complicate them—as it moves towards finalising regional structures in the police and fire services. The NWRA view is that, whatever one's view of any of these changes, they need to be managed in a way that takes account of—and builds on the credibility and effectiveness of—other regional bodies.

21. The Government has shown willingness to give responsibility to Regional Assemblies to provide both scrutiny (RDAs) and, increasingly, a role in allocating resources: for example the regional housing board function as well as advice on transport priorities. This has been welcome and in the North West, as the recent regional prioritisation of transport investment undertaken as part of its response to the Regional Funding Allocations initiative demonstrates, there are positive signs that the regionally-led arrangements are now adding real value.

22. But there remains the risk that different parts of Government are pushing for rapid developments in their regional mechanisms in potentially uncoordinated ways, and could miss the opportunity to integrate the changes with the existing regional infrastructure. More confusing still to the public and to professionals alike are the overlaps brought about by a lack of consistency over boundaries. Whilst progress has been made on these issues over recent years, the issue of coterminous boundaries remains important.

23. However the administration of health suggests that reform in and of itself may not be key. Over the last 30 years successive Governments have created, abolished and are now re-creating Health Boards at the regional level. The issue is in part one of how reform is carried out and the central importance of linking infrastructural change with the activities of partner agencies and those delivering "on the ground". We therefore make the following recommendations.

24. The Government is introducing, consulting or planning a range of regional-level changes in service configuration in: police, fire and health among others. The Government should ensure that in any changes, the principle of subsidiarity applies and that policy responsibility is as local as possible. Moreover changes need to more clearly take account of—and build on the credibility and effectiveness of—other regional bodies.

25. Given the complexity of partnership arrangements and the level of inter-agency cooperation required to deliver many key services to the public, a policy of evolving coterminous regional and sub regional boundaries should be considered by the Government in order to improve efficiency.

26. Where the Government does intend to change the balance of functions carried out at national, regional, sub-regional and local level, these changes should as a matter of course—and preferably as a legal requirement—be subject to consultation at the appropriate level, ie with Regional Assemblies and sub-regional bodies and local government.

REGIONAL GOVERNANCE

27. Whatever the merits or otherwise of regional government, the experience of the North West provides important lessons on the dangers of proceeding at pace towards a policy goal that is not clear as was the case with Elected Regional Assembly (ERA) powers. The lack of clarity on the Government's part hindered the development of substantive debate on the issues. As opinion differed both within and between political parties, the combined result was that the facts about ERAs were difficult to communicate to the public, something which is unlikely to have helped foster a positive public attitude to devolution and sub-national governance in the longer term.

28. The NWRA takes the view that it would be regrettable indeed if the Government failed to learn the lessons from this policy. Principal among these are: the need for identity (at regional and city regional level) to be fostered in advance of significant changes in regional governance; and the need for the changes to work with pre-existing partnerships between regional and sub-regional bodies to enable any new changes to bed-in effectively. In short, because there already exists a range of bodies at regional and sub regional level—including a form of indirectly elected regional government—the Government should ensure that it takes full cognisance of the impact of its policies and seeks to avoid prolonged periods of uncertainty.

29. Similarly, the Committee should ask the Government to establish a clear picture of what public attitudes to devolution are in the Northern regions. The intention would not be to re-open the argument about ERAs but as popular opinion about devolution (if not ERA) are mixed, and possibly contradictory, independently commissioned and analysed opinion research would help to understand attitudes and so to inform future policy development.

30. In summary, the NWRA would offer the Committee to consider the following suggestions.

31. The North East referendum on regional government has had the unfortunate effect of creating division and diversion in the regional institutions of Northern England, creating confusion and thereby undermining the credibility of the existing institutions. In its next, and all future steps, the Government needs to consider both the public attitudes to the geographies of proposed arrangements and the track record of the existing regional institutions in developing regional, sub-regional and local identity.

32. To this end, and with directly elected regional assemblies not a likely prospect, the Government should commission independent opinion research on attitudes to regional and sub regional affiliation, and views on the desirability of devolving power from Whitehall.

33. The Government should pilot Regional Boards similar to the public service boards emerging at local level in many areas. These would take forward the joint working encouraged by the Regional Funding Allocations initiative and bring together the currently separate activities of the RDAs and the Regional Chambers with Government Regional Offices inputting and adding value. Such a structure will foster the alignment of strategies and greater accountability. The North West would welcome participation in any such pilot.

34. In the next stage of its thinking on cities and regions, the Government should make an explicit recognition of the existence in England of the existing regional governance structure and the growing track record that the Regional Assemblies are playing in providing democratically elected leadership.

NORTHERN WAY

35. The Northern Way has been an important development for the Northern regions of England. It has encouraged the regions to look at their common interests in a way, which they have not done hitherto. Compared with the policy of growth areas in the South of England, the Northern Way has had both considerable success and some shortcomings. The Northern Way has been widely welcomed by local and regional government bodies, though the role and importance of the Northern Way remains a question in the minds of many; moreover it is probably not a concept of any significant meaning to the residents of Northern England.

36. In substantive terms, and certainly in comparison to the Southern growth areas, the Northern Way may have been less successful. The Northern Way has not had the resources—or the promise of the resources—of the South East growth areas. But, even allowing for lack of resources, other features of its governance and operation may have limited its impact. First, the “ownership” arrangements of the Northern Way appear to lack a degree of clarity: is it for example an institution of Government or the regions? Given the respective roles of the RDAs and Regional Assemblies—and their involvement in a Steering Group—the reason for this lack of depth to the ownership of the Northern Way is not obvious. It may however have contributed to the sense in the North West region that the Northern Way has failed to make sufficient progress on practical projects nor taken off as an idea as much as it should, or could, have done.

37. The NWRA therefore makes a series of suggestions for the future of the Northern Way based on the view that the Northern Way needs to be moved up to the next stage of its development. We look to the 2007 Comprehensive Spending Review to define the role and increase the level of resource to support the development of the North and believe that consequent to that improvements in governance should be considered.

38. The Northern Way has had the positive effect of encouraging collaboration between the Northern Regions, though its overall economic impact remains to be tested. However the balance between the creation of the Northern Way identity and the development of concrete projects dealing with important trans-regional issues has probably not been optimal. Future Government support should be aimed directly at fostering cooperation in priority areas such as transport and housing and facilitating the private and public investment that is required to make the north’s potential a reality.

