Is there a future for Regional Government?

Fourth Report of Session 2006–07

Volume II

Oral and supplementary written evidence

Ordered by The House of Commons to be printed on 26 February 2007
Communities and Local Government Committee

The Communities and Local Government Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Communities and Local Government and its associated bodies.

Current membership

Dr Phyllis Starkey MP (Labour, Milton Keynes South West) (Chair)
Sir Paul Beresford MP (Conservative, Mole Valley)
Mr Clive Betts MP (Labour, Sheffield Attercliffe)
John Cummings MP (Labour, Easington)
Mr Greg Hands MP (Conservative, Hammersmith and Fulham)
Martin Horwood MP (Liberal Democrat, Cheltenham)
Anne Main MP (Conservative, St Albans)
Mr Bill Olner MP (Labour, Nuneaton)
Dr John Pugh MP (Liberal Democrat, Southport)
Emily Thornberry MP (Labour, Islington South and Finsbury)
David Wright (Labour, Telford)

The following members were also a member of the Committee during this inquiry:

Lyn Brown MP (Labour, West Ham)
Alison Seabeck MP (Labour, Plymouth, Devonport)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/clg.cfm.

Committee staff

The current staff of the Committee are Jessica Mulley (Joint Committee Clerk), Elizabeth Hunt (Joint Committee Clerk), David Weir (Second Clerk), James Cutting (Committee Specialist), Sara Turnbull (Committee Specialist), Ian Hook (Committee Assistant), Ian Blair (Chief Office Clerk), Kerrie Hanley (Secretary) and Laura Kibby (Select Committee Media Officer).

Contacts

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Witnesses

Monday 13 March 2006 (HC 977-i)

Neil Kingham, Director-General, Local Government and Fire Group, Mark Kleinman, Urban Policy Unit, and Andrew Campbell, Director, Regional Coordination Unit, Office of the Deputy Prime Minister

Bob Linnard, Director of Local & Regional Transport, Department for Transport, and Stephen Speed, Director–Regions, Department for Trade and Industry

Monday 20 March 2006 (HC 977-ii)

Mark Lloyd, Chief Executive, Durham Country Council

Roger Howes, Regional and International Manager, Nottingham County Council

Councillor Angus Campbell, Deputy Leader, Dorset County Council

Councillor Ken Thornber, CCN Chairman and Leader, Hampshire County Council

Tim Byles, Association of Country Council Executives, and Lead Adviser and Chief Executive, Norfolk County Council

Trish Haines, Chief Executive, Reading Borough Council

Ken Foote, Assistant Chief Executive, Hull City Council

Laird Ryan, Corporate Policy Officer, Stoke-on-Trent City Council

Jo Boaden, Chief Executive, Councillor Dave Ledger, Vice Chair, Rob Worrall, Assistant Director, Scrutiny and Policy Development, and Kevin Rowan, Member (Trade Unions) and Regional Secretary TUC, North East Assembly

Councillor Tony Newman, Vice Chair of the ALG, and Leader of Croydon Council, Councillor Edward Lister, Vice Chair of the ALG (Conservative), and Councillor Steve Hitchens, Vice Chair of the ALG (Liberal Democrat), Association of London Government (ALG)

Monday 27 March 2006 (HC 977-iii)


Dr Mike Clarke, Director of Regional Operations and Chris Organ, Regional Director, South East England, Royal Society for the Protection of Birds (RSPB)
Monday 27 March 2006 (continued) (HC 977-iii)

Andrew Cogan, Chief Executive, Keith Bennett, Regional VCS Advice interests, and Jenny Kartupelis, Regional VCS Faiths interests, COVER (East of England Regional Voluntary Sector Network and European funding advice in the East of England)

Sally Low, Director of Policy and External Affairs and Charlotte Moore-Bick, Policy Adviser, British Chamber of Commerce

Jane Thomas, former Director of the Campaign for Yorkshire

Councillor Foote-Wood, Vice Chair of the North East Assembly

Bob Neill, Deputy Chair (and Conservative Assembly Member for Bexley and Bromley) and Richard Derecki, Director of Studies (Senior Scrutiny Manager), Commission on London Governance

Monday 15 May 2006 (HC 977-iv)

Councillor John Joyce, Chair, North West Regional Assembly

John Hawkins, Head of Policy and Research, Association of Greater Manchester Authorities

Robert Crawford, Chief Executive, The Mersey Partnership

Neil Scales, Chief Executive and Director General, Merseytravel

Keith Barnes, Regional Director, Government Office for the North West

Maggie Mooney, Town Clerk and Chief Executive, Carlisle City Council

Jane Henderson, Chief Executive, South West RDA, Alan Clarke, Chief Executive, One North East, and Pam Alexander, Lead RDA Chief Executive, English Regional Development Agencies

David Cragg, Regional Director: West Midlands, and David Hughes, Regional Director: London, Learning and Skills Council

Wednesday 7 June 2006 (HC 977-v)

Bronwyn Hill, Regional Director, Government Office for the South West

Bryony Houlden, Chief Executive, and Councillor Jill Shortland, Deputy Chair, South West Regional Assembly

Christopher Irwin, Chair, South West Public Transport Users Forum

Councillor Bert Biscoe, Chair, Cornish Constitutional Convention
Wednesday 7 June 2006 (continued) (HC 977-v)

Professor Neil Ward, Director, Centre for Rural Economy, University of Newcastle  
Ev 77

Monday 12 June 2006 (HC 977-vi)

David Lunts, Executive Director of Policy and Partnerships, Mayor of London  
Ev 82

Paul Rogerson, Chief Executive, and Nicole Brock, Head of Regional Policy, Leeds City Council  
Ev 86

Dermot Finch, Director, Centre for Cities  
Ev 91

Monday 19 June 2006 (HC 977-vii)

Sir Michael Lyons, Chairman, and Ms Sally Burlington, Lyons inquiry into Local Government  
Ev 95

Monday 16 October 2006 (HC 977-viii)

Chris Leslie, Director New Local Government Network  
Ev 105

Yvette Cooper MP, Minister for Housing and Planning, Department for Communities and Local Government  
Ev 110

Phil Woolas MP, Minister for Local Government and Community Cohesion, Department for Communities and Local Government  
Ev 110

Rt Hon. Margaret Hodge MBE MP, Minister of State for Industry and the Regions, Department for Trade and Industry  
Ev 110
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Oral evidence

Taken before the Office of the Deputy Prime Minister:

Housing, Planning, Local Government and the Regions Committee

on Monday 13 March 2006

Members present

Dr Phyllis Starkey, in the Chair
Sir Paul Beresford
Clive Betts
John Cummings
Greg Hands
Martin Horwood
Bill Olner
John Pugh
Alison Seabeck

Memorandum submitted by ODPM

Witnesses: Mr Neil Kinghan, Director General, Local and Regional Governance Group, Professor Mark Kleinman, Director, Urban Policy Unit, and Mr Andrew Campbell, Director General, Regional Coordination Unit, Office of the Deputy Prime Minister, Mr Bob Linnard, Director of Local and Regional Transport, Department for Transport, and Mr Stephen Speed, Director, Regional, Department of Trade & Industry, gave evidence.

Q1 Chair: Can I welcome you to this first evidence session of the Committee’s inquiry into the future for regional government. Obviously, the referendum result in the North East in November 2004 left a rather large hole in the Government’s policy towards the English regions. Could you outline how that vacuum has been filled so far and what changes are being planned for the future?

Mr Kinghan: Would it be helpful to the Committee if we started by introducing ourselves?

Q2 Chair: It would, and obviously, I will leave it entirely to you which one of you answers which question.

Mr Kinghan: I will start, if I may. Let me introduce my two colleagues at the same time. I am Neil Kinghan. I am the Director General for Local and Regional Governance in the Office of the Deputy Prime Minister. On my left is Andrew Campbell.

Mr Campbell: I am Director of the Regional Coordination Unit, which is the bit of government that looks after Government Offices, and I also now have responsibility for regional assemblies too.

Professor Kleinman: I am Director of Urban Policy at ODPM.

Mr Kinghan: As you say, Chair, in November 2004 the referendum in the North East region was defeated. The DPM then said that the Government would not be going ahead with the referenda in the other two northern regions. At the same time, he made a commitment that the Government would maintain a strong regional presence in the North East and that the Government would continue to strengthen its regional dimension and the regional institutions that we use. Since then, the main points I would make are that the Northern Way has been taken forward, which is an amalgam of the three northern regions getting together to work more closely to improve opportunities for business and the community in the North. In June 2005 the Northern Way group published its business plan, which set out how the eight city regions in the North would contribute to closing the productivity gap between them and the South East. It also announced investment of £100 million in projects which will demonstrate how the North can use its assets to become more prosperous, competitive and dynamic. We have also strengthened our support for the regional assemblies through increased funding to reflect their new statutory planning responsibilities, and we will be transferring to them, to take the forward-looking part of your question, responsibility for the regional housing boards, which will give them responsibility to produce a regional housing strategy. We have been consulting on how to do that and the intention is to announce that soon. We have also strengthened the Government Offices, which now represent 10 Whitehall departments. The most recent strengthening has involved the appointment of new Directors of Children and Learning on behalf of the DfES. We have recently carried out a regional funding allocation exercise, asking the regions to provide advice on how spending in the regions should be taken forward, both in the next two years and through the Comprehensive Spending Review, looking further forward.

Q3 Chair: Presumably, all of those announcements would have been made whatever the result of the North East referendum. Has there been any change in thinking as a result of that?

Mr Kinghan: This is a “what if” type of question, is it not? If the referendum had gone a different way, we would have seen referenda in the other regions as well, and actually, that would have started a process going forward. It is very difficult to answer “What if the results had been different?” as a question. The
point of the examples I was giving was to demonstrate the Government’s continuing commitment to regional institutions, as it were, despite the referendum result.

Q4 Sir Paul Beresford: Of course, the other question is, to turn it back the other way, the result was a resounding defeat, and probably the most dramatically resounding defeat for regionalism. There was a feeling that it should in fact go the other way. Why is the Government not going in the opposite direction? Why is it not recognising that there is a need for elected representation, perhaps, but in a different way from the non-elected organisation with people on there who have not been elected in many instances even to the local authority?

Mr Kinghan: If you are talking about the existing regional assemblies, 70% of members of the existing regional assemblies are local authority members, though obviously they are not directly elected; I recognise that. The Deputy Prime Minister obviously accepted that the referendum result was a defeat, as you say, and he was quite clear about that and that we would not go forward with the elected regional assembly process in the North, though he did also make the point that in 1979 referenda on Scotland and Wales were lost, and 20 years later they returned.

Q5 Sir Paul Beresford: I do not think he is going to be here in 20 years, fortunately. He made that sort of point to us when he saw us the other day. The other question was that, looking forward, it looks as though he is intending to demolish local government in the two-tier region down to one, and move powers up to the non-elected assembly. Is this correct? What are you anticipating will happen?

Mr Kinghan: I do not recognise that description at all. We do have a debate going on about the possibility of reorganisation of the two-tier areas, but, as I am sure you know, the Government has not made a decision on whether to go ahead with that. That is about whether or not it would be more efficient or effective, better for local democracy, if there were a single tier in the present two-tier areas, but I do not think there has been any suggestion that that would be accompanied by a return to the proposition that we should have elected regional assemblies in the short term.

Q6 Sir Paul Beresford: What has already happened is that powers have already gone from the counties to the non-elected authorities. If you remove the counties altogether, there is the prospect, in the minds of those of us who are somewhat concerned, that we will have more powers going to the non-elected assemblies.

Mr Kinghan: The powers you are talking about as having changed are in relation to planning, where the role of the regional bodies has been clarified to produce regional spatial strategies, but they have not taken over the powers of the counties. The planning-making at local authority level is now at district level. What the Government did was to take out a tier on the grounds that that would be a more efficient way of organising things.

Q7 Sir Paul Beresford: So recommendations to the Deputy Prime Minister on housing numbers, for example, in the South East, just to choose one area, done by the assembly actually is not a power?

Mr Kinghan: They produce regional spatial strategies.

Q8 Sir Paul Beresford: That has been taken away from the counties, who used to do it as a group of elected members.

Mr Kinghan: The counties used to produce structure plans, but the role of the regions is not to produce structure plans; it is to produce spatial strategies for the regions, and indeed, it is my understanding that the counties are consulted as part of that process as well.

Q9 Mr Olner: A quick question on what Mr Kinghan said when he spoke about strengthening the regions. Did you mean strengthening the Government Office of the regions or actually strengthening the regions themselves in making their own decisions? There is a world of difference.

Mr Kinghan: I understand the point. We have, I think, strengthened the role of the regional assemblies in the way that I described, which is strengthening another regional institution. We have also strengthened the Government Offices. There is another point about improving the economic performance of the regions, which I suspect you will come on to in the context of our PSA target, but as far as institutions are concerned, what I was trying to say was that we have strengthened both the existing regional assemblies and the Government Offices.

Q10 Alison Seabeck: If we can move on to the effectiveness of the three main agencies, do you think that the regional assemblies, the regional development agencies and the Government Offices are working well? If so, on what would you base that judgment?

Mr Kinghan: I think they are all doing a good job in their own area. We do assess the performance of the regional assemblies as regional planning bodies, and they come out well through that process. Obviously, the reason why we are giving them the housing responsibility is because we think it makes sense to put the two together, which was one of the recommendations of Kate Barker’s inquiry two years ago, so we have taken that forward. As far as the Government Offices are concerned, we keep them under review all the time, their performance is kept under review all the time, the regional directors of the Government Offices report to me, and I am accountable for their performance. We have recently reviewed the Government Offices and will be publishing the results of that review, I hope, later this month, which will have proposals in it for taking forward the Government Offices. As far as the
RDAs are concerned, you might want to return to this when my colleague from the DTI joins us, but they have had a number of successes, including 270,000 jobs created or protected, 17,500 new businesses started, and another set of opportunities. We do think that each of the bodies has made an important contribution, but obviously we want to keep them under review and not be complacent about their performance.

Q11 Alison Seabeck: On the review that has been carried out by your Unit and the Treasury—you helpfully answered one of my questions, which was when that would be made public—will each of the individual organisations be looked at not only in the round, as to how they deliver collectively for a region, but their own performance and their interaction with the other agencies as well as with government? There are concerns that there are weaknesses, particularly in policy development within Government Offices, for example, and from people on the ground in the South West and other regions there is a feeling that perhaps they are not arguing the South West case in terms of policy strongly enough—just taking the South West as an example, because it is one I am familiar with.

Mr Kinghan: I understand the question. I will ask Andrew to join in the answer, if I may. The GO review does not compare the Government Offices. It is not that sort of review.

Q12 Alison Seabeck: Sorry. I am talking about the Regional Co-ordination Unit, which we have been led to understand will be looking at not only the Government Offices but some of the other organisations in the regions. Is that correct or incorrect? I may have it wrong.

Mr Campbell: That is incorrect. Our responsibility is as the corporate centre of the Government Office network, so some of what you say is our responsibility. The assessment of how well the GOs are able to influence policy development in Whitehall is very much in my bailiwick, but I do not get involved with seeking to assess RDA performance, for example. One of the features of the review and the emerging conclusions which were published a year or so ago, but will be there, I am sure in the final review, is seeking to further strengthen the links between GOs and Whitehall, so that as policy is developed nationally, there is input from the Government Offices about how policies can best be implemented. So that angle will be in the review. I am aware of the general comment sometimes about the GO role in lobbying of regional issues. There is a lot of traffic, but that tends to be behind the scenes, government to government, rather than more visible lobbying from a particular region on a particular issue.

Alison Seabeck: Obviously, if you are moving additional civil servants down into the regions, what we do not want to see in the regions is that we have an unaccountable body that is effectively a mini-national government in a region, that is telling us how to do things. We want to feel that there is two-way traffic. The review will certainly be interesting.

Q13 Chair: How will you assess how a regional office is affecting national policy?

Mr Campbell: From feedback from departments. What we have been keen to do over the last year is within each region, a regional director has a policy lead on a particular issue. In East Midlands, for example, the regional director there has lead relationships with the Home Office; the North East with the Department of Trade & Industry. So we rely on feedback from those Whitehall departments, and indeed, talking to the regional directors themselves, to get a sense of how well or otherwise policy is being influenced to take account of regional concerns. The other thing we do is we have instituted a system of peer reviews over the last couple of years, that is, talking to departments and regional and local stakeholders about what they perceive to be the strengths and weaknesses of GOs, which, again, helps pick up how well-regarded they are on policy issues too.

Q14 Alison Seabeck: I can understand why you might want to have specialists for the different departments around the country, but how much inter-linking is there, so from the South East, the East Midlands, up to the North East for Trade and Industry? There is a real risk you will get a slightly skewed view of things unless there are really good communication links.

Mr Kinghan: I absolutely agree; it is really important to have good communication links. I meet the Government Office regional directors every month, and we consider a range of issues, but that includes interactions between them and Whitehall departments. Andrew chairs a group which involves departments as well. I quite take the point. The point of the pairing exercise is to give a particular emphasis to each regional director, but it is, as you rightly say, very important that all of them are seen to be influential in their key departments. That is one thing that we are keen to not only maintain standards on but develop them.

Q15 Alison Seabeck: Which regional director is responsible for transport link to the DTI?

Mr Campbell: It was until very recently Paul Martin in the South East but given some recent regional director changes, it is Brian Hackland in GO-East. In transport, for example, when Paul did it, he was supported by someone within his office, but in order to avoid a solely South East perspective on transport, there is another what we call twin, who is based in Yorkshire & Humber, ie deliberately trying to get more than one regional perspective, which is fed through the lead RD.
Alison Seabeck: It all seems terribly complex.

Q16 Dr Pugh: the Deputy Prime Minister, in a splendid statement to this Committee, said, “What I do not like, and inevitably it is happening more and more, is regional decisions being taken which are less and less accountable.” He then went on to say, “I belong to the school that believes there should be democratic accountability.” Obviously, he would prefer regional government in one form or another. What plans though has the Department to make such regional government as we have at the moment more accountable to the stakeholders and communities that they allegedly serve?

Mr Kinghan: As you say, the Deputy Prime Minister was seeking to establish elected regional assemblies. That option is no longer available to us, at least for the moment. The regional bodies, the RDAs and the Government Offices in particular, are accountable through Ministers to Parliament, and that is their main accountability, but the RDAs in particular are also held to account in practice by the regional assemblies, and do meet with them regularly and are scrutinised by them. That is the main form of accountability at regional level as far as the RDAs are concerned.

Q17 Dr Pugh: In terms of that scrutiny, the development agencies produce a lot of documents, and I have been scouring their websites today looking at some of those documents, huge things, called “strategies” and “corporate documents” and “mission statements” and so on. One thing that is missing from most of them is something which I think they call their strategic investment plan, which tells you what particular projects their cash actually goes on—not their cash; the public’s cash. These are somewhat elusive documents, not easily obtained. Is that a satisfactory situation, where we cannot tell very exactly precisely in which places the development that a satisfactory situation, where we cannot tell somewhat elusive documents, not easily obtained. Is it goes on—not their cash; the public’s cash. These are what particular projects their cash actually tells you what particular projects their cash actually goes on—not their cash; the public’s cash. These are somewhat elusive documents, not easily obtained. Is that a satisfactory situation, where we cannot tell very exactly precisely in which places the development agencies spend their money?

Mr Kinghan: I am afraid that we do not at the moment have the people who can answer that question. A colleague from the DTI will be joining us—in fact, he is already in the room—in the second half of this session, and I think I had better leave that question for him to answer, because it is the DTI which sponsors the RDAs, if you will forgive me.

Q18 Dr Pugh: But you can understand the issue, can you not? If, for example, you are Bentley and you are looking for money from the North West Development Agency and they happen to have spent it on museums, you are interested to know why, you are interested to have a debate about whether the money should be spent in one place rather than another, but you have to be able to tell, do you not?

Mr Kinghan: I understand the point you are making but you are going to draw me into something which I would be better to leave to my colleague.

Q19 Dr Pugh: Can we briefly touch on what you did mention, which is the degree of scrutiny exercised by the assemblies over the regional development agencies. Are you aware if they do have a painstaking analysis of money spent or do they just simply receive documents, look at them broadly and nod acceptance?

Mr Kinghan: Again, I think I should leave that to my colleague. I am not trying to be unhelpful. It is just that he is better able to answer questions about the RDAs than I am.

Q20 Dr Pugh: So you cannot talk about the scrutiny? You are just not informed about the degree of scrutiny exercised by the assemblies over the development agencies?

Mr Kinghan: I know that it occurs, and I know that it has developed since the RDAs were set up, and that the scrutiny has improved and that both sides, both the regional assemblies and the RDAs, are becoming more used to dealing with each other, and it has improved in that sense. But I do not think I should try and answer a question on the detail.

Q21 Dr Pugh: Are you aware—you may not be—or have you ever heard of any substantial critique by an assembly of the pattern of spending exercised by its development agency?

Mr Kinghan: I cannot answer that, I am afraid.

Q22 Dr Pugh: If the pattern of decentralised decision-making, spending public money, through agencies scrutinised by assemblies is going to continue, are you aware of any further decentralisation that will take place as part of it, further powers being given in that direction?

Mr Kinghan: Do you mean to the regional development agencies?

Q23 Dr Pugh: To the development agencies and to the assemblies.

Mr Kinghan: I do not think we have any plans to devolve further decision-making to either organisation at the moment, apart from the regional housing board responsibilities that I referred to earlier on in relation to the regional assemblies.

Q24 Dr Pugh: Before you did, or if you did, would you like to have better scrutiny arrangements, better accountability, as part of that package of decentralisation?

Mr Kinghan: We would certainly need to look at the accountability arrangements. I agree with you. If the Government as a whole was going to take a view about further responsibilities for either the RDAs or the regional assemblies, then certainly we would want to look at the accountability arrangements at the same time.

Mr Campbell: I do not know whether I can just help a little bit on the scrutiny role. I think there are two RDAs which are going through something called an independent performance assessment at the moment by the NAO. That complements the regional assembly scrutiny role, which is less . . .
Q25 Dr Pugh: Less rigorous?

Mr Campbell: No, to get at the value for money and spending issues, and the Audit Commission actually did a pilot of the London Development Agency a year or so ago. So the NAO are doing two independent performance assessments at the moment of two RDAs.

Q26 Chair: Is that two RDAs other than the London one?

Mr Campbell: Yes. One is the North West and the other is East of England. The assemblies’ scrutiny role will often also pick up a general policy issue and look at that, just as much as the way in which money has been spent. So it might look at transport, for example, in a particular region.

Q27 Sir Paul Beresford: Mr Kinghan, would you understand if somebody in a local authority found what you have just been saying as appallingly depressing? Their comment at local government coming right the way down through to the bridge of local authorities—by that I mean the assemblies. They cannot move without you creeping all over them. They cannot make decisions independently. They are not democratic, unless they are right down at that lower level. Essentially, what you are doing is just extending the Deputy Prime Minister’s and the Prime Minister’s glue over this country to the point of a dictatorship.

Mr Kinghan: I do not think you would expect me to accept that. The Government has devolved in a number of areas as far as local government is concerned. One particularly important example was the removal of the capital control system, which allows local authorities to borrow, subject only to a prudential limit. It is a very important freedom, if I may say so.

Q28 Sir Paul Beresford: You and I have been in this sort of battle before, years ago, when there was a slightly different situation. You know and I know that the control of capital through revenue ensures that the Government has a hold.

Mr Kinghan: The Government does . . .

Q29 Sir Paul Beresford: Control the revenue.

Mr Kinghan: . . . allow of the possibility that it may cap authorities’ spending. That is certainly true. But I do think most local authorities would tell you that the freedom to borrow is a significant one, and not a trivial one at all. As you know, I am sure, we are preparing for the possibility of a Local Government White Paper later this year, which will look at further devolutionary and decentralisation opportunities.

Sir Paul Beresford: Demolishing local government.

Q30 Chair: Please do not interrupt.

Mr Kinghan: Can I say, as far as the regional tier is concerned, I think it is true that successive governments have regarded it as desirable that there should be institutions operating at a regional level. It was in 1994 that the existing Government Offices for the Regions were established and they took over from regional offices of several departments that had been there for a long time. There are a number of reasons why governments have taken the view that institutions should operate at a regional level. There is the economic argument about seeking to reduce differentials between regions; there is a strategic organisational that we have referred to, which is the relation to the regional spatial strategies; and there is a pragmatic case as well. There are some things which it is convenient and helpful to organise at regional level, because at regional level you can deal with resilience threats, and Government Offices have played a significant part in helping to cope with things like foot and mouth disease. I think I would contend both that the Government is maintaining its commitment to devolve to local government and that there is a strong case for some things to be done at a regional level.

Chair: I am anxious that we move on down the agenda, because we have a lot of questions to get through.

Q31 Martin Horwood: It is a question of who it is convenient and practical for, because it does not always seem to be practical and convenient for the local authorities or for the communities these organisations are supposed to serve. I have to go along with Sir Paul’s earlier example of planning powers as being an example where in effect a power is being taken up from county and local level to now be exercised clearly at regional level. My question was really to come back on your first answer to Dr Pugh, which was saying that if you see the assemblies as the main route to democratic accountability, quite apart from the fact they are not directly elected, which is a major problem, there are quite a lot of other problems with them. I must ask you what the economic argument is about seeking to reduce differentials between regions.

Mr Kinghan: It was in 1994 that the existing Government Offices for the Regions were established and they took over from regional offices of several departments that had been there for a long time. There are a number of reasons why governments have taken the view that organisations should operate at regional level. There is the economic argument about seeking to reduce differentials between regions; there is a strategic organisational that we have referred to, which is the relation to the regional spatial strategies; and there is a pragmatic case as well. There are some things which it is convenient and helpful to organise at regional level, because at regional level you can deal with resilience threats, and Government Offices have played a significant part in helping to cope with things like foot and mouth disease. I think I would contend both that the Government is maintaining its commitment to devolve to local government and that there is a strong case for some things to be done at a regional level.

Chair: I am anxious that we move on down the agenda, because we have a lot of questions to get through.

Q32 Chair: Please do not interrupt.

Mr Kinghan: Can I say, as far as the regional tier is concerned, I think it is true that successive governments have regarded it as desirable that there should be institutions operating at a regional level. It was in 1994 that the existing Government Offices for the Regions were established and they took over from regional offices of several departments that had been there for a long time. There are a number of reasons why governments have taken the view that institutions should operate at a regional level. There is the economic argument about seeking to reduce differentials between regions; there is a strategic organisational that we have referred to, which is the relation to the regional spatial strategies; and there is a pragmatic case as well. There are some things which it is convenient and helpful to organise at regional level, because at regional level you can deal with resilience threats, and Government Offices have played a significant part in helping to cope with things like foot and mouth disease. I think I would contend both that the Government is maintaining its commitment to devolve to local government and that there is a strong case for some things to be done at a regional level.

Chair: I am anxious that we move on down the agenda, because we have a lot of questions to get through.

Q33 Martin Horwood: It is a question of who it is convenient and practical for, because it does not always seem to be practical and convenient for the local authorities or for the communities these organisations are supposed to serve. I have to go along with Sir Paul’s earlier example of planning powers as being an example where in effect a power is being taken up from county and local level to now be exercised clearly at regional level. My question was really to come back on your first answer to Dr Pugh, which was saying that if you see the assemblies as the main route to democratic accountability, quite apart from the fact they are not directly elected, which is a major problem, there are quite a lot of other problems with them. I must ask you what the economic argument is about seeking to reduce differentials between regions.

Mr Kinghan: It was in 1994 that the existing Government Offices for the Regions were established and they took over from regional offices of several departments that had been there for a long time. There are a number of reasons why governments have taken the view that organisations should operate at regional level. There is the economic argument about seeking to reduce differentials between regions; there is a strategic organisational that we have referred to, which is the relation to the regional spatial strategies; and there is a pragmatic case as well. There are some things which it is convenient and helpful to organise at regional level, because at regional level you can deal with resilience threats, and Government Offices have played a significant part in helping to cope with things like foot and mouth disease. I think I would contend both that the Government is maintaining its commitment to devolve to local government and that there is a strong case for some things to be done at a regional level.

Chair: I am anxious that we move on down the agenda, because we have a lot of questions to get through.
time is important. Before the 1998 legislation which
designated regional assemblies as responsible for
planning, there were in all regions of the country
chambers and assemblies, which were organisations
which the local authorities had largely pulled
together for themselves because they thought it was
valuable to discuss things at regional level. The one
in the South East was the best known one. There is a
long tradition of local authorities wanting to discuss
things at regional level because that makes sense, but
also involving people from the private and
voluntary sectors.

Q32 Martin Horwood: But at that time they were not
determining how many houses were built on exactly
which area.
Mr Kinghan: They are not determining it now, of
course. They are giving advice.

Q33 Martin Horwood: No, they are determining it.
Mr Kinghan: The Deputy Prime Minister is
ultimately accountable, and indeed to Parliament,
for that.

Q34 John Cummings: Paragraph 58 of your
memorandum to the Committee states that the
Government does not impose a single model on
regional assemblies. To what extent does the model
vary across the regions? Do you have any concerns
that certain models are proving less effective than others?
Mr Kinghan: I might ask Andrew to follow up on
this but I think what that refers to is that it is up to
the members of the assembly, primarily the local
authorities in each region, to decide exactly what the
voting pattern should be, for example. So in some
regions every member authority has the same vote
and in others it is weighted according to population.
I think probably that is what that was referring to.
Mr Campbell: Yes.

Q35 John Cummings: Is it what you are referring to?
Mr Campbell: Paragraph 58 referred to the
individual circumstances of each region and its sub-
regional areas. Each assembly therefore structures
its business, or can do, in a slightly different way.
What the rest of that paragraph mentions is that we
are seeking assurances from assemblies that, as they
take on an additional regional housing role, their
systems and structures are as efficient as they can be
and as fit for purpose as they can be. All the
assemblies have recently submitted proposals as to
how they might reorganise themselves in order to
take on that new role, and we are looking at those at
the moment. That will involve a degree of looking
across the assemblies.

Q36 John Cummings: Does the variance between
models give rise to any concern?
Mr Campbell: It has not done to date, no.

Q37 John Cummings: To what extent does the model
of the Government Offices and RDAs also vary to
reflect the difference in character of the regions?

Mr Campbell: Taking Government Offices as an
example, it will do quite a bit, so, for example, if you
are thinking about housing in the South East, the
housing teams will have a particular focus on
affordable housing and housing growth, whereas if
you are thinking about housing in the northern GOs,
there will be much more of an emphasis on homes
meeting the Decent Homes Standard. One is about
making the best of the existing stock and one is
thinking about the growth agenda.

Q38 John Cummings: How do you monitor the
variance in models in different regions?
Mr Campbell: Again, taking it from a Government
Office approach, what we will do is we will use a mix
of departmental feedback, peer reviews, the extent to
which the GOs are contributing to the meeting of
departmental PSA targets, which we have a
quarterly monitoring system on, so it is a mix of
indicators to reach a view as to how each GO is
performing.

Q39 John Cummings: Have you had cause for
concern in relation to any particular model at the
present time?
Mr Campbell: Our views about individual GOs vary,
but there is no right or wrong model. Some GOs are
organised primarily on a geographical basis, so in
East Midlands, say, there will be a team which looks
after, say, Northampton, and a team which is
focused on Nottingham. In another GO they will be
organised by housing or planning or transport.
There is no consistent factor which says that
geographical is better than thematic, or vice versa.

Q40 Mr Olner: Do you mean no consistency on your
part or no consistent model?
Mr Campbell: There is no consistent model to
suggest that one way of structuring is better than the
other.

Q41 Mr Olner: Could I perhaps put it to you that
you have now moved on to Plan B, you are
forgetting the regions and you are starting to talk
about city regions as an alternative? What are your
thoughts behind that?
Professor Kleinman: It is not a question of Plan B; it
is question of recognising the contribution that city
regions can make. For some time there has been a
variety both of academic and research evidence, but
also to some extent policy initiatives coming up from
local authorities and the regions themselves.

Q42 Mr Olner: So you are saying to us that the local
authorities asked for the formation of city regions?
Professor Kleinman: Yes, certainly many of the local
authorities are interested in city regions because
they are increasingly recognising that, in terms of
their economic performance and strengthening their
economic performance, that is the appropriate level
at which they need to act.
Q43 Mr Olner: That is not what I recognise, coming from my region in the West Midlands. It is being driven by your Department.

Professor Kleinman: I have had a series of meetings with representatives from Birmingham and the other seven metropolitan districts in the area, and the impression—and it is only an impression I have... 

Q44 Mr Olner: How many more local authorities does that leave after you have spoken to them?

Professor Kleinman: Sorry. You were just asking me specifically about city regions and I was saying I detect a huge degree of enthusiasm.

Q45 Mr Olner: What I want to get down to, Professor Kleinman, is that you seem to have dangled a carrot in front of the cities that is going to say to the cities, “You can now be a city region and envelope all of the local authorities around it.” Who put that idea into their minds? Where did it come from? Did it come from the Department, the Deputy Prime Minister or who?

Professor Kleinman: The idea of city regions and local authorities collaborating together is not a carrot that has been dangled by this or any other Government. It is a carrot, if you like, that has been around for a very long time. It is an established pattern of metropolitan development right across North America and Europe. It is a major component, for example, of the Northern Way in the UK, which is an RDA-led initiative across the three regions of the North West, Yorkshire & Humberside and the North East, which has at its heart eight city region development plans. I would like to claim credit for inventing this but this is not a new idea at all, and we are responding both to the developments which have occurred from the RDAs and, as I say, from the cities themselves, and also from the overwhelming bulk of the academic and research evidence.

Q46 Mr Olner: You obviously have a strategic view on this. How many city regions are there going to be in the United Kingdom?

Mr Kinghan: Before Mark answers that, there is a slight danger that we are talking about two different things here. You may have in mind a particular government model. We start from the premise that city regions are an essentially economic proposition, so the reason why it makes sense for Birmingham and the other metropolitan areas in the West Midlands to work together on a city region is to deliver economic improvements in that part of the country, and indeed, that those benefits should go to the rest of the West Midlands as well; indeed, the rest of the country.

Q47 Mr Olner: Mr Kinghan, we already work together in partnership in the West Midlands, because we have a West Midlands Regional Development Agency, and the Government Office for the West Midlands. We all work together within that. Now, all of a sudden, there is this new kid on the block called city regions, and I want to know what the difference is between that and the regional government you were proposing beforehand, which by your own admission died in the water after the vote on it.

Mr Kinghan: As I said, the primary emphasis in the discussions that we have been having is about economics. It is not about a new form of governance. You say that the areas in the West Midlands work together, and I do not think we would deny that, but they themselves see the strength of working together more effectively in the future and like Mark, I have been talking to people in the West Midlands, and there is a real enthusiasm for wanting to work together, put together packages of proposals for the Government and others to consider.

Q48 Sir Paul Beresford: It is a great relief to hear that you are listening to local government. If local government in the South West and the South East said, “We want to work at city and county regions,” would you take notice of that? They do not particularly want regional authorities.

Mr Kinghan: Sir Paul knows that I and the Deputy Prime Minister are always very keen to listen to what local government has to suggest, so we will, of course, listen to ideas people come forward with.

Q49 Mr Betts: Coming on to city regions, given that the electorate in the North East eventually decided that trying to inject a bit of democratic accountability into what essentially was a government administrative unit, and they did not like the idea, do you think there is any chance the public are going to embrace the concept of city regions with a bit more enthusiasm?

Professor Kleinman: Following on from what Neil said, a city region is essentially an economic concept, and while there may be governance implications for that, I think it is very important that you start from understanding the economic reality and work towards ways in which the existing local authorities within a city region, and, crucially, their partners, which means the RDA, other regional institutions, business in particular, can actually work together to raise economic performance. The question of governance, how that is structured and to whom it is accountable, is some way down the line from that.

Q50 Mr Betts: So at this stage are you saying that you do not have any definite ideas about how city regions might be comprised, how they might actually operate? Are you willing to look for ideas coming up from city regions themselves or do you have ideas which you think may eventually develop down the line that you are committed to?

Professor Kleinman: We are very much in the listening mode at the moment, and we are digesting, for example, the State of the Cities report, which we published last week, which is probably the largest study of urban conditions in England ever, and we are also digesting the results from the first round of eight city summits which David Miliband and other Ministers carried out in the second half of last year. We have just embarked on a second round of
summits with towns and cities, and there are a lot of ideas that are coming up, as you say, from local government, from the towns and cities themselves.

Q51 Mr Betts: How did you react to the IPPR report?
Professor Kleinman: It was an interesting contribution to the debate.

Q52 Mr Betts: Would you rule out the possibility of elected mayors for city regions?
Mr Kinghan: No, we do not rule it out, but we do want to discuss with the cities and those coming forward the business cases, as Mark has described, how best to help them take things forward, primarily on an economic level, but no, we do not rule out changes to governance.

Q53 Mr Betts: One of the aims, surely, must be to get some real powers and some real tax revenue into organisations at city regional level to make them work. The Treasury is not going to give powers to a body unless there is some sort of constitution there which gives them accountability and responsibility, is it? A loose federation is not going to get the Treasury signing off large sums of money for people to spend.
Mr Kinghan: I think you are inviting us to speculate on what the Treasury might or might not do. You will know that Michael Lyons has been asked to look at the future of local government finance and I have no doubt that he will be looking at the possibilities about economic powers in city regions as well as the other things he is looking at.

Q54 Mr Betts: If all they are going to do is get better local working within the framework of the RDAs, what happens to city regions that cross regional boundaries?
Mr Kinghan: If we see them primarily as an economic force, then it will be important in those city regions where people do see links across regional boundaries that people do work together. When David Miliband had a city summit in Sheffield towards the end of last year, and I went with him to attend that, it was very interesting that the local authorities which came to that discussion included authorities in Derbyshire, which, of course, are from a different region, because they wanted to work with Sheffield and the other South Yorkshire authorities in thinking about the prospects for that city region.

Q55 Mr Betts: Are we actually going to have some proposals for city regions in the White Paper?
Mr Kinghan: That depends on the discussions that happen between now and when the White Paper is published. It depends on how the discussions about the business cases go forward. Possibly.

Q56 Mr Betts: If we do not have it in the White Paper, we will have to have it some time soon. Might we have it in a separate White Paper?
Mr Kinghan: No, I think you are asking us to anticipate what might be in the White Paper. We cannot do that at this stage, but obviously, city regions are an issue that is likely to be covered in the White Paper, yes.

Q57 Chair: Can I clarify, at the moment in the Department’s thinking about city regions, is there a clear definition in your mind of what a city region is, or is it a concept with a variety of different possible interpretations?
Professor Kleinman: I think as a concept we have a very clear idea of what we mean by a city region, and our thinking is to separate at least three distinct meanings of the word “city”. One is what you might call the municipal city, which is the local authority boundary, so in the case of Manchester that would be Manchester City Council which is clearly only a part of the built-up area. We would then talk about the metropolitan city, which is the built-up boundary, the area covered in the case of Manchester by the Association of Greater Manchester Authorities, and then a third concept, the city region, which is the economic footprint, if you like, of the city which is much larger, and which in the case of Sheffield spreads out into Derbyshire and in the case of Manchester spreads out into Cheshire. So we have a clear conceptual view. How that should be taken forward and how that relates to existing arrangements is something where we are much more in the listening mode at the moment listening both to what comes up from the city sides and also from the body of research evidence, some of which we have commissioned ourselves.

Alison Seabeck: There seems to be an altogether much more fluid dynamic about what a city region is. In a sense you are throwing all the boundaries up in the air and seeing how they come down again because, whilst there is good cross boundary, cross departmental working in a number of areas, city regions in a sense cross all of that in quite a significant way and I would be incredibly interested to see how it all pans out. In this report they are talking about suggesting there should be fewer strategic interventions into city regions from government. I think Parkinson’s proposal is just as a starting point—

Chair: Have you got a question?

Q58 Alison Seabeck: Yes. Would you be nervous with a sweeping statement saying “Let’s have fewer intervention with the nine bigger cities”, given the difference in delivery and efficiency of the nine bigger cities?
Professor Kleinman: When you said earlier on that we are throwing everything up in the air, we need to be clear about this. We are saying city region is an important way of thinking about the city as an economic unit. It is much less relevant for thinking about the city in terms of service delivery and neighbourhoods and what people identify with. So we are talking there about probably a limited
number of strategic type interventions like transport, skills and so on, which have a direct connection with economic performance. But in response to your question, that is a very clear recommendation from Parkinson’s team and it is something we will take seriously and think through but we have not yet formulated a response to it. It is very clear from the recommendation from the report that there should be a smaller number of interventions but those interventions at that level should be more strategic.

Q59 Martin Horwood: One of the problems with city regions, surely, is what happens in the bits that are not cities and, for instance, if you taken the economic drivers around Bristol as justifying city region status there, what happens if Cornwall and Gloucestershire then decide they like the look of that model and decide they have very little in common economically with each other and therefore each wants the equivalent of city region powers over economic planning, for instance, to be taken back down from regional level to county level. Would you support that?

Professor Kleinman: The point you make is very important particularly in the relationship between cities or city regions and regional institutions. Regional institutions, particularly the Regional Development Agency, are the level for taking that broader view of what is the balance between the greater Bristol or the Bristol city region as an economic driver, if that is what it is, and the very different needs of Cornwall or rural parts of the South West. That is a very important point because this agenda is sometimes presented as if it is cities versus regions, whereas it is clear from the analysis that you need interventions at both level. The crucial question is getting the interventions right at each level and the balance between them.

Q60 Mr Betts: So we are going to end up with a local authority, a city region and a Regional Development Agency?

Mr Kinghan: We do not know yet what proposals we are going to pursue. What Mark was describing was one of a number of possibilities. You were pressing us to say whether or not there will be something about the city regions in the Government White Paper and I said it was possible, I think it is likely, that the Government White Paper will talk about city regions but exactly what it will say Ministers will need to decide between now and then. But we come back to the point that we are not necessarily talking about governance changes. There may be governance changes—

Q61 Martin Horwood: I was talking about economic planning actually because you were talking about the economic role.

Mr Kinghan: I understand, and if we take forward economic planning changes then obviously we need to think about what that means for the rest of the region.

Q62 Martin Horwood: You would support in principle the concept of breaking up the South West region on an economic planning basis if it did not prove to be a sensible unit—

Professor Kleinman: No. I thought your question was pointing towards the role of the Regional Economic Strategy, the RES, which is an RDA document, precisely designed to balance the economic needs across the region, and it is noticeable that as the RDAs are going through the process of reviewing their RESs they are taking on board the concept of city regions as important to their overall view on what the economic strategy should be.

Q63 Dr Pugh: I do not think the Chairman’s question has been answered about what actually is a city region? In Lancashire, or the North West rather, you have a Merseyside city region and a Manchester; some people even suggest there is a Central Lancashire city region, which is a line drawn vaguely around a lot of towns which are left out of the other city regions. Do we have a concept here of a city region possibly without a city?

Professor Kleinman: The concept of the city region is primarily an economic one which means it does not have to have one major city. There are examples all around the world of where you have three or four equally sized cities, none of which are dominant, of which the most obvious example is the Randstad in the Netherlands where you have four essentially equally sized cities which have different roles and none of them would claim to be primus inter pares against the other. That is between Amsterdam, Rotterdam, The Hague and Utrecht. But they found it useful for more than thirty years to cooperate together as an economic unit, not as a governance unit or a fiscal unit.

Q64 Chair: Can we try to move on because I am conscious that we have representatives from the Departments for Transport and Trade and Industry. Would you like to introduce yourselves?

Mr Linnard: I am director of regional and local transport policy in DIT.

Mr Speed: I am head of regions at DTI.

Chair: It might be most appropriate, John, if you have a go at the questions you were asking about RDAs very briefly, and we can deal with that and then get on with the other ones.

Q65 Dr Pugh: There are documents which lay down precisely what the Regional Development Agencies will spend money on. They are kept rather covertly and are called Strategic Investment Plans. They are not on the website of the Regional Development Agencies but are the most discussible documents in a sense because they indicate where one sum of money is spent this year and next, and also where it will not be spend because there are always many more projects around than are funded by the RDAs. Do you think it reasonable that such documents of such importance as these should be well distributed
and open to discussion and serious examination and scrutiny from all the stakeholders in whatever region these documents apply to.

Mr Speed: The short answer to the question is yes. There is a sort of hierarchy of documents which exists. There are the regional economic strategies which Mark referred to earlier which are, if you like, overseen by the Regional Development Agencies but they belong to the region as a whole. From those derive each Regional Development Agency’s corporate plans which are signed off by Ministers, and at the end of each year the agencies, like most other publicly accountable organisations, produce annual reports of what they have achieved during the year, and certainly I believe all of those documents should be, as it were, widely available and certainly in the case of the regional economic strategies, many of which are being rewritten at the moment, the degree of public participation and public scrutiny in the development of those documents has been very widespread indeed, in my experience.

Q66 Dr Pugh: But you will acknowledge that hitherto the strategic investment plans that say what projects give what money and when have been not elusive but have not been given the same visibility as the other documents that festoon the postbags of MPs and the like on a regular basis?

Mr Speed: I am not sure whether I am in a position to answer that question except to say that I do not think the Regional Development Agencies have anything to hide, and nor should they.

Q67 Chair: Can I probe further the role of the RDA and the DTI in making sure that each region fulfils its growth potential but also in reducing disparities between regions? What is it that the RDAs do and what is it that the DTI does, and how does each of you help the other to do your job more effectively?

Mr Speed: That is very complex. What we both share, of course, is our regional economic PSA, our public service agreement, and indeed several other PSAs which the Regional Development Agencies contribute to, and what that means is that the Department of Trade & Industry has a key role in looking at the drivers of productivity which we have set out in the memorandum for you, and at employment issues, and determining to the extent we need to how we should improve regional and, indeed, national growth through national frameworks. So we have national frameworks for things like enterprise, innovation, business support, science and so on. I think what we try to do with Regional Development Agencies is develop a complementarity where the agencies who have far greater knowledge than we can ever have in Whitehall of what is happening at regional and local level, are able to produce actions in support of regional economic strategies which, when they work with partners in the region, are able to deliver in a regionally intelligent way, if you like, which we would find very difficult to do from where we sit. So there is an enormous complementarity and very many of my colleagues right across the Department work very closely with RDAs.

Q68 Chair: What does the DTI do to try to reduce regional disparity?

Mr Speed: We have in support of the regional economic PSA devolved quite a lot of the things we used to do ourselves to the Regional Development Agencies in recognition of the fact that the agencies are in a better position to deal with the issues which are unique to them. A particular obvious example would be Business Link where the service delivery was devolved to the agencies last April. The RDAs work with Business Link on a national framework in that they are able to tailor the information, brokerage and delivery within each region and that is very important because one of the things which is very obvious if you look around the country, particularly at the business environment, is that the problems facing businesses in the North East, for example, can be very different from those in the South East, and we have tried to develop systems which allow the regions both to deliver through a well-known national brand which reduces confusion, but also to tailor their delivery to the circumstances which they understand in their region better than we do.