39. The Northern Way should therefore receive substantial support in CSR 2007. If there is a step change in the Government’s commitment to economic growth in the north and the Northern Way then its governance should be reviewed to ensure greater ownership and leadership from Regional Assemblies and City Regions as well as other partners in addition to the Regional Development Agencies.

Memorandum by The Wildlife Trust (RG 88)

1. INTRODUCTION

The Wildlife Trusts are well placed, with our extensive local knowledge of wildlife and our place in the local community, to engage with land use decision-making structures at both local and regional levels. With regard to the planning system, we scrutinise around 80,000 planning applications a year. As more and more decisions are taken at a regional level in England, The Wildlife Trust movement increasingly engages regionally to ensure that strategies, developments and projects initiated at that level are environmentally sustainable—conserving, enhancing and recreating biodiversity. We work closely with the Regional Assemblies, Regional Development Agencies and Government Offices. We therefore have experience and observations which are relevant to this effectiveness of regional government as it currently operates.

2. THE PRINCIPLE OF REGIONAL GOVERNMENT

Overall we support the principle of regional government—many environmental issues and problems need to be considered in a more strategic way beyond the local authority level. For example, there is a growing realisation that for wildlife to be able to adapt to meet the challenges of climate change, the protection, enhancement and recreation of wildlife habitats in larger areas is the way forward. Often such projects need to be considered on a landscape scale and they do not necessarily follow or fit into local authority boundaries. It also enables the planning of developments to be considered at a more strategic level. In this context, we would support closer inter-regional co-operation as some of these areas cross regional boundaries as well. Beyond landscape scale conservation, other environmental issues and programmes need to be dealt with at a regional level such as the management of water supply.

In addition, the scale of regional governance should allow for the development of skills and expertise in areas such as biodiversity that it may be difficult for local authorities to secure on an individual level.

We believe a regional approach has the potential to add significant value in the management of our natural resources. This evidence sets out some of the problems with the current arrangements and our recommendations for solving them.

3. SUSTAINABLE DEVELOPMENT IN THE REGIONAL CONTEXT

The protection and enhancement of our natural resources—including biodiversity—are central to our economic, social and environmental well-being. Environmental wealth is as significant as our social and economic wealth, and contributes significantly to it. The scale of the contribution that the environment makes to the economy has been illustrated by the Environmental Economy Reports published at a regional level in most English regions.

There are some projects, initiated by RDAs, which integrate social, economic and environmental objectives. The Idle Valley in Nottinghamshire is one of those projects where EMDA supported a partnership of local authorities (Nottinghamshire County Council and Bassetlaw District Council), the private sector (Tarmac Ltd), North Notts College and The Nottinghamshire Wildlife Trust. The project allowed the re-establishment of linked wetland habitats in river flood plains and old gravel pits not far from Retford in association with the development of a rural skills training centre. Not only was this project going to contribute to the region's natural environment, but also to its skills base and the regeneration of a market town where inward investment was sought.

This is a relatively isolated example of joined up regional thinking. Whilst there are some positive examples, our general view is that the environmental leg sustainable development is not given equal weight and much more needs to be done to redress the balance and make it work better.

4. REGIONAL DEVELOPMENT AGENCIES (RDAs)

The RDAs have a very strong economic focus in line with their statutory focus "to further the economic development and the regeneration of its region" (RDAs Act 1998). The only environmental element of its purposes is "to contribute to the achievement of sustainable development in the UK where it is relevant to do so." The latter is a weaker purpose. However, this is now balanced by the RDAs Tasking Framework which will require them to take account of delivering certain PSA targets in their work. Those that are particularly relevant include that for sustainable development (Defra PSA target) which includes biodiversity commitments, and also that for increasing voluntary and community sector engagement (Home Office PSA target).

There are signs that the Tasking Framework is having an impact. In the East of England, EEDA host Envirowise, the Regional Biodiversity co-ordinator and is about to appoint a climate change co-ordinator. The Regional Economic Strategy for the Region also takes account of green infrastructure (the incorporation of biodiversity into a development at the planning stage), natural asset protection and enhancement. The assessment in this region is that the RDA is beginning to make a contribution to biodiversity and the environment.

But overall, we believe other mechanisms are needed to counterbalance the economic focus of the RDAs and to promote the conservation of the natural environment.

5. REGIONAL ASSEMBLIES

Despite the Government Guidance in 1998 for Assemblies identifying a clear sustainable development agenda for Regional Assemblies, their consideration of environmental issues since that time has been patchy. A good example is in the East Midlands where the Assembly is strengthening its approach to scrutinising the RDA, particularly beyond the narrow economic function. They have also developed and driven the concept of green infrastructure in the region. It is hoped that, whilst resources for the concept are uncertain, the idea is being picked up in different strategies. Another good example is in the West Midlands where the Regional Spatial Strategy includes strong biodiversity policies.

However, our overall concern is that this is not typical, and regional assemblies rarely take sufficient account of the environment or biodiversity in their work. They have small budgets and the representatives volunteer much of their time. This can challenge an assembly's credibility. The economic and social elements of the agenda usually have greater representation, money and attention focussed on their issues.

- Representation: Often environmental interests are under represented by comparison with the other two "legs" of sustainability. In the South East, for example, of the 112 members, 34 are from different stakeholder groups. Of these, 17 are from the economic sector, 14 from the social and merely three from the environmental. The environmental interests should be broader than this to represent the range of interests within it: biodiversity, water, waste, energy, transport etc. This seems imbalanced when the RDA already has a strong economic remit. In the South East, the result has been difficult for the proposals for green infrastructure to be considered in the Region's Spatial Strategy.
- Budget and focus: There is also an issue of the imbalance in the weighting of spending. In the West Midlands, for example, the Assembly has just agreed to spend £2.4 million of which £1.3 is to be spent on staff and administration; £896,000 on planning housing and transport; £80,000 on policy integration and development and £100,000 on energy. Environment features in planning, housing and transport—a sum of £43,500 to cover the cost of one officer. The result in the Region is that the majority of reports and initiatives address non-environmental issues.

The Wildlife Trusts believe that the role of Regional Assemblies is vital in having any scrutiny into the work of the RDAs and in many cases are represented on them.