Q69 John Cummings: Current trends tend to suggest that regional economic disparities are set to grow further between London and the rest of the country. Is that your understanding?

Mr Kinghan: I think you are referring to the PSA target which is jointly owned by the ODPM, the Treasury and the Department of Trade & Industry. I think our information is that the trends at the moment are encouraging for the target which relates to economic disparities. There is stronger employment growth in the north midlands and the west and at the moment there are signs that the gap is narrowing, but we do recognise that these developments are cyclical and as the economy in London takes off again we will have to be careful to ensure that the growth in the other parts of the country remains strong.

Q70 John Cummings: You see, your written evidence tends to suggest that the gap in growth rates between London and the South East and the East and the other regions declined in the last two years?

Mr Kinghan: The gap? Yes, which is what we are seeking to achieve.

Q71 John Cummings: But you accept that the definitive judgment should be over a full economic cycle.

Mr Kinghan: Yes.

Q72 John Cummings: Can you tell the Committee what is a full economic cycle? When did it begin? When do you expect it to end? And will you also
Q73 John Cummings: The cycle is a nine-year cycle?  
Mr Kinghan: The target relates to our desire over the long-term to reduce the persistent gap in growth rates between the regions and to demonstrate progress by 2006. The period that we are looking at is the period from 2003 to 2012, so I think for these purposes that is where the economic cycle has been identified.

Q74 John Cummings: It is a simple sort of question.  
Mr Speed: It is a simple question. I agree, but I think as the Treasury has found out there is not always a simple answer. The Treasury, indeed, themselves have had to revise not only the endpoints of economic cycles but the start points—

Q75 John Cummings: I am sure you are a lot more astute than those in the Treasury!  
Mr Speed: I am not suggesting that the cycle will necessarily coincide with those points but the 2012 date emphasises the long-term nature of the problem we face which has built up over many decades in the North West and the Midlands versus the South and the East. We need to allow ourselves quite a significant amount of time in order to address the disparity.

Q76 John Cummings: Would the judgment to which you refer treat all the regions as one unit? Or would you consider them separately?  
Mr Speed: Of course all this is driven by data and data economists for each of the regions.

Q77 John Cummings: So does the data indicate whether they will be judged separately or as one?  
Mr Kinghan: The disparity we are seeking to address is between the Greater South East region which would mean London and the South East on the one hand, and I think probably Eastern region as well, and the North, the Midlands and the West on the other. So in that sense we are taking it as two big blocks.

Mr Speed: I beg your pardon; I misunderstood the question. That is the way the target is technically measured, yes.

Q78 Chair: Can I turn to the funding projections which seem to be based on a standard annual increase of 2% for 2015–16 without taking account of regional variations in prosperity? To what extent do you expect to adhere to those figures, and what is the evidence base on which those annotations are decided?  
Mr Kinghan: I will start if I may. I think what you are referring to is the regional funding allocations exercise that we are involved in at the moment. What we are seeking to do was to get advice from the regions on the priorities in their regions in order to inform government decision-making both in the short term and in the context of the Comprehensive Spending Review, so what we did was to give each of the regions an allocation which was firm for the next two years but indicative for the following seven, which takes you up to 2015, so we are not saying that the allocations will actually increase by 2% of the year over that time: what we are saying is: “This is an indicative allocation. If this is what happens then tell us what you think the priorities are within that spending pattern”, and then that would feed back into the decision-making process which will initially be taken forward in the Comprehensive Spending Review.

Mr Campbell: It was exactly that. It was a figure for planning assumption purposes to give each region an idea, 2% is in line with the Government’s inflation target so that was the basis for it. So it is not saying, “This is a forecast of what you think you will get”; it was a planning assumption figure.

Mr Speed: I wanted to add the detail that when the advice was given to the regions we also asked the regions to say what they would do if those numbers were either 10% greater or 10% lower than the figures published.

Q79 Dr Pugh: But surely in connection with transport allocations the North West knows, or was it told, it had 1.4 billion to spend over 10 years; it was not told everything was going to be revised within two years. Given that it has that figure and that London has a different one which will have to accommodate huge projects like Crossrail and so on, what is the basis for saying to a particular area, “That is your figure; that is for transport; that is what you need for the next 10 years?” How is that figure arrived at? I know there is consultation about how that will then be divided up and what they will wish to do with it, but I suppose one could argue about the fairness and the figure and argue about where the figure comes from in the first place.

Mr Linnard: London is excluded from this exercise; London’s funding for transport is different. There is a five-year settlement that is agreed between the Government and the Mayor. What we are talking about here is the exercise for the English regions outside London. How the figures were arrived at: we took the funding settlement after the 2004 Spending Review that came to the Department for Transport and we identified within that in the usual divvy-up process how much funding was going to be available for local authority and Highway Agency schemes—

Q80 Dr Pugh: I do not understand the expression “the usual divvy-up process”. What do you mean?  
Mr Linnard: We get a funding settlement and we have to divide it up, having received it from the Treasury, and we have to decide what we are going to spend the money on. Some goes to railways, some goes to national roads, some goes to a variety of other things. Within that process there then emerges a figure which is available for major projects which in this case is a project of above 5 million—
Q81 Dr Pugh: I understand that.
Mr Linnard: For local authorities, both roads and public transport, and for Highway Agency schemes which are less than national schemes, so it does not include the M25, for example.

Q82 Dr Pugh: I understand that.
Mr Linnard: That then produces an overall figure for England outside London. Having then looked at various ways of dividing it up we decided on a population basis. That produces firm figures for two years and then, as we have described, for illustrative purposes, increase it at 2% per annum thereafter up to 2015–16.

Q83 Dr Pugh: So it could change?
Mr Linnard: It could change.

Q84 Alison Seabeck: The ODPM Treasury review is expected to agree that Government Offices need “new freedoms and flexibilities” because there is a view that they are not operating particularly effectively across departmental boundaries. Would you agree with that statement?
Mr Campbell: Well, I do not think I do agree. What has happened over the last two years is the Government Offices have been given responsibility for negotiating local area agreements, for example, on behalf of the whole or central government, and they would not be able to do that as well as they have been doing were they not able to work across departmental boundaries.

Q85 Alison Seabeck: It is an interesting statement but what freedoms and flexibilities would you want to see in addition to those which have already been granted which would enable improved relationships, not only with local authorities but with other bodies in the regions?
Mr Kinghan: I do not think we are talking about freedoms and flexibilities in relation to Government Offices. I do not know what you are looking at but that language tends to be used in relation to local authorities. Government Offices are part of government so anything that they are given to do is still accountable back to Ministers and, through Ministers, to Parliament.

Q86 Alison Seabeck: But the additional staffing that is going in, for example, should enable—
Mr Kinghan: I referred to the appointment of directors of children and learning on behalf of the DfES. We are confident and hope that those people will strengthen the relationship between the DfES and the regions, and it will make the Government Offices more effective in dealing with local authorities and other local partners, but it is not a matter of giving Government Offices freedom or flexibility in a way you would do to a local authority.

Q87 Chair: The phrase comes from the Chancellor’s Budget 2005 Statement.

Mr Kinghan: In relation to Government Offices?

Q88 Chair: Indeed: “new freedoms and flexibilities . . . , to enable them to join up their activities more effectively across departmental boundaries”.
Mr Kinghan: In that case I should retract my statement that it was not the right language, of course, if I may be permitted to do so!

Q89 Alison Seabeck: This may be a question better directed at your political masters, if you like, but to make RDAs more accountable what measures do you think could be introduced to do that, to achieve that? For example, would you consider offering a specific Select Committee to each of the regions to which the RDAs could be accountable? It is not necessarily a model I would want to follow but are you looking at means and methods to make them more accountable?
Mr Kinghan: I do not think we have any specific propositions, certainly not of that kind which would be specifically for Parliament.

Mr Speed: I think it is a question for politicians but it is open to Select Committees to talk to RDAs just as anybody else, and certainly I am sure over time that happens. I think one thing I would say is that if you talk to the RDAs themselves I think you will find they are very conscious of, and indeed keen, if you like, to be scrutinised. They are very conscious of the fact that they have been fairly generously dealt with both financially and in terms of the freedoms they have, and I think they welcome the scrutiny that comes both from the Regional Assemblies, which you talked about earlier, and also from their relationship with Ministers. Tomorrow, for example, all nine of the chairs of the Regional Development Agencies will be meeting with my Minister and several others for a six weekly session, and those are really quite helpful and constructive discussions where I think there is a fair degree of genuine accountability going on.

Q90 Alison Seabeck: You say that but business members of Regional Assemblies have expressed concerns that Regional Development Agencies are in some areas undertaking work because it is an easy option on sites, for example, that are easy to develop rather than allowing the private sector to do it in a way that the private sector could do quite easily. How are you assessing what Regional Development Agencies are doing in terms of whether or not it could have been achieved by another body as easily or more easily? Does that make sense?

Mr Speed: Yes, it does. Can I say first that we are on a journey I think with Regional Development Agencies. They have not really been around that long and we are still trying to get better at measuring what they do so our approach, which is not surprising in the least, has been very much around inputs and outputs and certainly the tasking framework as it has evolved since 1999 has been very much about inputs and outputs. And we are trying,
I think, to move along a journey which would make us better placed to look at the outcomes that the RDAs are seeking and link them into the economic performance work we want to do.

Q91 Alison Seabeck: But thinking about the sense, in terms of outcomes some of the easiest outcomes for them to achieve perhaps in terms of hitting government targets at whatever level are to do things that are the easiest things to do that could be quite easily be done by somebody else, and if you are just looking at the outcomes you will say, “They have achieved X, Y and Z”, but you will not necessarily look at whether there was value-added, really?

Mr Speed: I think that is fair and what I was going on to say is that in terms of trying to make this a more sophisticated approach and to some extent partly in readiness for the Comprehensive Spending Review which is just getting under way now we have put in place with the Regional Development Agencies both an independent performance assessment framework which is developed from the experience of the London Development Agency, which is a rather strange beast in that it is, in fact, a local authority and therefore it is subject to the comprehensive performance assessment process, so we are learning from that and, as one of my colleagues mentioned earlier, there are two agencies going through that process already and the rest will be complete by about this time next year, and in parallel with that we have also given the Regional Development Agencies a thing called the impact evaluation framework which is a project appraisal framework based on the Treasury’s Green Book which they are now implementing, because what we want to know is not so much what are the individual numbers you are producing but what is the economic impact of what are you trying to do.

Mr Kinghan: Coming back on the parliamentary accountability point, I have been reminded that there is a Regional Affairs Standing Committee of the House, which I do not think has met for some time -but it could meet again, if Parliament so wished, I think!

Q92 Martin Horwood: On the suggestion that the Regional Development Agencies welcome the scrutiny of Regional Assemblies, I have already expressed some scepticism about the democratic nature of Regional Assemblies but is it not true that only a small minority of RDA spending is actually subject to the scrutiny of Regional Assemblies in any case? Or you might have thought that percentage is nationwide?

Mr Speed: I am not sure there is a percentage—

Q93 Martin Horwood: Certainly it is quite small in the South West.

Mr Speed: As far as I know from my reading of the RDA Act, somewhere in Section 18 or something, the entirety of what the Regional Development Agencies do is subject to the scrutiny of the Regional Assemblies.

Q94 Chair: Can we ask you to check up on that afterwards and either confirm or not?

Mr Speed: Certainly.

Q95 Martin Horwood: Can you confirm or deny that?

Mr Kinghan: I was going to say that we should check that and let you have a note about it.

Q96 Mr Olner: In 2003 this Committee did a report on “Reducing regional disparities in prosperity” and it found that different departments treated regional dimension to policy with different levels of seriousness. You mentioned, Mr Kinghan, that the office of the regions now has been increased by averaging more that it can do and overseeing and what-have-you. Can I ask what mechanism there is in place and are you satisfied that the top priority for a region manages to come up through all of those areas in the region? Do they all treat the regional aspect with the same amount of seriousness?

Mr Kinghan: I think we now have 10 government departments who are involved with the Government Offices for the regions, and I think we would take the view that the Government Offices are in a position to pull together the interests of those departments in a way that works both for the regions and is a source of advice back to Government. If you are asking me to say: Do all government departments treat the regions with equal seriousness then obviously there are going to be judgments about that, but I do think we feel that the development of the Government Offices, since they were first established in 1994, has meant that the interaction between officials in the regions and Whitehall has improved as we have gone along.

Q97 Mr Olner: So they are now working?

Mr Kinghan: They are effective. I would always say there was always room for improvement and we welcome suggestions for improvement, but I do think the Government Offices are doing a good job in many areas. Andrew referred to the local area agreements which is a process which has been a big challenge for the Government Offices where we have asked them to take the lead in negotiating on behalf of Whitehall with individual local authorities. It has been very demanding for Government Offices. There are 66 agreements in negotiation in the present financial year and on the whole they have done a good job in that negotiation, so we do think Government Offices are improving as they go along but as I said there is always room for improvement.

Q98 Mr Olner: Which of the government departments is the worst and which is best?

Mr Kinghan: I am sure you do not expect me to answer that question! I do not feel able to do so!

Q99 Chair: Are any of the other gentlemen going to put their head on the block?

Mr Speed: I could say, as somebody coming into regional work last July, that the one thing that struck me very forcefully about Government Offices, and
this is true I think of all nine of them I have worked with, is they present Whitehall in an extremely joined-up way. So if you talk to people who work in Government Offices they do not feel they belong to a particular silo in perhaps the same way as people in Whitehall almost inevitably have to because of the organisations they work in. They really zip it up and present government as a united front in the regions to an extent that quite surprised me when I first started working with them.

Q100 Sir Paul Beresford: A derogatory comment back to central Government?

Mr Speed: No, I do not think it is. It is very difficult. Any large organisation has these problems but the real value-added that the Government Offices bring is being able to present to the region something which is very joined-up indeed.

Q101 Dr Pugh: There is a temptation, to which I must admit I succumb at times, to regard the Government Office North West and the Regional Development Agencies and so on as a form of latterday colonial government administering the provinces on behalf of Westminster. One thing that could give a lie to that would be a practical example of how the regions themselves have influenced national policy so it has not all been one way. Can you think of a good example?

Mr Kinghan: I think the regional funding allocation process that I was describing a few minutes ago is a good example of us providing a system which enables us to get advice from the regions which is co-ordinated by the Government Offices, comes back to Whitehall and will influence the way in which spending decisions are made not only over the next two years but in the course of the Comprehensive Spending Review.

Q102 Dr Pugh: And did any of the regions ask for it to be done like that?

Mr Campbell: The regions have come up with the advice as to what—

Q103 Dr Pugh: I do not think you are contradicting me but the region did not ask for it to be done like that so the one proposal that has come from the regions turns out to be a government initiative imposed on the regions because they would have the other option open to them which they had previously which was agreeing all their transport priorities through the Passenger Transport Authorities and the counties and so on. You have imposed a new model on them which they have not sought and expressed this as an innovation which they brought to you. It is bizarre.

Mr Linnard: We have not imposed it on them. We have given them an opportunity to provide advice on these things and it was quite open to them to say “No, we do not want to play”.

Q104 Dr Pugh: Was it? Was it seriously possible for, for example, Merseyside PTA and Manchester PTA to say: “We would sooner do it the old way, if you do not mind, and agree our transport priorities in our own region, in our own way”? It was not, was it?

Mr Linnard: What they could have done was come back to Government and say: “This exercise will not work because the funding is inadequate”. They have not done that.

Q105 Dr Pugh: They certainly said the funding was inadequate but they knew it was the only game in town.

Mr Linnard: But all of them have made a very serious job—

Q106 Dr Pugh: Well, they would, would they not?

Mr Linnard:—of analysing the transport priorities, looking at the value for money of different schemes—

Q107 Dr Pugh: What you are saying is they are playing according to the rules you set them. Of course they will, otherwise they will not get any money. If they do not make up their minds how to spend the money you will not give them the money. But if they said to themselves: “We as a region wish to do our transport priorities in a different way, not on a regional basis but on a sub regional basis or through the PTEs”, or counties as we used to do, you would have said “No”. I go back to the point I made: I asked for an example where a region had influenced government policy and the one prime example that came up was an example of where the Government said to the region: “This is how you are meant to do it”, and all right, they set to and they played along with abidity -as you do to the colonial government because you have not got an option -but nonetheless that is what happened.

Mr Kinghan: What we asked them to do was give views on the priorities for spending over the next nine years, but that is a very important invitation. It is asking the regions to say to Whitehall: “Do not wait for Whitehall to tell you what its priorities are going to be; you tell us what you think the priorities for your region should be over the next nine years”. I think that is an important step forward.

Q108 Dr Pugh: That would be fine but it does not quite answer the point which is did the regions suggest that this new way of doing things, which may be a boon bestowed by the colonial government, if I can put it like that, and it may be better for them in the long run, is an example of where the regions have given something to central Government and central Government have said: “That is a good idea. We can learn from that”? No, it is not.

Mr Campbell: The other example which occurs to me is regional housing strategies. Again, you mentioned the regional and sub regional dimension. What tends to have happened in a lot of those is the regions looking at housing markets and thinking about how money should be allocated on a sub regional basis either to reflect importance of new
affordable housing or whether the money should be spent primarily on improving the existing stock. So that does take you to different solutions being found for different regions depending on—

Dr Pugh: I am not trying to defeat the suggestion that you are in many ways empowering regions in a way that possibly they have not been at all, but the specific question I asked is basically what have the regions brought to central Government policy that has influenced and changed central policy? I was looking for aspirations expressed by them or practices embodied by them which Government responded to.

Q109 Chair: On this transport issue, just as an example, the discussions that go on in central Government about how much money is going to be spent on transport are obviously dependent on the arguments made by the Department for Transport in favour of certain schemes and how important they are to the Government’s overall priorities. Do regions have an input to that extent in the sense could a region, by saying that such-and-such a transport scheme was absolutely essential to economic development in that region, get through directly to Treasury and persuade Treasury to give more money to transport than it otherwise would?

Mr Linnard: We are really talking about how spending reviews are conducted. Departments make a case to Treasury for how much money they think is justified and they take into account a whole range of schemes that they have in mind and representations that they have had from individual regions and organisations like the CBI, so you have a whole range of factors that shapes a discussion between a spending department and the Treasury. It is never very clear when you are looking at the settlement that emerges at the end of it, you can never really track the settlement back to individual items, but certainly it is open to regional government to help to shape the debate that happens within Whitehall in the course of a spending review.

Q110 Martin Horwood: Coming back to the example of housing strategies as an example of regional governments influencing national, this is breathtaking to me. Mr Kinghan has already explained that actually the sole responsibility really in the end for determining the numbers and the allocation of the housing that is going on is one that rests with the Deputy Prime Minister, so I cannot see how that is an example of regional government influencing national.

Mr Kinghan: It is an example in which regional bodies made their views very firmly known to central Government and central Government takes account of their views and, indeed, in the planning system, as we talked about earlier, the regional spatial strategies are subject to decision by the Deputy Prime Minister but that decision takes account of the advice of the regional assemblies.

Q111 Martin Horwood: I beg to differ a little actually but our experience is of countless consultations certainly at local level trying to feed up to regional level constantly being blocked by the technical models and directives coming down from the Deputy Prime Minister. If you can give me counter examples of anything that has changed national government policy as a result of regional input on housing I would be interested to hear it.

Mr Kinghan: We will go away and reflect on that.

Mr Campbell: My understanding is that the vast majority of regional housing strategies, and recommendations as to how many might be adopted, are accepted by the Deputy Prime Minister, but we are very happy to research the issue further around policy changes that might have resulted.

Q112 Martin Horwood: As in the transport examples that Dr Pugh gave, in effect they are boxed in by national policies and models, are they not?

Mr Kinghan: We would want to say there was a framework within which the regions operated but, in the end, it is the Deputy Prime Minister who is accountable to Parliament for these decisions so he must set the overall framework, but he is influenced by the views of regional bodies. Some may prefer he takes a different view of their arguments but he will take into account their views.

Q113 Martin Horwood: It is one thing to say that there is a framework within which some latitude is left to regional bodies, but it is quite a different one to answer Dr Pugh’s question which was can you come up with a single example of government policy ever having changed as a result of regional input?

Mr Kinghan: I think it depends on what you mean by “government policy”. I am sorry that this is a very civil servantish answer!

Q114 Martin Horwood: Anything on which the Deputy Prime Minister has changed his mind.

Mr Kinghan: Policy is influenced by debate between government departments and regional bodies and other bodies, and certainly government departments do take account of the views that regional bodies and others put forward. I am sure we can come back with examples of where the government has consulted and has adjusted its decisions in the light of views—

Q115 Chair: Can I take you up on that one then, rather than you try and make one up here? If I can send you off with some homework, can you give us a practical example of how the regions have influenced national policy?

Mr Kinghan: Yes.

Q116 Mr Betts: Can I ask the Transport and Trade and Industry spokesmen whether you believe, as ODPM do, that the concept of city regions is primarily about improving and driving forward economic performance and, if so, how do you think establishment of city regions in some form could
help with the implementation of policy in your departments and meeting national and regional targets?

Mr Linnard: If city regions came about, if there were any governance changes, which is quite a big “if” as we have described, one of the things we have been looking for from transport is to try to make sure that, as with the regional funding allocations exercise, transport, housing and economic development are properly joined-up together. At the moment arguably that is one of the weaknesses of the present structure in the PTE areas - that you have Passenger Transport Authorities/Executives that are responsible for passenger transport. So ways not necessarily involving changes in the machinery of local government but ways that transport, housing and economic regeneration can be joined-up better is certainly one of the things we would be interested in.

Mr Speed: My Department certainly thinks that this whole agenda has a great deal to offer. Obviously given our sponsorship role with the RDAs we are very keen to get the interplay right between what is going on in the cities and what needs to happen in the regions. Our view, and the RDA said this themselves at the launch of the State of the Cities report last week, that they have a considerable amount to bring to the city regions’ table and they have been working quite hard with the cities to develop that. In terms of the Department’s own agendas, you could imagine if there were more coherence around city regions then there might be frameworks in which things like small business and enterprise and all those sorts of mechanisms could be brought to bear in a more focused way but, in a sense, until we see what shape it takes, that, as with the regional funding allocations, it is rather hard to say.

Q117 Mr Betts: Would each Department like to give one specific example of powers that currently exist higher up the ladder somewhere which would be devolved to the city region?

Mr Kinghan: I think that is inviting us to speculate first on the possibility that there will be governance changes in the city regions, and we are not in that position yet. I am more than happy to give you examples where there is something real to give an example about, but we do not know what is going to happen as far as the governance of the city regions is concerned.

Q118 Mr Betts: Irrespective of the governance would not the intention still be to pass some powers down, even if it were a collective of local authorities coming together in some form, a bit like the Manchester example where they are looking at some sort of executive board drawn from local authorities?

Mr Kinghan: There is certainly a possibility that we could be looking at different arrangements for the future but we cannot at the moment give examples of that kind—

Q119 Mr Betts: But you could give examples of powers that might better operate at city regional level than currently at regional or national level?

Mr Kinghan: That is predicated on governance changes and on other system changes in city regions which we are not in a position to speculate on at this moment. If we go down a route of looking to offer the possibility of governance changes in the city regions then the question becomes more meaningful.

Professor Kleinman: We cannot speculate on what Ministers might or might not decide but if you look at city region or metropolitan governance around the world, particularly ones that have been more successful, as mentioned earlier, they focus on strategic powers. They are not primarily about service delivery. They tend to be about transport, about economic development, about skills, about issues which work across labour market or travel-to-work areas, so without speculating one could say generally it is likely to be in that kind of area, and you have the example of the GLA in London where you have a strategic authority and it has a particular set of functions.

Q120 Mr Betts: It has but it also happens to be effectively in some areas the RDA which is precisely one of the problems, surely. If we get to the creation of a city region based on economic reasons we are presumably going to have some form of arrangement, either a collaboration with local authorities or an executive board but some form of arrangement, which enables people in the city regions to take decisions, presumably about economic activity, because that is one of the issues. They sit down, make their decisions, and let us take the Sheffield example based on the meeting—

Mr Kinghan: Which we were both at!

Q121 Mr Betts: —and then they have to put those decisions for second-guessing, for approval, to a non-elected Regional Development Agency—in fact two in the case of the Sheffield City region. It hardly gives the impression of a streamlined way forward to make more effective decision-making, does it?

Mr Kinghan: I do think you are asking us to speculate about what might happen if various things were to happen. If the cities come forward with proposals that Ministers want to act on, if they then want to give more force to the concept of a city region possibly through governance changes, then the relationship between those bodies, if they existed, and the Regional Development Agencies are one of the things that we would need to think through.

Q122 Mr Betts: But it is an issue that has to be addressed?

Mr Kinghan: We would have to look at the relationship but there would still be a role for the Regional Development Agencies carrying out their current functions, but we would need to think about those relationships in the future. But this is all very hypothetical.
Mr Betts: Picking up a point with the Department for Transport, the Department for Transport has not got a wonderful track record for devolving, has it? We have had the draft Regional Assemblies Bill in front of this Committee a couple of years ago and when you looked at it there was not a single power being devolved to the Regional Assemblies from the Department for Transport. The Regional Assemblies could basically talk about what the Department for Transport was going to do and that was it.

Mr Linnard: Against that background it is quite a big step to be going through the regional funding allocations exercise, and to go back to your question that was asked earlier about what policies the regions would have influenced it is inconceivable that at the other end of the regional funding allocations exercise the schemes that are taken forward in the regions will be the same as the schemes that would have been drawn up had it been done in the old way, which is basically in Whitehall. So that will be proved to be something which has given real influence to the regions.

Mr Betts: So coming on to the concept of the city regions then, you might be quite relaxed as well as giving the powers of the PTE over to the city region, which seems to be not a terribly devolving sort of mechanism, to look at something in terms of devolving powers down from the Department nationally or even regionally to a city regional level?

Mr Linnard: Well, all these things are—

Mr Kinghan: You are trying to get us to speculate again!

Chair: Can I thank you all very much and we will look forward to your homework in due course.
Monday 20 March 2006

Members present
Dr Phyllis Starkey, in the Chair
Mr Clive Betts  Mr Bill Olner
John Cummings  Dr John Pugh
Mr Greg Hands  Alison Seabeck
Anne Main

Memoranda submitted by Durham County Council, Nottinghamshire County Council, Dorset County Council, County Councils Network

Witnesses: Mr Mark Lloyd, Chief Executive, Durham County Council, Mr Roger Howes, Regional and International Manager, Nottinghamshire County Council, Councillor Angus Campbell, Deputy Leader, Dorset County Council, and Councillor Ken Thornber, County Councils Network, gave evidence.

Q125 Chair: Welcome to our first set of witnesses this afternoon. We draw to the attention of the Committee that Mr Byles from the Association of County Council Executives has not been able to come. Would you like to introduce yourselves?

Mr Howes: I am Roger Howes from Nottinghamshire County Council, Regional and International Manager.
Councillor Campbell: Angus Campbell, Deputy Leader, Dorset County Council.
Councillor Thornber: Ken Thornber, Chairman of the CCN and Leader of Hampshire County Council.
Mr Lloyd: I am Mark Lloyd, Chief Executive, Durham County Council.

Q126 Chair: Can we start with you, Councillor Campbell, because in the submissions of Dorset County Council you 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.” What evidence has your Council to put forward that view, and in what way do you think that the regional level of governance has been ineffective in those topics?

Councillor Campbell: We did a bit of clear blue-sky thinking on this one when asked if there was a future for regional government, which is why we looked at it right from the beginning. There were various elements to your question, which I think will probably come up later on. We did talk for a long time on it in the last part, which says, “Where do you think regional government is failing the system?”—so I do not know how long you want me to speak about that.

Q127 Chair: Not too long!
Councillor Campbell: Quite! We feel that however you work regional government, if there is going to be regional government, then it should work on geographical boundaries, which are geographically based socially, economically, and historically if they can be; so that they are recognised by the people. We also recognise that the move—and quite rightly—is bottom-up as far as connecting with communities and the whole community planning drive is concerned, so that it has some connection with the people at the grass roots, as well as having a strategic focus, being big enough to have a strategic focus and being able to deliver. We think they all meet at the county council level.

Q128 Chair: Can I ask the other witnesses whether they agree or disagree with that view, and whether they perceive there to be any role for regional government either in service delivery or strategic planning.

Mr Lloyd: I sit here representing County Durham in the north-east of England and of course we have the experience of having been through a referendum on 4 November 2004 to judge whether the people of the North East wished to see an elected regional assembly put into place. My council supported that policy, but the people of the North East rejected an elected assembly on the basis of four to one, as John Cummings, Member for Easington, will know well. In that light, we do have a legitimacy problem with regional governments, but I have to say in a small region like the north-east of England there are a number of policy areas where it does make sense for us to come together with a view to having a coherent approach to governance perhaps or administration but not government; and we are working at the moment, as you will appreciate, on issues like spatial planning, transport and housing, and making some progress through the collaboration across different councils representing the constituents in the North East. I think, Chair, that we are different because of scale.

Councillor Thornber: One of the problems for assemblies is that they lack capacity at the moment. The capacity in the South East, where I come from, has been provided by the county councils. As my colleague said, we are large strategic authorities and we are delivering locally. There is a problem of accountability too. Madam Chairman: 30% of the members of our assembly are non-elected, and the others are not elected, they are nominated—so there is that problem. There is also a problem of identification with a region on the part of people
locally, and in the south east 8 million people are encompassed from Banbury down to Dover, almost to Bournemouth and so on; so there are those difficulties. There is tension between government officers and regional assemblies, and I am aware of those. All told, therefore, regional assemblies have not, in my view, added value to the process; they have added a bureaucratic level.

Q129 Chair: Before bringing in Dr Pugh, are you speaking against regional assemblies or regional governance, and are you speaking in your role as Chairman of the County Councils Network or as the Leader of Hampshire County Council?

Councillor Thornber: I am afraid the two have overlapped in my reply, Madam Chairman, but I am speaking on behalf of the CCN. The CCN speaks for our delegation collectively. I was inevitably focusing on the present, and that is regional assemblies, but with great respect I would advance similar arguments in terms of not being in favour of regional government. It is hardly the topic in our pubs and clubs, Madam Chairman, is it? The people intuitively in the North East set their minds against it.

Q130 Dr Pugh: Would you not acknowledge that there is scope for regional decision-making? In fact, would you not actually welcome a degree of regional decision-making? Take for example a transport scheme that is wholly beneficial to a particular area that uses an enormous amount of available resources for that region, that will be validated and put forward or not; would you not sooner that was done by the region agreeing that that should happen, and that that project should be prioritised over others; or would you prefer the traditional method, when you get a big project emerging that spans many county councils, like a large road improvement? It used to be done by the Department for Transport looking at everybody’s individual transport plans and saying, “this year we will do this rather than that”. Would you not, as a group of county councils, or representatives of people in those areas, want to decide some things as a region for yourselves, with some resources, which you could not decide and do not normally decide in unitaries as things currently stand?

Councillor Thornber: Madam Chairman, I think there is a difference between regional government and regional governance and partnerships. For example, forgive me drawing from the south-east, but all of the county leaders meet with their chief executives, and we operate almost as a virtual regional assembly, and it is that sort of co-operation which will involve unitaries too, which I think is the way ahead.

Mr Lloyd: Post the North East referendum, 25 councils in the North East realised that we needed to bring in a different form of partnership to the way we worked together, and we have revitalised our Association of North East Councils. That is not just about county councils but also about the unitary and district councils in the North East. We are well able, as a collective, to make decisions on behalf of the North East, involving other partners. The advantage that that body has is its legitimacy. The council leaders sitting there are all elected, representing the people of the North East.

Mr Howes: Certainly very much the view in Nottinghamshire is that regional organisations of any sort have to add value, and perhaps at times decision-making has been passed to the regional level more as a matter of, “it is time something else moved to the regional level”. I am conscious that at the moment our police authority is meeting with Charles Clarke today, and they are expecting to be told that things will go regional as far as the police are concerned, when I think probably they would say—whether it needs to be said—it should be left at county level. Why should it go regional? What is the added value for that particular level? A point was made earlier about regional funding, and the question was asked whether it would be a better idea that things passed down to the regional level to assess priorities. We have got an example in the East Midlands whereby through the process that has been established, it has worked against us because we have the A46 between Newark and Widmerpool, which is Nottinghamshire; it has a dual carriageway in Lincolnshire on the A46, and then in Leicestershire we have this awful part in between of single carriageway, with a horrific road accident toll. It was at the stage of being ready to go forward under the old system, and designs were sorted; now it is going under regional funding procedures and because of its cost it would take up three years’ funding of this regional funding.

Q131 Dr Pugh: Is there a distinction between a regional partnership and a regional decision-making body? Could you not say a regional decision-making body is intrinsically more dynamic because if all the partners do not agree to something in a partnership it does not happen; on the other hand, if you have a body of some kind that has to make decisions it has to make decisions at the end of the day and things do happen? A partnership moves as slow as the slowest member of it, does it not?

Mr Howes: I can see where you are coming from, but with the regional assemblies at the moment you have two-thirds local government and one-third of other members of different stakeholders. Then you can have issues where in fact if, for instance, the local government side may be split for one reason or another—you could be talking about key strategic planning decisions even coming down to levels of housing and so on—the stakeholders who have not got any form of political accountability will be effectively making the decision.

Q132 Mr Olner: The title of our inquiry is: Is there a future for Regional Government? Mr Lloyd has very aptly said that in the North East a huge question mark has been answered, and since then it has not gone forward. What would you then do out of you is this? In that regional network is there now a formal role for sub-regional government? I understand what Dr Pugh said about the partnership issue, but should we not be putting on the table something for strategic
sub-regions within regions? If that strategic sub-region is based on the city region, how wide should they be, and how all-embracing should they be in relation to peripheral towns to the city?

Councillor Thornber: The sub-regional authority certainly within shire counties is legitimately and democratically the county council. So far as city regions are concerned, I do not have a great deal of experience apart from certain suggestions in Hampshire; but I know intuitively that people living in what we might call the hinterland around a city would not want to be absorbed within the city region. I do think there are ways of increasing productivity without going to the level of city regions. I do not think productivity is addressed by taking in the hinterland. There are, after all, social responsibilities which districts and indeed counties have—not just economic ones. I really ought to invite Durham to comment on this through you, Madam Chairman.

Mr Lloyd: The Office of the Deputy Prime Minister believes that in the North East there are two city regions—Tyne & Wear and Tees Valley—so following the logic through that has been promoted you would suggest therefore two forms of local government in the north-east of England. I would contend that the city regions of the North East overlap, and it is not as simple as to draw an administrative line on a map. If we take, for instance, Durham City in County Durham, it is a key component of both the Tees Valley and the Tyne & Wear Economic Development Plans, because it contributes to both, in the light of the fact that it has a world-class university. City regions are not new initiative constructs, and I would argue, and I think many of the academics that have looked at the issue would argue, that city regions have fuzzy boundaries, dynamic boundaries that change depending on the issue you are looking at. If we are concerned with job growth in a particular urban area, then the travel-to-work pattern would determine the geography. If we are looking at shopping, it would be a different geography, and recreation would be another again. I do not think city regions provide a new form of government, but they do provide helpful development tools for us.

Q133 John Cummings: Do you see cities like Durham being disadvantaged if city regions are implemented widely because of the geographic location and the dynamics of the county?

Mr Lloyd: Indeed. The short answer is that I do see towns that are not at the core of this urban policy being disadvantaged. Indeed, the original question talked about peripheral towns, and that is just what they would be, which is why I have some reservations about the notion of building government on city regions.

Q134 John Cummings: Do you believe in general that the needs of small towns on the periphery of cities get enough attention under the present system?

Mr Lloyd: Chairman, if we pursue the notion of urban-focused policy, the answer to Mr Cummings' question is “no”; the peripheral towns will not get the attention that they need. What we need is to make sure that we have got a combination of urban and rural policy that ensures the success of our cities—which we all welcome—and which is not at the expense of other places. We need a balanced portfolio of development.

Q135 John Cummings: Are you saying that the present conception of the city region is basically flawed in relation to the attention it gives to more rural communities?

Mr Lloyd: I share a concern about the policy development, yes.

Q136 John Cummings: Is that view shared by the County Councils Network and other members?

Mr Howes: I have just had an example, which we gave in our submission. For instance, our area of central and north Nottinghamshire, a former mining and textile area that is going through a lot of regeneration, is between the Nottingham city area and the Sheffield city area. If you were to have city regions, the danger is that there would be a policy vacuum between the two. In other words, they would not be fully part of one, not fully part of another; and needing their own particular policies to regenerate it. At the moment this is happening through sub-regional partnerships, but a sub-regional partnership specifically for that area trying to drive forward regeneration. I would also add, as a separate but linked point, that when you go further south in Nottinghamshire around the Nottingham area itself, you then come up against overlapping hinterlands of Nottingham, Derby and Leicester—as mentioned by Durham. We recognise that and we are taking a positive approach to that, the strategic authorities of the three cities of Leicester, Derby and Nottingham; and the three counties of Nottinghamshire, Derbyshire and Leicestershire are driving forward initiatives where there is added value for looking at the three cities as a whole.

Q137 John Cummings: Have you conveyed these concerns to the ODPM; and, if you have, what sort of response have you received?

Mr Hands: We certainly conveyed the fears. I think they are at the stage where they are taking in a lot of information. We had the Minister around, and we made points to him about the advantages and the difficulties that would need to be overcome. They are at the stage of listening.

Councillor Thornber: I understand, Madam Chairman, that we have not had a response.

Q138 Mr Hands: It sounds that the four of you are all opposed to city regions, or the concept of them, but possibly for slightly different reasons: Durham because they would prefer to have the north-east region; and the other three of you because you prefer the current status quo, county councils and so on. Most of the arguments that you have come up with against city regions sounded like, so far, ones of definition and practicality—how you define a city region, and whether you could define it in different ways for different issues, whether you are talking...
about housing transport or whatever else in terms of infrastructure. Do you see any major constitutional or other issues that in your view militate against the concept of city regions? What are the other arguments against them?

Councillor Thornber: I would say that perceptions are very important in the acceptance of new structures, and those people living in what we have termed the hinterland would regard their legitimate democratic accountabilities as being diluted, and their interests almost therefore not sufficiently taken into account. There is the dilution argument for the present structure, which would inevitably be impacted upon, whether it is county or whether it is boroughs or district.

Councillor Campbell: Can I go back to an earlier question?

Q139 Chair: If you are brief.

Councillor Campbell: It is connected. Most of these things are connected. The point about how authorities would need to get together anyway to make decisions—I can see where it is coming from, but the problem we have particularly in the South West, which is the biggest region, is that every region like that has edges to it, however arbitrary it is. The people we would need to communicate with are not necessarily the ones that are in our region. That is one reason that led Dorset to its conclusion that it did; that Regional Government should be set at county, unitary level, and then move outwards, working with its neighbours, because that makes more sense, both historically and socially as far as the geography is concerned, to getting things done.

Q140 Mr Betts: There is a contradiction here. We have Mr Howes from Nottingham talking about this problem of areas that fall between two regions in north Nottinghamshire, between Nottingham and Sheffield, and he puts that as a reason why perhaps they are not a good idea. Then we had the issue from Councillor Thornber about diminution of links and the problems at the periphery. Councillor Campbell has drawn attention to the fact that there is this problem sometimes of areas that do not have an affinity in some way being in different regions. That surely leads back to the point that Mr Howes made; for example, taking a place like Worksop, which is in Nottinghamshire. All its links are with Nottingham County Council, but in terms of its economic links it will probably have far more in common with Sheffield but never has a say in what happens in Sheffield or any decisions there. It is a completely different region, let alone a different county. Have we not got to find some way of addressing those sorts of issues?

Mr Lloyd: I cannot comment on Worksop specifically but we have a similar example with North Yorkshire and its affiliations with Tees Valley in the south of the North East, and yet it is in a different region. We are trying to construct a partnership that allows areas outside of current governance structures to play a full part; so North Yorkshire County Council are joining Durham County Council in discussions with all of the unitary authorities that make up Tees Valley. That approach is working well. We have moved away from a fixation with the government structures and asked what we are trying to achieve and the issues we are trying to address. What is the commonality of purpose; what is the shared ambition; and how can we collaborate around that? Rather than worry about how many seats we have around a table, we are saying, “we want to create more jobs, do we not; we want to improve transport, do we not?” We are focusing on the specifics.

Q141 Mr Betts: It seems there that while you would not call that a city region because Tees Valley might not be a city, the concept you are trying to address is very similar to the work say that Manchester is doing in terms of collaboration on a city region there. It may be a different brand name, but the process does not seem that different to me.

Councillor Thornber: The construct has to be almost amoeba-like. I know Worksop—I come from Nottinghamshire originally—and they will look to Nottinghamshire on certain issues, and they will be drawn to certain issues in south Yorkshire. Ideally, through regional governance and partnership you can embrace the different issues as they arise through a flexible structure, an amoeba-like shape, in order to be able to take in the particular issue. Regional boundaries are pretty hard and fast, are they not, sir? They are laid down by government. There will be problems across regional boundary co-operation, which can best be addressed voluntarily rather than—forgive me using the term—by diktat.

Q142 Anne Main: You talked quite a lot about influence. In the Dorset County Council’s submission there were claims that the government offices and regional development associations had undue influence over regional assembly officers, and yet at the same time local authorities and the public at large had little or no influence. Can you expand on that somewhat? In what ways do you believe that is the case?

Councillor Campbell: The whole set-up, particularly in a big region like ours, is that you are relying on 60 per cent of the people who are elected members to various authorities having to get to Exeter—some come from Gloucester, some come from Christchurch and some come from the end of Cornwall—to a lot of meetings. There are a whole plethora of meetings, particularly when we have the Regional Spatial Strategy going through—about two years’ worth. Our impression is that the South West Regional Assembly officers are under constant pressure, certainly from government office of South West and the RDA, but particularly government office. So a small number of officers, which run the regional assembly have to produce an awful lot of paperwork and administer a lot of meetings, yet a lot of the continuity that you would get in an ordinary authority region, be there as far as the elected element is concerned, because they are not there with the officers as they would be at the district or at the county level—also it is quite difficult to get people to attend all the time because they have other duties.
You therefore get perhaps a third of people who do not get to some of these meetings because of their other duties; whereas the constant pressure on the officers of the regional assembly from other quarters is constant. One tends to worry sometimes about how things are moved on. For instance, it took us two years working on the regional spatial strategy; there were arguments over big issues like housing numbers and infrastructure particularly with the housing numbers because you would naturally pick that out—trying to get answers to that which the local authorities could understand was in line with the evidence that they had supplied against the top-down stance that was taken from the regional assembly. It took an awful long time and we probably did not get there in the end. I feel that if it, Regional Government, was closer to the people who are democratically elected to it, you would get a quicker answer. It also takes us back to the 30 per cent who are unelected; and, clearly, having SEEPs—social, economic and environmental partners involved is useful as far as the advice you get from them is concerned, but they can vote as a bloc, which seems undemocratic.

Q143 Anne Main: You have not really touched on the public apart from, obviously, through their democratically elected representatives. What steps do you think would need to be taken so that the public has greater influence over any regional decision-making—because you have mentioned housing, which obviously affects many people? You also noted that a project has been established to improve accountability. I would like you to expand a little bit on this project that you refer to in paragraph 5.3—public influence in this project.

Councillor Campbell: Yes. Clearly, you have to get Regional Government closer to the public. You mentioned the democratic factor—if the public can actually elect people! From the point of view of most elected members I should imagine—certainly our experience in Dorset, when we go to our parish town council meetings, which we do regularly, people at first are quite astounded that there is a regional assembly because they felt that it had gone—such is the way the public works. Then they are worried about where the money is coming from, and how the decisions are made. Clearly, they are, at the moment, separated from it, and it would take an awful lot of education to get them into an area where they would fully understand why it is there at all. One move would be to have a fully elected Regional Government at county unitary level—at least the people who went there would be elected. Dorset’s idea, rom our submission, is to bring any Regional Government closer to the people, to bring it down to smaller units, which have the advantage of being both strategic and local. The project you mention is a different one. The chief executive, as in the evidence, went to a meeting where there seemed to be a great deal of disquiet about the number of regional organisations that were springing up. The number was exaggerated at the time, but it was whittled down to about 57. The officers were particularly concerned with improvement issues and centres of excellence for improvement, and that was the interest that our chief executive had with it. They whittled the 57 down to 18 that are connected with improvement. Now, they are going to get together to try to point up these organisations so that all the effort is centred rather than diffused and dissipated. If you want more detail, you can get a lot more detail if you get in touch with the Chief Executive of Dorset.

Q144 Anne Main: You mentioned that if you went to a parish council people were unhappy and did not know such a thing existed and so on and so forth; so do you think that regional government is becoming less and less accountable? You have just mentioned this large number of colleagues; do you believe it is becoming more remote and less accountable, less democratic?

Councillor Thornber: They are costly, and they are bureaucratic. They have capacity problems. They have been given more and more powers that people are unaware of, and my experience tells me that people intuitively are against regional assemblies. I hesitate to answer your question directly because you invite me to contemplate regional assemblies that are powerful; and the only way to do that would be to make them specifically accountable to the people through the ballot box, as elected regional assembly members.

Q145 Anne Main: Fully elected.

Councillor Thornber: Fully.

Q146 Mr Olner: Do you all agree with Councillor Thornber? If you are opposed to regional government having those powers, do you think central government should keep them?

Mr Lloyd: We have been through the question in the North East of having an elected regional assembly and people said “no”, so I cannot sit here, representing people, and say, “let us have an elected regional assembly”. That would be foolhardy of me. We do need to find a way of drawing upon democratically elected individuals to bring legitimacy to decisions, and through councillors in a region—not just county councillors but elected councillors across the piece, we have that legitimacy that we should try and find new ways of employing, either on a regional basis or through delegating more decision-making to a local level.

Q147 Chair: So you would not want those powers to go back to central government.

Mr Lloyd: That is right.

Councillor Thornber: For the record, Madam Chairman, I am not advocating elected regional assemblies; I was responding to the question.

Q148 Chair: No. I understand that. Do you want the powers to go back to central government?

Councillor Thornber: I want powers from central government to sub-regional areas. Certainly there may be some arguments for some of the regional assembly powers to go back to government.
**Mr Howes:** I agree there. Perhaps it is best to leave it at that particular point.

**Q149 Anne Main:** Councillor Thornber said—the sub-regional area you referred to is that the model would be the county council.

**Mr Howes:** Yes.

**Chair:** Thank you very much indeed gentlemen. We will move on to another tier.

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**Memoranda submitted by Reading Borough Council, Stoke-on-Trent Borough Council, Hull City Council**

**Witnesses:** Ms Trish Haines, Chief Executive, Reading Borough Council, Mr Ken Foote, Assistant Chief Executive (Sustainable Communities), Hull City Council, and Mr Laird Ryan, Corporate Policy Officer, Stoke-on-Trent City Council, gave evidence.

**Q150 Mr Betts:** I have quite a few comments on the evidence we received about the accountability or lack of accountability at regional government level. Do you think there is a crisis in the lack of accountability that exists?

**Mr Foote:** I certainly would not use the word “crisis”. There are concerns around democratic deficit, duplication; issues around accountability; but I would not say it was a crisis. What we are doing in the Humber—and it is what you discussed earlier in the afternoon—is looking at how we make the best use of opportunities around city regions and sub-regional agendas, and how we use those as the driving forces to lift the economic regeneration of an area of the country that badly needs it.

**Ms Haines:** The comment that I would add is that in the South East the region is not a very homogenous one; there is very little sense of regional identity. That is reflected in the way in which the regional assembly works. There is very little sense that I get of a clear way forward for the South East as a whole. As a consequence, the assembly has some difficulty in agreeing a coherent strategic overview.

**Mr Ryan:** I very much echo what my colleagues have said. The West Midlands, again, is not a homogenous region. The fact that the two West Midlands regional development agencies have come together to create a Midlands Way as almost a riposte to the Northern Way, reflects the quality of decision-making that flows from those bodies, albeit accountable—they are perhaps not delivering the goods fairly and demonstrably throughout the regions.

**Q151 Mr Betts:** It is also a problem in terms of public perception of the numerous different bodies at regional level. One might use the words “public engagement” but I think that is too strong—and public understanding probably does not exist. Do you feel that is an issue?

**Ms Haines:** I think they are very remote from the public. They are not directly elected; they are indirectly elected. There is very little knowledge of them, and even those who know of their existence have very little understanding of what they do.

**Q152 Chair:** Do you think that applies to all regional bodies? Is there any regional body that is a bit more accountable than the others?

**Q154 Dr Pugh:** Councillor Thornber in the previous session sketched this attractive model of democratically accountable bodies, with local councils merging, joining into partnerships, breaking out of partnerships when it suits them and not really being bound by regional boundaries or, for that matter, sub-regional boundaries. It struck me for a while that this might be a reasonably workable model of how things should be done. However, I have a residual concern that somebody needs to have a view of the regional picture because obviously all these various exciting relationships that are formed and unformed may not necessarily deliver the wider objectives. Would you be comfortable with a regional body that simply set strategy and direction and left the decision-making
and expenditure commitments to local authorities primarily? Is that the kind of model you would like to see?

Ms Haines: I think there is a problem with that. I come from Reading. It is a very small urban area and is at the core of a much wider urban area, a lot of which falls outside the administrative boundaries of the council. The issue that I am most concerned about in terms of regional assemblies is that I do not see them providing the leadership for the way forward for either the region as a whole or the various parts of the sub-region. Thames Valley is one of the most successful sub-regions of the UK, economically successful; and Reading has the highest gross-value-added growth in the UK and above London. Those issues are not being dealt with by a regional assembly effectively. My concern is that there are lots and lots of powers that exist at regional government level that could effectively come down to local government; however, that works really well where there are shared interests across neighbouring councils—and I am sure all of us sitting at this table could give you lots of examples where neighbouring councils have been able to come together to work on cross-boundary issues, where there are shared interests and common concerns. It is a problem however when there are issues where there are conflicting interests, and that is primarily around things like transport infrastructure, economic growth and housing numbers.

Q155 Dr Pugh: That slightly missed the point I wanted to make—and maybe I am not explaining my position clearly. You could imagine Reading paddling their own canoe and doing everything Reading wants to do, forming the liaisons it wants, the partnerships it wants, and getting things done as Reading wishes it to be done in collaboration with other partners with similar intentions. But even where that happens, and happens to the total satisfaction of Reading, might there still not be something more required for the wider area that somebody needs to do, and it is probably not going to be Reading?

Ms Haines: Yes, I think there is. Sorry, that is the point that I was rather long-windedly trying to get round to! There are some areas, and it is one of the reasons why I am so interested in the city region ideas—there are some issues that affect bigger areas than administrative council boundaries. Where there are common interests it is possible to deal with those through voluntary arrangements. Where there are not common interests, then we are not making the kind of progress that needs to be made. It is that kind of issue; it is not everything that regional government does at the moment, but it is some of the core things that regional government should be doing at the moment and is not doing very effectively.

Q156 Chair: Can we put the city region idea on the side for the moment? Briefly, do either of the two of you want to add anything different to that particular question before I go to Anne?

Mr Foote: In terms of local authorities and local councils, clearly they have a leadership role, but that is very much in partnership with other stakeholders, and certainly within our city region or sub-region the role of the private sector and the role of the voluntary community sector are absolutely key, and they should play a full part.

Mr Ryan: As local authorities, we have to manage the interface between top-down and bottom-up agendas, and there are some issues that regions are well placed to deliver, and that is in setting overall standards, setting the gold standard across the West Midlands. That needs to be tempered by what local authorities do as championing other interests in that area.

Q157 Anne Main: Ms Haines mentioned conflict and lack of vision and common purpose within the regional structure. We have heard other people say to us that, for example, in relation to housing it is not democratic; that some things have been plonked or put somewhere else. Do you have this concern at all about this lack of vision and conflict? Which are the issues that you feel could give rise to the conflict and lack of vision? You mentioned houses and roads and think that those things should be kept locally. Do you think they are a source of conflict and are undemocratically decided at the moment?

Ms Haines: I am sorry, I did not say—I am not sure I heard you right. At the moment housing and transport is largely dealt with within council boundaries. I think that that is an insufficient and ineffective way to do it.

Q158 Anne Main: How do you think it should be done—so that I get the right feeling for it?

Ms Haines: There are a number of ways that you could look at it, which range in spectrum from local government reorganisation at one end to doing it co-operatively on a voluntary basis. You can do it co-operatively on a required basis. For example, Reading together with two of our neighbouring authorities until very recently ran a Reading Urban Area Package for Transport, which was a deal done with the regional officers, which was backed by funding in return for co-operation between the three authorities, that allowed us to look at strategic planning issues. That worked very well. It was voluntary but there was a stick and a carrot to help it along. Sadly, that joint package arrangement has been withdrawn now and is not available to us any more, and the arrangements have fallen apart. But I think there is spectrum of ways in which you could begin to deal with the areas where it is difficult to get the planning co-operation on strategic issues.

Q159 Mr Olner: Both the witnesses before and yourselves, it seems to me, want to pick and choose what you want on a regional basis. Are you fairly happy about some of the creep of regionalisation that is happening with the police authorities, the ambulance services and the fire and rescue services? Surely this is a form of regionalisation that is going
to affect your areas! Are you happy with it happening like that, or do we need it on a more formal basis?

Mr Foote: Our view is that on process we felt the consultation process both for the police reorganisation and the ambulance service was just too quick and too pushed. We did not feel that we had sufficient time to give evidence back. There are real concerns about the size of footprints of both those organisations. We are still yet to be convinced.

Q160 Mr Olner: The footprint is not wrong—it is too big?

Mr Foote: We are yet to be convinced with the proposed footprints of the ambulance service and the police service, in regard to sensitivity to local issues.

Q161 Mr Olner: I know that Staffordshire is well in love with the West Midlands on all of these issues—are you not?

Mr Ryan: The new localism, if you like, is putting increased pressure on those services to link to local demands and identities; and yet at the same time they are trying to create a regional perspective for them, so the two definitely run counter to each other.

Mr Foote: I thought that was a really important point because at the same time we are having this debate about regions, sub-regions and city regions, most town halls are now devolving lots of powers and governance to neighbourhood levels, and so we have to see this in some kind of continuum and not have too big gaps opening up in terms of accountability and strategy.

Q162 Mr Olner: Mr Foote, at one stage you are saying you are going to devolve things to a lower level locally, and it is moving in other regions the other way, to make things bigger. Does the one in the middle disappear?

Mr Foote: That is why we are very interested, particularly where we are because of the geography of the north, in the sub-regional, city regional agenda, because we see that as the real opportunity to connect both to the street and to the region; and because of where the Humber is, we have as much interest in what is happening in Rotterdam as we do other parts of the country, so we are wanting to try and connect all those places with some kind of strategic thread.

Q163 Mr Betts: To Hull and Stoke; you have obviously large parts of severe deprivation and low activity in your areas. How do you think city regions would address that particular issue?

Mr Ryan: I think that they would create a wider perspective for the strengths and weaknesses and opportunities that we can use to address the issue. Over the past twenty years or so there has been a whole series of initiatives like SRBs, derelict land grants, a housing market renewable partnership and so forth, which have tended to focus on the weaknesses of the area, and allow the area in a sense to pull itself up by its own bootstraps. The reality is that a city regional perspective widens the economic opportunities. For example, the zone of influence of Stoke-on-Trent extends across three regions, into the North West and then to the East Midlands; but because the regional economic strategies collect the data region by region, we cannot see the benefits of what is going on in the city in terms of the wider area. We also have, for example, an automotive corridor that runs along the A50 and the A500 from Bentley and Crewe, through Stoke, through JCB at Uttoxeter and to the west side of Derby. It enables us to identify the way that labour and housing markets operate, and the environmental perspective and the way that that operates. If we just look at it in terms of our city boundaries, we do not do full justice to the processes that go on.

Q164 Mr Betts: Was not one of the problems of trying to do it through almost loose working relationships that Hull and East Anglia had a bit of a problem, did they not, on housing market renewal, in getting its act together and getting funds? If you had been in an athletics race, you would have been lapped by one or two of the other contestants.

Mr Foote: No, the baton has been handed down. What I was going to say—funnily enough before you asked that question was that if you had East Riding giving evidence to you, they would be saying that it is absolutely crucial for the sustainability of the East Riding that Hull works as a city and vice versa; and that the relationships and the interconnectivity between Hull and the East Riding is properly understood between the two councils. There is an enormous amount of cross-boundary activity going on. That perhaps was not the case back when there was the break-up of Humberside and the two or three years that followed that; those days have gone now. We actually see that we have got a shared agenda.

Q165 Mr Betts: Concern has been expressed in relation to city regions that those authorities, those small towns that may be on the periphery of a city region—and indeed might be in an overlapping area between two city regions—that they somehow lost out in the loose federations that get formed. Is that an issue of concern that has been raised and you are trying to address that?

Mr Ryan: No, not at all. If you look at our own example in south Cheshire, there are two contrasting authorities: Crewe and Nantwich, and Congleton. Crewe and Nantwich have a very successful engineering sector and a number of chemical industry research establishments, and it has a very high-quality living environment. However, they are not recognised as being part of the Manchester city region. They tried to join and they were rejected. Congleton is an area that falls between Manchester and ourselves. They have an image as being a commuter centre both northwards and southwards. The whole idea of the city regional approach that we are trying to adopt is one based around governance and the strengths of the areas. It is trying to complement what is going on in the city centre with...
the opportunities of small towns and rural areas so that there is, if you like, a fair exchange between them.

Mr Betts: Clearly, there may be a division of opinion about how city regions should be governed, whether it is this loose coming-together of a number of existing authorities which pool their efforts on a slightly wider area—but equally can look out if they get nasty decisions that they do not want to be part of; or having something that is more formalised with directly-elected councillors or a mayor—as the RPPR has just come out in favour of—for a city region, with a more formal structure with the hope that central government would recognise that and target resources at it. Do you have views on that?

Q166 Chair: Can we have a brief view from each of you—a “yes” or “no” really?
Mr Ryan: Yes, as long as it is not the one-size-fits-all approach.

Q167 Chair: So either, but depending on which city.
Mr Foote: Local communities have lots of experience through local strategic partnerships of being able to manage areas through governance arrangements, which are not necessarily governmental arrangements.

Ms Haines: Voluntary arrangements work up to a point. They do not work as soon as you start getting conflicting local priorities in different areas, and you have to have some other mechanism for dealing with that. The tried and tested one, in a sense, is LGR, which has some significant downsides. There are a couple of other options, one of which is the elected mayors that you talked about; and another would be loading funding arrangements into strategic planning, to require it to be done on a joint basis, which has been done in a very limited way.

Q168 Alison Seabeck: Ms Haines, you have already covered some of the benefits that you feel Reading could gain from becoming a city region, and in a sense some of those are also clear from your submission in which you comment that Reading Council is restricted in its ability to take a whole range of decisions because it does not have a wider remit outside its own boundaries. How do the other five authorities within your urban area feel about that—your expansion, if you like?
Ms Haines: They have different views. Some of the views are different from ours and from each other, so there is not a consensus on this, and that is part of the problem; that there is no clear way forward coming out of the councils working together.

Q169 Alison Seabeck: What are their concerns? Can you pinpoint any specific concerns, or is it across a range of issues that they just feel that your political clout will simply subsume them?
Ms Haines: The concerns are around two specific things, and they both relate to economic growth: for those on the outside ring of a city region gaining the benefit from economic growth without having to carry many of the costs of it; and those on the inside of the city region carrying many of the costs and having to bear them disproportionately. The voluntary arrangements around things like key-worker housing, the voluntary sector, et cetera are not a problem because everybody thinks those are a good thing to do. As soon as it comes to crucial things like housing numbers to facilitate economic growth or road-building schemes or other transport infrastructure arrangements that might lead to more congestion, or traffic being routed differently, then each authority looks to the interests of its own local area, quite legitimately obviously. What we have not got is a view across that wider region that transcends administrative boundaries. It is stifling strategic planning.

Q170 Alison Seabeck: You are suggesting that you need to have some form of city regional government rather than just purely voluntary governance for structures if you are to make those decisions on a broader basis.
Ms Haines: Yes, Chair. The current governance arrangements are insufficient for the strategic view that needs to be taken on some things. It is sufficient in lots of ways, but there are some specific areas, specifically around strategic planning, where they are insufficient. I think there are several routes that could provide that—as I say, a spectrum from required joint strategic planning backed up by allocation of funding at one end to local government reorganisation or elected mayors or whatever at the other end. There are different routes that lead to that.

Q171 Alison Seabeck: Let us move forward and assume there is a greater Reading, a city region around Reading: how do you envisage that functioning with the London city region and the Mayor and his powers, because there will undoubtedly be overlaps?
Ms Haines: The overlaps are there at the moment, so in discussions with London around things like Crossrail those discussions go on, and I do not think that that would be any different. It might be a slightly more equal discussion because London is not only very large and powerful but it is very well organised in the way that the rest of the councils in the South East do not speak with as coherent a voice as they might do.

Q172 Alison Seabeck: You raised rail as one of the overlaps. Scenario: Reading signal box needs to be upgraded—very, very expensive; Mayor decides he does not want to spend the money there, given that he is going to potentially have powers over overground lines going into London, and he wants to upgrade Paddington Station for the same amount: who do you see acting as a broker in that position?
Ms Haines: Reading Station is an interesting example because it is not a regional scheme, it is a national one, because it is not Reading it primarily affects; it is the South West—
Q173 Alison Seabeck: It was an example, but if you had that clash?

Ms Haines: I would say that one goes back to the Department for Transport, not to the Mayor for London. However, I take your point and there are other examples, and that is a real issue. I have to be honest and say I have not thought about a region with London at the head of it because London administratively is so separate from the rest of the South East, so I am not sure how else to answer your question.

Chair: Thank you all very much for helping us to explore city regions in an amoeba-like way!

Witnesses: Ms Jo Boaden, Chief Executive; Councillor Dave Ledger, Vice Chair; Mr Rob Worrall, Assistant Chief Executive, Scrutiny and Policy Development including European Issues; and Mr Kevin Rowan, Member (Trade Unions) and Regional Secretary TUC, North East Assembly, gave evidence.

Q174 Chair: Would you like to introduce yourselves?

Mr Worrall: I am Rob Worrall and I am the Assistant Chief Executive of the North East Assembly.

Councillor Ledger: I am Councillor Dave Ledger, Vice Chairman of the North East Assembly and a Councillor on Wansbeck District Council and Northumberland County Council.

Ms Boaden: I am Jo Boaden, Chief Executive of the North East Regional Assembly.

Mr Rowan: I am Kevin Rowan; I am regional secretary of the TUC and one of the social partners on the North East Assembly.

Q175 Chair: Regional Assemblies have been getting a rather poor press, so to speak, in the beginning part of the evidence session. What evidence do you have that there is public understanding of the role of the North East Assembly?

Ms Boaden: I will start off with the obvious point that the North East went through a very difficult time with the referendum and the “no” vote, and obviously there was a lot of public perception and misperception at that time. Prior to that election there was a Regional Assembly with powers that it had then continuing through that process; and it continues with those powers now. That has made it particularly difficult for the North East in terms of public perception because there was a confusion of roles between what might have been an elected regional assembly and what is the regional assembly.

We have tried very hard, and continue to try very hard, to improve public perception. If I could give you a small example of that, our Regional Spatial Strategy (RSS) started its examination in public two weeks ago and that, as I am sure as you all around the table know, is a very dry document and one with a very long time horizon. It is quite difficult to get people engaged and involved in it. With the help of a local journalist for The Journal in the North East, he devised and provided an article that showed how regional spatial strategy would impact on the life of a child at two, as they grew up, and as they went through their life in terms of what schools they would go to, what Higher education they might attain and what jobs they might attain; and where they might live and work in the future. That made it much more relevant and understandable for local people, and that was quite widely acclaimed. If we could concentrate on the example of the Regional Spatial Strategy, it is very pertinent for us because we are going through the examination in public right now. There was a whole host of different methods of consultation at a variety of different levels. There was a website that had over 150,000 hits on it over a 12-week period. People downloaded documents—over 6,000 documents. Even on Christmas day people were downloading documents from it. Ninety people downloaded the regional spatial strategy on Christmas Day! We thought it might have been for presents, but we are not sure! We had focus groups and went right out across the region and consulted very widely on that document. Rob will speak more about what happens in terms of our scrutiny role, how we take that right across the region and involve local people within that, and local businesses where that is appropriate. We are devising a new communication strategy. We have separated from ANEC (Association of North East Councils). We have not had in house communications support for some time now but we have just employed a communications manager to advise on communications strategy, and that will concentrate on things like making sure that information is timely and relevant. We cover over two and a half million people in a very wide area. We need to make sure that people understand what we do and how it impacts on their lives at different times. It is not easy in relation to how the public perceive us at this moment in time; but that perception is growing and we have had a difficult time with misperception but the air is beginning to clear and settle; and we have that at the heart of what we do, to make sure that people do understand the value that we give to the life of the region.

Q176 John Cummings: In your evidence you stated that you have taken steps to maximise the involvement of stakeholders in the Assembly—and you put great emphasis on that issue. You also hope that the stakeholders will add to and enhance the community’s capacity for engagement with the Assembly. You are, I imagine, reaching out to embrace as many groups as possible.

Ms Boaden: Yes.

Q177 John Cummings: Can you tell the Committee precisely what you have done, and can you give some practical examples of what has been changed as a result of this exercise?
Ms Boaden: Can I start with Rob, who has done some scrutiny work through the stakeholders where things have changed quite considerably? Kevin, as a stakeholder here today, would want to speak on that.

Mr Worrall: It is important to know that whilst we are not a directly elected regional assembly, we do represent the region and we are representing communities of interest. That is important—it is not just the general community. In terms of our scrutiny role I can point to clear examples of where we have had change and influence in terms of what happened at the regional level. We recently carried out an assessment of the scrutiny inquiries that have gone on over the past few years, and we were able to know that there had been a positive impact on the promotion of entrepreneurship through regional economic strategy. Also, in terms of the Strategy for Success, we made several recommendations and were able to clearly show that we had influenced the promotion of science and also the development of an action plan to raise regional aspirations within the Strategy for Success. In terms of the communities of interest, one clear example was in terms of SME creation and survival. In that scrutiny exercise we were able to bring in to the Assembly failed entrepreneurs who were able to talk about how the business support system did not actually support them. This is quite innovative in so far as one would not usually get this public debate and access about how business had been affected by the business support system not supporting them. They talked about this, and this influenced quite heavily the business brokerage model that had since been developed by the Regional Development Agency (RDA).

Q178 Chair: Were those examples before or after the referendum?
Mr Worrall: They were before the referendum.

Q179 John Cummings: After this particular exercise had been completed you told us what you have done to try and engage people, but what has been achieved as a result of this exercise? What kind of measures can we look at and embrace to understand what has been achieved?
Mr Worrall: What has been achieved as a result of this exercise has been that we have managed to influence the development of the business support models. It is something that happens over the longer term; it is not always something that instantly changes.

Mr Rowan: One of the key things that the Assembly tries to recognise is that in order to engage in a scrutiny role it does not necessarily possess the expertise within its immediate staffing. One of the things that the economic and social partners bring to the table is that actual experience of policy implementation and delivery. For instance, when we look at the sustainable development framework, it is organisations that are specialising in sustainable development that are engaged as social partners that contribute directly to it. When Rob was talking about the SME scrutiny role, he was talking to SMEs that are part of the economic social partnership group that talk about their experience of business support and services. That practical experience helped to inform the scrutiny role, which led to changes in business support services. That was a practical outcome as a result of that. We did some work in the run-up to the referendum which was about trying to establish economic principles for stakeholder engagement of an elected Regional Assembly, should that come to pass. The work that the Assembly did was commended by the ODPM for developing excellence in principles of social partner stakeholder engagement. As you have pointed out, John, it highlighted some gaps within the engagement of social partners within the current North East Assembly, and led the Assembly to do some work in terms of developing networks and groups that currently are not participating as much as they should, particularly in the voluntary sector groups. That work is ongoing and is partly supported by DTI initiatives in the region.

Q180 John Cummings: Could you tell the Committee what value the social and economic partners bring to the work of the Assembly directly?
Mr Rowan: It is perhaps not for me to say as one of the social partners. I think there are different things. There is the particular expertise and experience of their own particular role, so there is a direct voice for the business community in terms of their experiences, whether it is their experience of what the RDA delivers or the impact of the Regional Spatial Strategy which the Regional Assembly is responsible for. I think there is a general sense that the economic and social partners add a degree of breadth and depth to the Assembly within the Assembly's principles of stakeholder engagement where each of the social partners is asked to demonstrate transparency and accountability and its own representative credibility, if you like. It helps to add some sense of legitimacy to the Assembly in addition to the local authority.

Q181 Dr Pugh: There is always a danger though, is there not, in defending the status quo? After the failure of the regional government vote, the North East vote, there is really still work to be done in the North East. There was a strategy, there was work to be done and there were spending commitments to be made. You got the strategy, the Regional Development Agencies kept the spending, and there is obviously a relationship there with scrutiny. We scrutinise the Government but we do not necessarily change its policy very much. What is the argument against you controlling both the strategy and the spending?

Ms Boaden: We need checks and balances. The RDA has a huge budget across the region.

Q182 Dr Pugh: Why?
Ms Boaden: Why? Because the RDA is an arm of Government—
Q183 Dr Pugh: I quite accept the RDA needs checks and balances, I agree with that wholeheartedly, but what I am trying to say is why, as a Regional Assembly body, given you have the strategy, you do the thinking, you do the scrutinising and you try to have some little influence here and there, why should not the Regional Development Agency budget be put in your hands and you be asked to administer it rather than the RDA? What does the RDA bring to the feast that a Regional Assembly cannot?

Ms Boaden: There are some obvious practical questions about capacity and scale and the understanding they have of the economic development—

Q184 Dr Pugh: You could import that.

Ms Boaden: We could import that. My personal view on this, and my colleagues may wish to shout me down, is that it is an important thing to have that separation; to have a separation from some of the key strategic roles and from that huge amount of spending.

Q185 Dr Pugh: Why? We try our best to influence Government policy here by scrutinising it from time to time, but I think the evidence shows that our influence is not as great as we would like to believe. You scrutinise the Regional Development Agency on a very local and particular basis and clearly from time to time you advise them on what they should do. They do not have to do it; they can go off and do something different, they can run quite counter to your instruction from time to time, what is the merit in that?

Ms Boaden: The merit in the scrutiny?

Q186 Dr Pugh: No, not the merit in the scrutiny, you are misunderstanding me. What is the merit in letting them get away with disregarding the strategy and advice you offer them?

Ms Boaden: One of the ways we use the stakeholders and economic and social partners in the Assembly is precisely to help give gravitas and weight to that accountability we have to have for the RDA. The scrutiny role which Rob and Kevin have a very direct interest in is very pertinent and the RDA in the North East do take account of what the Assembly says. Because we have partners from the trades unions, from the business community, from a very broad breadth, as well as elected members from all 25 local authorities across the Region, it gives that great weight in terms of the inability, in my view, for the RDA to totally ignore what we say.

Q187 Dr Pugh: You are a kind of democratic fig leaf that persuades people the RDA are somehow answerable to somebody. Are you aware of any episodes where the RDA have done one thing and you have said, “Do not do that. That is a bad thing”, and they have subsequently stopped it?

Mr Worrall: I would like to step back and say that what we do in the North East in terms of scrutiny is not just scrutiny. We do scrutiny and policy development. There are some key areas where in terms of scrutiny it is very worthwhile scrutinising what has gone on but there are other areas where we try and work with the RDA to influence how their policy is developed. The Regional Economic Strategy (RES) which is about to be agreed by government (hopefully), has a number of policy areas, some of which are areas which have been developed that we can look back on. There are other areas where we want to work with the RDA and our partners and help them develop their policy and help to say how they should want to influence their programmes. The key area at the moment that we are working on with them is regional leadership. We are working on how we can work with them to implement programmes on that. We do carry out scrutiny but we also carry out policy development.

Q188 Anne Main: Several written submissions to our inquiry have criticised regional government for its unquestioning acceptance and implementation of central government policy. Would you describe the Government Office for the North East and ONE NorthEast as being primarily top down or bottom up in their approach to policy?

Ms Boaden: The Government Office is the arm of central government in the north east so they are bound to take the government’s view and we have to be able to interpret that at a regional level with the sensitivities that we need at a regional level. We have done some of that through the regional funding allocations and working with the Government Office and with the RDA.

Mr Rowan: I do not necessarily accept the premise of the question. It is difficult for either organisation to be one or the other. They need to be both. The fact that the Assembly scrutinises the RDA means that it has to have some cognisance of regional partners’ views and regional stakeholders’ views of its actions. That includes in setting strategy as well as in establishing the implementation plan to deliver that strategy. The RDA is one of the elements of the Department of Trade and Industry and it has to get its economic strategy past that body too so it is in a difficult position which I am sure none of us would envy. It has to face both a local audience with local priorities and national PSA targets which the government sets. It is a difficult balancing act and in some aspects of its work it could be accused of being top down and in other aspects of its work it has some good lessons for regional priorities.

Q189 Anne Main: You would not accept this unquestioning acceptance and implementation?

Councillor Ledger: With regard to the Government Office and the RDA, I am sure behind closed doors they will have had many discussions that have been rather heated and they shall remain there. Having a place to assist the process of regional development is very important, whether it be top down or bottom up. From a Regional Assembly perspective, we have tried in the last two years to change, to get a better bottom up approach to the way we worked. That was developed with the New Horizons Working Group. After the no vote, we went in a path of travel not really knowing what to do properly and that was examined. The most important ingredient in the
Assembly make-up is the economic and social partners alongside local government members who are working to the same end. One of the things we do is deliver by consensus. People, if they want to disagree, have the opportunity to disagree. We are working towards delivering in the region, for the region and speaking on behalf of the region.

Q190 Anne Main: In your submission you say that you have successfully lobbied central government on issues such as the rationalisation of Regional Development Agency funding. How difficult was it to make yourself heard and should mechanisms for communication be made more open and accountable?

Ms Boaden: There are a lot of different ways in which we attempt to make ourselves heard. Going back to the point you made earlier, it is not unquestioning. We might finally agree but there will have been questions asked within that agreement. I can use the example of the regional funding allocation across the region. That inevitably held many tensions from the views of central government, the Government Office and the partners within it but the Assembly was able to mitigate those views and help provide the response with our partners to government on that. There were a lot of questions asked prior to that going in and a lot of debate but eventually there was a consensus around the key strategies for us as a region. It is important to remember that we are able to do that and carry out that role. Going back to your second point in terms of being heard, we lobby, we speak to different organisations of government, the Highways Agency. Representatives came to us at our last plenary meeting and we had a very open debate from a number of key stakeholders who were able to explain their position in terms of business et cetera and the impact of some of the actions of the Highways Agency within the region. We were able to do that very openly right across. Those messages went out regionally to the Government Office and beyond. We lobby, we respond to consultation and we responded to the Barker Report. We responded to David Miliband’s request regarding the Housing Board so we do have a lot of dialogue in lots of different ways at different levels.

Q191 Chair: To what extent does what the Assembly says add to what everybody else in the region isalready saying anyway?

Mr Rowan: In terms of the question of other relations with central government, it is more difficult for the RDA to say that things within central government do not work as well as they would work because it is a government agency and the Assembly brings with it a degree of independence. The argument about persuading the government that a single pot would work better than the funding silos as were originally initiated was welcomed by the government. I do not think it was a difficult negotiation that was experienced. It was simply saying, “We think a certain degree of flexibility within the region would work better.” Those arguments are welcomed by government. The difficulty for government agencies in telling government that what it is doing is not working should be obvious to anybody.

Q192 Mr Betts: We have the concept of the Northern Way around and the idea that it is built on the growth and potential for growth of a number of cities in the north. To what extent do you think that is a matter of importance to the functioning of local and regional government in the north east, this concept of city regions and their potential to act as a focal point for the development of the Northern Way in the future?

Ms Boaden: The initial concept of development of city regions as economic drivers and for areas of growth, particularly in terms of the Northern Way, is very important for the region. We need to grow as a region. There is a lot of evidence to say that that is the way to do it, to look at those dynamics in terms of economic growth. When you go beyond that, I am not sure how that impacts on all of the region. We have a lot of hinterland and rural areas. We need to be careful not to leave those behind in the drive for city regions completely.

Q193 Mr Betts: Do you see city regions as a threat to your own existence?

Ms Boaden: We have to see how these things unwind. My own opinion is that, particularly in the north east, the rush to form new structures would be counterproductive. The Regional Assembly as it sits at the moment has a lot of importance, a lot of value that it could bring to knitting together the economic drivers of city regions for a better outcome for all the people of the region, so that we do not leave the rural areas behind. I think it would be unwise to go for different structures but the concept of city regions within the broader structure and the Regional Assembly in the north east helping to knit that together would be very powerful.

Q194 Mr Betts: We end up with district councils, county councils, city regions, the Regional Assembly.

Mr Rowan: There is a difference between governance and effective delivery of public policy. The evidence on the value of city regions in delivering economic regeneration as independent entities is, at best, vague. The strongest evidence suggests that city regions are most effective within a strong regional strategic framework. The application of the theory applies most questionably in lagging regional cities. Whether the global city/regional agenda works best in the North East the jury is still out on. What is clear from recent experience is that most economic development will take place within those city regions. What we need to do to make sure that that works most effectively is make sure that is embedded within a strong regional framework within a strong national framework.

Q195 Anne Main: In which case, is there any tier that you would remove, if you are going to add in a city region? Is there anything you think you need not have?
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Mr Rowan: The challenge is to embed complementarity and cohesion rather than rush to structures of governance. There is a fairly clear understanding that we need very clear regional economic strategies but that regions—

Q196 Anne Main: That leaves specific counties, city regions and regions.

Mr Rowan: There is a difference between governance which is the question of district councils, county councils or elected regional government, which has already been rejected, and delivering economic growth.

Q197 Chair: I think we are back to amoebae again. Mr Rowan: Possibly that is a model; I do not know. Chair: Thank you all very much.

Witnesses: Councillor Tony Newman, Vice-Chair of the ALG (Labour), Councillor Edward Lister, Vice-Chair of the ALG (Conservative), and Councillor Steve Hitchins, Vice-Chair of the ALG (Liberal Democrat) gave evidence.

Q198 Chair: Would you introduce yourselves, starting with Councillor Lister?

Councillor Lister: Edward Lister. I am one of the vice-chairmen of the Association of London Government. I am also the leader of Wandsworth Council. I also lead the Conservative Group on the ALG.

Councillor Hitchins: I am Steve Hitchins. I am leader of Islington Council and the Liberal Democrat vice-chair of the ALG. Councillor Lister and I are members of the Commission on London Governance and I am one of the Mayor’s local government representatives on the London Development Agency.

Councillor Newman: Councillor Tony Newman, leader of Croydon Council and vice-chair for Labour at the ALG.

Q199 Alison Seabeck: You broadly support the proposals to extend the Mayor of London’s powers. What additional powers do you think should be held at the regional level and what powers that the Mayor covets should firmly remain with the boroughs?

Councillor Newman: One of the strengths of the ALG has been the amount of cross-party support there has been. In terms of housing—I am just picking some examples—there has been a lot of support in terms of seeing a greater role for the Mayor. One of the areas where we have seen ongoing discussions has been around planning where there is a clear tension between how much of that should be a regional role and how much of it should be a local role. You can go through this issue by issue if you like but those are two examples where we have some broad agreement and some further discussions still ongoing.

Councillor Hitchins: The Act of Parliament that set up the Mayor and the GLA was very clear that the Mayor’s role should be strategic and not involved with the delivery of services. The extension powers we would seek are to clarify that, to introduce some transparency and to increase the accountability so that the boroughs retain the delivery role and the Mayor retains the strategic role. The area of contention principally at the moment seems to be around planning where the Mayor is seeking to be able to grant permission when the boroughs refuse it. At the moment, he can always refuse permission and intervene there but his ability to grant planning and retain planning gain through 106 agreements is of some concern for local authorities.

Councillor Lister: There is a division between operational and strategic functions. It is an important division. We have all been very supportive of the Mayor fulfilling strategic functions. It is when he tends to try and move away from that into operational areas that the friction arises. The fact that you can have three leaders, three councils and three political parties all pretty much giving the same message shows you where the tensions exist there. It is very important that the role of the Mayor remains a strategic one. There are a number of powers in London, things that are taking place, which we believe would be better run by the Mayor but better run on a strategic basis. As soon as they become operational, that should immediately pass down to the boroughs or to some other body. They should not go through the Mayor.

Q200 Alison Seabeck: Broadly, what you are saying is the Act as established has generally worked pretty well in terms of the boroughs’ interests?

Councillor Newman: There is almost a unique level of support in terms of that but there is a quite legitimate tension. That is what the ALG represents in all the boroughs. That is very much our role, to represent the boroughs in precisely those issues that are being teased out. The waste strategy is another one. There should be a strategic role in terms of how London addresses the waste strategy for London but it is precisely at the point that becomes an operational function and strategic policy that the boroughs work very well together. The areas’ agreement is that the Mayor has been a success in terms of the structures. The boroughs’ role within that is something we are constantly teasing out and the role of individual boroughs is separate from the ALG and the relationship they have with the Mayor as well. London government is working pretty well but that is not to say there are not areas that we need to constantly review.

Alison Seabeck: Taking you out of London is probably a little unfair but you all have very wide experience in local government. You say in your submission that increasing powers for regional government might make it more difficult for local authorities to make independent decisions on spending and to use their own powers. What formal
mechanisms do you feel, given the London experience, ought to be in place to safeguard the separation between the regional and local government powers in England?

Q201 Chair: Can you use your experience to comment on what you think it should be for the English regions?

Councillor Hitchins: One of the experiences that we have had in London is perhaps the limited accountability that the Mayor has to the Greater London Assembly. The Greater London Assembly has one power which is to overturn the Mayor’s budget by a two thirds majority. It has no say in the Mayor’s strategies. It can comment upon them; it can scrutinise them but it does not hold them to democratic accountability. What we would like to see just does not work in London. There is not any legislative requirement on the Mayor to consult with the boroughs. We can chip in if we like but he never comes to us and says, “What is your view on this strategy?” Strengthening those things would be important. The other thing that works in London’s favour and which I think should extend and may be worth considering is the coterminosity of the services and their delivery. The London boroughs have fire, police and PCTs which makes the partnership working very much easier and also makes the delivery enshrined at that level. That transparency is something that would work elsewhere very effectively.

Councillor Lister: This coterminosity is very powerful in London. It is the area where we as boroughs are constantly seeking to try and get more influence on the Mayor or on central government, whichever. In the case of the police we are looking for greater powers in appointments of borough commanders and things like this. We are constantly pushing at the edges in those sorts of areas because that is where we are working together so well. That is where the success is. That alone has contributed enormously to the success of the London scene.

Councillor Newman: I absolutely support those comments. In terms of layers of governance and the role of Assembly members in London, where do they sit in that relationship between the boroughs and the Mayor? I know the Mayor himself has suggested that the Assembly members could be replaced by a senate of borough leaders, which caused a lively discussion.

Q202 Chair: Could I ask you to expand your views on the Government Office for London? You have suggested that it should be reduced in size and scope. Would you like to briefly explain why?

Councillor Lister: When the GLA and the Mayor were first set up, it was generally assumed that the size and scope of the Government Office for London would reduce commensurately. Instead, we have seen the opposite. We have seen a Mayor’s office which has grown and grown. We have seen a Government Office for London that has grown and grown. I would suggest to you that there is not a lot of benefit out of these two massive bureaucracies growing at this rate. We should have seen a reduction. We already recognise that the Government Office for London has to be the vehicle of government and has to be their representative and all the rest of it, but many of the powers of the Government Office for London have in part moved over to the Mayor or to other places and we should have been seeing a reduction of the powers of the Government Office for London as the mayoral powers have grown.

Q203 Chair: Can you be specific about a specific area where you can get rid of people in the Government Office for London?

Councillor Lister: One that really gets up my nose in a big way is that the Government Office for London sets the crime targets in my borough. I can understand if that was being done by the Metropolitan Police or the Mayor, I fail to understand why it has to be done by the Government Office for London.

Q204 John Cummings: If it is working it does not matter who sets the targets.

Councillor Lister: The Mayor has been established as the man in charge of the Metropolitan Police and therefore these targets should be set by him.

John Cummings: It does not matter who sets the targets as long as the targets are being met, there is a reduction in crime and people feel more confident and safer.

Q205 Chair: The point is that there is more than one person setting the target and the target does not deliver it. Is there another example?

Councillor Hitchins: The best example came when Rhodri Morgan came to the London Governance Commission and gave evidence on behalf of Wales and their experience. We asked him about the Welsh Office and he said, “It had just been reduced dramatically.” It was to answer the requirements of the House of Commons, Members of Parliament, and also to brief ministers about what was going on in Wales. He also took the view, which is what we would expect the Mayor to do when we are negotiating for London’s financial settlement, that the Government Office for London is sitting on the other side of the table from London. They are sitting with the minister instead of arguing our case and we would welcome the Mayor’s office doing that with the boroughs.

Q206 Mr Betts: You probably see the Mayor in a quite high profile way, where he has from time to time been the key driving force behind what happens in London. At the same time, you are trying to indicate that the collaboration between boroughs is very important as well. What weight do you place on those two facts in terms of delivering good governance to London? How far do you think the Mayor relies on boroughs working together, providing a basis and framework within which he can act?

Councillor Newman: The Mayor or any mayor can only benefit from the boroughs working closely together and that is in the interests of good
governance in London. Returning to the earlier discussion about the operational delivery, it is the boroughs that rightly have operational responsibility for delivering the overwhelming amount of services in London. The reputation of a local government, as we all know, starts with the bins being emptied and goes through to the crime statistics in their borough, whoever is setting them. Getting that balance will never be right. There will be a constant tension, but we have a greater understanding now. I would not want to put a figure on where that balance is but I think the boroughs are absolutely critical to government in London and the reputation of any mayor.

Q207 Mr Betts: One thing we have heard in terms of evidence about other parts of the country is that they are looking at the concept of city regions. Some are saying to us, “You did not need a formal structure—i.e., a mayor or similar arrangements—to pull the thing together. You can have the existing local authorities working together in collaboration as a way of delivering governance for the city regions.”

Councillor Hitchins: That is a fair argument if you come from a place like Liverpool where there is a city council at the centre of that region. The boroughs see themselves as independent and equally as relevant to their area. In London, we have to admit that the mayoral structure has worked because there is someone who represents the whole of London. It must be questionable whether we would have got the Olympics without a mayoral structure in place. Where the boroughs are showing increasing maturity in government is that we are now defining the boundaries for delivery of service by what that service requires rather than every borough having to have an individual service. We are combining in some areas increasingly to deliver services without delegating them up to the Mayor.

Councillor Lister: That is right. The other great strength has been that the boroughs have become used to working together for a long period of time. That is also important. There is a bit of a legacy of working together, not in conflict. That has helped us to try and identify those services which we can do better together. We also recognise that the Mayor does add a little bit extra to the whole thing. The Mayor does act as a focal point for certain campaigns, such as the Olympics, which was a good example, where you can bring together all those London services, where one person represents them. We also have the same true of other cross-London services. We are currently arguing very strongly, for example, that the Mayor should have a greater say in learning and skills because there is a big problem in London with Learning and Skills Councils. We all feel quite strongly that that is where the Mayor should be leading, albeit the boroughs will be working with the Mayor.

Q208 Mr Betts: In London’s case you need an elected mayor to pull it together?

Councillor Lister: I think you need something there, yes.

Q209 Chair: Can I ask you about the public perception of the government structure within London with the Mayor, the Assembly and the boroughs? Do you feel that the complexity of that structure is understood by members of the public and they know where to get their voice heard? Do you think it undermines the effectiveness of London?

Councillor Hitchins: I sometimes wonder if we understand it. It is extremely complex and some of the diagrams of the governance of London are complete obfuscation and very unclear. One of the things that we try to do in the Commission is introduce some transparency and some clarification. That is why we are looking for the GLA family of the London Development Agency, Transport for London, the Metropolitan Police Authority. That family needs to have a better, more consistent model of representation. LFEPA has a good model with representatives from the boroughs and from the GLA. That works as a model which we would like to see extended across the other GLA families. If the Learning and Skills Council comes in, as we hope, there will be greater public understanding of the accountabilities and that is very important because government has to be transparent.

Councillor Newman: There is a good understanding by the public in terms of most boroughs representing people at that borough level and the Olympics and other issues, the role of the Mayor and the strategic role with transport and the rest of it. There are still questions whether the public have a great recognition of the role of other parts of the GLA. Part of the way to bring the Mayor and the boroughs even closer together is to make sure that, in terms of the Metropolitan Police, Transport for London and others, the role boroughs play there in partnership with the Mayor is greatly reinforced. That will cement it closer together. It does get a little bit abstract when you have other bodies with public representation from perhaps the Assembly or elsewhere.

Q210 Chair: Do you think there is a difference in people’s view of the effectiveness of London governance, whether you come from a borough that is central or peripheral? I speak merely geographically.

Councillor Lister: We have talked about the things that have been successful. Things that have failed, for example, have been main roads, red routes across London. These are Mayor’s roads. To think that any member of the public can understand that because a road happens to be called a red route it is a Mayor’s road and a few yards in on any side road it becomes a borough road is the total confusion that exists out there. It is that kind of thing that we need to get rid of because it is unnecessary confusion. If the boroughs managed the roads as an agent for the Mayor or some such arrangement you clear away that confusion. Things like that have to be taken out of the frame. With regard to inner and outer London, there is always a little bit of a problem with London because those on the very edges of London sometimes think they are in Kent, Surrey, Sussex or wherever because that is where those boroughs may
have come from in the distant past. There is a little bit more of a disconnect as you get to the very edges. That has to be part of the selling job of the Mayor and it has to be part of the job of the boroughs as well, to try and make sure people understand that London needs to hold together. At the end of the day, most of those people will have their jobs linked into the centre in one way or another. Their route to work is to that centre so there is a bit of a selling job there and indeed the Mayor has been arguing that there are one or two boroughs on the edges of London which are not in London but should be. There may indeed be a case for that.

Q211 Chair: Would any of you agree with that?
Councillor Lister: I think there is probably a case in the Thames Gateway for the boundary to move.

Q212 Chair: Is that a view shared by the other two of you?
Councillor Newman: Yes.
Councillor Hitchins: I am less convinced that drawing lines on maps improves the quality of government. We have had far too much reorganisation and restructuring. It is the quality of the government that counts.

Q213 John Cummings: If we wish to ensure accountability in a meaningful way, what do you believe could be done to tackle the lack of accountability for powers currently held by quangos in London?
Councillor Newman: It is looking at whether those powers at a strategic level can sit with the Mayor. There is a direct democratic accountability there. We have discussed the ongoing housing and how there should be greater accountability perhaps at a strategic level, but also at the more operational level in terms of ensuring there are borough representatives, elected councillors sitting on some of the bodies like the Metropolitan Police Authority, so there is a direct democratic accountability the public can see that is transparent.

Q214 John Cummings: You do not seem very enthused about what can be done to strip these unelected bodies of authority.
Councillor Hitchins: We think there is a very strong case.

Q215 John Cummings: That was not coming forward.
Councillor Hitchins: We have argued that the Housing Corporation’s pot for London should go to the Mayor. We have argued that the Learning and Skills Council should go to the Mayor and we have even considered the Arts Councils funding in London and how that could come through the Mayor’s office. We are quite enthusiastic about that. We already have the London Development Agency which is the only RDA that comes under the Mayor directly and so therefore has different ways of doing things. What we are also concerned about is that those have the right degree of democratic accountability when they come across, so that there is a consistency and borough representation, because all those services get delivered in the boroughs, as well as regional representation so that the Mayor is held to account for his strategic direction of those bodies. We are very enthusiastic about abolishing quangos and making them democratically accountable.
Councillor Lister: The one we have perhaps made the most comment about is the Strategic Health Authority. There is a very strong view in London that that should be a body where the Mayor should be on it and have some influence on it. It would therefore follow that the PCTs, which are also borough linked, should have some influence from boroughs as well. I am not saying they should be taken over by the boroughs but there should be borough councillors on them and representatives of the Mayor on the Strategic Health Authority. It is a meshing together of these bodies which can produce so much. Just using that as an example, we need to get social services working closer together with health. That could be achieved by those linkages. We need much better cross-London working in areas of health and again that is where the Mayor can come into it. We are very keen on those quangos fading away and the existing structures taking their place.
Chair: Thank you very much indeed.
Monday 27 March 2006

Members present
Sir Paul Beresford
Mr Clive Betts
John Cummings
Martin Horwood
Anne Main
Mr Bill Olner
Alison Seabeck

In the absence of the Chair, Mr Betts was called to the Chair

Memoranda submitted by the Wildlife Trusts and the Royal Society for the Protection of Birds (RSPB)

Witnesses: Ms Stephanie Hilborne, Chief Executive, and Mr Paul Wilkinson, Head of Conservation Policy, East of England, the Wildlife Trusts; and Dr Mike Clarke, Director of Regional Operations, and Mr Chris Corrigan, Regional Director, South East England, Royal Society for the Protection of Birds (RSPB); gave evidence.