6. NATURAL ENGLAND

The Wildlife Trusts in England work closely with the statutory partner for nature conservation, English Nature. It has had a relatively low profile role in influencing the regional agenda. This new statutory body is due to commence operating in October this year, incorporating English Nature, parts of the Countryside Agency and the Rural Development Service. We are aware that this new body will have a stronger regional presence and we look forward to working with Natural England at this level. It is vital that it has a well-resourced regional structure so it can take an active and dynamic approach to engaging with regional stakeholders to frame Regional Environmental Strategies and influence other regional decision making processes.

7. CONCLUSIONS AND RECOMMENDATIONS

Overall we believe that a regional tier of government could play an environmentally important role by taking a more strategic approach to developments, plans and programmes. However, the way regional government currently works runs counter to the environment due to the disproportionate emphasis on economic development. We believe that this should be addressed urgently and our recommendations to redress the balance include:

- Boosting the environmental focus of regional assemblies, particularly by ensuring they spend more money on environmental priorities and improve their representation from people with environmental expertise or interests.
- Greater resources for regional biodiversity initiatives.
- RDAs to employ staff with biodiversity expertise to advise them on their plans and programmes.
- Central guidance to emphasise the importance of taking advice from the environmental sector—both voluntary and statutory.
- The Regional Assemblies should be delivering against regional environmental PSA targets and success with achieving these should be scrutinised by central Government.
- Regional Environmental Strategies should be put on a statutory footing in line with the Regional Economic Strategies. They could be prepared by regional stakeholders and revised within an appropriate cycle. They should then both inform the Regional Spatial Strategies.
- A significant effort should be made to ensure that the regional bodies comply fully with the new duty in the Natural Environment and Rural Communities Bill (Clause 40), currently passing through Parliament. Whilst we would prefer the duty to be stronger, the Bill will give all public bodies a duty to have regard to the conservation of biodiversity. This should give some incentive for biodiversity to be incorporated into various plans and programmes.
- Natural England should have adequate resources to enable it to have a strong influence at the regional level.

Memorandum by The North East Assembly (NEA) (RG 89)

INTRODUCTION

1. The North East Assembly (NEA) is one of the English Regional Assemblies. The NEA was set up in 1999 and has 73 Members, representing a broad range of sectoral interest and stakeholder groups, and providing a level of decision-making and policy development for the region that other regional bodies do not have.

2. This memorandum addresses the terms of reference set out by the Committee, paying particular regard to the actual and potential role of Regional Assemblies—focusing specifically on the issues of improving accountability at the regional and sub-regional level; contributing to effective arrangements for the management of services; the potential impact of the emergence of “city-regions”; and new forms of inter-regional co-operation—whilst at the same time seeking to address the Inquiry’s central question.

3. The NEA is continuing to develop its role as a strategic focal point in the region. Through our breadth of membership, we have a unique place in addressing regional priorities. We have a key role in strengthening relationships between regional organisations and with all sectors of the community. We value the knowledge and experience of all regional stakeholders and we are working towards giving a voice to all sectors of the community and enhancing their capacity for engagement at regional level. We work closely with a wide range of regional organisations and stakeholders to develop a framework for representing the region’s views. This work makes us better able to identify and response to the needs of the region.

 BACKGROUND

4. In more recent years, successive governments have created and re-created tiers of administration below national government, but above the local authority level to meet the needs of an ever more mobile society. Regionalisation of public administration accelerated after 1997, the Government maintaining that:

“...there has been a growing recognition that there are issues, such as planning and economic development, for which some regional decision-making is necessary. This is because:

- a “one size fits all” uniform national solution will not address the specific needs and opportunities of a region;
- local authorities and other local organisations may not be best placed to take effective action because, for example, key decisions fall outside their boundaries and their own decisions may have consequences for neighbouring areas; and
- there needs to be better joining-up across and between linked policy areas, with better overall outcomes both for the region and for England as a whole.”¹⁰⁶

5. More broadly, according to the Government, “the best way to overcome regional disparities in productivity and employment rates is to allow each nation, region and locality the freedom, flexibility and funding to exploit their indigenous sources of growth”.¹⁰⁷ Thus, “it is not possible to run a successful economic policy without decentralisation and devolution to regional and local levels”.¹⁰⁸ This analysis, which is supported by substantial Government research, continues to provide the basis for the important tasks of regional coordination, integration and representation.

DELIVERING REGIONAL SUCCESS

6. In this context, the roles and functions of Regional Assemblies have become involved in fields where individual local authority actions are likely to have limited impact and where a regional strategic view, or voice, is required. The roles and functions and their statutory or other basis are set out in Appendix 1. A study for the ODPM outlined the progress made by Regional Assemblies and the distinctive role that they have developed since their inception. These include:

- Achieving a degree of political consensus in each region over the role and legitimacy of each Assembly, while attaining a “critical mass” in terms of staffing and organisational capacity and capability;
- Fostering strong regional partnerships with local authorities and with a wide range of other stakeholders;
- Facilitating the integration of land use and transport planning issues at the regional level, through Regional Planning Guidance/Regional Spatial Strategy (RPG/RSS) and the development of Integrated Regional Strategies.
- Developing and demonstrating developed and demonstrated constructive and influential scrutiny roles, primarily in relation to Regional Development Agencies (RDAs).

7. In general, Regional Assemblies have exerted an increasing influence in the field of regional policy-making and co-ordination, developing skills in intra- and inter-regional collaboration, seeking to increase awareness of their work within their region, and to make the case for their region on the national and European stages.¹⁰⁹ Recent examples of a pro-active policy influencing role approach taken by the NEA include:

- Successful lobbying of David Miliband, Minister of Communities and Local Government, requesting that criteria for determining transport allocations in Regional Funding Applications (RFAs) be amended to reflect economic regeneration and social deprivation issues.
- Raising the Department for Transport’s awareness of the implications for regional economic development of the Highways Agency’s use of Article 14 directions.¹¹⁰

¹⁰⁶ Department of Transport Local Government and the Regions (2002) *Your Region, Your Choice: Revitalising the English Regions*. Cm 5511. (London: The Stationary Office), para 1.12.