Q216 Mr Betts: Good afternoon and welcome. First of all, can I give apologies from Phyllis Starkey MP, who is the Chair of the Committee, who has had to be away on important business in her constituency this afternoon, but the Committee is still in session and we welcome you to it. For the sake of our records, could you identify yourselves, please?

Ms Hilborne: Stephanie Hilborne, the Wildlife Trusts' Chief Executive.
Dr Clarke: Mike Clarke, RSPB Operations Director, responsible for the English regions.
Mr Corrigan: Chris Corrigan, Regional Director for the RSPB in South East England and also a Member of the South East England Regional Assembly.

Mr Betts: Thank you. John Cummings is going to start off for us.

Q217 John Cummings: My question is directed to the RSPB. In your evidence, you tell the Committee that you believe there is a lack of consistent leadership on sustainable development across the English regions. Could you give the Committee some examples of good leadership models at regional level?

Dr Clarke: Yes. Two recent examples would be in the north-east of England and in the East Midlands, where, in both cases, a very clear framework is being produced within what were the Regional Sustainable Development Frameworks, now they are becoming called Integrated Regional Strategies, and these are providing the rationale for then a series of strategies which come out of that for various limbs of regional delivery.

Q218 John Cummings: Is the Government Office in the North East failing, in relation to good leadership models at regional level?

Dr Clarke: Yes. Two recent examples would be in the north-east of England and in the East Midlands, where, in both cases, a very clear framework is being produced within what were the Regional Sustainable Development Frameworks, now they are becoming called Integrated Regional Strategies, and these are providing the rationale for then a series of strategies which come out of that for various limbs of regional delivery.

Q219 John Cummings: Do you know of any good leadership models in Government Offices throughout the country?

Dr Clarke: I think the north-east of England example we mentioned is one where they have taken quite a strong stance in encouraging the integration, as we have just referred to.

Q220 John Cummings: Are there any others?

Mr Corrigan: I would say that is one of the problems for the Government Offices.

Mr Wilkinson: If I may, one good example; the Milton Keynes sub-regional area. As you will be aware, the Chair will be aware, the Milton Keynes sub-region, the Regional Development Agency, the Regional Assembly, NGOs and the statutory agencies have been working together to produce a Green Infrastructure Plan. In response to the growth proposed for the sub-region, those agencies have got together and looked at particularly the green infrastructure environmental assets and how those can be improved in connection with the proposed growth.

Q221 John Cummings: Are there any other examples of bad leadership from Government Offices in the country?

Mr Corrigan: No.

Mr Wilkinson: If I may offer one good example, the Milton Keynes sub-regional area. As you will be aware, the Chair will be aware, the Milton Keynes sub-region, the Regional Development Agency, the Regional Assembly, NGOs and the statutory agencies have been working together to produce a Green Infrastructure Plan. In response to the growth proposed for the sub-region, those agencies have got together and looked at particularly the green infrastructure environmental assets and how those can be improved in connection with the proposed growth.

Q222 Sir Paul Beresford: Your answers give an indication that if you want good national guidance actually you do not need regional assemblies to do this because it is just passed down to either collections of bodies, perhaps counties, or something like that, and it could be done without a regional assembly; yes? Can we note who is nodding, please: Dr Clarke was nodding.

Dr Clarke: I was acknowledging your point, Sir Paul.
Q223 Sir Paul Beresford: Now he is trying to dodge it?

Dr Clarke: No, not at all. I think, from our perspective, frankly whichever model you arrive at, it is a rather hackneyed phrase but it is a question of thinking global and acting local, from an environmental perspective; there is a need for some leadership from national government on this. Many of our national policies indeed are set within international obligations and so we feel there does need to be a read-across. In a sense, your point I think is one that stands, that, whichever model, if you have the right policy framework then we would see it being possible to apply those principles out into whatever governance model you have in the regions.

Q224 Alison Seabeck: Speaking generally about sustainable development, obviously you have your own personal difficulties with what sustainable development is, and how far is that in agreement with what the region understand is sustainable development, and indeed what at national level is understood as sustainable development? If both organisations could answer that, it would be helpful?

Mr Wilkinson: I think also that we take the sustainable development definition from the UK Sustainable Development Strategy, which outlines that sustainable development is composed of economic, social and environmental. Obviously you alluded to it in your question, that probably we would have more of an environmental slant than an economic one, but I think we can all recognise that it is formed of those three strands, and I think transposing that to whichever level, as Mike said, this is the most important thing.

Mr Corrigan: The UK Sustainable Development Strategy, I think, does set the right high-level priorities and objectives. I think that is fine. I think the challenge and where the difficulties come are delivery and achieving that, when it gets to the regional level, and the outcomes. If you look at actually what happens in regions on the ground, what are the pressures, we have got these high-level objectives for things like the environment, for instance, but we find, on issues like waste, water, loss of biodiversity, those are the things which are coming unstuck, as you effectively through

Q225 Alison Seabeck: Do you have a feel as to why those things are coming particularly unstuck, as you put it, at a regional level; is it that there is a lack of drive because there is no sense of accountability?

Mr Corrigan: One of the issues, certainly, in the South East, is if you look at the balance and the way that issues are pushed you have got very strong economic drivers in the region, the RDAs and particularly as well the Government Offices, to some extent. Also, if you look at representation within regional assemblies, there is a very strong economic focus. There is not the same counterbalance in terms of the environmental dimensions particularly in those bodies.

Q226 John Cummings: What would it take to deliver sustainable development effectively through regional governance? Can you give us some answers?

Mr Corrigan: I think one of the things that you could do at the regional level is look at the environmental representation, for instance, on regional assemblies and strengthen the environmental representation there. I think also you could make a much better read-across. As we were saying before, we have got some of the objectives and things that are in the UK Sustainable Development Strategy and then it is trying to translate those through, making sure those read through down to the actions of particularly the three main regional institutions. That read-across from here to the regional level does not work very well at the moment.

Ms Hilborne: I think that Natural England and the Environment Agency have got a key role to play in the region in helping to get the right answer, from our perspective, a more balanced answer to some of these dilemmas that we face. If we were to think about environment strategies as being definitely required of each region and also perhaps statutory then there would be some balance brought into being with the economic driver in each region.

Q227 Anne Main: Can I go back to what Mr Wilkinson said and the green infrastructure that you said was being put in place with the model that you like. I would like to have a bit of a definition of ‘green infrastructure’, and do you believe that it should be absolutely compulsory, as part of any delivery, say, for example, of housing on a regional basis, that there is a green infrastructure to support it, so long as I am sure I know what your ‘green infrastructure’ means? I like the sound of it.

Mr Wilkinson: I can answer quite a long question with a very short answer, I think, which is, yes. Green infrastructure is part of the essential infrastructure of development, to be considered alongside the transport infrastructure, social infrastructure and schools and hospitals.

Q228 Anne Main: Really do you feel it is, because you have got regional targets for housing and things, do you feel that the green is being communicated at a regional level?

Mr Wilkinson: I think there are very positive signs. You will be aware of the recent growth area funding that has been allocated from ODPM, which is going towards green infrastructure projects, the majority obviously within the growth areas. There is a requirement that those lessons which are learned within the growth areas and through that green infrastructure funding and that policy development at the sub-regional level, such as with Milton Keynes, that those lessons and that best practice are transferred and translated into other areas. Answering your question on the definition of green infrastructure, I think we would say that green infrastructure is the network of sites, green spaces, which are for recreational use, for access and quality of life, but that those need to be of high wildlife and biodiversity value; they can be multi-purpose. It is multi-functional green space that we are looking for,
linking those urban areas and parks and gardens and allotments and green cycle-ways, and suchlike, into the wider countryside, to nature reserves and looking at the benefits of linking urban and rural in that way, for people but also for wildlife.

**Q229 Mr Olner:** On delivering all these, do you think the emphasis on targets will make delivery a little bit better, or will targets impede the delivery on the ground of what you seek to achieve?

**Mr Wilkinson:** I think targets always help to focus the mind. The PSA agreements, I think within the Forum for the Future response refers to PSAs and that it would be useful actually to have targets to which organisations report. I think that those tasking frameworks, which contain the PSAs for each organisation, at the moment refer to sustainable development, but in a way the Sustainable Development PSA’s are quite weak in comparison with the others.

**Q230 Mr Olner:** Do you think there is a tendency to try to hit the easy targets? The real comment about sustainability, in the end it is very difficult to achieve; the lip service to the bottom end of it is pretty good, but how would you ensure that, within those targets, you really did get a delivery of the total system, instead of just bits of it?

**Ms Hilborne:** It is an extremely challenging question, have you got the answer to that?

**Mr Wilkinson:** The review of Government Offices, as you will know, was published this month and there is a shift within the role for Government Offices, from a more grant administration role to a more analytical and performance management role.

**Q231 Mr Olner:** And monitoring?

**Mr Wilkinson:** Yes; performance management and monitoring, to look at the effectiveness of regional policies, and that could be a useful step in trying to look at how things are being delivered across the board.

**Q232 Mr Olner:** I could say I am confused, and the Committee would clap their hands and say, “Yes, you always have been,” but there seems to me to be a myriad of bodies there which want to see the same goal but perhaps are sometimes tripping each other up. The question of the inquiry is, is there a role for regional government?. If there is, have the positions on sustainable development got to be lodged with regional government?. If there is, have the positions shifted within the role for Government Offices, from a more grant administration role to a more analytical and performance management role?

**Dr Clarke:** I am not sure about the ‘nowhere else’ but I think we have the very clear view that we have an array of national-level targets for sustainable development. PSA targets, and within that environment, yes, clearly there needs to be targets which then are laid across, in a consistent way, the various regional institutions. Then that ought to be part of the accountability mechanism, in terms of evaluating performance, and, to me, that seems to be quite a clear model which should be applied.

**Q233 Mr Olner:** We failed miserably to carry a referendum in the North East, and what have you. Are you going to make RDAs accountable; does what they are doing become more accountable to people? I am sure we want to see sustainable development, we want to see a good outcome, but, at the end of the day, we make the figures, how do we influence and control them?

**Dr Clarke:** Given the structure that we have, I think it gets back to what we were referring to just a moment ago, in terms of a tasking framework, with performance targets, which is transparent and can be accounted for at both a regional and a national level.

**Q234 Sir Paul Beresford:** The trouble with targets is that everybody groans; it is a government disease, like taxes and stealth taxes. They are everywhere and they cost money in auditing, they take time, often they are meaningless and yet you are wanting more targets imposed upon people out there who are trying to do some work?

**Ms Hilborne:** I think we want environmental targets which balance the number of targets there are out there, the social and economic targets.

**Q235 Sir Paul Beresford:** You would take targets away and replace them with some more suitable ones?

**Ms Hilborne:** We are not politicians; we are here to represent the environment. Within the current framework that we are operating within, the issue is that the environment loses out because of the plethora of targets for economic and social roles, frankly. At any local authority or regional authority the same thing is the case, that whenever even a local authority is trying to promote something which is far more forward-looking and long term and about adapting to climate change, or something like that, it struggles with finance because there are not targets attached to positive, environmental, long-term outcomes.

**Q236 Sir Paul Beresford:** What you are saying is that, from your point of view, there should be different targets?

**Ms Hilborne:** That sounds good.

**Dr Clarke:** I think, as much as anything else, the way governance in the regions is dispersed, it also needs to be a consistent framework across the regional institutions; the one set skewed in terms of RDAs, another for the Government Office, and so forth.

**Ms Hilborne:** Coming back to the point about do we want a regional tier of government, again, we do not express a view about tiers of government but, in terms of looking at the environment, particularly the challenge of climate change, actually it is quite useful to be thinking on a regional level about how we look to link up landscapes, to allow us to react to changes in flooding patterns, to allow wildlife to adapt to climate change, for example, so there are some drivers, from an environmental angle, to be thinking about at a regional level.
Q237 Sir Paul Beresford: I would have thought that those would be better at a national level?  
Ms Hilborne: You have that too.

Q238 Sir Paul Beresford: Following the other point, and national?  
Ms Hilborne: National and regional.  
Dr Clarke: Actually they are delivered through local action; whether we achieve any of those.

Q239 Sir Paul Beresford: Maybe it could be regional, smaller, bigger, appropriate to the environment itself?  
Ms Hilborne: Transport is one.  
Dr Clarke: Yes. I think, as Stephanie said a moment ago, there are quite a few elements of natural environment and land use, that the regional spatial scale is quite an effective one to be looking at, for example, you can look at a coastal flooding approach; a lot of natural systems operate on that sort of level.  
Mr Betts: Thank you very much indeed for your evidence this afternoon.

Witnesses: Mr Andrew Cogan, Chief Executive, Ms Jenny Kartupelis, Regional VCS Faiths interests, and Mr Richard Boyd, Disability East Consortium, COVER (East of England Regional Voluntary Sector Network and European funding advice in the East of England), gave evidence.

Q240 Mr Betts: Welcome to the Committee. As I said previously, the Chair apologises. Phyllis Starkey MP is actually in her constituency on important business today. Thank you for coming anyway and could you introduce yourselves, for our records, please?  
Mr Cogan: I am Andrew Cogan. I am from the Community and Voluntary Forum for the Eastern Region.  
Mr Boyd: Richard Boyd, from the Disability East Consortium.  
Mr Betts: Thank you for that.

Q241 John Cummings: The Committee understands that your representatives sit on the East of England Assembly as nominees, rather than elected representatives; are you comfortable with this particular arrangement?  
Mr Cogan: No. We have to be there.

Q242 John Cummings: When you say you have to be, where do you find the failings, the shortcomings, in that particular arrangement?  
Mr Cogan: The stakeholder model has got a democratic deficit. People do not have a direct connection with the Assembly, it is filtered through nominating bodies. In our case the politicians are nominated by local authorities, we nominate four or five voluntary sector representatives, other bodies nominate environmental interests, business interests, and so on.

Q243 John Cummings: If you had to reorganise it, what would you do?  
Mr Cogan: We quite like directly-elected assemblies, rather than regional assemblies.

Q244 John Cummings: You are in favour of directly-elected regional assemblies?  
Mr Cogan: We have mixed views. As a sector, we have a range of views.

Anne Main: Can we hear your views?  
Q245 John Cummings: We are here at this inquiry, you see, talking about regional governance?  
Ms Kartupelis: We do not all have to be in agreement, do we?  
Q246 John Cummings: No.  
Mr Cogan: We have diverse voices and interests.  
Ms Kartupelis: Thank you.  
Mr Betts: Even we disagree.

Q247 Martin Horwood: You can give us your personal views?  
Ms Kartupelis: I will give you my personal view, if you wish, because, I am sorry to say, although Andy and I agree on many things, possibly it is not that one. I am not the Member of our Regional Assembly but I assist our nominee, who does sit on the Assembly, and my experience is that the political members of the Assembly find the community stakeholders grouping, as we call it in our region, to be very valuable, for a number of reasons. One is that they ameliorate, if one may say so to the people here, some of the fighting that can occur between political parties and bring to bear on it an experience that is somewhat different and they bring an apolitical viewpoint. If we were to have an elected assembly, such as that in London, I understand that the community stakeholders group would no longer be part of the assembly but would be an advisory group, sort of to the side of it. I think that our Assembly would lose something thereby. I believe the politicians think that as well. I would agree that there is a democratic deficit, insofar as people have got onto a body with some influence and power without having been elected.

Q248 Mr Olner: It is like the House of Lords then?  
Ms Kartupelis: Perhaps we will be drawn on that. Some people might think, as well, that House offers a range of experience which might not be found elsewhere, I guess.  
Mr Boyd: Being typical, I sit firmly between both points of view. The view that my consortium takes is that we are where we are and if there is a structure
where influence can be brought to bear for the benefit of our membership and disabled people in general we will use that method to the best of our ability. It is ironic that we are part of a consortium of shareholder, if you like, stakeholder reps appointed within the COVER consortium and we are watching the members and officers trying to remove that away and delegate that to themselves to pick which stakeholder they see fit to represent which equality. That said, as the structure exists, we contribute positively to try to make it work better for the benefit of the people we represent, and we believe that we are not a silo, disability is not a silo, just as age is not a silo, and that we are trying to get involved in all levels and share it amongst the five of us. For instance, where age and disability have a shared interest, we will share that agenda among us and cascade that down to our system.

Q249 John Cummings: Recognising that you do contribute to the social, environmental and economic issues which are debated within your Assembly, what would need to change to make your representation more effective?

Mr Boyd: I do not have an instant answer. Sometimes I wonder what local MPs could contribute to a regional agenda, they are aware of this coal-face, just as we are. Sometimes I wonder what county councils do, having been formerly a leader of one, in the sense that sometimes the words are there but the actions are different and one will not do what the other has agreed to do. An example is—if you are keen on examples—the voluntary sector in the East of England provides an information service for disabled people by phone and website, except now that Hertfordshire is proposing to take that away from the voluntary service and integrate it back into the County Council structure. I have difficulty with that; so the words are there but the actions are not.

Q250 Anne Main: I shall be pursuing Hertfordshire then, since I am a Hertfordshire Member of Parliament; that is interesting. Can you give an example of how you influence the work of the Assembly; do you feel you are listened to? You say you are unhappy with that. I do not know whether you have got any other issues where you feel you are listened to; are you able to comment on the experience of social partners in the other regions, are they treated like you are, do you think?

Mr Cogan: I think we have some influence. Our region has a social strategy and it is a very fine, social justice document, in terms of it is going to improve the quality of life, improve social and economic inclusion, environment inclusion and do great things; the problem is the follow-through. I do not think it is tied up with the local delivery vehicles. It was written before Local Area Agreements, for instance, and that bringing together of commissioning and joint action alignment. I was looking only this morning at our health and social inclusion partnership of the Assembly and it is clear that the social policy of the region was at variance with what was happening on the ground locally, there was a huge gap between what the region was trying to do and what was happening on the ground.

Q251 Anne Main: Which should you do; what the region wants to do?

Mr Cogan: I think, try to bring them together, from a regional perspective, try to work with local agencies and local partnerships.

Q252 Anne Main: Why is there this variance then? Why do you think there is that variance between what the region is trying to do, or wants to do, and what the people on the ground are trying to do and want to do?

Mr Cogan: I think a lot of it is down to government initiatives. There are so many government initiatives, everything sub-regional is up for grabs at the moment, in terms of health structures, political structures, new Local Area Agreements, LSPs, all sorts of things; they are in a mess. There so many things happening, it is very hard to get hold of anything.

Q253 Anne Main: A government-created mess, is that what you have just described?

Mr Cogan: I think it is.

Q254 Alison Seabeck: Part of the question I was going to ask is around the welter of government initiatives you describe in your paper. What is your experience of dealing with the Government Office, to start with, generally; what are the relationships like?

Mr Cogan: Good and bad.

Q255 Alison Seabeck: In what sense; when it is bad, why is it bad?

Mr Cogan: I think the words are fine. Sometimes I think it is to do with their capacity, the numbers of people they have. Last week, they issued a notice to all their staff that there would be a 33% cull of staff, which makes it very hard to talk to people when they are worried about whether they will have a job next month, next year, and the rest of it. For instance, we run the Community Champions Fund for the region and our personnel managers had to deal with four different civil servants in 12 months as their contact. There is a mixture. There are lots of good intentions, but, in practice, in a way, it is quite hard to make it work.

Q256 Alison Seabeck: Those four civil servants, are they there representing different government departments with the Government Office?

Mr Cogan: They were all in the same department; there was a merry-go-round of the organisation, some people were moving on and moving on and moving on.

Q257 Alison Seabeck: Nonetheless, at times that is complicated further by the fact that you have these different government departments within Government Offices. What is your experience of
Q258 Alison Seabeck: Coming back to the communication problem, which you described, about local and regional, you are feeding in information to Government Office in the region, which, in turn, they should be feeding up to national government in order to help inform policy there. Do you feel that is happening or do you feel you get to Government Office and basically you might just as well be talking direct to Government?
Mr Cogan: I think the feeding really does go up. I think the balance of power is downwards rather than upwards, in terms of flow of communications.

Q259 Martin Horwood: This is on a similar point really. We have seen stakeholder research, not specific to your region, which suggests and basically it asks stakeholders in the regional government process more broadly to whom they thought various bodies listened. They found the most influence on the three regional bodies was from central government and after that it was each other, so there was a lot of self-reference going on, and I think public opinion came bottom, after the voluntary sector and various others. The first question is, is that your experience, and the second question really is about who is doing the listening and are the officers in these assemblies more influential than you would expect in a democratic body?
Ms Kartupelis: I think there is a lack of continuity, in various ways, and what you have just phrased is an aspect of that. There is the one that Andy has mentioned, in terms of changes of personnel but also there is lack of continuity in terms of policy, because it seems to me that, at least with Government Office and now RDA, they are having to interpret to us the central government policy, rather than adapt it to any way to the needs of our particular region. If there is a new initiative then they are reflecting that initiative and we are having to adapt to it. Within the voluntary sector, perhaps surprisingly, there seems to be a greater degree of continuity than actually there is in governance, and certainly in the part of the voluntary sector that I represent I would say that is the case.

Q260 Martin Horwood: Do you feel that they are listening more to each other than they are to you, as a sector?
Ms Kartupelis: Yes, but not necessarily because they wish to, but possibly because they feel they have to, in order to deliver back to central government the policy that they feel they need to interpret on the ground.

Q261 Mr Olner: It appears to me that you are fairly well frustrated with what is going on at the moment. Are you frustrated because of the structure of what is there at the moment or are you frustrated because they have got very few outcomes?
Ms Kartupelis: The structure I think can be frustrating to everyone, not just to us in the voluntary sector but to the people in the bodies of governance as well, insofar as they may not have the manoeuvrability and flexibility they might feel that they need to act on a regional, as opposed to a central, level.

Q262 Mr Olner: There is a minimal level and I was listening with great interest when you were talking about sometimes the level of continuity at the Government Office in the region, but there is a tremendous amount of continuity in local authorities, particularly county councils, and I would suggest also regional assemblies, there is a fair amount of continuity there. Why is the thing breaking down? Where are you coming from when you are saying to this Committee, “There’s a lack of continuity and that’s what’s spoiling all of the good things we want to do”?
Ms Kartupelis: I would locate it partly within Government Office and partly within the Regional Development Agency, in terms, as I say, of interpreting central government initiatives, because those are the things which have a discontinuity.

Q263 Mr Olner: Your message to this inquiry would be, “Forget the regional assemblies, forget the regional councils now; let’s take it back down to county councils”?
Ms Kartupelis: No; sorry. I have not expressed myself well, in that case. I would say that regional government stands a fair chance of giving us continuity, if they were allowed by central government to have some flexibility in interpreting central government policy such that it was appropriate to the region.

Q264 Martin Horwood: Can I just pursue that exact point and ask you to give us a precise example, and that might be something like the Regional Spatial Strategy; is that an example of something where you feel that the regional bodies are interpreting a central policy rather than adapting it to local needs, or regional needs?
Mr Cogan: That is quite interesting, because I think there were something like 26,000 responses to the Regional Spatial Strategy and I imagine most of them will be hostile. What is surprising is how easily those large targets went through the Assembly and all the constituent bodies; it was quite surprising really.

Q265 Martin Horwood: There was a remarkably similar experience in the South West, I have to say. Mr Boyd: My organisation is funded, to a greater or lesser degree, in the disability world, by grants, although we are a social enterprise. Just to take Essex, which I know well, I applied to 42 grant sources in order to run a county-wide structure. The...
irony was that when I applied to Government Office to do a regional review of disability and trends and demands over the next 10 years I obtained more support more quickly there than ever I had been able to obtain from the fragmented structures of six counties and four unitaries. I will illustrate that more. If you live in the north corner of Essex your nearest hospital is in Cambridgeshire and so you are dealing with two authorities. I am just giving an example. On the edges of each authority, at the moment, which is where predominantly older people live and disabled people, they are ending up talking to two providers, or maybe three; if we talk to region we talk to one.

Mr Betts: Thank you very much indeed for your evidence.

Witnesses: Ms Sally Low, Director of Policy and External Affairs, and Ms Charlotte Moore-Bick, Policy Adviser, British Chambers of Commerce (BCC), gave evidence.

Q266 Mr Betts: Welcome to the evidence session. As before, I will just give apologies for Phyllis Starkey MP, the Chair of the Committee, who is in her constituency on important business this afternoon, but you are welcome anyway. For the sake of our records, could you just identify yourselves, please?

Ms Low: I am Sally Low, Director of Policy and External Affairs for the British Chambers of Commerce. This is Charlotte Moore-Bick, the Policy Adviser, who compiled our submission.

Mr Betts: Thank you.

Q267 Anne Main: In your representation, you discussed a lack of clarity of the regional agenda; why do you think this is and do you think the Government has run out of ideas after having a ‘no’ vote in the North East?

Ms Low: I think the referendum in the North East taught us a number of things. Certainly, from the British Chambers of Commerce’s view, we are in favour of devolution. What that referendum taught us, and it was interesting that the North East Chambers of Commerce compiled a survey prior to the referendum which mirrored the result, was that there was resentment about the costs that people felt were going to be involved; they could not see the value of the proposals contained within it and did not really believe that this was serious devolution. It is not a rejection, as we see it, of regional government but it is a rejection in the way that it was formed. In terms of lack of clarity, from the business perspective we are seeing a lot of different layers and tiers in the whole structure of government, and what business is asking really is, from the point of view of representation, into that whole mix, where does business feature, but also who rules. If we are going to be serious about central government rules, and whatever, we have got a growing regional level there, there is the rise of the city regions as well coming out of recent debate and also local government, and we are seeing the launch of the Local Enterprise Growth Initiative, and things like that, which further serve to strengthen local government. Of course, with Chambers, their position, our network of Chambers of Commerce is unique, in that they are absolutely rooted in their local communities, absolutely bedded in those communities and very strongly support the economic development activity that is going on. From that perspective, we seek more clarity about which level is going to come to the fore and which will have the decision-making role, particularly with regard to economic development.

Q268 Sir Paul Beresford: Would you not think the vote in the North East said more than you have just explained? The North East was the area which supposedly was most likely to go for a regional elected assembly; they said decisively “No.” Therefore, if that can be extrapolated, everyone else might have said “no” to an even greater degree and they do not want a non-elected assembly either so really we are looking at the wrong thing, if we are looking at regional government as it is structured by this Government now?

Ms Moore-Bick: I think the issue really was around the nature of the proposals for the North East Regional Assembly. From the business point of view, it was seen as likely to be very costly to businesses, an additional layer of government, as Sally was saying, not getting rid of anything but adding another tier of government. Indeed, it would have taken some of the power up from the local level rather than being devolution from the centre. We would not see regional government as being a sort of dead duck, if you like, it has still got a vital role to play; it is just how you go about doing that. I think there is a danger at the moment that we may get regional government by the back door. Regional Development Agencies are being given more responsibilities, particularly over delivery, rather than just their initial, strategic role, so there is real concern.

Q269 Sir Paul Beresford: You would want a total rethink, would you?

Ms Moore-Bick: We want greater accountability, certainly, and we need to look at how Regional Development Agencies conduct their procedures, and so on, how they involve businesses, Regional Assemblies as well; we are very concerned about the lack of business engagement.

Q270 Anne Main: You have just given one reason why you believe the model was rejected, the Government at the time gave a different reason; do you think there is a problem with everybody putting their own interpretation on why it was rejected? You do not believe the one which Sir Paul put forward, which is to ask if people still want it, you have your own reasoning. Have you got anything to back up
that particular view, that it was a lack of clarity, that was why people rejected it, because it is not what came out of the Government’s viewpoint at the time, they said it was a political one? Other people, who do not favour regional assemblies, say, “Well, it’s just because we don’t want them, and “No” is a ‘no’,” The people who say they want them because of the value of them, will you please say from where you have got that information?

Ms Low: What came out of the survey, as I say, which the North East Chambers conducted immediately prior to the actual referendum, was that business did not want something which it saw as bureaucratic and would add more costs without seeing value, so I can present the arguments from the business point of view and those were canvassed amongst our business members in the North East.

Q271 Mr Olner: You are happy about them being unaccountable; you are happy about a body being there which was distributing money but was unaccountable?

Ms Low: No; no. Accountability was an important part of that as well.

Q272 Martin Horwood: Can I ask how many businesses actually were contacted in that survey?

Ms Moore-Bick: We do not have the figures to hand.

Ms Low: I can certainly provide you with some information on it.

Mr Betts: If you could provide some information on that, it would be helpful.

Q273 Alison SeabecK: My question is linking into the debate that we have just been having about the structure, if you like. Clearly, you would be in favour of some form of reorganisation of the current three tiers of regional government, for coherence in the political process; how would you do that, do you have a model in mind?

Ms Low: It is a difficult question. If you look at it from the way that business approaches life then you need to concentrate on what the priorities are, exactly what we want to get out of it, and I think then something like Local Area Agreements is an important mechanism, potentially, for doing that. If you look at establishing a set of clear priorities and then track back to what sort of mechanism and structure should feed and motivate and enable those priorities to be met, that is perhaps the better way to look at it. It is an important opportunity for us now, with this debate and with the White Paper, to discuss the various pros and cons of what the regional structure should look like. If you look at what we have got at the moment, the RDAs perform a duty as a mechanism and a framework for funding and have a number of core priorities. What we are seeing, from our Chamber network and the businesses they represent, is a tendency to hang lots of other things off the RDAs, which does concern us. We do not have a problem with the way the RDAs were framed originally, but we do want to see them performing those core roles and delivering on them and we think it is very important to make that happen effectively, rather than using them for lots of additional things, for example, as now they are in charge of the Business Link and business support, as well as other things, and that is an important caveat really to how the regional levels are working. Equally, at local government level, it is important that, with a role for economic development, business is at the heart of that focus and is genuinely part of that and represented in those models in local government.

Q274 Alison SeabecK: That is a very interesting answer and it links, in part, to comments in your paper about the consolidation of funding streams as well, in terms of bringing together perhaps a more efficient model. If you were going to look at consolidating funding streams and had to lose one of those arms of regional government in order to do that, which one would you lose?

Ms Moore-Bick: It is not necessarily about losing an arm; you may now have a single programme but you have still got the various streams of European funding, ESF (European Social Fund), ERDF (European Regional Development Fund), obviously those are tailing off in many areas, but there is the Competitiveness and Innovation Programme, which is a fairly recent funding stream, and, from the business point of view, there is funding available to support export development, skills, and so on, but it is a very confused picture. If it were one stream, there was one point of contact from where they could get the advice, they know what funding is available and also can see how the funding which has been given to the RDAs is being used on the priorities like skills and enterprise, economic development, I think it would provide greater clarity.

Q275 Alison SeabecK: Have you fed those views into any other government departments, because, clearly, if money is being wasted or duplicated, I assume you have already made those points to the appropriate people?

Ms Moore-Bick: Yes, we talk regularly to government departments, including the DTI and ODPM, making those points; absolutely.

Q276 Mr Betts: Is it about being interested in or bothered about serious devolution, or really is it trying to ensure you do not have bodies around which might be a bit anti-business and do things which you cannot quite control and would be unhappy about, bodies which might be out of your control or influence?

Ms Low: No, I do not think that is the case, given the long history and tradition of the Chambers of Commerce. They are rooted in their community and do play a major role and are interested in civic leadership and in local economic development, also encouraging enterprise into areas of disadvantage; there is an enormous amount of activity as well with schools.

Q277 Mr Betts: In which areas of funding do you want to see the goals?

Ms Moore-Bick: I think the five priorities of RDAs, as they stand, are the right five, from the business point of view; it is just how they go about acting on
those. In the West Midlands, for instance, a manufacturing strategy was developed without any consultation with businesses. It is not about us protecting our interests, but if it relates to a major concern for businesses in the West Midlands, Rover, and so on, business should be involved in that. To come back to your point, I think the five are pretty much the right ones, but it is doing them better, it is making organisations like the Regional Skills Partnership actually work so that they are delivering the skills which businesses need, so people can get jobs in their region.

Q278 Martin Horwood: Just following on from Clive’s point, far from supposedly being anti-business, the RDAs in particular, have a remit to be pro-business and to develop business, do they not? How many marks would you give them out of ten, in general, for being effective, pro-business organisations?

Ms Low: You will not be surprised if I do not give marks out of 10 for that. It is patchy; the information we receive from our Chamber network is that it is patchy, and part of that is because the RDAs are being asked to do too much. Particularly with regard to the new responsibilities for business support, we are seeing an uneven delivery and an uneven response to that further role and responsibilities.

Q279 Martin Horwood: If they are being asked to do too much, it begs the question of where really those responsibilities should go. Would you rather that they were exercised at a more local level?

Ms Low: For something as practical and as business-related as business support, we would argue it should come down to the Chamber of Commerce network to deliver business support.

Q280 Martin Horwood: You should receive the funding directly then for that?

Ms Low: There have been various plans floated about this over the years, and, yes, the Chambers of Commerce is a national network, private sector, independent which understands the needs of business, because what we are seeing is duplication and we are seeing reported, in some cases, services being provided where there is not actually a need being voiced. You can cut out some of that by producing a leaner, more efficient structure.

Ms Moore-Bick: I think it is about the RDAs trying to deliver that, to use the body for mechanisms which are there already, like the Chambers of Commerce, to deliver some of their strategic priorities. It is not about them setting up systems which duplicate what is already there in a region.

Q281 Sir Paul Beresford: One of the points made by the last witnesses was that there was a plethora of funding streams, if you like, new initiatives, chops and changes; to use a colonial phrase, “It’s a dog’s breakfast.” Is that what you are saying really, that they may have not just too much to do but there is too much change, too many varieties within the changes?

Ms Low: The Chambers of Commerce in various forms have been in place since the 1750s, and since the eighties we have seen numerous different methods, one-stop shops, TECs (Training and Enterprise Councils), agencies, all sorts of organisations and methods of providing support for business, in one way or another, and now this latest incarnation, the new model for Business Link, the IDB model. Yes, it is a mixture and there are numerous organisations, for example, in a very small area, serving a small population. There can be literally thousands of signposting operations and information points producing a very confusing picture. For example, in the North East, there are hundreds and hundreds of various small pots of funding which can be allocated for enterprise of some sort. There is a serious need now to look at this again and say we have got an ideal opportunity here. It would be a great shame to look back, in five or 10 years’ time, and think that really we did not rise to the challenge and produce an effective model.

Mr Betts: Thank you very much indeed for your evidence.

Witnesses: Ms Jane Thomas, former Director of the Campaign for Yorkshire; and Councillor Chris Foote-Wood, Vice-Chair of the North East Assembly; gave evidence.

Q282 Mr Betts: Welcome to our evidence session and, again, I give apologies for the Chair, Phyllis Starkey MP, who is in her constituency on important business this afternoon; you are welcome anyway. For the sake of our records, could I ask you to introduce yourselves, please?

Ms Thomas: I am Jane Thomas. I am former Director of Campaign for Yorkshire, which then became the Yes for Yorkshire campaign.

Councillor Foote-Wood: Chris Foote-Wood, Vice-Chair of the North East Assembly.

Q283 Mr Betts: Can I just make it clear, as you have asked me to, that actually you are here in an individual capacity this afternoon, not on behalf of the Assembly?

Councillor Foote-Wood: That is correct.

Mr Betts: Thank you very much indeed.

Q284 Anne Main: In your representations, you were both highly critical of the lack of accountability of quangos. If you were to try to make them accountable, to which regional bodies should they become accountable, if you think they should be accountable?

Ms Thomas: I think the fairly straightforward answer is to a directly-elected regional body. In the interim period, I think that there is some discussion about moving towards a regional executive. I think that we are in a new era to have a debate and dialogue about best regional structures, but it is
very, very obvious to me that we have got an enormous amount of regional architecture, at the moment, that we ought to develop and build upon and probably streamline in a much more effective way. In some ways the architecture is there, you have got that with the embryonic regional assemblies, you have got that with the RDAs, and certainly you could meld those into a regional executive, but the long-term answer, for me, is to have a directly-elected regional body.”

**Councillor Foote-Wood:** It is in my evidence, the land of 100 quangos, and in the North East we have well over 100 government quangos. Really it is the lack of co-ordination and the inefficiency of these numerous organisations that I firmly believe that, for regional government to work, and we have this very dissipated regional government, these quangos need to be responsible to a single body, a single organisation. My preference, like Jane’s, is for an elected assembly, but that has been rejected, as you know. The alternatives would be either to use the existing regional assembly or to set up a regional executive, but I do emphasise, from my point of view, and we want to impress on you, that one organisation needs to take responsibility for co-ordinating all these regional quangos, otherwise it will never work.

**Q285 Anne Main:** Thank you. You said there are 100; do you think that is too many, could they be made more efficient, more co-ordinated, or more attuned to local conditions, dispensed with?

**Councillor Foote-Wood:** Certainly; absolutely.

**Q286 Anne Main:** Absolutely, dispensed with?

**Councillor Foote-Wood:** They could hardly be less co-ordinated than they are. I do believe that the success of the Scottish Parliament and the Welsh Assembly has been due to Parliament giving those bodies responsibility, an overview of all their quangos and I think that is an essential element of what needs to be done. To me, it is self-evident that they ought to work under some kind of umbrella.

**Q287 Anne Main:** Okay, but did you say you still wanted 100, or is that too many?

**Councillor Foote-Wood:** Certainly the number could be reduced. Each of these quangos has its own board which is appointed by government ministers, and in my estimation there are about 1,500 of these people, far more than there are elected councillors. Quite honestly, I do not see why each of these quangos should have its own individual board; certainly the jobs they do should continue but why have 1,500 appointed members when you could have a single body responsible for all these quangos?

**Q288 Martin Horwood:** You seem to be suggesting that, if a proposal came back which did confer those kinds of powers on a North East Regional Assembly, you might be in favour of an elected assembly. Do you think actually there is the stomach in the North East for a second referendum, or would you be heading for just a second fall?

**Councillor Foote-Wood:** No. Martin, I do agree with your suggestion that it would be pointless having a further referendum; the way that public opinion is at the moment certainly it is against it. I am only expressing my personal view. As a practical person who tries to make things work, I am looking for a better solution in the interim. If we did have a single body, if, for example, the existing Assembly were given responsibility for these quangos, could prove itself, then perhaps, as with Scotland and Wales, 10 or 15 years down the line public opinion might be different, but I cannot forecast that. I accept the present position. It has been rejected; we will have to look for other solutions.

**Q289 John Cummings:** My question is directed to yourself, Jane. No disrespect Chris, but the lady is much prettier than you. Jane, you criticise the devolution of budgets to sub-regional bodies, in your evidence. In an ideal world, what do you believe should be devolved and to whom should it be devolved?

**Ms Thomas:** I think it is quite an interesting debate about the double devolution agenda at the moment. I think one of the things which are becoming evident is that the state is getting bigger at a regional level and accountability is getting less. One of the things which are happening on top of that is also that we are having the establishment of quite a number of new initiatives which are drawing down massive budgets. Somebody mentioned in previous testimony the LEGI budgets but also initiatives like Pathfinders, and things like this, and they are drawing down a large amount of state funding, where the accountability principle I do not think is melding with any local authority accountability and certainly is falling outside the remit of any other sort of democratic accountability. Sub-regionally, there is an awful lot that is happening and some of it is very positive. The Pathfinders in Sheffield is going to be very, very good for Sheffield, but it does beg a much wider question, which has not gone away with the North East vote, which is about governance and how we are spending, or quangos are spending, public money.

**Q290 John Cummings:** Could you give an example of what you would devolve?

**Ms Thomas:** What I would devolve down at a sub-regional level, I am very interested to see the new localism have some teeth to it. I would like to see local authorities have greater powers but I think they should be bedded within a formally-elected regional body, where there is money devolved down to a regional level, so you have a proper, multi-levelled governance arrangement, as we have in Europe.

**Q291 Sir Paul Beresford:** That has been rejected, so what would you do instead?
Ms Thomas: It has been rejected. I think we can dissect the North East vote till the cows come home and there has been ample discussion this afternoon about why it did not happen. I do think there is an issue about what was on offer and I would have to say that was not what we would have argued through Campaign for English Regions; real devolution. It was not devolving budgets.

Q292 Sir Paul Beresford: Hang on; let us go back. It has gone. Chris Foote-Wood says it has gone, so what would you have instead, to answer this question?

Ms Thomas: I think there are a number of opportunities, in terms of constitutional reform, which are opening up other avenues to explore this, and we have been talking this afternoon about House of Lords reform, about having a genuinely reformed second chamber where you could have a regional list. There are very many opportunities, with the new localism, about where you could think about having much more empowered, genuinely empowered, local authorities. I think you could sit within a powerful regional executive with some statutory rights an awful lot of overseeing and steering, in terms of taking some guidance from those properly constituted bodies.

Q293 John Cummings: Basically, you are accepting that the 100-odd quangos that you have at the present time in the North East, placed in your document, are going to continue for the foreseeable future?

Councillor Foote-Wood: Yes, because you could argue that most of these quangos, if not all of them, do a useful job, as far as a particular sector of government is concerned; what I am concerned about is the lack of co-ordination. I would suggest to you, colleagues, that one way of doing that, without creating any new structures whatsoever, would be to give the existing regional assemblies the power to agree the budgets and business plans of the quangos. At the moment we are responsible for overseeing, if you like, the Regional Development Agencies, but we do not have any carrots and we do not have any sticks and the Regional Development Agency does not have to do what we think it should do.

Q294 John Cummings: Are you saying that the Assembly should really have more teeth?

Councillor Foote-Wood: Absolutely, John, I totally agree with that, and I am saying that a simple way to it is give us budget approval and we will start getting co-ordinated; no doubt about that.

Q295 Mr Betts: Can I bring you back now to the sub-regional level, where I think you have said that you have got some reservations about the sort of regional approach, because you think it will be at the expense of the areas around the city and that it will tend to concentrate resources in the city. Is not there also the possibility that areas around cities, which currently are not involved in the decision-making process of the cities but are still affected by them, will actually gain some influence over that process, if we have some sort of city region model?

Councillor Foote-Wood: Mr Betts, if I may, I believe we are talking about two different things here. As far as the present sub-regions are concerned, unlike Jane, I support that system, because, with our agreement, the Regional Development Agency in the North East has devolved 75% of its decision-making to the sub-regions, right across the board, which I support totally. I do have reservations about the city regions, for reasons with which I am sure all Members here are familiar, that there is a danger that the outside areas, the rural areas, as you suggest, Mr Betts, would be affected by decisions over which they had no control.

Q296 Mr Betts: Is it not the other way round, that currently they are affected by the decisions and they have no control? The classic case is in Sheffield, where a bit of our economic hinterland actually is in other regions, not being with the local authority areas, and there is no involvement or influence over what happens from those areas but in Sheffield clearly decisions are being made which affect them and they have no influence over it?

Ms Thomas: To answer concerning Sheffield, I think it is quite an interesting one about the city regions. I was one of the authors of the Sheffield City Region Development Plan for the Northern Way, so I have some interest in this. I think you are right, in a way it is drawing different players and bringing different people to the table, and that is really, really important. The problem for me is that the city region still has not tackled head-on either the governance issue or the accountability issue, and that was the one thing that the regional agenda and the regional debate did attempt to do. City regions have got a role to play, I think, in the future, certainly in determining some of the economic issues, some of the productivity issues that we looked at a lot with Sheffield and, in particular, the bit of north-east Derbyshire which has been drawn into Sheffield City Region, which is very much part of the economic drivers of Sheffield. I believe that the economic case for city regions should run parallel but it does not answer the governance and accountability things, which really, I think, was being asked with this particular submission.

Q297 Alison Seabeck: You have answered some of it with your response to Mr Betts' question, but two follow-ups from that. How easy will it be, in your view, actually to define a city region?

Ms Thomas: I think there is not a "one size fits all", there never has been. One of the things that Northern Way has thrown up, which has been very, very interesting, is some sort of debate, a regional debate, about what we think about place and space, and for different people it means different things. Mr Betts will have as much a feel about Sheffield as I have, in terms of the Sheffield City Region; there is some resonance around that. Certainly in
Councillor Foote-Wood: I would demur on that, in exactly the same questions. That devolved down to regional government to address be devolved to them as we thought should have been PSAII targets then the same sorts of powers need to regions as being an economic driver and wanting to from outside, in a lot of the country. If you see city labour market issues being very different, that was really interesting in country to respond to very different things, especially labour market issues. That was really interesting. In the Treasury report which came out last week, about labour market issues being very different in London from outside, in a lot of the country. If you see city regions as being an economic driver and wanting to address productivity issues and wanting to address PSAII targets then the same sorts of powers need to be devolved to them as we thought should have been devolved down to regional government to address exactly the same questions.

Councillor Foote-Wood: I would demur on that, in that, if you gave powers to the city regions, presumably that is taking them away from the region. Why I support the region primarily is that it gives a proper balance between the cities and the rest of the region and sees fair play between them. We accept the crucial position of the cities as economic drivers and certainly we would do everything possible to support what they want, but not at the expense of the rural areas.

Q299 Martin Horwood: Councillor Foote-Wood has said almost what I was going to ask Jane Thomas, in response to what she has just said. It is almost like a variation of the West Lothian question. I will call it the Cheltenham question, if you want. If the new drivers of regional government are going to be city regions, how do towns like mine, which is 110,000 people, very vibrant, economically, socially and everything else, find our place in this new set-up?

Ms Thomas: I am not convinced that city regions are the answer to the question, actually, and that was why I was saying that city regions are interesting. I know that there has been a lot of interesting academic debate, and indeed there is a lot of evidence to suggest that city regions can be powerful drivers. For me, there are two caveats. First of all, a lot of the research that has been done, from Salford and other places, has looked at European and American examples of city regions, where cities are nested within a devolved form of government, whether it is a federal system or regional government, so it is not a perfect science to draw on European examples. The other thing is that I think the jury is still out in terms of GVA benefits, in terms of what cities can do. I think it is interesting. I am glad that people are looking at devolving powers and decisions, because, inevitably, the city regions debate is coming back to the same debate that we started out with, the Campaign for the English Regions, which was looking at ending the quangos, looking at accountability and looking at moving away from a London-centric focus, which I think has led to a two-speed economy. It is a good debate but I do not think it answers the central and crucial questions.

Mr Betts: Thank you very much indeed for your evidence today.

Witnesses: Mr Bob Neill, Deputy Chair (and Conservative Assembly Member for Bexley and Bromley), and Mr Richard Derecki, Director of Studies (Senior Scrutiny Manager), Commission on London Governance, gave evidence.