¹⁰⁷ HM Treasury, Office of the Deputy Prime Minister, Department of Trade and Industry (2004) *Devolving decision making 2: Meeting the regional economic challenge: Increasing regional and local flexibility*. March, para 1.8.

¹⁰⁸ *Ibid.* para 3.3.

¹⁰⁹ Office of the Deputy Prime Minister (2005) *Evaluation of the Role and Impact of Regional Chambers: feasibility study*, July.

¹¹⁰ The Highways Agency is responsible for implementing the Government’s trunk road development control policy on behalf of the Secretary of State. Acting on behalf of the Secretary of State, Article 14 of the (General Development Procedure Order) 1995 allows empowers the Highways Agency to direct that either that a local planning authority shall not grant planning permission for a particular proposed development, or that it may do so only subject to any conditions which he (the Secretary of State) may stipulate. (Source: www.highways.gov.uk/aboutus/1109.aspx).

- Successful lobbying for the RDA's funding streams from central government departments to be rationalised and placed in a "single pot".¹¹¹
- Successful lobbying and support for the recent changes to the planning system which made the Regional Spatial Strategy (RSS) a statutory document.

Policy Integration

8. Regional Assemblies have begun to acquire, additional strategic responsibilities, which are most suitably carried out at the regional level. Most notably, Assemblies have gained important new responsibilities for integrating housing and spatial planning activities. The Barker Review on Housing recommended the merger of Regional Planning Boards (now incorporated into Regional Assemblies) with Regional Housing Boards (RHB) on the basis that "Within the current institutional framework at the regional level no organisation has overall ownership of the regional housing market".¹¹² Barker noted that hitherto Regional Planning Bodies (RPB) have determined the scale and allocation of regional housing provision over a 15 year period in the Regional Spatial Strategy (RSS). The RHBs have advised on the allocation of funding for social and other sub-market housing for a 2–3 year period, private sector renewal and how to tackle low demand in a Regional Housing Strategy (RHS). The Regional Economic Strategies (RES) produced by RDAs have had increasingly important implications for housing demand and spatial planning to meet the needs of the regional economy. Barker concluded that, "All these strategies should, of course, take account of each other but they often use a different evidence base and operate over different timescales".¹¹³ Following consultation, the Government accepted the case for merging the functions of RPBs and RHBs arguing that the merger will help regions to take a more strategic view of housing and infrastructure needs.¹¹⁴

INCREASING ACCOUNTABILITY—THE CASE FOR FURTHER INTEGRATION

9. Whilst supportive of the government's Regional Funding Allocation (RFA) proposals (see para.15), the need for improved skill levels is a critical issue in the region, and one on which significant resources are allocated through the Learning and Skills Councils (LSC). Therefore, the NEA has argued that these should also be included in the RFA process. Likewise, it has also argued that if transport integration is to be tackled effectively, then rail infrastructure and services should also be included.

10. The NEA and the Regional Housing Board agreed their approach to the merger in March 2005. This will involve incremental changes; the Assembly member will chair meetings of the Housing Board which will have delegated decision-making powers, and the secretariat will become Assembly employees. There may also be some changes to the Board membership, for example to include an Economic and Social Partner (ESP) Member as suggested by David Miliband. The NEA has made it clear to central government that this merger is subject to the necessary resources being made available.

11. Regionalisation has continued, for instance, the Department for Education and Skills (DFES) has strengthened its presence in Government Offices. Government Offices (GOs) now contain representation from 10 departments (compared to three originally), and in 2003–04 were responsible for over £9 billion of Government expenditure. In addition, there has been a consolidation of the extensive quango portfolio at the regional level, which remains accountable to Ministers and, ultimately, Parliament. Within North East England, there are around 25 quangos (excluding the NHS)¹¹⁵ with a more or less explicitly regional mission, and with an expenditure of over £2 billion. Generally, the range of quangos has seen a shift to align more with regional boundaries and has experienced a degree of administrative devolution since 1997. Thus, the bulk of powers exercised at the regional level in England are in the hands of central government and its agencies. While such quangos might be investigated to see whether their functions could be devolved to the local level, in general such agencies exercise functions that are best exercised at the regional level, specifically because this would help to ensure that their overall objectives fit in with the region's strategic priorities. Thus, there is a strong case for Regional Assemblies scrutiny powers to be extended to cover regional quangos with the aim of achieving further integration of regional strategies.

12. In a situation where sub-national government and governance remains complex, fluid and uncertain, but important decisions continue to be made at the regional level, Regional Assemblies remain the only bodies that bring together such a wide range of interests (from local government and MPs and MEPs, to the education, private, community and voluntary, faith, trades' unions sectors) and are therefore capable of taking a region-wide, strategic view of broader development issues and providing a voice for the region in its relations with central government. Indeed, Regional Assemblies have developed the skills and capacities to undertake this task through their specific involvement in a wide range of partnerships.

¹¹¹ For further details on the Single Pot for RDAs, see for example http://www.hm-treasury.gov.uk/spending_review/spend_sr04/press/spend_sr04_press_21.cfm

¹¹² Barker K (2004). *Review of Housing Supply—Delivering Stability, Securing our future housing needs*. March, HMSO, London, para 2.16.

¹¹³ *Ibid.*

¹¹⁴ HM Treasury/ODPM (2005), *The Government's Response to Kate Barker's Review of Housing Supply*, December, HMSO, London.

¹¹⁵ For detail on the extent of the quango state in the North East see Tomaney J and Humphrey L (2001) *Powers and functions of regional government*, report for the NEA.