Q300 Mr Betts: Thank you very much for coming this afternoon to our inquiry. Just to give apologies from Phyllis Starkey MP, the Chair, who is away in her constituency on important business this afternoon, but you are welcome anyway and could you identify yourselves, please, for the sake of our records?

Mr Neill: I am Bob Neill. I am a Member of the London Assembly and I am Deputy Chairman of the Commission on London Governance.

Mr Derecki: I am Richard Derecki. I am the Director of Studies for the Commission on London Governance.

Q301 Alison Seabeck: In your recent review, you argued very forcibly for a review of governance across London, and not just the GLA and the Mayor: why?
Q302 Alison Seabeck: It is a very complex area and probably you will not be able to answer this, but what changes would you advocate; have you got in your minds already certain changes that you would like to see to the governance of London, across the piece?

Mr Neill: I think the thing that came through most strongly to us, and Richard, who ploughed through all the detailed evidence, can help us with the detail, was that there is a lot of confusion amongst Londoners themselves as to who is responsible for what and how the governance arrangements actually work. That is why I say it is not just what we think of as traditional local government, confusion about who is responsible for delivering the Health Service in its various sectors, where you sit with policing, crime and disorder, other emergency services, it is pulling that together and giving it a greater sense of accountability. Quite often, people come to us and say “We don’t know who to go to,” and tell us, “We’ve got a problem with the buses,” on the one hand, and “I have got an issue with social services,” on the other, or “We’ve got a problem with hospital admission,” and so on.

Q303 Alison Seabeck: Reorganisation of local government is something which is always costly, never easy; have you done any assessment of how much that is going to cost London taxpayers to undertake?

Mr Neill: If you have a look at our report in detail, we set out some of the costs of previous reorganisation, which is actually why we do not suggest going down the route that I know the Mayor would like, with a major upheaval of all the boroughs, precisely because we think that would be too costly. We would prefer to build on what there is at the moment. It is not actually creating massive new structures but, as an example, you could devolve a number of the funding streams, which currently are administered by GOL, sometimes to the Mayor, in some cases directly to the boroughs and the CDRP money sensibly could go to the boroughs and European funding, such as we will have in the future, other things, sensibly could go direct to the Mayor. On the borough front, we argue that perhaps if boroughs are doing well and are well-performing authorities there is clearly already lots of argument for greater synergies between borough social services departments and the PCTs; that could be built upon and I can see an argument, in due course, for the boroughs taking on some of the commissioning work of PCTs. Those are elected and accountable bodies which ought to have that role.

Mr Derecki: I think very much the proposals from the Commission were not about creating new structures, they were very much about enhancing what is already there and finding where there is capacity to push that ability to deliver services.

Q304 John Cummings: You have partly answered the question in relation to who holds the purse strings for London, but what are the implications of this financial control for governance in London?

Mr Neill: As far as possible, we would seek to make it for London council taxpayers cost-neutral; that is why we are very anxious not to get into big empires, and so on. I think the real difficulty that we have, and I know Sir Michael Lyons is going to look at it, is this disconnect between who provides the funding, on the one hand, and the people who are responsible for delivering the services and accountability to the actual ordinary user, on the other. That is the bit that we are trying to draw down into. Clearly, if you take London, for example, if you want to have significant improvements in London’s transport infrastructure, the current base for raising revenue for that, of either fares or domestic council tax, being the only two tools you have got which you can change within London, probably is too narrow to achieve that. That is why we think in terms of returning the Business Rate, for example.

Q305 John Cummings: Do you think there is sufficient accountability for public expenditure in London?

Mr Neill: We do not think there is.

Q306 John Cummings: How do you think it should be strengthened?

Mr Neill: For a start, if we were to take GOL out of the ordinary rank of London Region Offices, because you can well argue, and I was interested in the debate you were having about what happened in the North East, that is not an issue in London. In a sense, there was a referendum, there was a settled structure of devolved city regional government here; let us strengthen that so you do not have to have GOL administering a lot of these things. Even though I do not agree with the Mayor, it is much better he has that power and is accountable for it, in broad measure, and, similarly at the local level, let us beef up the role of the boroughs. I would like to see far more scope for making sure that Local Area Agreements, the Strategic Partnerships are more accountable through the elected Members who serve on it.

Q307 John Cummings: In your evidence, in paragraph 3.11, you talk about a “clutter of institutions.” What impact does this have upon policy development and service delivery; is it deliverable?

Mr Derecki: I think it does pull down to the problems of lack of transparency and the perceived accountability gap between local customers, consumers, local citizens.

Q308 John Cummings: Would you say it is a perceived accountability gap, or is it actual?

Mr Derecki: I think it is an actual one. They perceive that there is an accountability gap because they do not understand whom they should approach, nor to do with issues that arise, problems that come up, they do not know how to access information about the delivery of a particular service, they do not know who is actually funding that service and they do not understand the rights and responsibilities they have as receivers of those public services.
Q309 John Cummings: Do you think this is specific to London? I believe you are talking about the general public here, but surely this is the same right throughout the land, when it comes to trying to understand local authority expenditure?

Mr Derecki: I think it is. I think you have just heard a compelling argument previously about the 100 quangos which are operating in the North East. I do not think it is particular to London, but I think it is something that we picked up on in our work when we went out and collected our evidence base; it was a message that came over loud and clear and we are trying to respond to that.

Q310 Martin Horwood: Is not this partly because it is a relatively new structure and one of the reasons everybody across the entire country is confused about who does what in local government and regional government is because we keep on changing it every 10 years? Planning powers go up and down like yo-yos, and surely in London I would have thought actually that with a high profile Mayor taking very specific positions on particular policies to do with, for instance, transport, I would guess that people in London actually are clearer about the division of responsibilities than in other parts of the country. Is not that your perception?

Mr Neill: Funny enough, not as much as you would think. I understand your point, but, for example, a lot of the detail of it people do not pick up on. Most people think that the Mayor has direct control of the police, but of course he does not, there is a police authority in-between. A lot of people are confused as to whether he has responsibility for some of the overground trains, as opposed to the tube. It is not just at the strategic level, where you have got a comparatively new structure, I agree, but also it is noticed particularly, I think, at the borough level. I use again, quite deliberately, the example of the Health Service because it came up quite a lot. There, you have got a disconnect between public health issues, on the one hand, the more basic primary care issues and the linkages in there with social services. Clearly, we are seeing already, and rightly, I think, more close working between local authority social services and the PCTs. There is logic in saying “Well, how do you actually make that more accountable for people?”

Q311 Mr Betts: Looking at the current model for governance in London, do you think that is a unique example of how things can be done in this country, or do you think it could be replicated in other large cities?

Mr Neill: I think I would be cautious about saying it could be replicated elsewhere, simply because London is unique, in terms of its size and complexity and the political situation, and in fact there is a settled measure of devolved government, which is still a matter of contention elsewhere. I think also the nature of cities varies enormously, as you will know, Mr Betts, from your experience with Sheffield. London, in a sense, can be treated as a one-off; it is the largest city in Western Europe and it has got, at least broadly, acceptably-defined boundaries, in terms of the built-up bit within the M25 being something which is recognisable.

Q312 Mr Betts: You may or may not be aware of the document which the IPPR have just launched, where they are almost saying that other large cities in the country could have a very similar system of an elected mayor with certain economic-related functions?

Mr Neill: I am not saying rule that out, and clearly there are powerful arguments for that. The only caveat I would make is, in terms of the actual, specific suggestions as to what bit of responsibility and competence goes where, we have done it deliberately from the point of view of this being a package drawn up by Londoners for Londoners. Listening to your previous witnesses, the issue, for example, of the rural areas and the hinterland in a city, which obviously does not apply in the same way as far as we are concerned; equally, our argument is that you can justify the London package regardless of whether you go down the city regions or city mayors route elsewhere in the country or not.

Q313 Mr Betts: In terms of the arrangements in London, and you were talking before about having a look not merely at what powers might be devolved to the Mayor but also what might be devolved to the boroughs, will there be any sense in which, some of the powers that the Mayor has, there might be some way in which the boroughs could actually hold the Mayor accountable rather than the GLA?

Mr Neill: That is the interesting thing; at one stage there was talk about there being possibly a Senate of London, and I think perhaps we went off the idea because we thought that yet another deliberative body was not going to add very much. What I would like to see is a culture building up politically in London which involves closer, more collaborative work between the Mayor and the boroughs. We came from a broad hierarchy, if you like, that you could see strategic issues, London-wide issues being dealt with essentially by the Mayor, with some of the things, like the Learning and Skills Council, like indeed the public health policy, being brought within the Mayor’s envelope, accountable to the Assembly, so there is democratic accountability there. Then at the borough level things like borough policing strategy and targets; there, the borough police commanders being much more accountable to the local authority, to the borough, it is the same way that PCTs are being more accountable, at that day-to-day delivery level. It is finding the appropriate level and getting the accountability there.

Q314 Sir Paul Beresford: Just to follow on from Clive Betts, it is a bit of a turkeys and Christmas question, but perhaps the best way, would you not think, actually of tightening the relationship between the Mayor and the boroughs would be if we did not have a GLA as it is structured now but it was the leader of the representatives from each of the 32 boroughs, rather than a GLA elected Mayor?
Mr Neill: It is interesting; as you know, our Party favoured that, in fact, at one time, as it happens. When I talk to the borough leaders now, of all parties, they themselves have rather gone off that idea, simply in terms of the practicality, the time commitment for actually doing scrutiny over about a £9 billion budget, which is the gross revenue expenditure, in broad terms, of the GLA group. If you were to expect people to be running boroughs and keeping a handle on the Mayor over things like transport, policing, economic development, I think, with the best will in the world, that would prove very difficult. What I would like and what we do advocate is enhanced consultation, statutory consultation rights for the boroughs being built into the system, so that the Mayor has to consult them at an earlier stage than he does at the moment on points of development, taking more specifically into account their views on budgets, and so on.

Q315 Sir Paul Beresford: Let us be realistic. The Mayor consults.

Mr Neill: He does his own thing, you might say.

Q316 Sir Paul Beresford: He has consulted about expanding the Congestion Charge; everybody said “No” and he has gone ahead?

Mr Neill: That is the other bit, Sir Paul, of our document. That says that if you have increased power for the Mayor you must also increase the power of the Assembly to hold him to account. Therefore, what we suggest is that, in the same way as the Assembly amend the Mayor’s budget by a qualified majority, the logic is to give it the same power to amend the Mayor’s strategies, so the Transport Strategy, including the Congestion Charge, therefore would be subject then to amendment by the Assembly. It gives the Assembly something of a legislative role and it makes the Mayor deal with the people represented on the Assembly.

Q317 Martin Horwood: I wanted just to come back to you on the health dimension, because that seems an example of where, although you are arguing for more democratic accountability and I think you said, in general, for more simplicity so that people understand who has what responsibility, in practice what you are suggesting is something much more complicated. At the moment you have the Primary Care Trust functions, of which a core part is public health, and I speak to you with a little bit of knowledge here because my wife is a Director of Public Health, and you are suggesting splitting that into at least three different places, as far as I can gather. You are saying the public health function goes up to the Mayor, or to the Assembly, presumably the PCTs still exist in some form, and there is also accountability then to the boroughs. Surely that is going to be a much more complicated system in which it is much more difficult to co-ordinate things?

Mr Neill: No, I do not think it need be, because when one looks at what we are going to have in London, it seems accepted now, pretty much, that there will be a single strategic health authority for London, which we support because we think that makes sense, therefore there will be a public health function being dealt with at the pan-London level. The Mayor, under the Act, has one of the cross-cutting responsibilities of the GLA, responsibility for improving the health of Londoners, so there has got to be a read-across there. I can remember a time, when I was in local government, when we had the public health function at a local level within the boroughs, and I should think it would work reasonably well.

Q318 Martin Horwood: You still have them, the public health function, which is roughly the same thing, (considering your responsibility, is it not?)?

Mr Neill: Yes. I do not see it creating any greater split. What I am saying is that where there has to be a London public health strategy, where that has been drawn up on a pan-London basis, logically that should be dovetailed in with the Mayor and his policies. Where things are being delivered at a borough level there is a strong argument for increasing the linkage between the borough and the PCT. As I say, a number of the boroughs have said, “The way we’re working, we’re starting to work so closely with our PCTs now,” that there might come a point at which a borough which was performing well, recognised by the Audit Commission, actually might want to take over the commissioning role of the PCT.

Q319 John Cummings: Would you tell the Committee then what are the obstacles to effective representation of London’s interests to central government?

Mr Neill: I think it comes back to the issue that we flagged up on GOL, because GOL has this, like all the Government Offices but it is more acute in London than anywhere else for that, it has set up a mutually contradictory premise. On the one hand, it is supposed to be London’s voice in Government, on the other hand it is the Government’s agent in London, and I do not think that works very well necessarily. I think it would be much better if GOL were slimmed down to just a support unit for the Minister, and the bulk of the rest of it was transferred to the Mayor, accountable to the Assembly, some of it we have already heard went directly to the boroughs, and I think that would make it easier for London’s politicians to talk to national politicians with a fairly direct route, without things getting lost in GOL, I think. With the best will in the world, I think even ministers, GOL have said, looking back on it, you can be a bit of a post-box, and the trouble is with post-boxes they create delay and things just get shifted around.

Q320 John Cummings: Have you anything specific in mind, in relation to strengthening London’s influence with central government?

Mr Neill: Yes. I think, if the funding were devolved, for a start, that would be a major plus. A lot of influence, of course, depends ultimately upon
political clout, does it not. If London were able to raise and retain more of the revenue it needs to fund its own services, clearly that would be very significant clout indeed, if the Mayor not only was able to build on his prudential borrowing but was able, let us say, to pilot something that captured the value of tourism in London, uniquely, in terms of revenue, if we were able to look at a significant municipal bond issue, something of that kind, that might well strengthen our leverage, it seems to me, with Government.

Q321 Mr Betts: Do you not believe in taxation?
Mr Neill: No.

Q322 Martin Horwood: Just for the record, some of us think London’s influence on national policy-making is quite big enough already, thank you.
Mr Neill: I am conscious of the different view outside the M25 from the way we inside look at it.
Martin Horwood: It certainly is.
Mr Betts: Thank you very much indeed for your evidence.
Monday 15 May 2006

Members present

Dr Phyllis Starkey, in the Chair

Mr Clive Betts
Lyn Brown
John Cummings
Mr Greg Hands

Martin Horwood
Mr Bill Olher
John Pugh
Alison Seaback

Witnesses: Councillor John Joyce, Chair, North West Regional Assembly, Mr John Hawkins, Head of Policy and Research, Association of Greater Manchester Authorities, Mr Neil Scales, Chief Executive and Director General, Merseytravel, Mr Keith Barnes, Regional Director, Government Office for the North West, Ms Maggie Mooney, Town Clerk and Chief Executive, Carlisle City Council, and Mr Robert Crawford, Chief Executive, Mersey Partnership, gave evidence.

Q323 Chair: Welcome to this session. There are obviously a large number of you. If your organisation has something different and additional to add to the answer that has been given by other organisations, then please do indicate; but if you agree with what went before, I would rather not have lots of different organisations repeating the point. Would you like to introduce yourselves?

Mr Hawkins: I am John Hawkins, and I am Head of Policy Unit for AGMA (Association of Greater Manchester Authorities) which covers the 10 local authorities within Greater Manchester.

Mr Scales: I am Neil Scales, the Chief Executive of Merseytravel, the passenger transport authority and passenger transport executive for Merseyside.

Ms Mooney: I am Maggie Mooney, Chief Executive of Carlisle City Council, which represents the six district councils in Cumbria.

Councillor Joyce: Councillor John Joyce, who is the current Chair of the North West Regional Assembly.

Mr Barnes: Keith Barnes, Regional Director, Government Office for the North West.

Mr Crawford: Robert Crawford, Chief Executive, Mersey Partnership.

Q324 Mr Hands: Can I start by looking at the economic performance of the North West. The performance gap between southern English regions and the North West has continued to grow. Can you say how much you think this is a reflection on the performance of the North West regional agencies, or what other factors you think explain the region's relatively sluggish performance, and what would need to be changed in order to change the gap?

Councillor Joyce: We know there is a definite gap between the North West and the South-East regions in particular, but we believe that now we have changed the North West Regional Assembly and gone into what I call a trinity with the Government North West and also the Regional Development Agency, we are now of the same mind to target those areas where we need to perform better. One of the examples would be in the RES (Regional Economic Strategy) where the RDA set a lower figure than we wanted to achieve. They set it as an average figure, but we believe we need to strive ourselves, working with the agencies and the Government North West, to improve our particular GVA. There will be a number of areas where we can hopefully do that, but it will be in partnership.

Q325 Chair: You are suggesting that you need to improve the way you have worked with other agencies.

Councillor Joyce: We certainly do. We believe that in some ways it was a shotgun approach and we need to concentrate in those areas where there is deprivation and low economic growth. We cannot do that if we are working in isolation with just one council in our cities or anything like that; it needs over-arching North West Government's management, and also with the RDA we now need to take on board far more collectively a responsibility to deliver, not just to say, “we will put somebody there and somebody there”. The Regional Economic Strategy will be the plan that we need to take forward, and that has now been agreed.

Q326 Mr Hands: Realistically, how much difference do you think government in general, and most specifically regional government, can make to economic performance in the North West? In London, if we were entering into economic difficulties I would float the suggestion that perhaps the last thing the people of London would look towards would be the Greater London Assembly or the Government Office for London. How much difference do you think it will make?

Councillor Joyce: I do believe that it can, because we have got agreement right across the North West with all the various councils and the council leaders. We have now created an executive committee on the Regional Assembly, which is chaired by Lord Smith and AGMA, but we are also working on a sub-regional basis, so each sub-region's representatives will be working on the executive committee on various aspects. When we start to take the various economic strategies forward for each region, they will discuss them and say what is the best way forward for their particular region. That is then submitted to the Regional Assembly, and the Regional Assembly will have a much broader picture than at the moment, and therefore will adjust and make changes to deliver the economic wellbeing of the various parts of the North West of England.
Mr Barnes: In terms of the question about the gap and the rate of progress in terms of GVA, there is a mixed picture in the North West; there is not a standard. Merseyside comparatively over the last few years has done very well, whereas if we talk to Maggie in Cumbria we find that GVA and growth in GVA have been a particular problem. I know that many of you know the North West, but in GVA and population terms it is as large as many European states, so is very big and very complex, and it is not about trying to find one solution that is going to tackle those areas’ problems. In terms of addressing the gap, the Regional Development Agency recently launched its RES, which has a really detailed analysis of what is working well and what is not working well in the economy. Some of the biggest gaps are around the age and population profile of the region, compared to London and the South East, as well as looking at factors such as levels of productivity, i.e., the “worklessness” issue, which in the North West is second only to that here in London. In answer to how far regional agencies and institutions can affect the local economy, the RDA has something of the order of £400 million to spend in terms of focusing on the economy. At this moment the Government Office manages on behalf of DCLG European programmes and is committing something of the order of £1.6 billion to address economic and social issues. There is a lot of cash, but it is about targeting the cash on what works and makes a difference. If this hearing were in Manchester or Liverpool, you would be able to see outside the number of cranes and transformation of those cities. I am not claiming that for the agencies, but it is a bit about our role in creating leadership, a stable environment, and then investing government monies wisely to effect a transformation.

Mr Hawkins: I can see where you are coming from with your supplementary question about the effectiveness of the RDAs, and it is true to say that although we have listed the amount of money the Government has, it is only a small amount of the total amount from the private sector and other investment that goes into the North West. I do not think that does not mean that we need to try and get those regional agencies working as effectively as possible, and we are a fair way down the road in doing that. In terms of the “why?”, there are some other things that I think need to be considered. The standard of communications between the North and the West and the South, particularly the M6 and maybe until recently the West Coast Main Line, do not help. There is a continued global economic shift to services like manufacturing, which is not historically our primary economic base, and in the UK we do have the economic pull of the capital. The UK is not the only country that experiences that type of polarity, but it does exist. In your original question you asked what we should try to do to reverse this trend. We have assets in the North West that we need to make the most of: our universities, tourism opportunities, growth areas like Manchester Airport, recognising the opportunities provided by our leading city regions, which have the majority of working population and growth potential. We should recognise that government intervention alone will not help; and I think we all share that view. What could improve is if Government recognised that Tyneside is not the same as Tunbridge Wells; so that when we are taking decisions about things like state-aid maps and eligibility for European funding, we should be getting a variation approach between regions, not a uniform approach across the whole of England.

Q327 John Pugh: Councillor Joyce said he did not favour the scattergun approach but favoured concentrating resources on the most deprived areas. I think it would be unfair to say that in the North West people have not concentrated resources on the most deprived areas: it just has not done a great deal so far to reduce the social differences between the North West and other regions. Can therefore that approach not in itself be questioned, and can one argue that that is not a very sensible way of spending money? Mr Hawkins suggested that you should invest where you are going to get a return for the whole region. Is there not a danger that by spending large sums of money in deprived areas again and again and again—UDP, City Challenge and its successor, Neighbourhood Renewal—you reduce inequalities within the North West but you do not get the best effect in terms of growing the North West economy?

Councillor Joyce: Can I say, when talking about scattergun approach, that we believe it was too finely spread. We have to develop the major economic drivers, quite rightly, and there are a number of economic drivers in the North West where we can assist. Nevertheless, you still have to go into those areas which have fallen behind and try and help them move ahead. The way forward generally is to encourage the economic drivers to look at areas outside where they are being—

Q328 John Pugh: I agree, but you would accept that there is a conflict there between raising the whole economic of the North West and specifically polarising resources in—

Councillor Joyce: I understand that. When I use the term “scattergun approach” I am talking about just throwing it away generally and hoping it is going to be a success. You cannot do that; you have to concentrate and have an end in sight of where you want to make a particular difference. Where we have the economic drivers, you have to continue to make sure that they are striving and moving forward all the time. I am lucky, as the current leader of a council that is in Cheshire, to be at a mid-point between the two major cities: we have a big economic driver. We need to continue to do that. Nevertheless, the North West Regional Assembly is conscious of its duty to improve the areas that have fallen behind. If you do not do that, the opposite happens, does it not? The area starts to go down because you have someone performing so badly.
Q329 Mr Olner: Do you think you would achieve more if you had been an elected Assembly?

Councillor Joyce: Well, it is not going to happen, is it?

Q330 Mr Olner: Your people say not, but—

Councillor Joyce: Well it is not going to happen probably in the time that I am Chair of the Assembly, and I cannot see it happening for a number of years. The North West Regional Assembly as a whole has realised that, and the Assembly is realistic. They have created an executive committee that will now start to deliver. Instead of having task groups, it will be done by the executive committee. We have also encouraged the inclusion of social partners, which can make a difference. We have increased our numbers on the executive committee from three to six, and within that there are a number of big players, economic players, in private industry and in the educational field. We are trying to attract those people in, and over the last six months it has been surprising that one of the issues I have had, as regional chair, is dealing with a couple of political parties who want to be in and fully involved. We are attracting the people to come in. We think we can make a difference, and it is only the North West Regional Assembly that will do it. In regard to the issue of whether they are elected, I am not qualified to make that particular statement. From a personal point of view it would probably be “yes”, but nevertheless it will not happen in my time.

Ms Mooney: I did want to mention Cumbria, and I am glad that Keith has also mentioned it. It is a large sub-region of the North West, with half the land mass, both rural and urban. We are one of the only four European regions that saw absolute decline in GDP from 1993 to 2003; and our GVA grew by the lowest amount in the county, and it continues to decline. There are a lot of reasons for that. We want to see more regional co-operation. Obviously, I am here for Carlisle, and we want to hear maybe less about Manchester, Liverpool and the big cities, but more about the smaller cities. We see that as being about support from Government Office and NWDA, and also through the private sector, and the opportunities we want to take through Carlisle Renaissance, the Nuclear Decommissioning Authority and the University of Cumbria. It is that which will enrich the economy of Cumbria.

Q331 Chair: Do you think you are well served by the regional structures?

Ms Mooney: We could be better served. I think it is about making Cumbria’s voice heard more. It is a lot better now. Speaking for Carlisle, the floods there in 2005 got us on the map, or got us on the regional map. It is not the way to do it. I should add that it was Carlisle Renaissance that did that. Instead of moaning about it—we were not part of the Northern Way, but Cumbria got on with it, and we are continuing to get on with it. We made our voice heard. We often say in Cumbria that we are not one of the big cities and therefore we are not going to be taken up, but we do have to do a lot for ourselves.

We do know that we are getting the support from the NWRA, from the NWDA and of course from Government Office.

Q332 John Cummings: You described the existing regional government arrangements as complex and uncertain in your evidence. You also state that the creation of a number of regional bodies has led to confusion. You are asking the Committee to urge the Government to clarify the position so that all parties know their roles and can thereby ensure that the government of the region as a whole is improved. That is a grave indictment of the present arrangements. What have you yourselves done in drawing this situation to the attention of central government, and what responses have you had?

Councillor Joyce: David Miliband last year, very early in my tenure—without the evidence coming before you, I had already formed the conclusion that there were too many agencies involved in trying to deliver the Government’s agenda, not coming under one heading.

Councillor Joyce: We think we can make a difference. We have increased our numbers on the executive committee from three to six, and within that there are a number of big players, economic players, in private industry and in the educational field. We are trying to attract those people in, and over the last six months it has been surprising that one of the issues I have had, as regional chair, is dealing with a couple of political parties who want to be in and fully involved. We are attracting the people to come in. We think we can make a difference, and it is only the North West Regional Assembly that will do it. In regard to the issue of whether they are elected, I am not qualified to make that particular statement. From a personal point of view it would probably be “yes”, but nevertheless it will not happen in my time.

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Q333 John Cummings: Having accepted your criticisms, what would you suggest to Government to improve the situation?

Councillor Joyce: As far as I know, we have suggested that a number of agencies that are now taken through the Government North West—and I believe they are taking more on board—we now have a clear indication on transport issues, housing, planning and regional economic strategy. That appears to be a highly quantified way of taking things forward. It is no use doing it in isolation; we are starting to do it together. If NWDA for example, or the Government Office in the North West are being asked to do something, they include the other partners in their discussions before they formulate a particular policy.

Q334 John Cummings: So would you be wishing, after you have said that, for a committee to make the same representations that you have requested us to make to central government?

Councillor Joyce: Yes.

Q335 John Cummings: Or are things improving?

Councillor Joyce: I think that things have improved greatly in the last six months, with our dealings with the Government North West and the Regional Development Agency; and we now have a quarterly meeting with one another present; so we each know what part of the agenda they are going to be responsible for, instead of us all trying to do the same thing.

Q336 Chair: Is that a general view? Mr Hawkins, Mr Barnes, do you agree with that?

Mr Hawkins: Yes. The only thing I was going to add was that when that was written we were in a particular situation, and things have improved greatly in the last six months.
Q337 John Cummings: What do you see as the role of the regional co-ordination unit, that is the Department for Communities and Local Government, and how effective is it proving to be?

Mr Barnes: The regional co-ordinating unit is now part of DCLG and its Local Government and Regions Division, and essentially acts as the HQ for the nine government offices. It brings us together and provides basic services. It is not their role to generate regional policy; that is the role of other parts within DCLG.

Q338 Chair: What is their role, in your understanding?

Mr Barnes: It is to co-ordinate Government offices, to provide us with basic services, manage budgets, HR support, business planning, and then interface on behalf of the nine GOs with all the departments; so it is about simplifying the relationships between the nine separate Government offices and the various departments that we serve.

Q339 Chair: Is it effective?

Mr Barnes: It is effective. There is, as ever, scope for improvement—RCU and building relationships with government departments. We are moving positively forward; and, a bit like colleagues are saying on the ground in the North West, having the right tools. LAAs have been very helpful in creating a tool where a Government office and several departments are working much more collaboratively.

Q340 John Cummings: If you were requested to submit evidence today, would that evidence be rather different to the evidence you have already submitted?

Councillor Joyce: It possibly would be, because we are very, very pleased about the direction we have been taking since 12 months ago, where we thought we were in a bit of a mess. We are far more advanced now, and it is more understood by the partners in the sub-regional context than ever before.

Q341 John Pugh: Every region has at least three spanking new strategies—at least three: regional economic strategy, regional spatial strategy, regional transport strategy. It has all been done in a little bit of a hurry. What efforts have been made to make sure that all these strategies fit neatly on top of one another and are mutually consistent?

Mr Barnes: Eighteen months ago the three agencies, that is the RDA, the Assembly and the Government Office, got together with that very question in mind: how do we align a whole range of strategies that were in production? First, we recognised that we needed to focus on a handful of key issues, which were the foundations and the themes that linked across. We have worked continually together since that time. Wherever we can, we have used the same evidence base to underpin the development strategies, and earlier last year we even did joint consultation exercises because, as you quite rightly say, going out with separate strategies confuses people. There is the bit about how we put those consultation exercises together and to try to weave the story line and ask intelligent questions of intelligent people in the region so that we could use their responses. The testimony in terms of success was probably the joint production of the regional funding allocation documents, which had easily flowed from those work streams, and there was not the need to do a separate piece of work, as we had done early with the REDs for the Treasury in support of previous comprehensive spending reviews. Those are the sorts of mechanisms that we have put in place. The one strategy that is approved, which is the RES, manages to address a lot of the transformational economic issues but is much more spatially aware and sensitive to other strategic themes than previous RESs. We have now got to work collaboratively again because we are out at consultation with the RSS to achieve exactly the same with the RSS in the weeks and months ahead.

Q342 John Pugh: Would it be unfair to suggest that you can incorporate in the future a greater degree of accountability because although, to be fair, there has been consultation, the general impression might be that a lot of these strategies are hatched by the great and the good, or the usual suspects, depending on how you want to talk about them? I have certainly attended consultation meetings that have had very good presentations from very able people, which left about five minutes at the end for feedback.

Councillor Joyce: Indeed.

Q343 John Pugh: Do you think there is scope for significant improvement in that direction?

Councillor Joyce: That is one of the most important points we have been able to pick up on. What is the point in taking a completed plan out of consultation on a Tuesday afternoon this week, having agreed that next week is the main committee? We do it all in councils; I am used to doing that; consultation means I have spoken to somebody and Monday means we have taken the decision. We have to move away from that. The North West Regional Assembly is responsibility for the RSS. It has reflected the Regional Economic Strategy and its priorities, and because we have worked together with people we believe that the strategies are being interrelated, and that is what we need to do. If you have a plan and I have got a plan, we must have the same direction of travel, looking for the same outcomes. As Keith said, the RFA has proved that we have done a job for allowing the strategies. If you want to look at a practical example of that, where we have worked very well together, it is on our transport plans for the North West of England.

Q344 John Pugh: If you look at the regional transport strategy, it is to nobody’s great surprise that the greatest per capita spend is in and around Manchester. Many cynics would look at the process as being hatched from within Manchester, and
would not be altogether surprised by that. Do you think there are significant weaknesses in the way the regional transport strategy has evolved this time?

Mr Scales: As far as the Regional Economic Strategy is concerned, we have made sure that the local transport plans are fully embedded in that; they have a 10-year visions with 5-year delivery, and we submitted them recently to the Department for Transport through Government North West on 31 March. As far as it being Manchester-centric, John Pugh, we are in a position where there has been a bidding process—not a very clear bidding process because there are no real schemes in a regional transportation strategy because we do not have guidance on that—but we are searching for polycentric, not uni-centric, and therefore we are spreading our transportation strategy across the region in the right way. We have to be careful about what we say in terms of the Northern Way being too much of a Manchester/Leeds axis because Merseyside is a gateway and not a cul-de-sac; so we have to make sure that we have our project put forward, but still on a transparent basis—so far as we can see so far.

Q345 John Pugh: You seem to be stressing the need for something that will fit within a regional strategy; but is there not a problem here? If a scheme is £5 million or more—and an awful lot of sub-regional schemes are—they may not necessarily score as “must do” regional schemes, and therefore exist in a kind of strange limbo almost indefinitely. I am sure that in Carlisle that must be a crucial point. Very few schemes in Cumbria will have massive cross-regional significance but they may have enormous significance for people in Cumbria and equally Merseyside.

Councillor Joyce: Can I answer that directly?

Q346 Chair: We would quite like Cumbria to answer.

Councillor Joyce: Sorry—it is one we have made as a representation as a regional Assembly.

Maggie Mooney: Can I say something about Cumbria? As a district council we do not have statutory responsibility for transport for our communities; the county has that—here you go with the tension in two-tier authorities. Therefore we are consulted and we lobby. Now that we have Carlisle Renaissance—and a big element of that is about movement—transport plus walking and cycling, so we are pulling it all together—we want to have more clout in it, so we are developing a movement strategy for Carlisle. We are seven miles away from Scotland. Of course we go across the region, and other communities do—we realise that—and sometimes we feel hemmed in by Cumbria as a county council, although I know that is another issue. But we feel that sometimes we need to do more than be consulted; we need to be there for our community’s sake. We have big physical projects for Carlisle. This is what we want for our infrastructure, and I am pleased to hear from John that it is getting much better.

Councillor Joyce: Can I just make one response? The North West Regional Assembly recognised that as one of the faults in the transport plan and the process that came forward. Through Keith, I hope we have made representation—and I do believe he will confirm it—to the Department for Transport that the £5 million ceiling was too low because of the very aspects of local plans that could not be incorporated in it. We think the Department for Transport should have raised that figure. Someone has even suggested that it should be £30 million. I would not suggest that, but it should have been much more than £5 million because if anybody is trying to put a road in, £5 million does not go far at all in this day and age. We thought it was a restriction, and we think that many, many plans could have been incorporated in it. We have made representation to the Department for Transport.

Mr Scales: I think Government has now changed the criteria and is saying that we have to find 10% through local sources, which is injecting realism into it, because there are only so many schemes you can do at 5 million or above. If we work within the local transport plan process a lot can be done within that as long as the strategies are properly aligned with the regional economic strategy, the spatial strategy and everything else. I think there is a case, Dr Pugh, for an expanded PTE area, both for our PTE and for Manchester to use the Transport for London model, which has worked really well. You can see “Transport for Merseyside” and “Transport for Greater Manchester”.

Q347 John Pugh: Would you go so far as to say it would have a distinct funding pot for sub-regional transport schemes?

Mr Scales: I think that would work; and then you have local decisions, local solutions to local issues by local people.

Mr Barnes: In terms of process, the Regional Transport Strategy is out for consultation at the moment because it is part of the RSS process. On behalf of the Department of Transport we prioritised some £5 billion worth of schemes that had been built into the pipeline working with the Assembly and RDA we agreed a realistic set of schemes that could be funded, and took those to the Department for Transport. In doing that, we learnt an awful lot about the nature of generation of transport schemes in the region and their true priorities, as opposed to small Political priorities. And there was a lot of good debate about how, if the exercise were to be repeated—we have talked about the £5 million threshold—what changes would be really helpful. What came through that was a real sense of leadership particularly amongst the new regional executive, in terms of grabbing hold of a difficult issue. I hear what you say about which schemes were in the framework, but that framework was agreed by all the representatives from the sub-regions in the North West, as well as the RDA.
Q348 John Pugh: To be fair, Mr Barnes, they had to agree it pretty quickly, did they not? It is a stage between document and people, and had they said to you at that point, “no, we do not like it; go away and do it again”, you would be in serious trouble with the Department for Transport.

Mr Crawford: Behind that Merseyside, and just behind that Lancashire as a whole. But the question goes to the heart of the matter. All economic growth across the world in developing countries—let me rephrase that. Much is increasingly dominated by city regions, and if you align an arc through the North West, the arc would run through Merseyside, especially the City of Liverpool, through the area around Preston and back into Manchester. The key issue is that private sector capital mobilisation is occurring within that arc, and the simple challenge in the North West, and for that matter in all the regions of the United Kingdom is how you mobilise capital at a faster rate, private capital, than we have been able to do for a generation? Although we are catching up, private capital mobilisation is still not fast enough to close the significant gap between London and the South East and the rest; so the public sector is well over 50% of the regional economy in Merseyside—I do not know the figure for Manchester. That is fine, but clearly, by definition, the long-run challenge, which is probably overdue, is how you get more private capital. Private capital typically migrates into city regional areas.

Q349 Mr Betts: How many significant city regions does the North West have, and what makes those city regions significant; and how important are they for the future of the region as a whole?

Councillor Joyce: We have recognised three city regions in the North West of England: Preston and central Lancashire, Greater Manchester, and Merseyside; but outside those areas we do think there are some influences that need to take place. We recognise that away from those three major areas there are the Carlisles, the Crewe, and the Chester area and Lancaster. We are recognising that it is not as clear-cut as people are saying about three city regions. We need both, the city regions and the regional assemblies and RDAs and Government North West to deliver many items across the North West of England.

Q350 Mr Hands: I am not familiar with all the population figures of the various cities, but what, for example, would define Preston and central Lancashire as having the potential for being a city region, but other similarly sized large towns in Lancashire not being able to be, for example Blackpool?

Councillor Joyce: I will work my figures out and somebody can contradict me, but I chair the Regional Fire and Rescue Management Board and my figures are based on the Fire Authority. In Greater Manchester we have a 2.8 million population; in Lancashire it is 1.2 million; in Cheshire it is just below 1 million; in Merseyside it is about 1.4 million, and all over the Cumbria region it is about 600,000. If we take most of the Preston area it is anything between 500,000 and 1 million.

Q351 Mr Hands: Is it purely therefore a matter of population numbers?

Councillor Joyce: No, it is communications; it is linked with industrial background; it is linked with travel to work—all those issues. It is not purely based on a city; it is about the regional aspect and the sub-regions around it. That is my opinion.

Mr Crawford: Keith started the conversation by reminding us that the North West is a hugely diverse area, as are by definition all large geographical entities. Its distinguishing characteristic in terms of gross value-added—and that is increasingly the indicator of wealth creation—is that it is increasingly dominated by Manchester, which has about half of the gross value-added for the entire North West.

Mr Hawkins: It depends which indicator you use, but between 40 and 50.

Q352 Mr Betts: At the heart of the matter—and we might find a slight difference of view amongst you on this one—is the issue of what we should be trying to do try and remove and reduce disparities within regions. However, if one of their prime objectives is to get the growth rate of the North West up to something like the South East, then presumably it will be the Manchesters and Liverpools that are responsible for achieving that; and maybe in terms of an axis for growth it is a link between Manchester, Liverpool, Newcastle, Leeds and Sheffield that is going to be the primary force for driving up the growth in the north. What happens in Carlisle, for example, is not going to be that relevant in terms of the total growth rate.

Mr Barnes: Equally, we are challenged and charged with seeking to make sure that Carlisle and Cumbria realise their full economic potential. That is why we are saying that a one-size-fits-all policy does not work in a region like the North West that is as diverse as it is. In percentage terms you are quite right, and the RES and everything else we need to do is about how we release the engines of economic growth in the south of the region. But also we have sufficient resources and the right sort of policies to make sure Carlisle, West Cumbria and Barrow fulfil their potential.

Councillor Joyce: One area we are missing at the moment that has not been mentioned—and it would only be fair for me to mention it—is the Crewe area, in the southernmost part of the North West Regional Assembly. Most people who are rail travellers know what Crewe is; it is the gateway to the North of England and the North West of England; so we should be conscious that development needs to take place down there—and coming up from the West Midlands. You have got
to be involved with those various partners, and you cannot isolate any one area because the growth has to be taken together.

Mr Hawkins: I would not want to get into any beauty contest about which city region is the most important; the only thing I would say—and I suppose I would say this, wouldn’t I—is that given the strength of the Greater Manchester economy, I do not think we are going to succeed in closing the economic gap if the Manchester City region does not continue to grow; but it is not the only city region in the North West, and city regions are not only what the North West is. If you look at the way we have operated within the regional Assembly, it has got an executive board of three members of each sub-region. When the issue of Cumbria and its declining GVA came up, there was no dissention even from those members in Manchester in saying Cumbria needed specific support. We recognised that we are part of the North West and that different parts of the North West are going to need different solutions. I do not see, and the elected leaders that I am here representing do not see city regions as declaring UDI from the rest of the North West.

Ms Mooney: Carlisle is on the list to develop—a small city region—along with Chester and Lancaster, and we are working with those two cities within the historical city context, to support each other to get there and put proposals together for small city region status. To some extent we believe we are already a small city region. We are the principal city in Cumbria. We would see ourselves, and so would most of Cumbria, and south-west Scotland, as the principal commercial admin, retail and cultural centre for the sub-region. That, together with Carlisle Renaissance—we believe we can start pushing for city region status for Cumbria.

Mr Crawford: It is wholly appropriate that colleagues in parts of the North West will propose and defend the interests of their city regions or localities, and that must be right, but there is a lot we do not know about economic development. What we do know is simple, especially in an economy that is dominated by the public sector, as parts of the North West. Unless private sector capital is mobilised quickly, then the gross value-added advances, the creation of high-value jobs, which the RES and other documents speak about, will not occur. Coming back to the question posed earlier by Mr Hands: what is the nature of government intervention; how do you facilitate private sector growth? The evidence is that, given the scarcity of resources, the North West will be the same as the rest of the UK over the next period of time, through the CSR. There will be a limited amount of public capital going into these areas. It should go to those areas where it is more likely to lead to mobilisation of private capital; and that requires a significant degree of specific investment around productivity drivers from the physical in the form of infrastructure, through to skills drivers, through to mobilisation of things like technology centres built around universities and so on. Again coming back to Mr Betts’s question, city regions, almost regardless of what government does—but it can happen faster with particular kinds of government intervention—will be core economic drivers for the United Kingdom as they are for every other developing country. The danger is that one ignores that reality by seeking to diversify and spread resources too thinly across wider areas. However laudable and understandable that is, it will not work.

Q353 Mr Betts: The Northern Way is an idea to link city regions together. The Assembly has stated, “the development of concrete projects dealing with trans-regional issues in the Northern Way has probably not been optimal.” Most people might think you are quite mellow in your comments.

Councillor Joyce: I think that is quite right. Before I came a member of the North West Regional Assembly many years ago I was part of the Trans-Pennine Group, which is about the various transport plans all the way through, and we were hitting brick walls everywhere we went, and we still are. We have not been developing that. Therefore, there has to be far greater clarity on what we want to achieve in the Northern Way. How does it fit into the regional assemblies and into the city regions? It seems to me at the moment that it does not know where it wants to be placed and how it will influence decisions. That is my personal opinion. I think there is a lot more work to be done with the Northern Way.

Q354 Mr Betts: It might be a good idea, but how can we get that more effective action and strategic thinking? How can we achieve that?

Councillor Joyce: This is a personal comment.

Mr Barnes: But it does create an opportunity for the debate and the thinking to take place, which was much more difficult before it was there. You are quite right: now the challenge is for the Northern Way to focus on those handful of critical issues that add value in the three regions it is covering. But it comes back to the debate about the importance of the Manchester/Leeds axis. We now need to test these ideas through mechanisms like the Northern Way.

Q355 Mr Betts: There is not much sign of it, say, feeding through into future transport policy and plans and programmes. There is not much sign that any of that thinking has been reflected through into what government proposes to do.

Mr Barnes: I think it is embryonic, but it is there if you actually look at—

Q356 Mr Betts: Embryonic—you are still thinking about it.

Mr Barnes: Strategic thinking is taking place, yes.

Q357 Mr Betts: This is a question in two parts to AGMA, the Mersey Partnership and Carlisle City Council: what do you think central government and the regional agencies can do to produce the performance of your city region; and to the
I agree with much of what the first Mr Crawford: getting more support in terms of regional. That has in terms of flexibility, that we could identify as what that support might be for city regions, almost moment in Carlisle. It is about getting an idea of in rural areas. We are going through that at the from the Government on what is happening to rural particularly support for rural areas. We want clarity renewal fund areas and the hinterlands, and planning, funding for non RS neighbourhood be flexibility on policies, particularly transport and across the Government departments. There should be flexibility in the system at the moment, and that is one thing that could happen. The second thing, which was discussed earlier, is to have more devolution of funding to sub-regions, recognising their own priorities. 

Ms Mooney: In terms of what we need from the Government, things should be more joined up across the Government departments. There should be flexibility on policies, particularly transport and planning, funding for non RS neighbourhood renewal fund areas and the hinterlands, and particularly support for rural areas. We want clarity from the Government on what is happening to rural areas. Are they going to be the passive beneficiaries of support in city regions, or is this about real active involvement and not just about people living there in terms of having very active and energised businesses in rural areas. We are going through that at the moment in Carlisle. It is about getting an idea of what that support might be for city regions, almost in terms of flexibility, that we could identify as getting more support in terms of regional. That has probably been drawn out in earlier discussions. 

Mr Crawford: I agree with much of what the first speaker had to say. It depends how radical the Treasury feels like being on fiscal policy. There is little doubt and the fastest mechanism for accelerating economic growth is aggressive use of fiscal policy in one form or another—company taxation or income taxation—but I suspect the Treasury will not bite that particular one. We can get very specific, but we do not do inward investment well enough in the North of England in my view. We have to look very carefully at the impact that has on city regions. Liverpool, Merseyside and Manchester particularly have incredibly powerful international brands. The use of those brands for the purpose of capturing foreign investment, which will be a major mobiliser of economic growth, needs to be looked at very seriously. The point was made about an autonomy, and recognition of different requirements—for example the Port of Liverpool represents a major potential for bringing in enormous amounts of capital. An issue I was looking at was what would make the Port of Liverpool grow much faster than it would otherwise grow; and what sort of government interventions would accelerate that? That takes you into the area of planning for example, and differential planning regimes can have an enormous effect on the ability to capture and grow investment in regional economies.

Q358 Chair: If there were one thing you wanted for Merseyside from the Government, what would it be? Mr Crawford: Personally, I would like the recreation of enterprise zones. Mr Barnes: I think the question was: what has the Government Office done to strengthen the performance of city regions? Looking at the tools we have, I would focus on our use of the ERDF and the ESF (European Structural Funds) particularly in Liverpool and Manchester City, in terms of supporting some large and transformational schemes, as well as on the ERDF/ESF side, making sure that there is labour with the right skills to fill the jobs as they come on-stream. One of the other major areas that the Government Office has played in are the housing markets. Housing market renewal areas in both conurbations and east Lancashire, and on a smaller scale through the provision of NDCs. There is a huge amount of transformation and change in terms of residential stock that has been driven through by Government Office and its partners. The third one is probably around the use of NRF, again to make sure that the social aspects of the economy are properly funded; and that whilst we are creating jobs in the centre of Manchester, we are making sure that those jobs are available and accessible to people a couple of miles away who are in greatest need.

Councillor Joyce: We supplied evidence to you that we support the Northern Way from the North West Regional Assembly, but really we are looking to Government for a couple of things. First, we are looking for it to give the necessary resources through the CSR07, and second to make sure that it is supported by all Government departments. We had a meeting around the corner a fortnight ago, in Parliament Square, where a number of departments came together. We discussed regional funding and allocations and European funding. This is what we are looking for; we are looking for Government departments to work together so that we are delivering a common objective. We believe that there are strands coming out of Government that are not quite joined up. We believe the future is the city and the regions, and the Government so far has been quite helpful. We think that the changes at DCLG will not prevent the pilots happening, and we would look forward to the pilots happening in the North West Regional Assembly. If you say what should happen with the Northern Way, I think we should have greater involvement with the Government offices, the North West Regional Assembly and the North West development agencies, because they seem a bit distant at the moment. They need to come in, to a slight extent, from the cold. They seem to be working just adjacent to us. 

Mr Scales: On the Northern Way and access to the Port of Liverpool, we are actually making a bid to the Northern Way funds for that in order to improve
freight access. We are working very closely with partners and the new owners of Mersey Docks and Harbour Company, which are now Peel. It would help the Committee if I could give you a note on that as a concrete example of something that is happening.

Chair: That would be very useful.

Q359 Mr Hands: In regard to the comparison with London, it is noticeable that in the North West there does not seem to be much enthusiasm for directly elected mayors. Do you think there could be any enthusiasm for a directly elected city region mayor; and if not, why not?

Councillor Joyce: From a personal point of view I do not think there is any. There is one in particular, but there was a resolution to try and elect a mayor in Crewe, and that was defeated heavily. It did not get off the ground in Liverpool, so it does not seem that there is that sense that they want to go anywhere on that particular issue. Second, I do not have any particular opinion on it. I do not know whether others have. I am not trying to duck it; I just do not have an opinion on that. If we were to have an opinion for the North West Regional Assembly we would be quite happy at some stage to place that in writing. I will take the question away and elicit information from others.

Mr Hawkins: I will try not to duck it either. It is not only in the North West where there does not seem to be much appetite for elected mayors. The experience within Greater Manchester has been that we have had an association AGMA, which has been operating for twenty years, with some degree of success. I would not pretend it is perfect, but the view of the leaders has been that we should build on that structure for two or three reasons. First, if you can develop city regions without having primary legislation, which you would need for a city region mayor, then that ought to have some attraction in Whitehall. Second, the 10 local authorities within Greater Manchester are still going to be the statutory bodies with responsibility for delivering and commissioning services in their area; and the view of the leaders within Greater Manchester has been that they do not want to lose that direct link and democratic accountability between what we develop at city regional level and what will still happen at local authority level, and, given some other local government policies at the moment, more development of neighbourhood consultation.

Chair: Thank you all very much. If anything requires further augmentation, do submit additional written material.

Witnesses: Ms Jane Henderson, Chief Executive, South West RDA, Mr Alan Clarke, Chief Executive, One North East, and Ms Maggie Mooney, Lead RDA Chief Executive, English Regional Development Agencies, Mr David Cragg, Regional Director, West Midlands, and Mr David Hughes, Regional Director, London, Learning and Skills Council, gave evidence.

Q360 Chair: As previously, can I encourage you to work co-operatively within your organisations so that we do not get multiple presentations from the same organisation.

Mr Cragg: I am David Cragg, Regional Director of the Learning and Skills Council in the West Midlands.

Mr Hughes: David Hughes, Regional Director, LSC London.

Mr Clarke: Alan Clarke, Chief Executive of One North East.

Ms Alexander: Pam Alexander, Chief Executive of SEEDA, the South East England Development Agency, and currently the Chair of Chief Executives for six months.

Ms Henderson: I am Jane Henderson, the very new Chief Executive of the South West Regional Development Agency.

Q361 Chair: Can I start off by asking you what role of your particular organisation is in delivering PSA2, a regional economic performance PSA, and how you fit in to the regional government’s structures.

Mr Cragg: Clearly, we have a PSA regime which transcends the specific economic development focus, but we would clearly believe that the focus on apprenticeship particularly and adult level 2 and basic skills are the core elements, which are hugely relevant to the broader economic context in which we operate, working not least with our partners in the RDAs through the newly-formed regional skills partnerships. Actually now we are in the third year of regional skills partnerships—so I hope well-established regional skills partnerships!

Ms Alexander: As you know, we are regional bodies directly accountable through the Secretary of State for Trade and Industry to Parliament, and also accountable through our individual RDA boards, which are business-led, with representatives across a range of organisations, including local government, the voluntary sector and the private sector. We are scrutinised by the regional assemblies. The Regional Economic Strategy, which is the overarching framework of our work, is agreed with partners across the regions, and focuses on both aspects of the PSA2, investing in success for the economic growth of “UK plc” and reducing the gaps between regions by lifting under-performance. We do this through a range of different ways set out in the agreements with our partners across the region, and fundamentally supported by the Regional Economic Strategy, including support for business growth, skills and new enterprise, and physical regeneration and leverage of funding into development of brown-field land and support for physical and community development.
Mr Clarke: There are three Government departments that signed up to that particular agreement, Treasury, DTI and now the Department of Communities and Local Government—each RDA has lead role responsibilities with respect to a different part of government; so One NorthEast has a lead role with respect to Communities and Local Government; the South East, together with East Midlands, with DTI; and Yorkshire, who are not here today, with Treasury—so that is another way that we interface with the three parts of Government that are signed up to this particular PSA target.

Q362 Martin Horwood: First, I would like to say “welcome” to Jane Henderson, because you are Chief Executive of my RDA, so I am interested to hear your views, not least because I suppose you still count as a bit of an outsider at the moment!

Ms Henderson: I have been made very welcome indeed.

Ms Alexander: We are trying to learn from her new approaches.

Q363 Martin Horwood: The RDA Act 1998, states: “RDAs must have regard to the Assembly’s views when preparing its economic strategy and must account to the Assembly for the exercise of its functions.” How do you think that works in practice?

Ms Henderson: It is important to realise the RDAs have two kinds of relationships with regional assemblies: one is the scrutiny relationship which you have described under the Act, but also as a strategic partner, taking into account the fact that the regional assemblies are the regional planning bodies that produce the regional spatial strategy, the regional transport strategy and so on. From the point of view of the scrutiny role, the intention of the Act was that regional assemblies were in a position to ensure that RDAs’ activities and strategies linked up properly with other things going on in the region and locally. That was the thought behind it, and I am sure it is done slightly differently in every region. As you probably already know, in the South West the Assembly has adopted a scrutiny panel process that involves two public scrutinies every year on strategic issues, which are preceded by an evidence-gathering process with partners. If you ask me to describe how that felt, I am told that it is constructive but not too cosy—which is probably about right. The aim is to keep the RDA on its toes, but also at the same time to contribute to regional knowledge and strategy by increase of knowledge from the process.

Q364 Martin Horwood: One of the issues that has been raised in evidence to us already is exactly who the relationship is between, and in particular whether you have a relationship that might tend towards the cosy with for instance the officers of the Assembly as opposed to the quasi-elected members. Do you think that is true?

Ms Henderson: I have only been in post two weeks, but in week minus one I went along to a meeting of the regional political leaders of the Regional Assembly with my chairman, and the dialogue there was very direct with the politicians rather than with the officers. I would say that at least annually, I think twice a year, there is a new arrangement, whereby the Executive of the Regional Assembly will jointly meet with our board. We have one such meeting coming up in June. So I would not say the relationship was entirely with the officers. In addition, of course, the Chief Executive appears in front of the Assembly full plenary four times a year and gives a formal presentation on the agency’s work at two of those occasions.

Q365 Alison Seabeck: The South West are clearly endeavouring to improve the scrutiny process, and that is a fairly recent development. This is not necessarily directed at you, Jane, but is this a practice that is followed in other RDAs—and perhaps Pam could answer this—or is it horses for courses and do different RDAs have different scrutiny mechanisms in terms of their working with the assemblies?

Ms Alexander: There are fundamentals that we all share, so we all work closely at officer level to support the strategies that we are working together on, be it on the regional housing board or the regional transport board. We all have a responsibility to account to the plenary of the regional assembly through our chairs, as Jane has suggested. In between those two things, I, for example, always go to the executive committee meeting and report on the activity of the region, and we table the activity report that my board takes at each of its meetings. We have set up a liaison committee with a group of the regional assembly members, and officer support, to talk about key areas and to plan future scrutinies in the scrutiny programme that they run through the year.

Q366 Alison Seabeck: As a matter of course, would the RDA respond to a scrutiny paper delivered to them from the Assembly?

Ms Alexander: Yes, absolutely, and we would be scrutinised on our response as well, in a sense, and it would be expected to be followed through. I could give examples of cases where the scrutinies have produced real improvements in how we have done our business.

Q367 Chair: It would be quite helpful if you would drop us a note.

Ms Alexander: Certainly, we would be happy to do that.

Q368 Chair: Positive examples.

Ms Alexander: Certainly.

Mr Clarke: From the North East, we did have a referendum as well, so therefore the relationships with the Assembly varied at different stages. It would be true to say that in the first year or two of the RDA it was very adversarial, very much carried out by the political members. It was in the press, and quite hostile, is the truth of the matter. How constructive that was in the end, other people will decide. Then we were all preparing for a referendum in the North East, and we had to prepare for either.
a "yes" vote or a "no" vote: so quite rightly we worked very closely with the Assembly and Government Office to make plans for plan A or plan B. We have now moved into a different phase of scrutiny which does exactly what you say. It looked back at the last two or three areas that have been scrutinised; consultants have been engaged by the assembly to check on whether we have followed up and pursued all of those recommendations, and we have been held to account literally on this report, with 20 recommendations, and how many we have followed through and which ones have still to be dealt with; how circumstances have moved on. It is also true to say that we have a relationship around the regional spatial strategy, housing and transport, where we are looking to align what we are doing. In an area like the North East, where we have such an uplift in economic performance to make, there has to be a balance between people, organisations, politicians, to an extent scrutinising each other—which is obviously healthy—and working together for the benefit of the regional economy. The balance is quite important.

Q369 Martin Horwood: This is a linked point. When the scrutiny goes as far as making a formal recommendation, it is unclear to us from the national perspective whether this is consistently applied—whether it is consistently possible for regional assemblies to make formal recommendations to the RDAs and the extent to which those have to be followed. What is your view on that? Have you had formal recommendations from an assembly, and have those been acted on?

Ms Alexander: As Alan has just said, all scrutinies, in my experience, would end with recommendations. All of them would be considered by us and be reported back to the Assembly on our response. We would not necessarily always follow the recommendations if we felt we had good reasons for not doing so, but I would be very happy to give examples of the many occasions when they have been very helpful indeed.

Q370 Martin Horwood: Perhaps you could give examples of both the ones you have followed and the ones you have not followed.

Ms Alexander: Certainly.

Q371 Martin Horwood: That would be an interesting comparison.

Ms Alexander: There is quite a large library so far, so we could pick some interesting ones across the country for you, which might be helpful.

Ms Henderson: Technically or formally the RDAs are only required to “take account” of the Assembly’s comments, but obviously we take them very seriously indeed. I will make a slight confession on behalf of my RDA: I understand that the Assembly picked us up on the fact that we did not formally take some of the recommendations through the board on separate papers, rather than through the Chief Executive’s report, and that is being corrected. In fact, we have a scrutiny protocol with the Assembly, which is being reviewed externally; and there is to be a discussion about that as part of our joint meeting with the Assembly Executive in June.

Q372 Martin Horwood: If these formal mechanisms for scrutiny and accountability vary across the country—which is an odd idea anyway because I can see there is an argument for some things to be regionally variable, but accountability seems to me to be a universal concept—does that mean that some RDAs are less accountable to the public than others?

Ms Alexander: I do not think on this issue it varies in principle at all. I think we are all scrutinised with a programme that is agreed ahead, which is taken through our boards, and where the response is given back and followed through. We may have slightly different board procedures, but I do not think it goes beyond that.

Q373 Martin Horwood: So you are confident we could not find a regional development agency that—

Ms Alexander: I am pretty confident you would not find one that had not got scrutiny processes and took formal responses to the reports; I would be surprised to find that was the case.

Ms Henderson: I suppose it is fair to say the regional assemblies all have different approaches as well, so there is going to be some diversion on how that particular objective is secured.

Ms Alexander: I would be very happy to look for you and let you know.

Mr Clarke: It also varies significantly depending on which subject you are looking at. When the Assembly looked at science and innovation, part of that was an educational process, because I, as the Chief Executive, struggled to keep up with some of the details around nanotechnology and renewable energy and so on; so if you are spending money on investment in science that is a different scrutiny process to looking at what we are doing in relation to tourism or support for small businesses. There is an element of an understanding of what regional development agencies are doing in certain key technical areas, as well as the areas that would be more easily understood by us as well, to be frank, on occasions.

Q374 John Pugh: I want to ask you questions with regard to your mission. Business often complains—the British Chambers of Commerce have told us that you cannot perform effectively as strategic bodies because you are too involved in delivering services like Business Link and so on; and West Midlands complained that there was not sufficient consultation over the formulation of a strategy for the automotive manufacturing industry. Is not part of the problem that the mission of the RDAs is not always as clear as it might be?

Mr Clarke: First of all, the extra responsibilities that the regional development agencies have been given by government have been on the basis of earned autonomy. They were not there in the beginning, in 1999; they have been added since then, on the basis that there is a view in those key areas that were core business to start with, a reasonable job has been
done, and some extra responsibilities can be added. It is important to separate having strategic responsibility for something and actually delivering it; and this is where the chambers of commerce are mixing two things, because in relation to reviews of business support and business links, in most cases the regional development agencies are procuring a contract for a region and the delivery of a service by others, and on occasions it may well be that the chamber of commerce wishes to bid for such contracts, and the RDAs are holding a strategic role to make sure that the quality of that business service is better than it was in the past and delivers more businesses than had been created previously, particularly in regions where the business start-up rate is very low. Others areas like tourism, like rural, have all been added as extra responsibilities, and the principle of that is to avoid fragmentation and to give, at a strategic level, greater leverage over the key areas where productivity can be increased; but it does not mean, and nor could it, that the agency can provide and deliver all of those services. I accept the point that because we are involved in a wide range of activities, there is always this balance between focus and prioritisation, and having a balanced approach across a range of areas in order to move an economy forward in quite complicated regions.

Q375 John Pugh: On the issue of focus and prioritisation, you can either prioritise doing something about the most deprived areas, or, as business possibly would better support—you could do something about rewarding obvious winners and encouraging them to grow more. How do you deal with a dilemma like that?

Mr Clarke: First of all, it is a dilemma, and it is not easy. I would be ducking the issue if I said otherwise. It probably depends which region you are talking about because some regions are obviously far more economically—

Q376 John Pugh: Some regions are winners already.

Mr Clarke: That is an issue. If I can speak from a north-eastern point of view in relation to this question, we need to do something different over the next 10 or 15 years than what we have done over the last twenty or thirty, because despite all of the efforts that have been made by all of the key agencies and the private sector, the gap has increased rather than reduced.

Q377 John Pugh: The gap between as well as within the regions.

Mr Clarke: In terms of economic performance. Therefore, the emphasis will be slightly more in terms of building on opportunity where investment will lead to greater private sector investment and economic uplift in performance, while not forgetting areas that have needs as well, and trying to link those areas into new areas of growth where jobs are being created and so on, and that is about transport, skills and people on occasions having to travel a bit further to jobs, if that is what is required.

Q378 Martin Horwood: Do you not think there might be a fundamental problem with the whole concept of regional development agencies in one sense? The Government has been pouring money into your RDA in order to catch up with Pam’s and Jane’s, but they have simultaneously been pouring money into Pam’s and Jane’s in order to maintain the gap!

Ms Alexander: I do not think we feel as though we are having money poured into us, but I take the point. I think that is an issue that we will obviously individually address as well. I think the point that I would say has developed very strongly over the last six years is the focus that John Pugh asked about because the regional economic strategies that are developing now—and most of us are involved in reviewing them at the moment—have a much clearer perspective on that, possibly because we do have a more comprehensive toolbox at our disposal. We have developed partnerships across our region which are about investing in opportunity but also about recognising which aspects of those opportunities are going to deliver the most. In the South East we have expressed our view that the South East is the engine of the UK economy and needs supporting too. There are undoubtedly challenges there and the balance between investing in success and investing in areas that are under-performing in the South East, in many cases under-performing the national average as well as the South East average, is part of the focus of our regional economic strategy.

Q379 Martin Horwood: But only part of it! RDAs have taken over responsibility for things like tourism, which is the whole region; so would you not regard it as a bit of a failure if the North East caught up with you?

Ms Alexander: No, not at all because I have always taken the view that you grow the cake and then everyone can have larger slices of it. That is, to me, what this is about; it is about investing in growing the whole UK economy and making sure that the connections between bits of it, as Alan said, are improved so that where you are creating a good return on investment because in a sense it is part of a low-hanging fruit, that is connected into the areas of deprivation in ways that make links. For example, we won the Diamond Synchrotron for the Harwell Science and Innovation Campus, and we are keen to turn that into a really exciting new science campus, but also to link it back with Daresbury, the competitor in the North West, so that we are creating synergies across the two regions and all of the supply chains that will link to the businesses involved. I do not think it has to be either/or and I do not think it will be successful if it is either/or.

Q380 John Pugh: Can we deal with another central dilemma. There is a buzzword going around RDAs now talking about “transformational projects” that are going to be very big and very obvious, things like a big museum and a waterfront and things like that. There is obviously an attraction in an RDA being associated with a transformational project rather
than being associated with lots of very, very worthy connections with engineering firms that actually may produce greater jobs. Are you aware of that dilemma, because to some extent you need to prove yourself, do you not; you have to prove you have done something and are associated with something that is transformational—maybe not in a massive economic sense, but in an entirely visual way that is attractive?

Mr Clarke: From my perspective, transformational does not need to be one big major physical project in one particular location.

Q381 John Pugh: It seems defined that way.

Mr Clarke: Well, half of our £280 million budget in the North East is capital and that will be spent on a whole range of in some cases very large physical projects, and in other cases the little bit of gap funding that is required to enable something to happen in a rural area that would be very modest, or to fund in the North East broadband infrastructure in rural areas in order to help rural-based businesses. I think transformational is not always big and is not always physical. A transformational rural market towns initiative could help rural areas across the whole of a region or a number of regions, and the concept could be sold as a big, exciting, transformational project, but it need not be all located in one place. Other things, like big tourist attractions, do tend to be focused in one place. Some of the science investment we are doing tends to be located in that way. But if you turn it the other way round, if we are meant to be helping to transform our regions, if we did go for real fragmentation and lowest common denominator and small amounts of money just spread all over on different areas and on different policy interventions, I doubt whether we would then be making the transformation we would need to make.

Q382 John Pugh: If you transformed the skyline but did not transform the economy as a result, that would be not a success.

Ms Alexander: Absolutely. For me the test of a transformational project is if we can contribute something which no other partner can contribute which will generate a critical mass pump-priming that economy. For example, I am involved in the Turner Centre in Margate, not because I particularly think it is valuable for the agency to be involved in an arts project, but because that may create the critical mass to transform the creative economy of that part of Thanet. Were that to be the case, it would spread out to the rest of east Kent, which is one of the poorest parts of the region. Without CTRL we might as well get up and go home on that one; so transformational projects are about physical infrastructure as well as about buildings.

Ms Henderson: Can I add to that? The Combined Universities in Cornwall has award-winning buildings, but it is about changing aspirations, changing the fortune of young people in Cornwall, changing the perception of the county and helping businesses to grow with the access to intellectual capital that the university provides. That is undoubtedly transformation. It is physical and it is skills.

Q383 John Cummings: These questions are directed at the Learning and Skills Council representative. Can you tell us the reasons behind your decision to restructure and formalise the role of regional boards?

Mr Cragg: I would say that it was very, very clear—and we did undertake a major consultation exercise both with the whole of the provider network but also with key stakeholders—that on the one hand we could perform a great deal better locally by being better aligned with local area agreements and with strategic interventions on the ground; but also we could streamline our operations very considerably. We were doing things in my region six times over which could be done once, in terms of support functions. If I look to our colleagues in the RDAs, it would be fair to say there were far too many fragmented individual initiatives vis-à-vis skills and employment which were much better planned and co-ordinated at a regional level. We are already seeing significant benefit from that. I think we will be, on the ground, much more expert, less preoccupied with process and bureaucracy in our relationships with colleges and providers. I think we will be more local, through the creation of our local partnership teams, which are aligned much more with local communities and in particular with local authorities so that we can play our full part in local area agreements. Equally, on skills, you will see critical mass of investment and much, much better alignment with the major economic interventions being planned at a regional level.

Q384 John Cummings: Can you tell the Committee what impact the restructuring has had on your work with local authorities, because you have just said it appears now that everything that was not ticketyboo is ticketyboo now!

Mr Cragg: I would not say, to use your words, that everything is ticketyboo at all. I would say, however, what you should be able to see is that, for example, on 14 to 19 we have a much closer alignment with all the reforms in that territory. On the block 4 activities, the so-called economic development and regeneration activities, I think you are going to see, again, much, much closer alignment because we will have a flatter, more professional and more expert cadre of people operating at a local level. Let me give you an illustration, if I may. I would draw from my own experience in a very large city, in that I am both the vice-chair of the local strategic partnership and I chair the programme board which oversees the whole of neighbourhood renewal and the whole planning of the local area agreement. We have arrived at that position not through some kind of position we hold as of right, but because of the credibility we have and the contribution we are making to neighbourhood renewal and regeneration within the locality.
Q385 John Cummings: How does it match with the “maximising of localness to meet employer needs”, which you advocate yourselves in your memorandum?

Mr Cragg: I would say that that is entirely consistent. As I say, our planning on skills is moving more and more to a regional level, whereas our delivery on learning and skills is shifting more and more to a sharp local focus, so you get the right balance between strategic co-ordination across the region, looking at critical sector skills shortages and gaps, but then playing a much more significant role in shifting and changing the mix and balance of provision locally, and I hope increasingly integrating interventions on employment, especially in the most deprived areas, and skills, working in partnership with local authority partners and others on the ground.

Q386 John Cummings: Has what you have told this Committee been verified by independent auditors, because obviously you never hear a fishmonger shouting “rotten fish”!

Mr Cragg: Well, we are, through all the normal processes and procedures, clearly accountable to government through scrutiny—

Q387 John Cummings: No, I know whom you are responsible to, but who would verify what you have said this afternoon to this Committee? Is it tabulated anywhere? Is it audited? Has it been signed off?

Mr Cragg: The National Audit Office oversees all the work we do and would look at value-for-money issues, at the delivery of critical initiatives; and of course we are, if you extend this—the other aspect of this work which relates to the conversations you were having with our RDA colleagues earlier—our local plans and increasingly our regional plans are, by definition, approved from a statutory point of view by RDAs. Increasingly, that process and the work around regional skills partnerships links us in closely to assemblies at a regional level.

Q388 Mr Hands: In a very general sense in your experience, and the LSC experience more widely, how do you see local and regional government working together? What do you see as the pros and cons and what could be improved from your perspective?

Mr Hughes: The London perspective is that with 32 boroughs the key thing is to get coherence. We have to serve on the one hand employers and on the other hand learners, and try, and to try and get some coherence across 32 boroughs requires a regional approach as well as a sub-regional approach. Therefore, we are working with our RDA colleagues in London around an integrated employment skills offer to employers that brings together all of the business support under the Business Link brand, with the skills delivery and training in the workplace. We are also embedding that in the local area agreements. A good example of that is in relation to the Croydon local economic growth initiative bid, which is a joint bid between a number of local partners, co-ordinated through the local area agreement, the LSC is in there with Croydon College, thinking about how we deliver to the SMEs in Croydon to make sure their training needs are met, alongside the skills needs of local residents in Croydon. There is an enormous amount of work going on at all levels. Our restructuring allows us uniquely to work at whatever geographical level we need to across the country, whether it be regional or national, whether it be local, whether it be at borough level or below borough level. We are putting senior staff in with real expertise about the locality, about employers and learners and about the partnerships and collaboration you need to meet those needs.

Q389 Mr Betts: The Mayor for London said that the Learning Skills Councils for London should be accountable to the GLA. Do you agree with that?

Mr Hughes: He has said that, has he not? He has also said there has been an agreement reached which, unfortunately, we cannot talk about because it is not in the public domain at the moment—which is a shame actually! We have always said that the elected Mayor of London has to have a strategic input into the LSC and what we do. He already does have through the London Development Agency. As David said, we pass our plans through regional skills partnerships; they are approved by the RDAs, and we talk with the Mayor and his office on a regular basis; so that strategic input is already there. There is strong agreement about the needs of London that Ken Livingstone goes around telling people. They are about “worklessness” and they are about high-level skills, and you cannot disassociate the two. We have a high-skill economy, but we have some of the worst “worklessness” figures and some of the highest pockets of deprivation in the country.

Q390 Mr Betts: The jury is out on that one until somebody makes a decision.

Mr Hughes: Our position is very clear. We have always said that an elected Mayor of London needs to have a relationship with the LSC. It needs to be a strategic relationship.

Q391 Mr Betts: He has a specific relationship in mind, though, does he not, which perhaps you are not prepared to sign up to at this stage?

Mr Hughes: No. The position we are taking is that he has said that, has he not? He has also said there has been an agreement reached which, unfortunately, we cannot talk about because it is not in the public domain at the moment—which is a shame actually! We have always said that the elected Mayor of London has to have a strategic input into the LSC. As David said, we pass our plans through regional skills partnerships; they are approved by the RDAs, and we talk with the Mayor and his office on a regular basis; so that strategic input is already there. There is strong agreement about the needs of London that Ken Livingstone goes around telling people. They are about “worklessness” and they are about high-level skills, and you cannot disassociate the two. We have a high-skill economy, but we have some of the worst “worklessness” figures and some of the highest pockets of deprivation in the country.

Q392 Mr Betts: Moving to city regions, can you give us your views about whether they might be a good thing if they develop? Again, should the functions which are currently performed by the LSC—maybe at regional level, maybe at local level—be subsumed into the government structures of city regions?

Mr Cragg: First of all, I would say that we are enormously enthusiastic about the potential for city regions. David has already said that, and I think we have to operate at a whole variety of different levels, and in particular, if I look from my West Midlands experience, a city region approach makes total sense.
If you look at the coherence of the conurbation from Wolverhampton through to Coventry, and the flexibility and mobility potentially in the labour market, and the potential employment growth, then for us to be working within narrow and unhelpful boundaries within that conurbation does not work. With total unanimity, we have led the work on skills and employment from day one in the city region proposal. I was very pleased to present the proposals for an integrated employment and skills strategy to David Miliband when we went as a West Midlands delegation. We have arrived also at what we think is a very powerful vehicle for enhanced mutual accountability as well as our accountability being very clearly defined within that through a new executive board, on which the chair of the regional LSC board will sit alongside the leaders of the seven, now to be eight, metropolitan boroughs—because Telford has come into the process. Below that, at executive and sub-board level, I expect to continue to lead that work. I believe that within those arrangements, just as we have got statutory accountabilities through the RDA, we can have a very clear agreement between ourselves and the collective of local authorities to secure exactly the accountability they are seeking. Whether that means you transfer the executive function is highly questionable, and I would think the two things become very confused.

Q393 Mr Betts: What you are saying is you are quite prepared to become part of an executive board in the West Midlands in that case, along with local authority leaders; but actually, if the decision goes against you in terms of a majority of the board want to do one thing, you still keep your power to behave as an LSC and do exactly as you want.

Mr Cragg: It does seem to me from a legal point of view that we have statutory powers and unless somebody removes them, those remain.

Q394 Mr Betts: I am asking whether it might be a good idea. I just come back to the Regional Assemblies Bill. Some of us commented on that at the time. While we were looking at a different form of devolution then—city regions on the agenda, and RDAs were on the agenda a couple of years ago—there was not one single power from the LSC or the Department for Education that they were prepared to give to the regional assemblies—not one single power in the whole of that legislation. They were prepared to be consulted about things and discuss things and be involved, but not actually give up anything. Is that not still the same position?

Mr Cragg: No, I do not think it is the position. I think that the position we have arrived at in the city region prospectus, for example, is that we would agree joint investment strategies. We have committed in the West Midlands city region an investment programme in the first year alone of £75 million to meet commonly agreed and jointly agreed objectives.

Q395 Alison Seabeck: This is partly on the point that Mr Betts made about lack of involvement in the Regional Assemblies Bill, but it also ties in to concerns that have been raised elsewhere about what is a city region. You can see a logic for a city region and how it would develop and support the surrounding area in somewhere like Leeds/Manchester, and you can see the hinterland around that. In the South West where we have Cornwall to one end and Bristol, Exeter, Swindon and perhaps Plymouth—Plymouth is definitely there—I am just not so sure, and would welcome your thoughts on it, as to whether the city region approach is right for an area of the size of the South West, which is so peripheral to other parts of the UK. Do you think that will work?

Ms Henderson: I am sure my colleagues will want to come in on this as well. I understand the debate; we are talking about city regions and, or within, regions, not either/or. You are right: Bristol is a core city. It is huge economically. In terms of housing markets and its traffic, which is way beyond the city council's boundaries; and one needs to look at transport and special planning in a much broader context. I could argue, very controversially, that Plymouth has a city region as well which stretches into Cornwall, but—

Q396 Alison Seabeck: Bits of Cornwall.

Ms Henderson: As you rightly say, there are then issues about rural areas, about connectivity to other major towns, many of which were covered in our Way Ahead strategy for delivering on urban growth and prosperity within the region, which the city region concept does not really capture or solve; but that does not mean that it could not be a very useful concept in Bristol and possibly elsewhere.

Q397 Alison Seabeck: There are folk out there saying that it does not necessarily have to be built around a conurbation; could you have a city region that was, say, Cornwall—or a region that was Cornwall or a growth area that was Cornwall? I am not sure you can do that, but do you have a view?

Ms Henderson: I think we have identified key Cornish towns as equivalent to—not a key city-region but certainly a key urban area for development. I suppose the similarity with a conventional city region is that you are looking at the contribution of the different parts of that urban zone. You are looking at where the economy needs developing, where the houses need to go, and the transport interconnectivity; so there is a similarity. It is about choosing an economically sensible place to look at in order to make investment plans and strategic plans for the future. I would broaden the concept.

Q398 Martin Horwood: I want to ask about the relative powers of bodies in the future. Incidentally, on the LSC's powers the RDA submission says you want to take over their expenditure, along with—a short list, including English Partnerships, Job Centre Plus and even rail expenditure; so you are
clearly looking for more power for the RDAs. You say that the powers of the assemblies ought to be reviewed, so what is the future balance?

Ms Alexander: Can I come in on the evidence, because I think what we were talking about was regional funding allocations encompassing those areas of spend, which is not quite the same. We do feel the regional funding allocations have been a very useful step forward, but we do think they could usefully be extended and the decision-making devolved, so I just wanted to correct that perception.

Mr Clarke: In relation to the regional assembly, having had a “no” vote in the North East, bearing in mind a lot of these different elements and organisations within regions were established with ultimately the aim of having an elected regional assembly, then it is a natural thing to review the various elements afterwards. With respect to regional assemblies, they have since had a housing responsibility added to them. The emergence of city region working has obviously raised questions about what is appropriate to make decisions around planning and transport and so on, so it is really a natural thing to do.

Q399 Martin Horwood: We obviously share that or we would not be holding this review now, but what is your recommendation? Can you give us any direction as to what we should recommend in the future for these bodies?

Mr Clarke: I think that now that housing has been added as an extra responsibility, and regional assemblies are bevareying away with regional spatial strategies with a transport element—and in the North East we have recently been through an examination in public, which we gave evidence at—and that the spatial strategy is aligned with the regional economic strategy, it would be crazy to derail that now because we have got a series of strategic plans and then through the regional funding allocations some spending—admittedly not big spending but a start—all aligned and moving in one direction. I would have said we should let that take its course. But there will be very different circumstances in different regions. In some regions the regional spatial strategy and the regional economic strategy is not as well aligned and there will be different views. This is an area where you do have to look at each region on its merits and look at the different statutory plans and strategies—

Q400 Martin Horwood: You are saying in the North East—

Mr Clarke: In the North East it does, and therefore I think we are better off making it work now and getting on with it. We have got more functions at the regional level than we have had previously.

Ms Alexander: In our evidence we were referring to ways in which the scrutiny might be extended. For example, we suggested one could link regional ministers into the scrutiny and accountability proposals or possibly regional select committees in order to accept the fact that assemblies are not elected, and therefore identify the scrutinies that would be appropriate for the future. I do entirely endorse Alan’s view that we have made some really great strides in terms of aligning strategies over the last couple of years, and there is a lot to be lost were those to be departed from.

Q401 Chair: You suggested that ministers should have regional portfolios. How do you think that would relate to their existing responsibilities, and what do you see as the specific additional benefits; and how do you think Parliament should strengthen the regional boards?

Mr Clarke: The first thing to say is, we suggested this in the evidence really as a basis for discussion, so I would not come here and say we have a ready-made solution. I think it would be rather arrogant of us to suggest to government that this is how it should work. These sorts of ideas have operated in the past. Until fairly recently the Deputy Prime Minister had another responsibility as Minister for the North, which related to the Northern Way, and we have had ministers in the past that have had specific geographical responsibilities as well as their portfolio. At the very least, if they have some feel for the issues within an area outside of their own constituency and can act as an ambassador and spokesperson for some of those issues and both influence thinking within government and play back into the geographical area some high-level thinking that is going on within government, which is different from a constituency MP’s role, I think that would be a positive step forward that would raise the profile of the regions within government and vice versa.

Q402 Chair: Does the Learning and Skills Council have a view on that?

Mr Cragg: We would say first of all that the changes we are making at the moment, which gives much more devolved authority to regional boards, will assist us in aligning much better with our colleagues in RDAs and, for that matter, other agencies. I think it is worth—if I gave you as subjective a view as I possibly could—reflecting on some of the powers which sit in government offices and those which sit within RDAs. If you look at the whole territory and regeneration and then match that across, or look at the mismatch with how neighbourhood renewal funds are managed, you would question whether there is an effective alignment given that frequently, if I look in my region, we have six regeneration zones which are quite consciously targeting the most deprived and disadvantaged neighbourhoods and linking where possible need in those neighbourhoods to opportunity for employment and economic growth. You have then overlaid on that a whole set of other initiatives, in particular through neighbourhood renewal. I am in many senses very enthusiastic about what is possible now in neighbourhood renewal, but in terms of the bureaucracy and the overlap and duplication of bureaucracy, you would ask yourselves questions about that. It is also well worth the Committee reflecting on the overall management arrangements for European structural funds in the new arrangements. This is again from the point of view
of Objective 2 in particular, which has worked very, very well in the West Midlands but you do have to ask questions about management arrangements sitting in a government office for this particular funding source and sitting in the RDA for another.

Q403 Lyn Brown: At what level do you think neighbourhood renewal funds should be managed at?

Mr Cragg: Very much at a local level, and for that matter, from my experience, where we are really targeting the most disadvantaged communities, right down at the community level. It is the administration of the funds which is the point I am trying to make, because if you view this from the point of view of the voluntary and community sector, and people who are at the receiving end, there is a whole pepper-pot impression: you have new deals for communities over here, you have intervention from neighbourhood renewal over here, you have got a regeneration zone supported by the RDA; and the funding and planning regimes are very, very hard to align.

Lyn Brown: It is certainly not my experience, but thank you for that.

Chair: Thank you all very much indeed. If there is something you wanted to add which you did not have a chance to add, we would always welcome further written submissions.
Wednesday 7 June 2006

Members present

Dr Phyllis Starkey, in the Chair

Sir Paul Beresford
Mr Clive Betts
John Cummings
Dr John Pugh

Witnesses: Ms Bronwyn Hill, Regional Director, Government Office for the South West; Ms Bryony Houlden, Chief Executive, Cllr Jill Shortland, Deputy Chair, South West Regional Assembly; Mr Christopher Irwin, Chair, TravelWatch South West; and Cllr Bert Biscoe, Chair, Cornish Constitutional Convention, gave evidence.

Q404 Chair: Can I welcome you to this evidence session being held here in Bristol today which is part of the Select Committee’s investigation on regional governance. The Select Committee Members who are here were in Exeter and Exmouth yesterday and Bristol this morning, and we met with a wide range of stakeholders from the region in both of those venues and we were also, in the case of Exmouth, looking at our other investigation, which is about coastal towns, but we are not talking about that today. We will be asking various questions. Because there are so many witnesses, can I ask that you do not all respond on every question otherwise we will not get through everything. If you have got something burning to say that you do not get a chance to say, I am sure you can slip it in on the next question. I am relying on people to be self-disciplined, I do not want to have to cut people off but I will if they go on. Can we start from my right, if you could just say who you are and who you represent.

Ms Hill: Bronwyn Hill, Regional Director, Government Office for the South West.

Cllr Shortland: Cllr Jill Shortland, I am Vice Chair of the Regional Assembly and will be the Chair in July.

Ms Houlden: I am Bryony Houlden. I am the Chief Executive of the South West Regional Assembly.

Mr Irwin: I am Christopher Irwin. I am the Chair of TravelWatch South West, which is a community interest company there to promote the interests of public transport users.

Cllr Biscoe: I am Bert Biscoe and I have lost my voice a bit. I am the Chair of the Cornish Constitutional Convention.

Q405 Chair: Thank you. One of the points that a great many people have made to us over the last day and a half is that the South West has the greatest intra-regional disparities of any English region. Can you briefly comment on the reasons for the disparities and how your organisations are tackling these disparities?

Ms Hill: I think partly because it is a very big region. In geographical area it is broadly the same size of Wales with a population the same as Scotland. It is a very large region. There are obvious differences between those parts to the east and north, which have an economy more like that of the South East, compared with the far South West which is more rural, more low wage, and its position is acknowledged by the fact that it will be getting convergence funding in the new European Union programmes. That is a very brief overview. How does the Government Office help? We try to bring together different Government department programmes to bear on the problems of this diverse region. To give you one example: we have done a lot of work with the current European programmes in Cornwall and an illustration of the work that we have done is persuading the Department for Education and Skills to support a combined university for Cornwall, which is about using higher education as a driver for regeneration and growth in Cornwall. Although it is still early days I think that will be a very important investment in the economy of Cornwall. That is one example from me.

Q406 Chair: Do you wish to add to that?

Cllr Shortland: Yes, please, if I could. One of the very early pieces of work that the Assembly did was to pull together all the different partners in the South West and produce a document which I have got a copy of here if you have not seen it called Just Connect. It is an integrated regional strategy for the South West region that runs from 2004 to 2026. We have begun a review of the Integrated Strategy to see how the partners are beginning to use it. I should have said that one of the aims of this document was to address deprivation and disadvantage and reduce significant intra-regional inequalities. Just to give you a couple of examples of the feedback that we have had so far: English Heritage say that it is a very good piece of work and it is going to be useful for them to consider when they review their strategy; the Environment Agency talk about regional water resources for the future, which is quite topical at the moment with the water problems in the South East, and say they want us to help them with their revised strategy that starts in 2007. This is a piece of work that we have done that is hopefully going to enable all the partner organisations to look at those inequalities.

Mr Irwin: I just want to try to illustrate the causation of disparities by taking one sector, which is the transport sector, where you can see very clearly one of the things we have made progress on over the last two years. You will know about the devolution of advice on regional funding allocation and I was one of those involved in the steering group on that work. One of the things that came out very forcibly and illustrates an underlying cause of disparity was the
difference in strength of the different local authorities, particularly reflecting the personalities, largely the county surveyors or whatever their modern title is, in terms of putting in bids for central funding. For example, and I say this with Bert sitting on my right, Cornwall, along with Gloucestershire, were seeking allocations of funding six times as much as their pro rata share of RFA transport funding compared to Bristol which was about twice the level. If you have that sort of situation where the personalities and force of local authorities drive public investment in public good things then of course you tend to get more distortion. One of the good things over the last few months is that the region, pulling together as a whole through this regional funding allocation process, has corrected that distortion and now you get something that is much more coherent, much more related to the Regional Spatial Strategy with its emphasis on the importance of the city drivers.

Q407 Sir Paul Beresford: One of the things that has become apparent in spite of what you have just said, and I recognise this is a Christmas turkey question for some of you, is if you have got all of these effective sub-regions, why not get rid of the Assembly, have the sub-regions instead as cooperatives or whatever, and they pull together on other issues such as the one you have just discussed, a reduction in bureaucracy, corroboration of like-with-like and probably more harmony?

Mr Irwin: I see it not in terms of either/or but of horses for courses. It is a question of ensuring that you have the functional arrangements designed to deliver the best results. I am just using transport as a simple example which most of us understand. The biggest problems we have in terms of transport in this region are, first of all, of a rail network with congestion around Reading, which is outside this region, and, secondly, congestion in this area, the West of England, around Bristol where the motorway network and rail network are heavily congested. Arguably you do more for the far South West peninsula by spending money in Reading or around Bristol than you do anywhere else but it is very, very hard for a county surveyor to come back and say, “I want to give my money to Reading or to Bristol” if they are in a more remote place. The region can take that view and lock it in with the other policies, and that is what we have done effectively with the endorsement of every single local authority and all the principal stakeholder groups in the region.

Q408 Chair: Cllr Biscoe, do you want to comment briefly on that?

Cllr Biscoe: I think that the disparities we experience derive from the size of the region, the geography of the region, which creates an urban north and rural south. A necessity to generate standardised approaches to things if you are going to have a region that has got to take a view on things creates difficulties for places like Cornwall which has a very distinctive profile with the Objective 1 programme that we are just about to open up. There is no doubt that Cornwall responds very well to being dealt with and treated as a regional unit in its own right. Ultimately, you have to come back to the question about democratic comfort: where do you think you live, who do you think you are, and how do you sit with your neighbours. In that sense I think the disparities within the South West as it is currently structured will never go away because quite clearly Cornwall and the Isles of Scilly see themselves as very particular and very different. They have their own brand, their own identity, which is recognised in a variety of ways, not least in the Government recognising the Cornish language. If we try and force these artificial macro-regional structures on to places like Cornwall, or indeed Bristol, Gloucester or Dorset, then I think there is going to be genuine discomfort which will mean the region will never resolve itself in democratic terms and you will never get the buy into it that you need in order to make it work.

Q409 Chair: Just for the sake of clarity, and briefly, would you be satisfied with three sub-regions where I guess Cornwall would be in with Devon, or is your preference for Cornwall to be by itself and you do not really care what the rest of them do?

Cllr Biscoe: We feel very strongly that Cornwall and the Isles of Scilly as a unit functions very well. It generates a dynamism which is what we want from the regions. Our experience tells us that forced marriages with Devon do not work. In 1996 the Plymouth Business School produced a paper which was a comparative study of deprivation and poverty—I cannot remember what the basket of indicators was—and that quite clearly demonstrated that if you put two chunks together Devon appears poorer than it really is and vice versa. The recommendation, which we followed, was to disaggregate Cornwall and Devon as a construct for the application of Regional Development Funds for that region.

Q410 John Cummings: The Committee have been told that the North East and other regions have successfully aligned their major economic and spatial strategies. Do you believe that the regional institutions have been successful in aligning their major strategies?

Ms Houlden: I would say undoubtedly in this region we have worked very closely to align both the Regional Economic Strategy and the Regional Spatial Strategy. For us, the timing has worked quite well because the RES was being reviewed almost simultaneously with the Regional Spatial Strategy and it is demonstrated very clearly in the Regional Spatial Strategy where the economic elements of the Spatial Strategy were drafted in the main for us by the Regional Development Agency to ensure there was that close synergy between the two documents.

1 Index of Local Conditions: Relative deprivation in Devon & Cornwall by Dr Judy Payne (Universities of Plymouth & Exeter) 1996.
Cllr Shortland: I just want to add to that. Of course, it does not matter how well we locally in the region align those strategies, the delivery of those strategies, both the RES and the Regional Spatial Strategy, are dependent upon other bodies aligning themselves as well. I am thinking more directly of the Government funding bodies, the Government agents, if you like, who provide the funding for the region, needing to make sure that they are aligned behind those strategies. That can be quite difficult in terms of delivery.

Q411 John Cummings: So you are saying to the Committee that you have been successful in determining a shared regional agenda between yourselves and other partners?
CllrShortland: Yes. In this region we have worked very well with the other partners. What is necessarily difficult for us is working with the Government Office because the Government Office is constrained by the fact they look to Government rather than necessarily looking to the region.

Mr Irwin: Can I just amplify that because that is an issue that will affect other regions. We have just had experience in this region of the main railway franchise being re-tendered and there has been quite a lot of national coverage about it, but in the region it has been a highly sensitive issue. The mismatch between the DFT’s specification for that franchise and the aspirations of this region—we are anticipating a growth rate of between 2.4 and 3.2% for the next 20 years, at the higher end of that range—the pressures, the implications, the congestion issues and so on, and the DFT specification for that franchise, which was really a low-cost, economise where you can franchise, gives rise to two points. One is central Government policy not chiming in, as has been said, but, secondly, the lack of deliverability in Government Office where we have discovered lately that there are only seven staff concerned with the whole of the one billion pound budget for transport in this region.

Q412 John Cummings: If you have succeeded in determining that shared regional agenda, can you tell me what the agenda contains? What have you agreed to? What have you determined?
Ms Hill: I was going to come in on an earlier point.

Q413 Chair: Do that and answer John’s question as well.
Ms Hill: I agree there has been a lot of good joint working between the RDA and the Assembly, I hope facilitated by the Government Office, to produce a Spatial Strategy which is about this thick—there is a copy of it in my desk—and it is quite difficult to summarise. I am sure we could leave one behind. It sets out a long-term strategy for the region up to 2026 and deals with waste management, transport sets out a long-term strategy for the region up to the end of the story yet, there will be an examination in public next year at which the Government Office

will represent the views of Government, so in some ways I have to slightly reserve my position but that is not to undermine what people have said. It has been very good joint working. To answer Chris’s point about railways, I think the region itself in its advice to Government on the regional funding allocations exercise highlighted the difficulty of joining railways into the Regional Transport Strategy when we do not have information about the amount of budget that is available as we are beginning to do for Highways Agency roads and local authority schemes. We have registered that although, as Chris points out, as I work for the Government it is not for me to comment on some of Chris’s other opinions about the franchise.

Q414 John Cummings: Do you think you are getting sufficiently clear direction from central Government about the development of regional policy?
CllrShortland: Personally I think we have had a lot of direction from central Government.

Q415 John Cummings: Sufficiently clear direction?
CllrShortland: I think the Government has been very clear about their direction. What we have done in the region is to say their direction does not necessarily fit with what matches into the South West region and, therefore, our Regional Spatial Strategy, the Regional Economic Strategy, the Integrated Strategy, may not be a natural fit with what central Government wanted us to do.

CllrBiscoe: I do not think it is necessarily perceived as being a natural fit in Cornwall.