POLICY DEVELOPMENT AND INNOVATION

13. A study for the ODPM reported that many Assemblies are increasing the degree of innovation with which they carry out scrutiny exercises, which has developed primarily as a partnership between the Regional Development Agency (RDA) and the Assembly. The report also suggested that this has worked best where the Assembly has built a strong relationship with the RDA. The RDA takes the views of the Assembly very seriously, and joint working is leading to real changes in RDA approaches. In several English regions there is evidence that the involvement of the Assembly has led to particular themes (such as sustainable development, social inclusion, and community development) featuring more prominently in RDA strategies and initiatives. The study concluded that Assemblies are having a positive influence on RDAs, helping ensure that RDAs have regard to particular policy issues that they might not otherwise do so and that Assemblies are playing an important role in considering the collective views of partners, and articulating them in a constructive, evidence-based and persuasive manner.¹¹⁶ For example, in carrying out its scrutiny exercise into Small and Medium-Sized Enterprise Survival,¹¹⁷ the NEA's evidence gathering sessions included discussions with regional entrepreneurs who had experienced business failure, which gave an unparalleled direct insight into why businesses failed, the stigma of failure and how business support services could be rationalised to help ensure a greater survival rate. This influenced the development of the business brokerage model of simplified access to business support now being implemented by One NorthEast.¹¹⁸

FIT FOR PURPOSE

14. Responding to recent guidance from David Miliband, Minister of Communities and Local Government, the NEA has recently reviewed its working practices with a view to streamlining them and making them more efficient, while at the same time maximising the involvement of stakeholders. The principal outcome of this review was the decision to create a small Executive of 15 Members (reducing its size by just under a half), comprising nine elected local authority Members and six Members who are Economic and Social Partners. The Assembly is focused on its core activities, such as the statutory responsibilities of regional planning and scrutiny of the RDA, integrating regional strategies and managing the housing and transport boards to ensure integration and value for the region.

STRATEGIC APPROACH TO REGIONAL ENGAGEMENT IN EUROPE

15. Regional Assemblies have also been instrumental in bringing together key agencies to develop a strategic approach to regional engagement with Europe. For example, the NEA provides the secretariat for the Regional European Strategy Group (ESG). Established in October 2004, ESG is made up of senior representatives from regional organisations and MEPs, and provides strategic direction for the region's engagement with Europe. In November 2005, after 12 months of development and consultation, ESG launched the *North East England in Europe: Framework for Action*.¹¹⁹ This has enabled the region to focus on the most important issues, and maximise benefit for the region from engagement with other European countries. The Framework for Action was cited as an example of good practice and described as a forward-looking strategy by Alun Michael, Minister for Industry and the Regions.¹²⁰ The NEA also works actively with the English Regions Network (ERN) in influencing the EU policy agenda. One recent example was the launch of a joint policy document with ERN and the RDA network to demonstrate the contribution that English Regions had made to achieving the Lisbon Agenda.¹²¹

STRATEGY INTEGRATION

16. The integration of regional strategies is now a prime task of the Regional Assembly and is vital for ensuring the effectiveness of current arrangements for managing services at various levels and their inter-relationships. In July 2004 a revised Regional Sustainable Development Framework (RSDF), the *Integrated Regional Framework (IRF): Achieving a better quality of life* was published. The sustainability objectives that were developed in North East England's first RSDF remain central to the IRF. They have been reinforced by updating the associated indicators and targets, thus enabling the region to monitor progress towards achieving the objectives. It provides the guiding principles for integrating sustainable development within mainstream policy and decision making. It also commits us to becoming a more sustainable region, and sets out how this can be achieved by partners and stakeholders at all levels. The IRF

¹¹⁶ Office of the Deputy Prime Minister (2006) *Interim Report: Evaluation of the Role and Impact of Regional Assemblies*, July, pp 24–26.

¹¹⁷ NEA (2003). *Strengthening Regional Accountability in the North East: Scrutiny and Policy Developments Second Report*, September.

¹¹⁸ NEA (2005). *The First Report of the Scrutiny and Policy Development Committee*, November.

¹¹⁹ European Strategy Group (2005). *North East England in Europe: Framework for Action*, November, NEA.

¹²⁰ Alun Michael MP made reference to the Framework whilst speaking at the Conference on Regional and Rural Development Programmes (2007–13): Delivering the Lisbon and Gothenburg Agendas held at Baltic, Gateshead Quays on 7 November 2005.

¹²¹ ERN (2005). *English Regions: Delivering Jobs and Growth*, November, English Regions, Network.

comprises 17 themes and a series of indicators to measure progress. The 35–point Integrated Regional Matrix is a checklist that businesses and other stakeholders can access to help achieve the shared vision for the region.

17. In response to the consultation and informed by the changing agenda and the need for greater integration of the many regional strategies, the IRF now presents a shared vision which will ensure that those strategies share a common purpose in working towards, and achieving, a more sustainable future for the North East. The IRF provides the framework to guide the development of strategies, plans, programmes and policy decisions throughout the region. It can help identify and exploit all opportunities and mitigate any potential negative impacts to sustainable development. The NEA played an active role in developing the IRF, which was subsequently considered and strongly endorsed by its Members. SustaiNE, the region’s sustainable development round table, has been delegated the responsibility for preparing, reviewing and monitoring the IRF. Progress is reviewed through the preparation of the IRF Annual Monitoring Report. The Assembly is represented on the SustaiNE Board. The officer working group which supports SustaiNE is chaired by an Assembly officer.

REGIONAL FUNDING ALLOCATIONS

18. The Government’s new proposals for establishing Regional Funding Allocations (RFAs) covering housing, economic development and transport present a new opportunity and challenge for the regions. The desire to improve the integration of transport, economic and spatial development strategies was signalled in the 2004 Spending Review and the government launched a consultation, alongside the 2004 Pre-Budget Report, on how it proposed to implement regional funding allocations and called on regions to submit their advice to the Government by January 2006, among other things demonstrating evidence of stakeholder engagement and levels of support for advice as presented.

19. The proposals for Regional Funding Allocations (RFA) contain two new innovations:¹²²

- for the first time, there will be regional transport funding allocations for three years up to and including 2007–08, in line with the regional housing and regional economic development allocations already published; and
- indicative longer term planning assumptions for regional allocations, beyond the three years of the current spending review, across the three funding streams.

The advantages of this approach are evident. These clearer planning assumptions should provide a basis for regions to advise the Government on regional priorities, on the basis of realistic funding assumptions, in order to improve future spending decisions and afford regions the opportunity of increased influence through the Spending Review over expenditure. Assemblies have an important role in contributing to the alignment of regional strategies for transport, housing and economic development and the production of a shared set of realistic priorities that are affordable and deliverable that are based on genuine consensus.

20. The NEA holds 50% of the places on the Interim Regional Transport Board (IRTB) which was established to deal with transport priorities, and the Housing and Economic Development priorities are dealt with by the Regional Housing Board and ONE NorthEast respectively. The final RFA report will also be considered by the NEA.