Q416 Chair: I understand that. Can I briefly ask about rural communities because the witness we are having at the end of this session suggests that in the North East rural communities have been ignored in the Regional Economic Strategy. Is that your experience in the South West or are rural communities included?

Cllr Biscoe: As the Chairman of the Cornwall & Isles of Scilly Rural Partnership, which is a delivery partnership which delivers the RDA’s rural renaissance strand in Cornwall, and a number of others as well, a couple of what are called key funds from the Objective 1 programme and it is very much rurally orientated, in the last couple of years we have seen a greater willingness on the part of the RDA to delegate funds and to enable the capacity to work in Cornwall to deliver those funds where they are needed. That has become quite effective. It has been slow getting off the ground and there is a disparity between the appraisal processes that we would normally use and the very bureaucratic approaches the RDA takes. That is not to say it is not thorough and not helpful, it just takes a long time. Firstly, it has been a Zen-like process, wearing them down to agree what central Government wanted us to do. I do not think it is necessarily perceived as being a natural fit in Cornwall.

Q417 Mr Betts: I have a question for Mr Irwin first, if I might. We had passing mention of this yesterday, but other people have raised it with us as well, and that is there are some organisations which appear
not merely to be unaccountable to anyone at the regional or sub-regional level but which also are not involved. One of them was referred to as being the Highways Agency and another being various aspects of the railway system. Would you like to comment on how you are experiencing that and whether you are getting any more positive signals from any of those organisations about a willingness to join in?

Mr Irwin: I think the answer is in broad terms it is deeply unsatisfactory. It is deeply unsatisfactory because particularly in the rail sector—Highways have shown a greater willingness of late to engage in these matters—there seems to be a separate agenda which is being followed, and that is quite proper, understandable central Government priorities, but is at odds with the regional concerns expressed here. There is that issue. I think there may be a way forward. Certainly in the work of the Regional Assembly in terms of its scrutiny work it is beginning to prove possible to draw in other key agencies that play a major part in regional delivery. We have just done an energy review, for example, in which all the main energy players at one point or another have taken part in workshops, bilateral meetings and so on. We are having a review of sustainable energy strategy in the region. I think the Highways Agency will go that way. There is a real problem with the rail sector which is still thinking in a very centralised way and in national policy terms seems to be following a line on rail development that is at odds with both regional strategy and that of the commercial operators. The missing link in the whole thing, and this is not at odds with regional strategy, is effective planning of sub-regional transport networks. As you know, we have no PTES in this part of the world or anything analogous to that. There is a crying need here in the West of England, or if you go to the Plymouth/Exeter area, for some sort of mechanism to draw together all the interests, all the parties involved in public transport provision in those areas if it is to make a sustainable long-term contribution.

Q418 Mr Betts: So you saying you need the mechanisms in those areas but also you need willingness from the centre to let go

Mr Irwin: I look to a Government Office that not only challenges what is done regionally but champions what is done regionally back to the centre. In a way, psychologically we feel very isolated. We make noises, we write letters to the Regional Assembly, to Derek Twigg saying, “Please can we have a meeting to discuss the carve-up of our railway lines”, but with the exception of Alison Seaback, who is a Member of your Committee, who has been amazing on this, it is very, very hard to make real entry there. There is a great gulf between our policy aspirations here and the ability at the centre to grasp and deliver.

Q419 Mr Betts: Can I come to Cllr Shortland and the Government Office. Is it just the Highways Agency and the transport bodies? We have heard from a number of people that the LSCs are almost totally detached from the whole operation, from what is going on in terms of your arrangements at regional and sub-regional level and your scrutiny powers, and the Health Service might just be waking up to the fact there are other players in the game but it is rather belated and a little half-hearted. Would that be fair?

Cllr Shortland: I think that is fair. What I would say in their defence—

Q420 Mr Betts: You are not here to defend them!

Cllr Shortland: What I would say is these partners have been willing to engage in the discussion processes. Their difficulty is that we may come up with a set of criteria regionally that we would like everybody to be part of in terms of delivering but they have their own masters in terms of their Government departments and when those areas conflict you have a real problem. The analogy I would give you is the same with local authorities in terms of local authorities have been able to secure, through the Government’s Local Area Agreements, freedoms and flexibilities to use Government funding in a slightly different way that meet the needs of their locality. What I am saying to you, and one of the things I am going to be working on as Chair of the Assembly, is we are looking to see if there can be some kind of bridge at regional level to try and engage the Government departments slightly differently in the region, look at freedoms and flexibilities, which means Government funding can be used in a slightly different way that would meet the needs of the Regional Spatial Strategy, the Regional Economic Strategy and aid our speed, our delivery of those strategies.

Q421 Mr Betts: You want the power to scrutinise the Health Service and other bodies?

Cllr Shortland: That is probably one of the things we would be looking for. At the moment there does not appear to be anybody, other than a single Government minister who has the power to do it but I do not think they are, doing that scrutiny work. Certainly they are not challenging those bodies to say how they are aligning their delivering to the Regional Spatial Strategy or the Regional Economic Strategy.

Ms Houlden: Can I just briefly pick up the LSC point. I think it is worth saying that one of the early scrutinies, in fact the third scrutiny the Assembly did, was on the Skills Agenda. As Chris described in relation to the energy debate we have held, we managed to get all of the LSCs around the table for that scrutiny and I think it was the first time they had come together as a regional grouping. Out of that scrutiny of them it built a much better regional dialogue between the LSCs themselves. Although we did manage to make one step forward, if you like, there are still a lot of further steps we would encourage them to make in terms of regional dialogue, but we have made some progress.

Q422 Mr Betts: Can I focus specifically on the regional office. What we are hearing is a lot of frustration around Government departments which are still working to very centralised targets but probably are not very good at understanding how
they fit, along with their neighbouring departments, into regional and sub-regional strategies that are worked out at local level. Is your job not to reflect that concern back to ministers, and are they listening to you, or are you not reflecting them?

Ms Hill: It is our role. First and foremost there is almost inevitably a tension between national Government policy, on the one hand, and the views of regional and, indeed, local authorities, as Jill has said, on the other. Part of our role as Government Office is to mediate between the two, to facilitate dialogue. We cannot devolve every single problem to statutory regional and local stakeholders but it is our job to make sure that at least the two sides are engaged in talking to each other. I would say, slightly in defence of the regional LSC, that they are very good at working. There is a Regional Skills Partnership that is engaged with the RDA and business and employers about skills and training. Clearly that does not go as far as some regional partners would wish but they do quite a lot. They also work with sub-regional partners, like the West of England Work Initiative, looking at skills and training needs in the Greater Bristol area.

Q423 Mr Betts: People say they work but their ways of working are so inflexible and it is so determined from the centre that they cannot join in in a meaningful way.

Ms Hill: We have said that. The regional directors, as a network, meet regularly with ministers and permanent secretaries. David Rowlands, permanent secretary from DfT, was at a recent meeting and we raised this issue with him about the perception in the regions that DfT railways does not engage as fully as partners would like, and he agreed to take that away and think about it. That may not be the only answer but what I am saying is we do act and influence. I and think about it. That may not be the only answer partners would like, and he agreed to take that away and think about it. That may not be the only answer

Q424 Sir Paul Beresford: It has been tried in the past, but would it help if you had a minister not from the area but representing the area and their portfolio, whatever their current portfolio is, included looking after a particular region? You could get at the minister, the minister could get at you and they could go back and get at government.

Mr Irwin: One of the tests must be is that minister dedicated to that one region or are they trying to look at all regions in one?

Q425 Sir Paul Beresford: Dedicated to one region.

Mr Irwin: It has to be the former, I think. May I take this opportunity to amplify something Bronwyn said and move away from theory and talk about a real example. I mentioned just now the growth rates we are looking for in this region over the next 20 years, the growth in population of 780,000 or so in this region over the next 20 years, and the importance of connectivity between this region and places like London and Birmingham and so on. One of the real issues we have had, and it has not been possible to move Government Office on it, is the issue of Crossrail. Crossrail is going to be using the Great Western Main Line between Maidenhead and London which will reduce the capacity and robustness and reliability of services running from the West of England, Wales and the South of England into London. As a Regional Assembly we unanimously decided that we should petition on the Hybrid Bill on Crossrail that is going through at the moment. We urged the Government Office to take this forward and personally I have been very much involved in lobbying colleagues and friends in Government Office on this. So far it has not proved possible to get any measurable response as a result of Government Office intervention on DfT matters, although the Regional Assembly continues to have to pursue the petitioning of the Crossrail project with very limited funds on a matter that is enormously important to the economic vitality of the region in the long run.

Q426 Dr Pugh: I have some sympathy with you because I sit on the Crossrail Bill and have heard the petitions. I can tell you if o/licences in Mayfair can petition against it I see no reason why the South West should not be able to. Maybe I have already compromised my position saying that much! Can I direct my remarks to the Assembly. Your submission has a number of suggestions for simplifying regional governance structures and stopping duplication and similar bodies doing similar things, so we are talking here really about a cull. Who is on the list?

Cllr Shortland: Shall I give you a list?

Q427 Chair: Yes. Cllr Shortland: One of the difficulties that we have found has been it is a huge amount of work and effort to try to get all the different bodies together. There are too many bodies to get in the same room let alone around a table. It is quite difficult to understand where each of those different bodies are coming from in terms of just putting together the Regional Spatial Strategy and the amount of time on consultations and everything else and trying to understand why different organisations cannot come to consultation meetings or why they have to go back to their government masters in order to be able to sit down round the table with us and have a discussion about what is best for the region. I suppose I am quite naïve in terms of I am a local councillor and therefore I believe your first port of call is to do what is right for the people you represent. Some of these agencies’ first port of call is to do what is right for their government masters, never mind the impact or the outcome that brings to the people they are supposed to be working for within the region.

Q428 Chair: Can you give a concrete example? Cllr Shortland: I hate to keep going back to the Highways Agency and the transport issue but when we sat down as a Regional Assembly to talk about the regional funding allocations and discovered that the regional funding allocation was just over £80
million a year yet there is over a billion being spent in the region, where is the rest of the money going and who is responsible for it? We were not even allowed to talk to the people who are responsible for the rest of that funding.

Q429 Dr Pugh: What you are suggesting is not simply that other regional bodies co-existing with you should go and you should do their work, or their work should be duplicated by the Regional Assembly, but that some national functions should be subsumed under the Regional Assembly. Is that what you are saying really, that you have in mind clearing up the confusion of tourist boards and things like that?

Cllr Shortland: I am not suggesting that we, as a Regional Assembly, should subsume all of that work. What I am saying is the regional producers that are producing these regional strategies need to be able to deliver them and unless we have some potential impact upon those partners, or those other bodies—I am quite interested by the suggestion of a minister for the region but—

Q430 Dr Pugh: That is not the same as your submission. Your submission says “streamlining the number of organisations”. This is not streamlining the number of organisations, this is altering how the organisations work together, is it not?

Ms Houlden: There was a separate issue that we were flagging up as part of our evidence which was about not a plethora but a large number of small organisations in the region with a regional remit and this is saying we are at fault as well because we have set up as regional partners a number of very small regional bodies. I use the regional observatory as an example, which is our data intelligence gathering organisation, which was set up jointly by the Government Office, the Regional Assembly and the RDA, and we felt it needed to be an independent arms’ length organisation but when you are trying to be pragmatic you look at it and say there are only five members of staff, is it really sensible to set up a small organisation like that standing alone which therefore has to have its own chief executive, its own equipment, it is own personnel function and its own finance functions, or should we deal better with each other as the big regional players and say one of us could subsume and manage that and still retain its independence for the region. Another example would be Equality South West where we have just set up an equalities body between us all and, again, they have got about five members of staff. There are economies of scale you could create by bringing them into one of the other bodies.

Q431 Dr Pugh: What you are saying is there is a good prima facie case for reducing the number of organisations, although you do not have a definite hit-list written down in front of you here and now?

Cllr Shortland: When you look at all the different organisations you have got to ask what are the functions of those organisations and what outcomes are you looking at in terms of the role of that organisation, and does it make sense for it to be a separate stand alone organisation. I think if the Committee were to look at a list of all the organisations in the South West, which I am sure the Government Office can provide for you, you would see when you think about those outcomes there have got to be some economies of scale where you can say it would make sense if those organisations were running to one chief exec, to one body of people, rather than lots of others.

Q432 Dr Pugh: There would be a cost saving.

Ms Houlden: I think I can give you an example without going into boring detail. Although I bill myself as the Chief Executive of the Regional Assembly, the officer support I run supports three separate regional member organisations: the South West branch of the Local Government Association and an organisation called the Provincial Employers. They are run under me, so a third of my cost goes to each organisation, and they have only one head of personnel and only one finance person running across three organisations. It is about looking for economies of scale and always looking at how we improve the way we work and reviewing the way we set things up and saying, “Is this still fit for purpose?” I think the Assembly is open to looking at what is fit for purpose.

Q433 Dr Pugh: While we are on the subject of culls, we interviewed the Bristol unitary authorities this morning and discussed with them the benefits to them of the Regional Assembly and, to be fair, their defence of there being a Regional Assembly was somewhat muted. One answer was they were needed because somebody had to scrutinise the Regional Development Agency but they did not make an overwhelming case for having that either. Other authorities were less keen on it, perhaps they felt they were working quite well as a partnership and doing most of what a Regional Assembly might be thought to be doing. If the South West Regional Assembly were to fall under a bus or be pushed under a bus this afternoon, what effect would that have on Bristol and the area where they already have a good partnership in place?

Mr Irwin: I sat on the panel that went through the West of England’s proposals in relation to the Regional Spatial Strategy, the joint study area proposals from the four authorities. It was very, very striking that it needed the catalyst of outside people, in this case a group of Regional Assembly members, to help navigate through some of the challenges that for a long time have confounded local politicians mindful of their next election. We found one particularly extraordinary thing that I could not find any justification for in any of the policy guidance or anywhere in the regional strategy thinking, namely to create a sort of ghetto of low cost new housing in the Bath and north-east Somerset area, not in Bath itself because Bath is too beautiful to accommodate such things but out in Norton Radstock, formerly known as the Democratic Socialist Republic of Norton Radstock!
Q434 Dr Pugh: You are saying there is nowhere in the length and breadth of the unitary authority that can deal with this, you need to get somebody from Devon or Cornwall to tell them what to do?

Mr Irwin: It facilitates. Just to take it one step further: I have just read stupidly, but actually it was of great interest, every single local transport plan for LTP2 in the region. It is amazing when you look at them that each one stops at its boundaries. If you have got a bus route, for example, between Taunton and Exeter, you get to the Somerset frontier and the bus route ceases, there is no overall planning in that way. There is a sort of lunacy there. It is anti-people to think like that and it is poor planning to think like that. To some extent, without the pressure of a regional transport strategy to draw these things out you do not find these disadvantages.

Q435 Chair: I can see a number of people trying to get in. Can we have a brief comment from Ms Hill?

Ms Hill: Just a brief comment on the issue of small
get in. Can we have a brief comment from Ms Hill?

I can see a number of people trying to
you do not find these disadvantages.

Q436 Chair: Cllr Biscoe, when you answer this question could you also answer the question what aspects of policy, if any, you think could actually be determined more effectively at the regional or possibly sub-regional level if Cornwall is not to be regarded as a sub-region in itself?

Cllr Biscoe: But as what?

Q437 Chair: Sub-sub-region. I suspect I know what your answer will be but I am not trying to prejudge it.

Cllr Biscoe: If you stay with the macro South West?

Q438 Chair: Yes. What do you think should be done at the regional level?

Cllr Biscoe: Firstly, with regard to the conversation can I say it is very interesting to sit here and listen to regional institutions justify their expansion and tell you what a wonderful job they are doing. I hope that you put yourself on the end of the people who have to do business with them because it is not quite as rosy as they make out. There are two fundamental issues about building up the South West Regional Assembly into some great regional dinosaur and that is it has no democratic legitimacy whatsoever and the people who pay their taxes will simply demand that they can vote and elect people to sit on this because it sits in the middle of a fully democratic set of structures as a cuckoo in the nest and is neither one thing nor the other and people do not recognise its legitimacy. I am sorry, but they do not. You show me a politician who stood for a local government election, either this year or in the county council elections the year before, who put anywhere in their election leaflets that they represent somewhere or some body on the Regional Assembly. They did not do it because they knew they would not get any votes. With regard to your question about aspects of policy, I read the other day regional boundaries are porous, but I think all boundaries are porous because you do not set yourself up in isolation from everybody else. I reject the view that LTPs stop at county boundaries, that is simply not the case, or certainly not the case in Cornwall. We have great interest and great discussions on issues around Bristol, and have done for around the last 50 years. In terms of the rail network we have always had to talk to people about everything that lies between the River Tamar and Paddington because it is of immense interest to us. Equally, with shipping we have to talk to other people in those circumstances as well. There are aspects of policy which you have to deal with on a macro level. Whether in the process of creating a region with which nobody identifies, particularly in democratic terms, you are creating institutions that will effectively do that business for you is the fundamental question. For myself and the organisation I represent, we very strongly feel that regionalisation is the way forward but we do not feel that the regional map, the regional constructs we have at the moment are effective. In terms of the aspects of policy, there are many of them—transport is an obvious one, spatial planning is another, I accept that entirely—but it is the regions we are dealing with and the one we find ourselves within, through no fault of our own—

Q439 Chair: Apart from the fact you are the other side of Devon.

Cllr Biscoe: You may well see it like that. If you live in Cornwall what you actually see is yourself on the end of a supply line which starts in London. Why have we got one district general hospital that serves one-third of Cornwall? Why have we got three postcodes in Cornwall and one sorting office? If you start from London and radiate out you end up forgetting about the bit at the end. The issue about peripheralism does come from that perspective very much. Come and sit in Cornwall and look out from there and you take a different view.

Q440 Mr Betts: Can we get on to the issue of whether we call them city-regions or sub-regions and whether there is a case in this region for their development. We talked to the West of England Partnership this morning and had some discussion with them about whether they are a city-region or a sub-region which happens to have a city in the middle. They agreed there was something there which was an economic entity that needed some government working relationship of some kind. The argument then is whether Plymouth might or might not need something, maybe Exeter, and then we have the issue in Cornwall of what has been called a “distributed city-region” potential. Can you tell us how that might start to work and whether you would still need a region to pull all that together or will it be separate?

Cllr Shortland: One of the things we learned when we started the Regional Spatial Strategy process was that the Government’s intention was in planning for the future Regional Assemblies should have regard
to travel-to-work areas and sustainability, particularly in terms of housing development, and therefore look to the urban areas to increase the housing rather than rural areas. Very, very early in the process the initial consultation work that we did came back and said, “That is madness in a rural area like the South West region”. Just for your information, in the South West region survey work that we did over 90% of all residents said they recognised the South West as being where they lived and of the Cornish 96% said that they lived in the South West in terms of a region, so they do know they are in the South West region. One of the things I want to make clear is if we are going to have city-regions there would only be the Bristol area that would be covered by the city-region. There needs to be something for everywhere else. The South West as a region has one of the largest void areas of the whole country in terms of travel-to-work, and Chris might have a map showing that with him today. Of course, the West of England Partnership you met with and spoke to today have a huge travel-to-work cross area. Here is the map which shows it all. The West of England Partnership are quite right in saying they are pretty much okay if whatever happens to them happens to them, but if you look at the rest of the region there is this massive void that does not show any population majority having a clear travel-to-work area. The rural areas have a huge part to play in the South West region, particularly small business, market towns and their hinterlands, as well as the sub-regional partnership areas that are named in the Regional Spatial Strategy. Whatever the final definition of a city-region is, and we have not been given any kind of indication as to what that really means but working on the basis of what we know already, it would be wrong to assume that you can have even the major joint study areas in the Regional Spatial Strategy and ignore everything else, you have got to have something for that hinterland area.

Ms Hill: I think Jill is right that you cannot focus on Bristol only. I am not sure that city-region is the right word once you move outside there. I think the Government has recognised that there are other cities and towns in the South West where the growth of their economies is quite important not just for them as individual towns but for the wider areas they serve. We are planning to have a summit to look at the issues facing those smaller towns and cities. Again, it depends how you count them because some of them are joined together. Bournemouth and Poole, for instance, which by the way do produce a local transport plan jointly, would be treated as one because there is conurbation population of nearly 300,000. The key Cornish towns would also be treated as an urban area in recognition of the fact that the urban form is very different in Cornwall. We are hoping to have that summit fairly soon to look at the specific issues facing those cities and towns. It will not necessarily be the same as those for Bristol and the West of England but there may be some similarities.

Q441 Mr Betts: Cllr Biscoe, you have got everything you want then, have you not?

Cllr Biscoe: We have got five Cornish towns that each stand as towns being lumped together as an urban unit in order to fit into a model of how to make policy that Cornwall quite does not fit into: “How can we do that? Oh, I know, we will lump those five towns together”. Sometimes it is seven, sometimes it is 15, sometimes it is 18, I have heard so far. It does not make sense in terms of spatial planning for Cornwall and the Isles of Scilly as a whole. What it means is we have artificially created a principal urban area in order to fit in with a model that has got nothing whatsoever to do with us. You talk about disparities, this is one of the starkest examples of how we are being moulded like plasticine to fit into a standard model that does not apply to us. The results of this will be that as time goes by if we do not do something about it we will end up reversing all the progress we have made in Cornwall because we will be moulding Cornwall to be something that it is not.

Mr Irwin: I just want to make the point that there is no one right way. You need models that reflect the function you are trying to address. To take the discipline of transport, in this region in opinion poll after opinion poll the paucity of public transport is identified, along with the lack of affordable housing and low wages, as one of the prime concerns of people in this region. We know that national policy, sadly, is not delivering for us in this region. We know that local policy, with the exception of Cornwall which stands out as having remarkably strong transport provision, with the help of Objective 1 I hasten to say, overall neither local transport provision nor national provision is working for us. If you look at the way the market is working, you have got a single dominant operator in the form of First Group with a railway franchise and a series of bus operations that really point to concentration. We have to tackle that because this is a matter of great concern both to people living in the region and to those who think they understand how to put the economy right.

Mr Betts: So actually getting some powers to regulate the buses at local level with these partnerships might be a good idea. I will not pursue that too far.

Q442 Dr Pugh: I will turn to the Government Office now, if I may. Things are changing, are they not, there is a new wind flowing through which talks about getting more experienced staff, it is no longer a form of colonial government, an advocate for the region, and so on. Are you happy and comfortable with that? Have you got the resources to move in that direction to acquire a new, more proactive role?

Ms Hill: I believe we have but I think it will take us time to do it. I do not think we can make the transformation overnight that the GO review envisaged. We are working on our plans as to how we respond to that. As well as the fact that the Office is becoming more strategic it also relies on Government departments rationalising and reducing the number of grant programmes we have
to administer, for example. Inevitably, in terms of our own staff we would want to do a lot more learning and development to improve our capacity.

**Q443 Dr Pugh:** So in terms of supporting that new role, the Government departments differ in the readiness with which they embrace it and develop it?

**Ms Hill:** I think all of them have signed up to it is the proper answer. The devil will be in the detail and how it transforms over a period of two or three years. To take an earlier example around Local Area Agreements, some funding has been dovetailed into them from the Home Office that would have been unthinkable two years ago. There are signs that they are coming together and helping us be more joined-up and supporting our work with local authorities.

**Q444 Dr Pugh:** In terms of expertise, did you provide the administration for the development of the regional transport priorities?

**Ms Hill:** Sorry?

**Q445 Dr Pugh:** Did you provide the backing for that administration?

**Ms Hill:** It was a co-ordinated exercise. The Government Office was asked to co-ordinate with the RDA, the Regional Assembly and lots of other bodies, including the counties and unitaries.

**Q446 Dr Pugh:** How many transport experts have you got on site?

**Ms Hill:** There are eight people in the transport team in the Government Office.

**Q447 Dr Pugh:** They are expert in their field, are they, or are they simply in the team?

**Ms Hill:** We have a mix of expertise. Some have more of a public transport background, some have more of a roads background and some are support staff, so it is a mixture. We do not have any people who are professional railway engineers or timetabling experts.

**Q448 Dr Pugh:** Have you anybody with a transport background?

**Ms Hill:** Yes, I have a transport background. The director of the team has a transport background. Personally, I am quite well off. I know Chris would like to have more but I think we do very well.

**Q449 Dr Pugh:** Were you heavily dependent on consultants?

**Ms Hill:** No. To tell you the truth, with the help of the Regional Assembly we did employ consultants originally to help us with a framework for doing a prioritisation exercise but that was not successful for various reasons. It was two members of my transport team in the Government Office who came up with a different methodology which, with some work with partners, has proved reasonably successful.

**Ms Houlden:** It is one of the examples where partnership working has helped reinforce, if you like, where there have been gaps in the organisation and we have used our expertise well together. For the Assembly, in particular one of the things it has done in particular is demonstrate the value of our partner members. 70% of our members are elected councillors but 30% are partners, and obviously Chris Irwin is one of those partners and because he comes from a transport background he can bring that expertise into the debate. We have pooled our resources in a way that has made the process work effectively for us.

**Q450 Dr Pugh:** Going back to a specific point, how many PSAs are you implementing in the Government Office at the moment?

**Ms Hill:** I think it is roughly 40.

**Q451 Dr Pugh:** What is it going to reduce to?

**Ms Hill:** I do not know because departments have been asked to look at that in the Comprehensive Spending Review.

**Q452 Chair:** Thank you very much for your evidence. If there are issues which you think when you go away you should have made as additional points then by all means submit them as written evidence. We have found our two days in the region extremely helpful, useful and interesting, not just for the information it has given about the South West but in the shaping of our thinking about the whole regional issue. Thank you very much indeed.

**Cllr Biscoe:** Could I invite you to come and have a look at the other side of Devon and see what the view is like from there.

**Chair:** I have been to Cornwall, and other Members have.

**Cllr Biscoe:** Let me show you.
Witness: Professor Neil Ward, Director, Centre for the Rural Economy, University of Newcastle, gave evidence.

Q454 Chair: Thank you very much for joining us, Professor Ward. You were in the previous evidence session, were you?

Professor Ward: Yes.

Q455 Chair: Excellent. Can I start by asking if you could say what you believe to be the risks to peripheral areas from the establishment of city-regions? Could you give some examples where peripheral areas have suffered from the establishment of such entities?

Professor Ward: I think that the risks to rural areas from an urban-centric approach to sub-national economic development are about being seen as at the margins and second order areas, the hinterland, the backcloth. In that sense you do not really have to look for examples of where city-regions have been established and, in fact, I question the idea of city-regions being established anywhere. We have had quite a strong urban-centric approach to economic development for about 20 years now, since the time of Michael Heseltine, where we have had lots of investment in urban regeneration, physical infrastructure of cities, inner city centres, so we can see what some of the implications of that over the last 20 years have been in England. At the same time, I think over the last six or seven years the counterpoint to all of the investment in urban renaissance, and particularly in the pushing of rural affairs down to the regional level from a national framework, has been a dismantling of rural affairs policy, a dismantling of rural development. There is a lot of rhetoric about inclusive, integrated regional development, that regions are about urban and rural areas together. I am not sure that you were quoting me quite correctly when you said earlier on that rural communities are being ignored. I do not think they are being ignored, they are talked about quite a lot, it is just that there is not much material action or careful analysis of how the rural economies can contribute to region or city-regions.

Q456 Chair: Apparently the people in the public gallery are having some difficulty in hearing you, so if you could try and speak up. Remember that you are not just speaking to us but to the public gallery as well. I know you have obviously done a great deal of work in relation to the North East, maybe you can explain what evidence you have got that a more thriving Newcastle city-region would be a threat, rather than a boost, to the prospects of the rest of the region?

Professor Ward: I am not arguing against the growth and development of cities. It is great for cities to do well and thrive. With all of the public investment that has gone into cities like Newcastle and their city centres, and from the amount of public investment that has gone into something like Newcastle Quayside or the Grainger Town initiative, one would very much hope that there would be some rewards from that in terms of rising productivity and GVA and the region should benefit from that. Where the problem lies is when you have a city-region based approach to regional development when cities are seen as principal drivers of regional economies and then become heavily prioritised within regions. That is what has happened in the North recently and that is what seems to be being talked about in the South West as well. In the North East our Regional Spatial Strategy and Regional Economy Strategy both talk in terms of limiting development in rural areas, so the proposals are for a sharp paring back of building new houses in rural districts so that new housing can be concentrated in the cities.

Q457 Chair: Is it not simply a fact that the cities are the major sites of economic activity and not the drivers?

Professor Ward: It is a fact that the majority of the population live in cities. My question is, is it something about the essence of a city that contributes to urban growth, to national growth, or is just that cities are increasingly effective at grabbing their share of national growth? It could be the latter. I think the jury is out on that. I am completely unconvinced by this large pile of evidence, which is called the evidence base, which is used to argue that we need to concentrate on the cities for national economic growth. I do not think there is anything necessarily innate about urban economies, that means that is a more worthwhile strategy than thinking about economic development generally.

Q458 Mr Betts: You have been rather critical of the concept of the Northern Way and the attempt to see it as the growth points of the North being based on Newcastle, Leeds, Sheffield, Manchester and Liverpool. On the other hand, do you not recognise in any shape or form that nationally we have a very unbalanced situation where London is such a dominant powerhouse of economic activity in the country compared with other countries which have cities of more equal size? If we are going to have a counterpoint elsewhere which can attract economic activity and growth, not on the same scale but at least on a more equal scale, you have to develop something like the Northern Way. Is the concept not right in that sense?

Professor Ward: I am really pleased with the idea of a Northern Way, which is about addressing the productivity gap between the North and the South and thinking about the North as a single entity as well, the three regions together, and trying to get over that rather artificial carve-up into three separate regions. In that sense I welcome the Northern Way. The Northern Way very quickly translates into a strongly prescriptive city-region approach. It was interesting coming down this morning reading through all the evidence you have received that both ODPM and Northern Way say in their evidence it is not really clear and there is confusion about what the city-region is and how it should be defined, but then they quickly move on to argue that it is a good thing to have a city-region approach. In the Northern Way the city-regions are almost a political mechanism. On the one hand they
are talked of as having fuzzy boundaries, flexible geographies, different types of spatial entities for different functions and, on the other hand, 90% of people live in them. How can that be claimed without having a sense of a boundary in them? The problem is it is a very slippery entity, the city-region. It is like Trotsky’s theory of substitutionism. Trotsky’s quibble with Lenin was that the party would substitute itself for the people and the organisation of the party would substitute itself for the party and central committee would substitute itself for the party organisation and the chair of the central committee would substitute himself for the central committee and in the end the chair of the committee is the people and vice versa. That is what you get with city-regions and regions. You end up with the core of the city centre becoming the region, Newcastle Quayside, becoming the North East.

Q459 Mr Betts: I am not sure the Chair of the Regional Assembly would necessarily agree.
Professor Ward: These categories are slippery and vague.

Q460 Mr Betts: Are you saying that concentration on things like the Northern Way and city-regions means that the Regional Assembly and the North East Government Office have given up any sense of being advocates for, or trying to develop effective policies for, rural areas?
Professor Ward: There is plenty of talk about rural areas and rural development, but at the same time the real material, facts of life are different from the rhetoric. For example, our Regional Spatial Strategy plans for less new house building, a rapid paring back of new house building in rural districts. If you think about the North versus the South, one of the competitive advantages the North has had over the last 10 years has been lower housing costs, cheaper costs of living to live in the North. For those people who are in, if you like, more footloose jobs and can locate in lots of different places there have been competitive advantages in locating in the North. With the affordable housing crisis that has crept up on us the gap between the North and South in terms of affordability house prices is narrowing, and that competitive advantage is being lost. Housing affordability is a huge problem in rural areas. It started in the South and now spreads across the whole of rural England.

Q461 Mr Betts: Are your concerns mirrored by what is happening in other regions as well? We heard today in a private meeting that in the Greater Bristol area the people are working effectively together. How you define what a city-region is, they basically said it is the economic footprint of Greater Bristol. Most people, whatever they call it, seemed to accept that was a concept they all understood and it was a real entity. People have also said to us they felt the RDA in the region were now more effectively dealing with rural issues than they were five years ago when there was an agenda and things were being done. The two things ran in parallel. There was the development of a city-region type concept in Bristol but an addressing of rural issues in the rest of the region. If that is happening there do you think this is just a problem you have got in the North East?
Professor Ward: No. There are issues in other regions as well. It is good news that there are people who can speak favourably about the rural development initiatives in the South West and the role of the South West RDA but that would not be representative of all of the English regions. You cannot go to several other regions and hear a different kind of message. What is very interesting from hearing the earlier session is the extent to which regional development in the South West was about connectivity and there was a lot of talk about transport and the relationship between the South East and the South West. There is a sort of development dynamic which is affecting the South West of England which is to do with growth coming from the South East relating to the Bristol City region and deeper into the South West but probably not spreading throughout. I think it is very important to think of the rural areas within regions in terms of their place in the national regional geography as well. In the North of England we are not seeing that kind of flow. There is still a flow from the North to the South, there is a North/South problem in terms of population loss from the North and overheating in the South. The South West is benefiting more from growth in the South East than the North of England, which is part of what the Northern Way is about.

Q462 John Cummings: In your remarks you have noted that across the North implementation of city-regions is running ahead of a formal Government statement of its city-regions policy. Would you happen to know why this has happened? Are there inherent dangers in anticipating central policy in this way?
Professor Ward: Why it has happened is a very interesting question. I would say that there is a sort of technocratic elite which is based in the larger cities and it suits their interests to talk about city-regions.

Q463 John Cummings: Are you saying it is city-led?
Professor Ward: Yes.

Q464 John Cummings: The “city” being the City of Newcastle?
Professor Ward: In the Northern Way you would look at Leeds and Manchester, and a dialogue between Leeds and Manchester, as the origins of the Northern Way idea, thinking about the flows and relationships between Leeds and Manchester, because there is a lot of rich exchange there. Then there was a sort of, “Well, we had better think about the M62 corridor to Merseyside and over to the Hull ports” and there was this notion of an M62 super-city for a little while.

Q465 John Cummings: The Northern Way has been with us for a while.
**Professor Ward:** Yes.

Q466 **John Cummings:** City-regions just seem to be coming on stream now. Why are we ahead of the game in the North East?

**Professor Ward:** The Northern Way has been part of a driver for the city-regions agenda, I would argue. You can see concentric circles. Initially it was about Manchester and Leeds and then the M62 corridor and there was a feeling of, “We had better involve the North East as well, so there was the A1 corridor, but that feels a little bit half-hearted, and then Tees Valley, and we will draw the line at Carlisle and that will not be a city-region in the Northern Way”.

Q467 **John Cummings:** Why do you believe this is happening? Why are we taking the lead in the North? Why are we running ahead of ourselves?

**Professor Ward:** I think the city-region agenda is running ahead of itself and I think it is because it suits the local interests of the larger metropolitan authorities.

Q468 **John Cummings:** Do you seem the same impetus coming from what is awfully termed as the hinterland—

**Professor Ward:** No.

Q469 **John Cummings:** —in suggesting that perhaps the same enthusiasm does not exist within county councils and in district councils within those counties?

**Professor Ward:** You can look through all of the evidence you have received. Interestingly, there were even people from the professional associations like chief economic development officers who talked about “over-emphasis on city-regions”; police officers, “an unhelpful complication”; Unison, “city-regions driving roughshod”. The city-regions agenda comes from the cores of the cities. There is a rationale for improving cross-boundary working in urban authorities and there is a sense that something like Tyne & Wear is five authorities when in the entity of Tyne & Wear as a conurbation, let us say, in transport planning, economic development, spatial planning, it is hard to involve all of those authorities and come to a common vision. I think there is a momentum behind city governance but the city-region thing is a wider concept and it is drawing in just part of the surrounding rural areas which is seen as being about travel-to-work in the commuter zones.

Q470 **John Cummings:** What do you believe the dangers are in anticipating a central policy in the way this is occurring in the North East?

**Professor Ward:** Well, you never know when your minister is going to be moved and have to deal with something else! I think there is a rather delicious irony that David Miliband is now responsible for rural affairs and rural development, so I am sure he will find it interesting engaging the city-regions from a rural development perspective.

Q471 **Dr Pugh:** You are putting forward an extremely heretical hypothesis, a very interesting one too, but you are suggesting that it is a kind of conspiracy hatched out in the town halls of the major cities. Are you convinced of that and have you got evidence of that, or is it more likely that it is simply a scheme thought within Whitehall as a good thing to go for?

**Professor Ward:** I would not want to argue that it is just cooked up by metropolitan authorities. It suits a particular interest there in terms of gaining more investment.

Q472 **Dr Pugh:** There could be a bandwagon worth joining?

**Professor Ward:** Absolutely, yes. It has also won hearts and minds in the centre of government, it is a big fad at the moment. The number of little pamphlets you get that tell you the city-region approach can solve social exclusion, poverty—

Q473 **Dr Pugh:** Going to the evidence base for a moment, if we may, surely it is the case that if a city declines rapidly then so does the hinterland and so do many associated towns in the area because they are all affected by it, and therefore if you put it in a negative way it is in the interests of everybody to have prospering cities within the region.

**Professor Ward:** Yes. Urban/rural relationships are very important and one of the most important ingredients of the economic development prospects of rural areas is their relationship with neighbouring cities. The difficulty is when you have got this notion of a city-region which is bounded and there is an idea of inside and outside the city-region. When we explored the city-regions in the 1960s they had comprehensive coverage, everywhere was in one city region or other in the model, but that is not the model now.

Q474 **Dr Pugh:** Are you suggesting they are falling between the interstices of the city-regions so there could be appreciable economic growth which will not receive sufficient attention from the Government because there is an emphasis on the city-region agenda?

**Professor Ward:** Yes. I think those voices will be marginalised around the table. The development of the North will be all about cities. If you think about the North of England as a single entity, try and transcend that idea of the three regions and take away their boundaries and look at the North of England, one of the distinctive common features of the North of England is the Northern Uplands, which are sparsely populated and very attractive to migrants from the South or from elsewhere, and there is lots of potential for business growth there. It is not ever going to drive the national economy but it can contribute to the development of the North and it is very hard to articulate that kind of message when—
Q475 Dr Pugh: Would it help everybody if we did have not fuzzy boundaries and a lack of clarity but a map in which England is defined and city-regions shaded and coloured and we would all know where we stand?

Professor Ward: I would not be particularly excited about that. I am not convinced on the very idea of city-regions. If we are going to go along that road and we are going to have a national framework for city-regions, which is being talked about in the ODPM report, then there does need to be a national rural counterpart to that which is about rural development in these areas beyond.

Q476 Dr Pugh: Since you see the influence of Westminster to some extent in forwarding this agenda and popularising this agenda, would you argue that Westminster should back off a little bit and leave regional policy more to the regions?

Professor Ward: Regional policy does not feel as if it is of the regions. That is not how it feels in the North. Our regional agencies feel like they are agents of the centre rather than of the region.

Q477 Mr Betts: I did not follow your comments about Tyne & Wear. You said there was a case for having something but I was not sure what the something was.

Professor Ward: Within the city-region agenda there is a lot that is very interesting, and I could get quite excited about, which is to do with thinking more carefully about how cities work, overcoming the problems of cross-boundary working. Tyne & Wear has five authorities. You talk of Newcastle, but there is North Tyneside, Gateshead, South Tyneside and Sunderland. There are five authorities. There was once a metropolitan authority. I would not want to argue against a city-region agenda which is about thinking how those urban authorities might think and work more collectively as one.

Q478 Mr Betts: That is exactly what is happening in the Greater Bristol area, as I understand it, it goes from Manchester and they want an executive board essentially dealing with transport issues, economic issues, skills issues, that transcends one local authority boundary and is part of a slightly wider economy.

Professor Ward: Yes.

Q479 Mr Betts: So you have a problem with that?

Professor Ward: No. I have got no problem with that. What is happening though is city-regions are being talked of more broadly than that, bringing in parts of the rural hinterlands, and as a governance structure and a means of prioritising investment that almost replaces the region. The Regional Spatial Strategy for North East England talks about two city-regions being the priority, that is Tees Valley and Tyne & Wear, and includes the surrounding rural hinterlands which are quite attractive areas and there are lots of people who want to move to those and invest in development.

Q480 Mr Betts: So it is not the actual concept of city-regions, it is the fact that they would get priority for funds, if you like, that is your problem?

Professor Ward: It is the issue of Cornwall, it is the issue of looking at this from the perspective of Berwick-upon-Tweed, from all of those places beyond the city-region.

Q481 Mr Betts: We have taken evidence in the South West and I have not heard one person say to me “It is terrible that in Bristol they are trying to develop this concept of a Greater Bristol or West of England Partnership”, most people have said “If Bristol gets working better and its economy does better, we will all benefit”.

Professor Ward: I think in the South West region the parallel is stronger with the North West where there is a more comfortable arrangement between “That is where the city-region is and this is the rural area”, so you have got Devon and Cornwall and then you will have the Bristol city-region. There is less of a sense of interdependency between the two and it is the same in the North West where the city-regions are right in the far South of England. Cornwall has Objective 1 money too.

Mr Betts: I am not sure because when we were talking to the people in the four unitaries around the Bristol area they have got some quite large rural elements which are part of that sort of sub-region. They were saying that was the strength of it, that they were being brought into that arrangement.

Q482 Chair: The Forest of Dean.

Professor Ward: That the Forest of Dean is being brought into Bristol city-region?

Q483 Mr Betts: Certainly South Gloucestershire is there, is it not?

Professor Ward: That is in quite a different relationship to the Bristol city-region than somewhere like Cornwall.

Q484 Mr Betts: Cornwall is not going to be part of the Bristol city-region. No-one from Cornwall is arguing that the city-regions should not be operating. What they were arguing for was some sort of form, not city-regions as such, a way of working which might replicate some elements of that in a Cornish town setting. Would you not see that happening in some parts of the North East?

Professor Ward: No. That is more likely to happen on the north-west side of the North of England where the city-region is not becoming so dominant within the region and there is discomfort around the idea of there being a distinct rural area that is relatively remote and peripheral from the city-regions, like Cumbria. The North West divides relatively comfortably into two parts with the city-regions right at the bottom of Liverpool and Manchester and with rural Cumbria in the north. In the North East the rural areas would hug the cities and are all within an hour or so of the cities and it is as if the development has been more and more
focused on the cities at the expense of the more remote rural areas. That is not the case in the Forest of Dean.

**Q485 Mr Betts:** You say in your evidence that the Government has got mistakes in its regional agenda. How would you do things differently and how do you think they should be funded by Government?

**Professor Ward:** One of the mistakes in the regional agenda was the proposals for devolution to the North East were not strong enough. It is going to be a real shame if history gets written that the referendum was a vote against regional devolution because the referendum was a vote against the particular proposals and the debate in the North East was very much about, “This Assembly is not going to be able to do anything, its hands will be tied, it is going to be weak”. It was imposed on the region really. Central Government support for it was rather late and half-hearted really. It was a poor public debate, quite last minute, and people were complaining about there being another tier established, the Assembly was already there and politicians were actually going to be abolished through the requirement of removing a tier of local government.

**Q486 Sir Paul Beresford:** Perhaps they were voting for it to go away, they did not want it elected or non-elected.

**Professor Ward:** The vote for it to go away was not very effective because it is still there and I know people who are rather surprised at times when they find the Regional Assembly is still there.

**Sir Paul Beresford:** Sad, is it not?

**Q487 Chair:** Professor Ward, can I just clarify some throwaway remark you made about housing so I can be clear about this. Are you suggesting that housing growth where it occurs should happen more in rural areas? Is that what you are suggesting, or are you just suggesting it for the North East?

**Professor Ward:** Am I suggesting it just for the North East? No. I think that house building and economic development often go hand-in-hand. We have a rather simple and naïve national vision which is about preserving the green land: “Don’t build bungalows and concrete the countryside”. That is a perspective that is very, very South-East centric. That is about London and the South East’s growth pressures. That kind of idea is going to be very, very damaging to rural economic development if that gets imposed in the far North.

**Q488 Chair:** So you are suggesting that there should be more housing growth in rural areas apart from the South East?

**Professor Ward:** Yes, I am suggesting there should be more housing growth in rural areas. People want to move to rural areas but they are becoming increasingly exclusive places which are the preserve of the very affluent and that is as a consequence of there not being enough house building.

**Q489 Chair:** I thought the evidence about housing pressures on rural areas was precisely that people are moving there and the difficulty is the people who live there already cannot buy housing.

**Professor Ward:** Absolutely. Young people on modest incomes have to leave the rural areas and go and live in towns and cities because they cannot afford to get on the housing ladder in rural areas.

**Q490 Chair:** To go back to what you were suggesting, and calm down Sir Paul, because I think you were not suggesting that this applied to the South East but to everywhere else, and presumably not to London since London is not rural. If you built more houses in the North East in these attractive landscaped areas, what is to stop them simply all being taken up by us incredibly affluent people down in the South East who like to nip away at weekends and get these nice houses in these attractive rural areas?

**Professor Ward:** There has been an Affordable Rural Housing Commission which conducted an inquiry in the first part of this year which has put out a set of proposals. There is a need for social housing, affordable housing, tied more for local people and that should be some help. You could impose taxes on second home ownership in an attempt to generate benefit from that. Second home owning is not necessarily going to help the dynamism of local rural economies in areas like the North East of England. You need house building linked to an economic development strategy, which is about attracting people and businesses creating self-sustaining local economies in rural areas.

**Q491 Chair:** I think we would probably not dissent from that, but why in order for that to happen is it necessary to put a brake on the growth of cities?

**Professor Ward:** I do not want to put a brake on the growth of cities. What I want to challenge is the idea that house building in rural areas is a brake on cities. We have a regional housing allocation, unfortunately, which means there is a zero sum gain and the city-region argument is used as an argument to hoover up the housing allocation within the cities and pare back in the rural areas, which is going to make these rural areas increasingly exclusive places and is going to damage their economic prospects, particularly for entrepreneurial migrants, which is one of the big strategic priorities in the Northern Way, attracting entrepreneurial migrants to the North of England. They are not all going to want to live in yuppie flats in front of the canals in Manchester, Leeds and overlooking the Tyne, some of these people want to go to market towns and attractive rural villages and run their businesses from there.

**Q492 Chair:** So you want more housing and more affordable housing?

**Professor Ward:** Yes.

**Chair:** Okay. Thank you very much.
Monday 12 June 2006

Members present

Mr Clive Betts

Lyn Brown                John Cummings                Mr Greg Hands
Alison Seabeck

In the absence of the Chair, Alison Seabeck was called to the Chair

Witness: Mr David Lunts, Executive Director of Policy and Partnerships, Greater London Authority, gave evidence.

Q493 Alison Seabeck: Welcome, Mr Lunts. Apologies first from Dr Phyllis Starkey, our regular Chair, she is unfortunately not here today. She is actually on a visit to Iran so was unable to get here. It would be very helpful if you could identify yourself for the purposes of the record.