CITY REGIONS

21. There is clearly merit in developing inter-regional growth strategies as means of tackling regional disparities. Given the scale of the output gap¹²³ between the Northern regions and the rest of the country and given the shared nature of some problems and potentials, the case for the Northern Way is strong. The Northern Way is likely to succeed if it looks at the North as a whole in order to identify “pan northern investments”, which will add value to that which is being undertaken in each of the individual regions. The Northern Way will succeed if it complements the three Regional Economic Strategies, as these define the key proposals to take forward economic development in the three regions of the North. It is also vital that it ensure that each action is taken at the appropriate level—pan northern, regional, city-regional, or more local.

¹²² HM Treasury, Department for Trade and Industry, Department for Transport, Office of the Deputy Prime Minister (2005) *Regional Funding Allocations: Guidance on Preparing Advice*, July.

¹²³ The output gap measured in GVA per head (residency basis) (2004) between the UK and the North East has been calculated as £3,400 (£16,800 and £13,400 respectively). *Source: <http://www.statistics.gov.uk/pdudir/rgva1205.pdf> p 1.* According to Northern Way, if the output gap was closed was the same as the UK average, regional economic output would increase by £8.8 billion (2002). Across the North as a whole it would increase by £29 billion (2002). *Source: Northern Way (2004) Northern Way: First Growth Strategy Report*, September, Northern Way, p 7, table 1.

22. There clearly are policy issues that are pan-regional in scope and require a coordinated approach that operates across the three existing regions. Key issues raised in the Northern Way that would require this approach are a Northern Airports Strategy, critical transport infrastructure networks and science policy. There is a strong case for policy analysis and strategy formulation for these critical inter-regional policy issues to take place at a pan northern scale, involving close cooperation between agencies in the three regions, if the government's target of closing the economic output gap between the northern English regions and the rest of the UK within the next 25 years is to be met.¹²⁴

23. The NEA has been fully involved in the preparation and implementation of the Northern Way. Each of the three northern Assemblies has a Member on the Northern Way Steering Group, and officers are involved on the Strategic Policy Group, which advises the Steering Group. There are also a number of other working groups and city region development groups that Assembly officers attend, and joint research has been commissioned to inform the Northern Way and the Regional Spatial Strategies. A Transport Compact has also been established involving both Members and officers.

24. The economic contribution of city regions is recognised in the Northern Way. The interest in city-regions stems from a belief that cities "drive" economic competitiveness and that cities generate economic benefits for their hinterlands. The city-region concept is also an acknowledgement that individual local authorities are too small to compete in the national and international competition for investment. These general arguments are widely accepted by policy-makers, although there are still large gaps in our understanding of the economic processes underpinning city-regions, both nationally and in North East England. Moreover, there is little research into what might be the most effective forms of city region governance in the English context.

25. The city region concept is beginning to be embedded in thinking about economic development in North East England, most notably through the mechanism of the Northern Way. The larger part of our population lives in one of two city regions: Tyne and Wear and the Tees Valley. There appears to be little appetite for, nor a strong consensus about, major revisions to governance arrangements (including redrawing local authority boundaries) that might be associated with the economic case for city regions. Whilst there is some distance to travel before a consensus is achieved in relation to appropriate forms city region governance in North East England, there is general agreement that existing regional institutions have an important role to play in helping shape city-region development plans, which are seen as being supported by the Regional Economic Strategy and the Regional Spatial Strategy. By contrast, within some city regions, there is a debate about whether some economic development functions need to be devolved upwards to the city region level from the local level.

IMPACT OF CITY REGIONS ON PERIPHERAL AREAS

26. While recognising the economic potential of city-regions, it is important also not to adopt an approach which overlooks the importance of intra-regional variations in performance and potential.¹²⁵ Similarly, in improving the economic performance of city-regions, there is a need to ensure that the needs and potential of rural areas are addressed.¹²⁶ Regional Assemblies, with their wider geographical remit and stakeholder engagement, have a key role to play in highlighting the positive benefits that can be realised through increased urban-rural relationships and interdependencies.

CONCLUSION

27. In seeking an answer to the question of whether there is a future for regional government there is a danger of seeing the problem a choice between tiers. In reality—and in common with most other mature democracies—the UK is now operates a system of multi-level governance, in which local, regional, national and supra-national authorities and institutions all play a role. The implementation of spatial planning and sustainable development policies at different levels will lead to factors arising which continue to have an impact beyond their immediate geographical boundaries. Therefore, governance will remain important at the regional level.

¹²⁴ ODPM (2004) Making it Happen: The Northern Way: Main Report, 2 February <http://www.odpm.gov.uk/index.asp?id=1139956>.

¹²⁵ On this point see Deegan J (2005) *City-regions and "non-core" cities*, *Town and Country Planning*, October, p 315.

¹²⁶ See Midgely J & Ward N (2005) "City regions and rural areas", in Hardy S *et al* (Eds) (2005) *Sustainable Regions: Making Regions Work*. Conference Proceedings of the Regional Studies Association, November. Seaford: Regional Studies Association.

APPENDIX

MAIN ROLES FOR REGIONAL ASSEMBLIES

<i>Assembly role</i>	<i>Brief description</i>	<i>Principal sources of guidance and advice</i>
Scrutiny	Statutory requirement for RDAs to have regard for the views of the Assembly in preparing and developing their Regional Strategies. In practice, Assemblies have adopted more formal scrutiny roles.	1998 RDA Act (clause 18(1) and guidance to RDAs. Strengthening Regional Accountability paper (DETR 2001) Guidance on Regional Chambers Fund
Regional Planning and Transport	All Regional Assemblies have been designated at the Regional Planning Body (RPB), responsible for preparing draft RPG, and in the future RSS (incorporating a Regional Transport Strategy). Other regional planning roles include overseeing RSS delivery, monitoring Local Development Frameworks and strategic applications for conformity with RSS, and contributing to technical studies.	Planning and Compulsory Purchase Act 2004(including regulations PPS11, Regional Planning, and previously, PPG11, Regional Planning Performance management framework for Planning Delivery Grant ODPM Regional Spatial Strategies Supplementary Guidance(April 2003) DfT and ODPM Guide to Producing Regional Transport Strategies(2002)
Policy Development and Regional Co-ordination	The White Paper, Your Region, Your Choice, gave Assemblies an enhanced remit to strengthen policy development and coordination at regional level. Most assemblies have undertaken work to help join-up policies and strategies, as well as new policy development to fill gaps.	Your Region, Your Choice(ODPM, cabinet office May 2002) Guidance on Regional Chambers Fund Assemblies' own corporate plans, strategies etc.
Partnership Working	Most Assemblies have undertaken work to strengthen regional-level partnership relationships and structures, and to strengthen and widen stakeholder involvement in regional initiatives.	Ministerial Guidance on Regional Assemblies Your Region, Your Choice (ODPM, Cabinet office May 2002) Assemblies' own corporate plans, strategies etc.
Voice of the Region	There is no formal Guidance to Assemblies; most have developed a communications function to raise the profile of their work and to influence policy development in the region, in Whitehall and in Brussels.	Assemblies' own corporate plans, strategies etc.
Corporate Affairs	Not a "role" as such, the growth in Assemblies' resources, staff and workloads has meant that financial and organisational management issues have become increasingly important.	ODPM Guidance on Assembly two-year business plans (2004) Guidance on Regional Chambers Fund Assemblies' own corporate plans, strategies etc

Source: ODPM, 2005.

Memorandum by Torbay Council (RG 90)

1. PURPOSE

1.1 To inform the Group Leaders about the possible reorganisation of local and regional government in England.

2. RELATIONSHIP TO CORPORATE PRIORITIES

2.1 All Corporate objectives would be affected by the reorganisation of local government. Most directly, it would affect corporate improvement and the efficient delivery of services.

2.2 Strategic planning is currently carried out by the Regional Assembly, which prepares the Regional Spatial Strategy (RSS). This has a significant effect on all corporate priorities that involve the use of land, (eg improving Torbay’s economy, improving access to affordable housing, valuing our environment and creating sustainable communities).

3. RECOMMENDATION(S)

3.1 That the Council makes representations to the ODPM Commons Select Committee supporting the principle of devolution of powers from regional assemblies to enlarged unitary authorities.

4. REASON FOR RECOMMENDATION(S)

4.1 Effective local government reorganisation would help Torbay meet its Corporate Objectives more effectively and improve service delivery.

4.2 There is an increased emphasis on city regions and sub-regions as a unit of planning. These reflect housing markets, travel to work areas, retail and school catchment areas. Structuring local government to reflect how localities function would assist good governance.

5. KEY RISKS ASSOCIATED WITH THE RECOMMENDATION(S)

5.1 There would be no immediate impact on Torbay of not making comments on the ODPM Committee. However in the longer term, reorganisation represents a significant opportunity to improve local government structures. It is appropriate for Torbay to have an input into the process.

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4X
Impact					



6. ALTERNATIVE OPTIONS (IF ANY)

6.1 The Council does not need to comment, in which case its view would not be considered. However, it is important that the views and needs of smaller authorities are considered, as well as the large metropolitan areas, who stand to gain most from becoming city regions

7. BACKGROUND

71. **Lyons Review.** The Government has also commissioned Sir Michael Lyons to inquire into funding of Local Government. In September 2005 it broadened the terms of reference to cover the role of government and scope for devolution. An interim progress report has been published and recommendations will be made in late 2006. The Lyons Inquiry will feed into a White Paper, also expected in late 2006.

7.2 Comments and Relevant to Torbay. It would appear that reorganisation may be some way off and is tied up with the difficult issue of local government finance. In addition it may be influenced by political and governance considerations. Many observers consider that the concept of the “city region” is an appropriate model for governance, but this could change. A common criticism of Regional Government is that it is distant and there is a democratic deficit. Major strategic decisions affecting Torbay are made in Taunton by a combination of unelected and indirectly elected decision makers.

7.3 However, if Torbay Council does not engage with the Regional Assembly and other regional bodies, it will lose investment and other input into addressing regeneration, housing, infrastructure and other needs.

7.4 Regional Spatial Strategy and Joint Study Area. Torbay’s spatial planning policy is affected by the Regional Assembly in various ways. Under the Planning and Compulsory Purchase Act 2004 the Regional Assembly is charged with preparing the Regional Spatial Strategy for the South West. This is part of the development plan and sets strategic matters, such as housing numbers to 2026. The Act and accompanying guidance require sub-regional studies to be prepared to feed into RSS.

7.5 The Torbay and South Devon Sub-Regional Study has informed the RSS preparation. This has involved extensive sub-regional work with neighbouring authorities. In addition, planning is increasingly reflecting housing market and travel to work areas, rather than district boundaries. There would, however, be a number of significant issues to be resolved in relation to formalising the Torbay and South Devon Sub Region. In particular Teignbridge sees itself as gravitating towards Exeter, whilst some people consider Marldon to be an entirely self-contained settlement. However the sub regional work, which was led by Torbay, points to the close links areas such as employment, health and housing between Torbay and the rest of the South Devon area. There are also links between the Torbay and South Devon and the Exeter Sub-Regions.

7.6 Draft Planning Policy Statement 3 requires local planning authorities to prepare joint housing market area studies (HMAS) and housing land availability studies (HLAS). These will assess the demand and supply of housing on a sub-regional basis. Torbay, Exeter and other Devon authorities are currently preparing a sub-regional market area study. This will examine housing need and demand in the various housing markets across South Devon.

7.7 Suggested Response on Behalf of Torbay Council. Although the 23 January deadline has passed, It would be appropriate to make a representation to the ODPM Select Committee setting out the following broad points:

- The principle of devolving power to local authorities is supported, in line with the principle of subsidiarity. Regional Assemblies have tended to take powers up from County level (eg Strategic Planning) rather than devolve them down from Central Government.
- Local Authorities must be properly funded to carry out the functions that Central Government requires. As long as Councils are supplicants of Central Government, they will never have autonomy. This is currently being investigated by the Lyons Inquiry.
- Councils should have greater autonomy in spending revenues arising in their area. For example any Planning Gain Supplement (PGS) should be ring fenced to the area that it arises in to meet the need to create sustainable communities. Otherwise there is a danger that it could disappear into Government’s general spending.
- Regional spatial strategies are an appropriate planning tool to set a strategic framework, so long as they are properly informed by sub-regional studies. Now that (county wide) structure plans have been abolished, it makes more sense to base sub-regional strategies on housing market areas and travel to work areas.
- There will need to be a regional level planning body, with responsibility for RSS preparation. In the absence of a fully democratic regional assembly, the option of transferring their role (and staff) government regional offices would reduce duplication. This should be accompanied by a strengthened role for 4(4) structure plan authorities. This would build on the Government’s reforms to the planning system in the Planning and Compulsory Purchase Act 2004 and help to focus further the role of the planning system on delivering sustainable development. It would also enhance the role of government offices for the regions and help ensure the compliance of RSS with Government Policy. There could be a conflict of interest between Government Regional Offices as purveyors of Government policy and as a regional planning body. This would need to be considered carefully.
- There is a role for larger unitary authorities in city regions, particularly where this relates to housing market or travel to work areas.
- The non-city region hinterland will need to be considered carefully. Any system needs to ensure that their requirements are met and they are not treated as a “rural rump”. However, there are successful Unitary Authorities in rural areas.
- Exeter is likely to be the “economic power house” and principal growth area in Devon. There is therefore logic in an Exeter City Region.
- Torbay is already a Unitary Authority and a principal urban area. However, the travel to work area and housing market area extend beyond the local authority boundary and include areas of

the South Hams and Teignbridge. Therefore it would be appropriate for the Torbay and South Devon Sub Region to encompass parts of the neighbouring areas, including part of the area of overlap with the Exeter Sub Region.

- It is desirable that some form of County identity remains, due to their historic and cultural importance. However, this does not necessarily have to be invested in formal county councils.

Memorandum by New Northern Future (RG 91)

EXECUTIVE SUMMARY

The 2004 Regions White Paper set out a good proposal to improve regional government, but it was decisively rejected by the voters of North East England.

Nevertheless the need remains for reform of the present system, to deliver stronger leadership and joined up government action, all properly democratically accountable and publicly scrutinised. The paper makes three suggestions:

- Get Whitehall and Westminster out of London into the regions;
- Create a new, fit-for-purpose structure for the North;
- Go forward with city regions, empowered to provide strong strategic leadership and lead a revival of civic participation.

The scenario for the North of England conjured up by this paper—of strong Mayors of Greater Manchester, Greater Liverpool and so on dealing directly with a powerful Secretary of State for the North of England may be the stuff of nightmares for a Whitehall mandarin, but would ensure that the North has the political structure to ensure that it can deliver its full potential in the 21st century.

GET WHITEHALL AND WESTMINSTER INTO THE REGIONS

The 2004 Regions White Paper's elected regional assembly proposal was a good response to the need to develop strategic regional leadership, with proper democratic accountability via directly elected representatives. Although the powers proposed to be devolved from central government to the regional assembly were few, more could have been transferred over time, as the assemblies became established. The clear three tier structure (central government—strategic regional assembly—service-delivering unitary local authority) was a neat one. However, as a proposal, it was decisively rejected by the electorate of North East England in the November 2004 referendum.

Nevertheless, there remains an urgent need for “joined-up” strategic action at the regional level across areas of social, economic and environmental policy if we are to make effective progress towards the sustainable society and economy we want and must create.

If voters are reluctant to invest in new elected regional leaders to wield powers devolved from central government, then those powers will have to remain with central government departments and the quangos (eg the RDAs) accountable to them. The following proposals for central government at the regional level are suggested:

- (a) Central government department decision-making affecting English regions should be physically located in those regions. One option might be for powers on planning, housing, local government, transport, environment, and economic development to be consolidated within a strengthened government regional office, headed by a Minister. His/her title might be, for example, “Minister for Sustainable Development in the West Midlands”, and he/she and the senior officials would be based in that region for at least part of the time.
- (b) In the case of the three northern regions, the establishment of a “Northern Office” (similar in concept to the pre-1999 devolution Welsh Office), combining the activities of key spending departments, and with a Secretary of State and headquarters staff physically located in the North, could be considered. We envisage strong Mayors of Greater Manchester, Greater Liverpool and so on dealing directly with a powerful Secretary of State for the North of England. This may be the stuff of nightmares for a Whitehall mandarin, but would provide a political structure fit for purpose to deliver the “Northern Way”.
- (c) Hand in hand with more power to be exercised at the regional level should be better and more high-profile scrutiny of decisions being made and spending undertaken. If voters are reluctant to invest in new directly-elected regional representatives, then it is suggested that Westminster MPs are the best people to deliver this. MPs of all parties should hold high profile meetings both at Westminster and in the region to examine how government across departments is performing for the region. This might be an informal arrangement, or, in the context of suggestions (a) or (b) above, it might be in the form of a formal Commons committee that could summoning Ministers to high-profile sessions held in the region to account for their performance.

CITY REGIONS

The restoration of a “city region” strategic authority serving the main conurbations (reviving the 1974–85 metropolitan counties, Avon, Cleveland and perhaps other areas) is supported, in the context of the North East referendum result, as the best available means now of getting better leadership and strategic action in those key areas. The London Mayoralty shows what can be achieved when a structure allowing for clear and accountable leadership is created (even if the term “Mayor” may not be thought appropriate for the leader of some of the areas eg West Yorkshire).

In transport planning, powers over a re-regulated bus network and the strategic road network, plus strategic planning and development control are required, as the Mayor has in London. However there are some potential pitfalls that need to be borne in mind:

- (a) Big districts will have to be prepared to give up power to the city-region leadership—for example, over implementation of bus lanes on strategic roads, or for the planning of major regeneration schemes. It is no good setting up a new city-region leadership only to see it being undermined by the big councils within it.
- (b) City regions do not obviate the need for a regional tier to spatial planning—the metropolitan county boundaries are underfit to the real functional economic regions. Also, their coverage is not comprehensive—freestanding unitaries will be left out of the structure. Therefore, a four tier structure (nation—planning region—city region/county—district) will have to remain. This is sub-optimal compared to the three tier structure rejected by the North East’s voters (nation—elected region—unitary districts), but will have to be made to work as best it can pending more radical reform.

NEW NORTHERN FUTURE

New Northern Future is an organisation that was gearing up to be a factor in the referendum on an elected regional assembly for the North West, which was then cancelled. Its priority now is to see what devolution can be salvaged from the North East referendum result, so that the North can achieve the revival in civic leadership it needs to thrive in the 21st century.