Mr Lunts: I am David Lunts. I am the Executive Director of Policy and Partnerships at the Greater London Authority.

Alison Seabeck: Thank you very much.

Q494 John Cummings: Good afternoon, Mr Lunts. Would you tell the Committee what aspects of the London model of governance you believe to have been key in the success of the London Assembly? What do you believe have been the major obstacles you have encountered, and would you tell the Committee how you have tackled them?

Mr Lunts: What do I think has been successful about the model? I would say, firstly, I think there is a useful degree of clarity about roles and purposes within the governance model, which is important. In particular, I think the decision in the 1990s to look for quite a powerful elected executive Mayor with a very clear and distinct role separate from an elected assembly, which of course is primarily there to scrutinise the Mayor, was sensible. It was quite controversial at the time but it was probably the right thing to do and it draws heavily from international models of various kinds. The clarity and distinction in terms of roles within the governance structure is one reason why it has been successful. I think another is that the GLA has been correctly set up as a strategy body. Compared with the old GLC, for instance, its role, remit and responsibilities are at a much more strategic level. By and large it does not get involved in detailed matters of service delivery. I think a third reason it has been successful is that there has been a strong demarcation line between the GLA itself based at City Hall and the functional bodies which the Mayor is responsible for, particularly Transport for London and the London Development Agency. Although there is a strong element of service delivery around the Mayor in TfL and the LDA they are at arms’ length, they are not part and parcel of the corporate body called the GLA. I think the roles are clear. Some of the areas that perhaps have been less successful are those where the Mayor and the GLA has a very clear responsibility to develop strategies, and there is a whole raft of those, many of which are statutory obligations and some others that the Mayor has chosen to do himself, but where the powers that he currently has do not extend far enough to really influence the implementation of those strategies. There are a number of areas—I do not know whether we will talk about these but they are very much topical matters given the consultation the Government is running on further devolution to the Mayor—around areas of waste, learning and skills in London, around housing and planning, where certainly the Mayor’s view is that there is a need to devolve more powers to the GLA.

Q495 John Cummings: Can you give any examples of major obstacles that you have encountered and how you have tackled those given the uniqueness of your Assembly and the powers of the Mayor?

Mr Lunts: In terms of specific obstacles, they do largely relate to this area where the Mayor has obligations, responsibilities, and some of them are defined quite clearly in the GLA Act. For instance, an example would be waste. The Mayor has a statutory responsibility to develop a waste strategy for London. The Mayor has got some very clear views about waste management in London, about recycling and sustainable development. His view is that London is not working hard enough, nor in a co-ordinated enough fashion, to deliver what is in his waste strategy. This is his view. He does not really have sufficient powers within the Act to see that his strategy is implemented. Areas like that are where the moment is very much to engage with ministers through this consultation exercise to see if we can secure a broader range of powers to address those obstacles.

Q496 John Cummings: It is quite obvious that London is rather unique in its economic status and also in its governance arrangements. How far do you think that the model of governance in London can be transferred to other English cities?

Mr Lunts: This is very interesting and quite difficult because, you are absolutely right, the London model is unique, it is a new experiment in governance in this country, although it does draw quite heavily, but not exclusively, from international models. The circumstances in London are quite different in many respects from the circumstances in other cities, not least because London had an elected city government in the form of the GLC which was...
abolished in 1986 and where since 1986 there has been a fairly strong view across London that London needed to get it governments back, and that is why there was a clear vote for that in the referendum that preceded the GLA. Secondly, London has a very specific identity and, again, that is why Londoners by and large welcomed their own city government. Of course, one of the identities that London has is although it is a whole series of neighbourhoods and component parts, there are many issues which can be tackled only at a pan-London level, not least Transport but many others too. All of those factors—there were other factors as well—meant that a new form of government for London was likely to be on the cards and had some internal logic.

Q497 John Cummings: Do you think such a model of governance could be transferred to other English cities?

Mr Lunts: Some of the factors that I have mentioned are factors in other cities, but many of them are not. London has 32, and if you include the City of London 33, separate boroughs. There is no other city in England that has a comparable arrangement of really quite small scale boroughs. There are issues in other cities about neighbouring authorities beyond the major component part—Manchester, Birmingham and other places—but I think the parallels are by no means exact. I think some of the inevitable difficulties and potential tensions around simply replicating the London model are pretty well rehearsed. On the other hand, I think there are some elements in the London model which are capable of more easy replication. I think in particular there has been some very useful and important work done to try and integrate at a city level in London land use planning, economic development and transport planning. Certainly the Mayor is working hard to try and secure more integration of adult skills and learning within those strategies as well. Integration of those critical pieces of infrastructure at a city level is something that could be replicated elsewhere.

Q498 Alison Seabeck: You have obviously made representations to Government on the issue of powers and the need for the Mayor to have additional powers, and you have set out some of the areas of strategies you would like to see that extended into. We heard evidence from the Learning and Skills Council that they were very anxious about the splitting away of London if, indeed, the powers they have are transferred across to the Mayor. Do you see or have any concerns that potentially this could weaken a wider institution?

Mr Lunts: I think if the Mayor were here he may say that may be an advantage of a further devolution of learning and skills to London.

Q499 Alison Seabeck: What are the problems? In your view, why is it essential that the Learning and Skills Council comes across? Is it not operating well in your view, or is that just a regional thing?

Mr Lunts: I do not think it has worked well. The Learning and Skills Council’s performance in London has been particularly poor if you look at performance nationally of the Learning and Skills Council. Secondly, there is no doubt that London, like anywhere else but perhaps even more so in London given the underlying characteristics of the economy here, is very, very reliant on a significant increase in skills levels to respond to new job opportunities. Something like 80% of new jobs in London are going to demand Level 3 skills and above. We really need a step change. We know that employment rates in London are lower than anywhere else in England. These problems of polarisation and people increasingly being left behind as the economy continues to modernise and grow are very, very active in London. The Mayor’s view is very strongly that there is a compelling case just on the basis of democratic accountability for learning and skills to be responsible to London government rather than to the Learning and Skills Council in Coventry, and secondly, perhaps even more importantly, the evidence on the ground does suggest many areas where London has specific needs are not being targeted in as specific a way as the Mayor would want to see. I think that is not just the Mayor’s view—that is a fairly widely shared view across business, across boroughs and across the voluntary sector in London.

Q500 Alison Seabeck: Michael Lyons is carrying out a review at the moment, including looking to local government funding. Have you submitted a view to him about where you would perhaps consider wanting further freedoms in terms of raising additional funds, outside the Congestion Charge? Is it appropriate, in your view, for the GLA to have those fund-raising powers or are there powers you would like to see with the boroughs?

Mr Lunts: I am glad you raised that because I should have mentioned it in my opening response. Another area where certainly the Mayor would like to see some further devolution and change is in the whole question about financial responsibility and the ability to raise revenues locally. The GLA is heavily reliant, as is most of local government, on central Government grant. There have been some welcome moves away from that in recent years, not least with the prudential borrowing regime that is available now to TfL which has worked very successfully. Yes, the Mayor has made submissions to Michael Lyons and the Mayor’s submission revolves around a relatively small number of main propositions. I suppose the most important and radical is the Mayor would like to see the GLA’s reliance on the council tax precept changed so that boroughs would remain funded through the council tax, but he regards it as being advantageous to have a regional income tax to fund the GLA’s activities. In his view, it is more progressive and it would sharpen the accountability of the Mayor and London government to the electorate by detaching it from the council tax bills. A regional income tax which, in his submission, initially at least would be pegged at a level that would replace the existing precept, which
would be about a penny on regional income tax. Secondly, he would like to see a denationalising of the London business rate. He would like to see much more control of London government over the level of business rate in London. The other areas that he has recommended to Michael Lyons are there should be more flexibility to undertake specific local tax raising measures in order to fund specific infrastructure projects, which is obviously something which is available to a lot of North American mayors to have things like tax increment finance, and particular measures to focus on particular infrastructure requirements. I think that view is taken because it is fairly clear that business in London is open to the suggestion that it should perhaps pay more tax but they want to see the benefits of those extra taxes. Finally, the Mayor would like to see some freedoms and flexibilities for the Mayor to respond to—particularly environmental taxes, perhaps some ideas around commuter taxing, using the congestion tax model but perhaps extending that to other areas, such as airports and so forth.

Q501 Alison Seabeck: Has the Mayor had any discussions with the Treasury about the regional income tax proposal? Is it something he sees as applying in London or would he expect it to be applied in other parts of the country and, if so, by what sort of body?

Mr Lunts: I think the Mayor’s view about it is that it is very much a particular mechanism to help fund London government at this stage. The three main drivers for this proposal in his view are (a) it is more progressive as a system of tax, (b) it is more transparent because it means that Londoners can see precisely how much they are being charged by the Mayor for what he is doing, and (c) it introduces a bit more freedom, a bit more flexibility, in terms of the revenue that can be raised. He sees it as having those three advantages but, because of the accountability point, I can see that it might be rather difficult to introduce regional income tax elsewhere because there is no accountable regional government to insert into the formula.

Q502 Mr Hands: It seems to me that quite a number of backers of the city-region concept in this whole regional government debate have latched on to London as a possible example of a way forward for city-regions. My first question is does the Mayor think that London is itself a city-region or is it just a city?

Mr Lunts: I suppose it is tempting to say you could argue it is both. London clearly is a city in its own right. It operates as a city but it operates as a city on a particular scale. Arguably, the London city-region is a good deal further than the current GLA boundaries. All kinds of people have claimed to have the definitive answer as to what really comprises the London city-region but it is very clear if you look at commuter patterns, investor patterns or housing markets and a whole range of things, the London economy and people’s travel to work into and out of London is much, much wider. Ultimately it is probably a rather futile quest to try and redefine the extent of the London city-region.

Q503 Mr Hands: So if there were a London city-region, which I think you and I would probably both agree is a slightly questionable thing, it would extend quite a bit further into Surrey, Kent, Buckinghamshire, Hertfordshire, et cetera, so you would not see the current GLA boundary as being the London city-region.

Mr Lunts: In the Mayor’s submission to Government on reviewing the GLA and the mayoral powers five years on he was not asked particularly to address should the GLA boundaries change, and he did not address it. The Mayor is on the record on various occasions, I know, as referring to the fact that there may come a point at some time in the future when it is appropriate to look again at the GLA boundaries. There has been some speculation and at times I think the Mayor has wanted to encourage that to consider whether at some point the GLA needs to expand, perhaps in some way out to the M25. Although the London city-region concept inevitably is something which is difficult to pin down, one of the things that is very powerful in terms of the geography of London and the map around London is that there are certain defined boundaries. At the moment there is the governance boundary, the electoral boundary of the GLA, there is the M25, which is a real collar, and there is the greenbelt. There are some quite specific spatial definitions to London and arguably some of those are not very well reflected in the current electoral boundaries or governance boundaries.

Q504 Mr Hands: Based on that, and I am asking you to speculate about areas that are not in London, how applicable do you think the Mayor/GLA model could be to a city-region like, for the sake of argument, Stoke-on-Trent taking over the surrounding region? It does not sound very applicable at all.

Mr Lunts: I hesitate to respond too enthusiastically to your offer to speculate about the future of boundaries in Stoke or anywhere else. I have already said that my own view, based on less than two years’ work in the GLA and working in local government, in national government at ODPM, is there are real difficulties and constraints on what can be achieved, particularly in the short-term, with new governance models at city-region level. I think there is quite a compelling logic to city-regions needing to be better organised, better defined, given more freedom and flexibility to exercise strategic leadership and organisation of things like land use planning, economic development, transport and so forth, but any argument that suggests the way to resolve this is to make some very quick and definite decisions that involve a wholesale reorganisation of boundaries and local government I suspect would be unwise and likely to set things back.
Q505 Mr Hands: I think many people are viewing London or the GLA as a city-region government, but I would differ from that. Do you think that you have sufficient influence in Whitehall? I am not asking in a general way but specifically on economic policy and how far the London economy is aligned with the UK at the moment. In your evidence you say the London and the national economy have been closely aligned the last 20 years. What would happen if they were to become disjointed? Do you think that London has sufficient clout as an elected body with the Mayor and the Assembly, with Whitehall, to be able to do something about that?

Mr Lunts: I think probably it does not. London is hugely successful, hugely important, it is the dynamo of the national economy, we all know that. It has various unique aspects which mean that it has got international competitive advantage and is in an extremely advantageous position to benefit from emerging investments coming from the growing economies in the Far East and elsewhere, all that is taken as read. Because London government is still new, it has only been around for five or six years, because the original settlement that established the GLA was inevitably one which, although I said at the beginning was a bold measure in terms of introducing a new and innovative form of government involves some compromises and some fudges—that was inevitable perhaps for a new system—I think the time has come to have a more sophisticated view about how Whitehall and Westminster engages with London government. Our view, the Mayor’s view, is very much if London government is going to really matter, if the Mayor is going to be properly accountable to Londoners for London’s continued performance locally and in the wider world, then it is time to devolve more seriously some of the powers and responsibilities that are absolutely essential to continuing to drive London’s competitive advantage. Labour market and labour force issues is the obvious big one that is currently no responsibility really of the Mayor.

Q506 Mr Hands: How would you describe the institutional relations between London and the surrounding parts of the South East? How often does the Mayor meet, or does he ever meet, with the leaders of, say, Hertfordshire and Surrey County Councils or the RDAs for the East of England and the South East and that kind of thing?

Mr Lunts: I think relationships are not bad. The London Plan, which I suppose is the foundation document for the Mayor and the GLA—it is the most important strategy he publishes because it is very much about setting a vision and the statutory spatial strategy for London, and it obviously has to be right, and it is the document that goes through a very extended period of consultation and inquiry before adoption—is quite a good example of where collaborative working with adjacent regions has been quite successful. I would argue that it is the UK government, from the Westminister engages with London government. Our view, the Mayor’s view, is very much if London government is going to really matter, if the Mayor is going to be properly accountable to Londoners for London’s continued performance locally and in the wider world, then it is time to devolve more seriously some of the powers and responsibilities that are absolutely essential to continuing to drive London’s competitive advantage. Labour market and labour force issues is the obvious big one that is currently no responsibility really of the Mayor.

Q507 John Cummings: Could you give the Committee an example of where the city and its surrounding communities in what is termed as the “hinterland” have had a disagreement about a proposed course of action, and could you tell the Committee what happened?

Mr Lunts: A disagreement?

Q508 John Cummings: Yes.

Mr Lunts: Around anything major?

Q509 John Cummings: Anything specific that leads us to believe how you would resolve such a conflict.

Mr Lunts: In the time that I have been at the GLA, which has been about 15 or 16 months, nothing springs to mind as being a major fallout between the regions. I would need to check back and look at what I might be able to draw up from the time before I was there. Can I get back to you on that?

Q510 John Cummings: It does not appear to be a major problem?

Mr Lunts: No, I do not think so.

Q511 John Cummings: Has it ever been suggested to you that London’s economic and cultural success has been detrimental to the life of other settlements in the London “super-region”?

Mr Lunts: That London success has been at the expense of adjacent regions?

Q512 John Cummings: Yes.

Mr Lunts: I do not think so, no. I am very much of the view that adjacent regions and regions beyond largely benefit from London’s success. Certainly if London was less successful it is very difficult to see how adjacent regions would benefit from that outcome. No, I think pretty much it is win-win. Some people may say it is not fair because London gets investment that could in theory go elsewhere, and I suppose at one level that must be true because if you are investing somewhere you are not investing somewhere else, but by and large I think people outside London have benefited enormously and perhaps the best example of that is the enormous regeneration and growth over the last 10/15 years of east of London, Canary Wharf, the Isle of Dogs and now the Gateway more generally. That, coupled with new infrastructure, means that it is a very important source of in-commuting, it generates a very substantial tax surplus that is available for reinvestment by the Exchequer, and London has a massive range of facilities, not just jobs and
economy but culture, leisure, all kinds of things, from which people in adjacent regions benefit.

**Alison Seabeck:** Thank you very much for your time, Mr Lunts.

**Q513 Alison Seabeck:** Thank you very much for coming. First of all, can I offer the Chair’s apologies, she is in Iran today. If you could start by identifying yourselves for the record, please, your name and your role?

**Mr Rogerson:** I am Paul Rogerson, I am the Chief Executive of Leeds City Council.

**Ms Brock:** I am Nicole Brock, I am Head of Regional Policy for Leeds City Council.

**Mr Frater:** I am Michael Frater, I am Chief Executive of Telford and Wrekin Council.

**Dr Murphy:** I am Simon Murphy, the City Region Project Director.

**Alison Seabeck:** Thank you very much. I am very grateful to you for having rushed here having had a horrible journey from the West Midlands.

**Q514 John Cummings:** In your submission, that is the submission from Birmingham, you describe the role of city-regions as “building urban and regional competitiveness and reducing regional imbalance”. What do you mean by “regional imbalance”? Can you tell the Committee what you can do to reduce it, and how will you do it?

**Dr Murphy:** The regional imbalance is in terms of the prosperity gap and the GVA figures between the best performing parts of the United Kingdom and those that are currently under-performing. Our estimation is that the city-region at the urban core of the West Midlands is an under-performing region. How we would close that gap is by targeting public and private monies more efficiently than currently is the case.

**Mr Frater:** As well as imbalance between regions there is intra-regional imbalance within the region as well. There is growing evidence that there is an economic fault line that runs broadly north/south through the West Midlands and to the west of it, places like Telford, where I work, and Stoke where there are significant challenges. Telford’s GVA is on a par with the likes of Stoke, Blackburn, Grimsby, at the bottom of the league, so there is an opportunity to address imbalance within the region as well as between regions.

**Q515 John Cummings:** Do you think that this is a role that all cities can play or should the Government be concentrating on the development of only a few city-regions?

**Mr Frater:** Like many initiatives, this is an initiative that started within local government from the eight core cities which had been working together for some years and proposed this idea to Government. It does seem to me that certainly the starting point has to be the major core cities outside the capital. Whether there is advantage for other towns and cities to follow suit, for example in our own region Stoke-on-Trent are proposing that they will form their own city-region which makes a lot of sense as they really look equally to the East Midlands cities, to Manchester and to Birmingham, I think Stoke-on-Trent will demonstrate whether this is a concept that is applicable, as it were, at the smaller city level and at the town level.

**Q516 John Cummings:** So you are not averse to more cities being brought under the umbrella of city-regions?

**Dr Murphy:** Currently Government is inviting us to describe to them how we would actually run a city-region in the urban core with the West Midlands. We are doing that in terms of the governance models we would put in place, in terms of the policy areas where we believe this wider base of decision-making can have a strategic impact in terms of closing the prosperity gap and increasing the quality of life for our citizens. I guess if the model is proved to work in one or two areas, or maybe more, it is something the Government could consider rolling out across the whole of the country and inviting other areas to look at city-regions also. We, and Leeds, I am sure, are by no means the only two within the country currently working on this agenda but we are responding to encouragement from Government to come forward with our proposals on how we would do it ourselves.

**Q517 Mr Betts:** I just want to explore with you about the fact that you are developing a City Region Development Plan—this is Birmingham—and you have already got a West Midlands Spatial Strategy in existence. Are you intending for your plan to supersede the Spatial Strategy, is it going to be a part of it, or is it a building block towards it? What happens if there is a conflict between the two?
Presumably you want your plan to be the one that is taken account of and perhaps the Regional Assembly’s efforts are not worthwhile any more?

Mr Frater: If I could start the answer to that. Within the region I have the responsibility for the strategic overview of the Regional Spatial Strategy and I am also, as it happens, the recently appointed secretary to the Regional Assembly, so I would be in serious trouble with my colleagues if they thought the Regional Spatial Strategy was going to be subject to being driven just by the eight authorities. The answer is no, I think we see the Regional Spatial Strategy, which is currently going through its first review, particularly in light of the housing numbers, as being the principal means of achieving housing growth. The RSS as currently formulated, and I do not think that will change fundamentally, sees most of that growth taking place within the existing metropolitan areas. In that sense there is not a fundamental conflict between the two. The challenge with the new housing forecasts is how those numbers are going to be achieved across the region, not just within the major urban area, certainly in the short-term.

Q518 Mr Betts: What happens if there is a conflict? You would have a particular problem wearing two hats in a conflict.

Mr Frater: Indeed.

Q519 Mr Betts: How would a conflict be resolved? If the Assembly organisation has a view on life and the Regional Assembly does not share the same view, you have got a problem, have you not?

Mr Frater: We would have if we allowed that situation to develop, but I do not believe we will. Firstly, the Regional Assembly chair sits on the shadow board for the city-region. Given the nature of the RSS, which is not going to fundamentally change—it will change in detail but not in principle—which already declares that the majority of growth should be within the major urban areas, there is not going to be a fundamental conflict there.

Dr Murphy: Can I add a point to that which Michael was making about the executive board that will be running the city-region. It will have the eight leaders on it in terms of its governance structure but there will also be the chair of the Development Agency, the chair of the regional Learning and Skills Council, the chair of the West Midlands Regional Assembly, as Michael has said, and also a business representative. Some of the issues that you are raising there we hope would be dealt with by the executive board before they ever became an issue in terms of conflict. Currently there is a review of our Regional Economic Strategy which is driven by the Development Agency and we are working very closely with them to ensure that our City Region Development Plan and the new RES complement each other and, indeed, within the Regional Economic Strategy the city-region working is seen as a delivery mechanism for some of the key aspirations that will be within that wider West Midlands Regional Economic Strategy from the Development Agency.

Mr Frater: We have developed the programmes for the Regional Economic Strategy review and the Regional Spatial Strategy review so that they run in parallel to the same timescales so we can have read across between the two.

Q520 John Cummings: Both Birmingham and Leeds call for greater alignment of national policy with the city-region competitiveness agenda. In fact, the Birmingham partnership states at paragraph 20 of its memorandum, that “national and regional programmes [should be] aligned behind the city-region’s competitiveness strategy”. Does the Government’s policy on city-regions give you both the backing that you need?

Mr Rogerson: In terms of the Leeds city-region, which is a large city-region in the North comprising of 10 authorities, if we take transport as something that is crucial to removing impediments to the economy within that area operating as a single economy, at the moment there is a Passenger Transport Authority covering a part of the city-region in the south, the Passenger Transport Authority covering West Yorkshire and there are separate requirements for Local Transport Plans to be submitted by North Yorkshire and other districts. What we are looking to do is to say let us look at how the city-region economy operates, let us have one vision for transport across that city-region with a view to aligning the various Local Transport Plans that are then submitted to take account of all of the key corridors impacting upon that economy. I could offer a similar example with respect to investment by the Regional Development Agency which currently is organised along the old county metropolitan areas so that we have a plan for West Yorkshire with analysis at that level and with delivery at that level, whereas the Regional Development Agency has been urging the DTI to support this to look again at the functioning economy and seeking to allow us to ensure there is an alignment of policy, whether it is promoting development more generally, whether it is regeneration or transport, because we believe that will be more conducive to greater growth across the whole of that city-region area.

Q521 John Cummings: Would you care to expand on what you define as “barriers to implementation”?

Mr Frater: That was in the West Midlands submission, was it?

Q522 John Cummings: That was in the Leeds submission. It says: “barriers to implementation” of the city-region policy have become apparent.

Mr Rogerson: I want to take one of the two examples that I have given. Let us say it was submissions to the Regional Development Agency around their investment priorities. Currently analysis in our case is at West Yorkshire level, with priorities for investment at West Yorkshire level then being put to the Regional Development Agency. But in the case of Leeds very significant numbers travel into Leeds from Harrogate and Selby, and I think 30% of the workforce in Selby work within Leeds. What we are
Mr Frater: Could I just add a point on that. My authority was the pilot for the single pot Local Area Agreements. Within the city-region we are looking at a city-region area agreement. From our short experience on LAA so far there have been some interesting lessons, and the same would apply to city-regions. The first is that they do have the potential to provide real joined-up government. I know that is a much used phrase but there is already evidence of that. The Local Government Minister, Phil Woolas, is on public record on many occasions as referring to our LSP as “Team Telford”. However, the potential has not been fulfilled because different Government departments are not pursuing the same agenda. They have important agendas of their own but they are not necessarily joined-up. If there was a willingness to let go of some of the decisions that, frankly, do not need to be made in Whitehall, to trust city-regions and, indeed, individual local authorities, I think much of the very sound policy that Government wishes to see implemented could happen, and that could happen at both the regional and local levels.

Q525 Mr Betts: What do you see as the key policy areas that you want the city-region to have strategies for and to deliver on? Is there agreement between the two of you?

Mr Rogerson: Certainly transport, skills and housing would be the three that—

Q526 Mr Betts: That is housing strategy?

Mr Rogerson: Yes.

Dr Murphy: Certainly we are looking at those three areas. We would also look at competitive locations, inward investment and growth as a defined area in itself. We are also looking at innovation and enterprise as a separate area, and creativity and culture where we think city-region working can bring added-value to those processes that currently exist. Very much so transport, skills and employment and housing, as with Leeds.

Q527 Mr Betts: One of the issues, and we certainly raised it on our visit to the South West the other day, is this is all very well while you are at the stage of doing a bit of initial planning, and it all works very well while everyone is in general agreement, but what happens when one of the leaders of one of the authorities, or two of the leaders, decide that the direction of travel or the particular issue in question is not quite the one they want and they do not agree with it? Is not this whole process relying on so much consensus that in the end it is the lowest common denominator that is going to succeed?

Mr Rogerson: I think at this early stage there is a lot of truth in what you are saying. In the informal alliance of authorities in and around Leeds who are investing a lot of time currently in the analysis and the attempt to agree priorities, you could have one walking away if the priorities did not accord with their own assessment but we have not met that. If the expectation from Government was made increasingly clear—that let us take transport—transport submissions would be expected to reflect
city-region analysis then there are real incentives on authorities not to walk away because they gain nothing by doing that. I do think as the discussions grow and the agenda goes forward, while the arrangements currently rely on enthusiasm and, I suppose, enlightened self-interest on the part of all of the leading politicians, they will actually have something rather more concrete to point to.

Q528 Mr Betts: We have passenger transport authorities and then one council representative will say, “We will vote for one of those there if we get one of those here”. Is that not the sort of trade-off that is going to happen? That does not really deliver necessarily the best policy at the end of the day on an overall basis.

Dr Murphy: The governance arrangements that we are putting in place at our city-region will require a duty to act in the best interests of the city-region and also for those who are on the board to come with the delegated authority to take decisions. It is a process that we are going through and perhaps it will reflect some of the issues that Leeds are experiencing as well, that this is a journey we are on. However, in the recent past there has been specific evidence of decisions that are perhaps difficult and challenging for some authorities being taken across certainly seven of the eight authorities within the urban course of your region. For example, the development of Birmingham International Airport was undertaken by seven local authorities, the development of a Midland metro network was undertaken with spending decisions being taken by local authorities within that network and within that area which would never see the network come to them. There is a history within the West Midlands of decisions that are strategically taken where certain parties would not see a benefit or might actually feel threatened by that, so I think there is a basis for optimism here: this is actually moving forward with some of the work and the agenda goes forward, while the arrangements currently rely on enthusiasm and, I suppose, enlightened self-interest on the part of all of the leading politicians, they will actually have something rather more concrete to point to.

Q529 Alison Seabeck: If in gathering additional autonomy you take a few more key decisions as a board, where does that ultimately leave the RDA and the regional assembly? Are they not going to be somewhat sidelined by the power of your decision-making and, if Government does decide to channel additional funding your way, what funding power you have?

Dr Murphy: That is certainly not the intention and that is why the executive board in the city-region in the West Midlands will have on it the chair of Advantage West Midlands, the chair of the Learning and Skills Council, the chair of the West Midlands Regional Assembly, because we see this as realising its full potential by working with all partners together. Again, perhaps if I can go back to the housing situation where the ONS figures are providing some very challenging household growth figures for some of the shires, many areas within the shires are prepared to accept some of that challenge but it is difficult to envisage, in accepting all of that challenge of household growth, that you have an urban core which is actively seeking to arrest its population decline and grow the population, so there is very much a mutual interest issue here between the regional assembly and the regional economic strategy of Advantage West Midlands to ensure that we are working together.

Q530 Mr Betts: I must say I do find that a little difficult to follow. When we talked to the West Midlands Partnership in Bristol there was quite openly talk from the local authorities saying, “If we work together on the sub-regional strategy which actually delivers on things like the local economy what on earth is the point of us also having the regional development agency sitting on top of all this?”, and the answer that you therefore put the RDA chair on the same board does not really answer the question, “What is the purpose of the RDA involvement in that area?”.

Dr Murphy: The RDA will cover an area that is much wider in terms of—

Q531 Mr Betts: Oh yes, I see why it covers other areas, but—

Dr Murphy:— in terms of its geography, but many of the strategies that the RDA are developing we would be supporting, and indeed have actually been supporting as well, but we believe that by bringing together this wider structure of city-region working we can add value to what is currently going on.

Q532 Mr Betts: But putting all the individual schemes up to the RDA for approval when you at local level have got common agreement about them, is that just not bureaucratic?

Dr Murphy: Well, no. In a way it will help the RDA spend some of its money perhaps more effectively as well, but in no sense is this seen as a way of replacing existing structures. We will work with existing structures to make sure that the decision-making process happens more rapidly and money is channelled more effectively and more efficiently than currently is the case. The RDA are quite happy to be on our board as well.

Q533 John Cummings: This question is to Birmingham. You identify weaknesses in current national spending programmes and you also argue that devolution of spending would perhaps help to reduce the competitiveness gap. Could you tell the Committee how you believe this would work?

Dr Murphy: For example, in the area of transport policy, if I give you the example of our main railway station at Birmingham New Street which by common assent needs redevelopment, certainly in terms of increasing its passenger capacity, we believe that by working as a city-region, eight authorities with four other partners on the board, we can turn round to Government with our transport board and say, “You will have the comfort of a wider structure here, a stronger structure, for taking and implementing a decision to develop that railway station, which then feeds into the transport priorities.
of the whole of the West Midlands region”, because currently there are transport schemes in and around the West Midlands region which are not able to develop because of the additional capacity put on Birmingham New Street station, so the actual city-region working can help us get a decision taken on the development of one of the main railway stations at the core of the city-region which will then allow other public transport priorities to be developed and delivered much more quickly than they could be if we are having to wait a lot longer for that one particular railway station to have its passenger capacity increased.

Q534 Mr Betts: This question is to Birmingham and Leeds. What procedures would be needed to ensure that spending decisions made at the regional or sub-regional level were accountable?

Mr Rogerson: I think the constitutional issues are fairly readily addressed once it is clear what the nature of the devolution is that is being discussed.

Q535 Mr Betts: What procedures would you like to see in place?

Mr Rogerson: Currently, where the debate is very much around analysis, policy formulation and submissions to Government, I think the arrangements that are in place are adequate. But if it was questions about spending and prioritising that spending then I think there would have to be the sorts of formal agreements that we have with joint committees where people are locked in for a period and that agreement then deals with what happens if there is a disagreement between authorities and there is an accountable body and, as we are already familiar with doing, you can identify the decision-making process in respect of those particular functions. I do not see that there is anything holding—

Q536 John Cummings: But, your decisions having been made and the procedures in place, how do you ensure accountability of such? Who would be responsible?

Mr Rogerson: It would be the executive of whatever the joint arrangements were. I would expect Government to want to be satisfied about that ahead of any devolution.

Dr Murphy: The structure that we have envisaged for our city-region is that there would be an executive board which would be responsible for delivering a city-region development plan, which had been agreed with partners and a city-region area agreement, hopefully, which had been agreed with Government, if that is the route the Government decides to go down. We would then have a scrutiny board which would comprise a representative number of councillors from the eight councils with the potential for co-optees as well whose job it would be to ensure that that jointly agreed city-region development plan, the city-region area agreement and the funding and budgetary decisions that followed from it were being followed and if we were acting outwith either of those that scrutiny board could call the executive board to account so the leaders of the executive board would be held to account. Similarly, we have had preliminary conversations with Members of Parliament to investigate whether they would wish to be associated with perhaps not the direct policy of monitoring and scrutiny but nevertheless informing the development of the city-region plan and we have had some very strong responses from Members of Parliament. They think that that might be a role for them, perhaps on an annual or bi-annual basis, to make sure that there was a wider accountability base, not just restricted to local authorities, that would make up the eight local authorities that are on the executive board with other partners but also that there would be accountability, if you like, coming from both ends. Similarly, we will be producing an annual plan which will be presented amongst others to the Young People’s Parliament that exists within the West Midlands core so that other constituencies, if you like, would have an opportunity to at least comment on the decisions that we were taking.

Q537 John Cummings: Can you perhaps explain to the Committee your ideas of a city-region Development Fund? What support from Government would you require to make this happen?

Dr Murphy: In the first instance the aspiration for a city-regional Development Fund within our city-region would be fairly modest. It would be just rounding up some funding that we could put into a central pot to, if you like, pump-prime the organisation and the activities of the city-region Executive Board. However, in due course, if we were able to provide enough comfort to Government that our governance arrangements were robust and our decision making was robust enough to withstand the sort of question that was raised by the honourable Member about difficult decisions, then we would expect and hope that Government would be able to channel some of the existing funding streams through the city-region mechanism so that they could be deployed more efficiently and effectively, and potentially in due course look for new forms of funding, but that is a little way off in the future, I have to say.

Q538 John Cummings: The IPPR’s recent report on city-regions produced a model for devolving budgets to city-regions, and it is estimated that the Birmingham city-region could have a budget of £675 million. What was your assessment of this proposal? Would the model they proposed work from your point of view?

Dr Murphy: The figures seem to be in a similar ball park. In due course we would envisage for our city-region that they may be on the slightly conservative side and the model is seen to be a workable one as well. We are at a fairly early stage of deciding how we would run this but it was a very welcome contribution to the debate. I have to say it was
slightly overshadowed by the mechanism of having a directly elected mayor for a wider city-region, much wider than our city-region, as the mechanism for delivering all of this and that seemed to create more press interest than the rest of the body, the burden of the work that was in there, which was, as I say, a very useful contribution to the debate.

Q539 Alison Seabeck: Thank you very much for coming. We have run a little bit tight on time and there may be one or two questions we will put to you in writing but, equally, if there is information you feel you have not presented and you want to present, please do write to us and we will consider it. Thank you for coming.

Witness: Mr Dermot Finch, Director, IPPR Centre for Cities, gave evidence.

Q540 Alison Seabeck: Thank you very much for coming and apologies from the Chair for her absence. She is in Iran. Could you state for the record your name and position please?

Mr Finch: My name is Dermot Finch. I am Director of the Centre for Cities at IPPR, the Institute for Public Policy Research.

Q541 Alison Seabeck: In your evidence you talk about a definition of cities which excludes a number of small urban areas like Stoke, for example, and we have heard some very positive comments about Stoke and its developments from the previous witnesses. The Government too has not really defined what a city-region is, or not tightly defined it. How would you define a city-region and where do you feel you have common ground with current Government thinking in the area?

Mr Finch: On the first point, I think there is quite a degree of consensus on the definition of a city-region, certainly from an economic standpoint. City-regions are effectively the economic footprint of a city and we usually speak about them in terms of major core cities and their economic footprint. In Manchester’s case, for example, it is the reach of Manchester, looking at, for example, retail or travel to work areas, business to business linkages, housing markets. Those individual maps are not exactly the same, which leads to some confusion, but essentially it is how far you and I might travel to work into Manchester from a wider economic area; hence the phrase “economic footprint”. There is a good degree of consensus about that, not just from us but also the Treasury published a report alongside the Budget in March giving some further details on those sorts of definitions, so I think we are reaching some agreement on that. What is more difficult and contentious, of course, is the political ramifications of city-regions and how one gives institutional form to city-regions in a political sense, how one might empower them and which entities would take that forward. I am very happy to discuss that, of course, but that is where there is contention and debate. Most people agree for the most part that it is useful to look at cities through the lens of city-regions because you get a better sense of their economic imprint. For example, it is much more useful to look at Manchester in that way because Manchester City Council is very small, is very tightly bounded, and in no way represents the economy of Manchester.

Q542 Alison Seabeck: You obviously take the view that basically seven English cities are suitable for devolved funding powers. Are you not concerned that, as with the core cities, this will develop resentment in other areas which are outside of the influence of those core cities, for example, the South West, Cumbria?

Mr Finch: Yes.

Q543 Alison Seabeck: There are huge swathes where this will have potentially not the impact that we expect in other much more closely packed areas.

Mr Finch: This is a very difficult issue for ministers who naturally find it hard to be selective about things like this. However, we would argue that if you are serious about financial devolution, if you are going to try and do that to the same degree in all areas at the same time, you are not going to devolve very much because you are always going to be constrained, with all due respect, by the Tauntons and Carlisles of this world when at the same time big cities like Manchester, like Birmingham, like Leeds, from whom we have just heard, have the capacity to take on more powers and should not be constrained by the fact that there are smaller places outside their economic reach. We would urge ministers to be bold on this and accept that the economic potential of our bigger cities is not being realised and devolving powers to them will benefit not just them but the surrounding areas around them as well.

Q544 John Cummings: On the questing of spending and taxation, Mr Finch, the case you make for major city-regions appears to focus strongly on the importance of devolved budgets and local fundraising powers. Could you tell the Committee why you believe these are so important? Do you not think that city-regions could be governed successfully without any or all of the powers that you advocate?

Mr Finch: The report that we published in February, City Leadership, was the result of a year-long process of research and stakeholder interviews in places like Liverpool, Birmingham and Barnsley, and the number one problem that we identified from local government agencies, from local businesses and that was even acknowledged from central government departments was the issue of fragmented funding streams, the fact that, for example, in Liverpool to deliver a not very big project, £30 million or so, involved dozens of different funding streams collected from different agencies. This is a real problem and a barrier to economic development in our cities. Therefore, the most attractive proposal
that we were able to put forward was to say, would it not be more effective at the right scale, at the city-region level, to bring together funding streams to avoid the need to go round all these different agencies and get pockets of funding and put them together? The response from our research was that that would be the number one benefit from our set of proposals.

Q545 John Cummings: Could you tell the Committee what you believe the importance to be of formal city-region contracts and how that would work? Who would be responsible for enforcing it? Would it be central Government or would it be the local electorate?

Mr Finch: That builds on your previous question, so I can go straight into that. We gave some quite specific proposals on how one would bring these funding streams together at a city-regional level and we gave the examples of Greater Manchester and Birmingham, and we looked at existing funding streams such as the one you touched on earlier of £675 million. Let me break that down for you. Some of that consisted of regional funding allocations, for example, on things like housing and transport. Some of it was from the learning and skills councils in the city-region. Other bits were EU funding streams. Bringing all those together added up to £675 million. The economic case for bringing those funding streams together is compelling but you are very unsure about who would run that. We say that would you need an entity at the city-region level to bring in the necessary amount of accountability. We argue that a directly elected mayor covering the city-region area would be the most efficient and effective way to spend that money. We have heard some perfectly valid proposals for executive board type arrangements which would bring together the component local authority districts within a city-region. In Manchester they have made good progress in doing that with Birmingham, as we have just heard, following not far behind. Our main question about that type of arrangement is this. Can representatives of individual local authority districts take the very difficult decisions over allocating resources across a city-region in a way that a mayor can? If you have a difficult set of decisions about where to place transport funding, for example, are you able to do that with a coalition of politicians representing their own constituents? We have doubts about that but we think that these arrangements should be given a fair wind and we think ultimately that the best model would be, as in London, a directly elected mayor. That model would be accountable, transparent and able to take difficult decisions like that.

Q546 Lyn Brown: Why do you think there is so little enthusiasm for directly elected mayors?

Mr Finch: I question that. When we published the report there was a very healthy debate about it. I would not characterise the support as being little or marginal or lacking in enthusiasm. It is one of those issues that really gets people going, frankly, and people have strong views on either side. There is definite nervousness and caution, certainly on the part of the cities themselves, and it is not difficult to work that out. Incumbent politicians are unlikely to vote for a new governance model that may see them no longer in power. That is one of the issues and we understand that. Equally, in Whitehall ministers are reluctant to get bogged down in new governance arrangements which would take people’s eye off the economic growth ball and all the rest of it and we understand that, but it is important to put the case across for city-regional mayors and that is what we are doing. The reason we are doing it is partly because of accountability for transparency reasons but also because we think it is a *quid pro quo* of getting the powers that we think are necessary. Big cities need those powers. They are best placed to take decisions on transport. In order to get that done you need transparent, clear forms of governance, so, if you like, it is the consequence of our analysis that says that cities need more power.

Q547 Lyn Brown: Let me push you a little bit further on that. Why do you think that one person being in charge of an area is better for democracy, legitimacy and transparency than a federated approach?

Mr Finch: Of course, there are different types of mayoral model and in our research we did not go into specific mayoral model breakdowns. There is, of course, a whole range of different cabinet type arrangements where a mayor is elected from amongst individual cabinet members. There is the Ken Livingstone, Mayor of London, model that we have heard about, and so the first answer to your question is that there are different types of mayoral model, but the more fundamental answer is that some of the problems we were hearing earlier that Mr Betts asked about, which were around what would happen if there were disagreement amongst the local authority leaders within a city-region, are the sorts of problems that an executive board would come up against, so inertia would occur if it was difficult to take those sorts of decisions. A mayor would be much better at that. The mayor would have the mandate and the power to take those sorts of decisions. There is a debate to be had about this but the benefit of having a directly elected mayor is that you know who is in charge. The business community understands who is in charge and so do voters. It is much clearer. Some of the descriptions we have heard of other arrangements frankly get so confusing and opaque that it is very difficult for people to understand who is running what.

Q548 Lyn Brown: One of the other policy papers that has come from IPPR recently, and I might be wrong on this one, is around double devolution. I believe. Is it IPPR?

Mr Finch: Double devolution first of all was David Milliband’s phrase when he was in ODPM, but the Smith Institute published a book recently that I contributed to on the whole notion of double devolution.
Q549 Lyn Brown: I suppose what I am trying to tease out here is whether or not you think that the need for an approach around double devolution, the need to re-engage communities, to understand communities, local authority areas, people, in terms of their needs in a small area is in any way negated or compromised by the idea of a mayor of a large authority covering a large distance and often with very different communities.

Mr Finch: We believe that the two go hand in hand. It is very difficult to do one half of double devolution without the other. To try and say that you are going to devolve lots of power to neighbourhoods and communities without first of all giving power from Whitehall to town halls I think is a stretch, so within the context of an empowered Greater Manchester, for example, where across nine or 10 or 11 local authority districts you have got real power to take decisions on transport, on skills, on the things that really matter to people and affect their daily lives, then you can start talking about, “Within that context let us decide how to involve parishes and local communities in their own issues”. That makes sense but within a disempowered city-region that is quite difficult, so I believe the two go hand in hand.

Q550 Mr Betts: The real politics of this are that only you and the Prime Minister believe in more elected mayors.

Mr Hands: There may be others.

Q551 Mr Betts: But this is the reality of talking to people in the city-regions at present. There is actually no enthusiasm at all for directly elected mayors. If we are going to get the concept off the ground we need to take it forward with the commitment of people who are actually involved in the process.

Mr Finch: I think the mayoral debate nearly always gets derailed and distracted and gets on to discussions about personalities and knee-jerk reactions about whether one likes a mayoral model or not. The way that we have gone about the mayoral debate is to say that first of all cities need more power. They need those economic powers at their level and, where city-regions exist for political purposes, certainly at that level. There are then questions about existing governance arrangements once you have agreed that and we believe that if you say to people, “Would it not be better if your local politicians clubbing together could work with a powerful mayor who could take decisions for Greater Manchester?”; you are getting on to a more informed debate. Just saying, “Do you want a mayor or not?” is not a terribly well informed way to get the question answered.

Q552 Mr Betts: But the reality, if somehow we are going to get looped in, you can only have the devolution of these powers and the spending responsibilities if you get an elected mayor, is that the whole process is effectively going to freeze because there is not that commitment to an elected mayor. You are then going to have to have primary legislation go through here defining all the powers that are going to be given to the mayor and how it is going to work with the different local authorities. We are five years away from anything happening, are we not?

Mr Finch: We readily admitted when the report that we published came out that we did not expect any of this to happen overnight, but what would be quite interesting would be if a city-region opted for the mayoral model and therefore provided something of an exemplar outside London to see what would happen to overcome some scepticism. We do not expect that overnight but it is certainly possible over the medium term to overcome this institutional inertia. Remember, the current arrangements are not perfect. If anybody has a problem with the mayoral model I perfectly understand that, but they would then need to defend the current arrangements as being the best that we can do. I would focus my questioning on that. I do not think the current arrangements are good enough.

Q553 Lyn Brown: So what is wrong with the current mayoral model?

Mr Finch: In London?

Q554 Lyn Brown: Indeed.

Mr Finch: It does not have enough power.

Q555 Mr Hands: I actually think there is a lot more support for directly elected mayors than there is for regional government but that is probably for a separate inquiry. My question is more about what happens if city-regions are created. Let us say we take your example of Manchester and Birmingham. What happens to the residual parts of that regional assembly area and the regional assembly? In the case of the north west region let us say you create a Greater Manchester city-region. What in your view should then happen to the regional assembly? Should it still be there? Should it remain non-elected? How is that going to work?

Mr Finch: First of all, there are moves afoot on this already, and certainly the Association of Greater Manchester Authorities are working together already in what you could call almost a shadow form of some type of city-regional governance, which, of course, we welcome, and what we would like to see, of course, is the North West Development Agency develop that relationship with those local authorities around Greater Manchester and agree with them a list of things that they could do and be funded to do on their own. That would be our preferred way forward. Whether or not they eventually choose to have a mayor is for them to decide but we welcome those moves. For those areas outside the Greater Manchester authorities, and they are numerous; they go all the way up to places like Carlisle and Blackburn and all the rest of it, local politicians and national ministers need a bit of resolve to explain why those local authorities are being asked to work together. Not everybody is in the Greater Manchester city-region because, going back to our earlier discussion, the economic footprint of Manchester does not extend throughout the north
west, and there is some logic there. Existing institutions like regional assemblies, like RDAs, like local learning and skills councils—there is a whole layer of regional institutions, it is not just regional assemblies—clearly need to be flexible and responsive to any new city-regional entity. That has not happened yet. There would be questions about regional assemblies but they do perform a role at the moment which would change. It would certainly have to change if Greater Manchester had devolved authority over large funding streams.

Q556 Mr Hands: Do you think they would survive? In my view, there would be a certain credibility crisis. Let us say the north west area, the assembly and the RDA and everything else, suddenly lost the Greater Manchester region, in my view—and I am not from the north west—there is already a slight identity crisis for regional assemblies after what happened in 2004. Do you think this might actually be a body blow to the credibility of that body if they were to lose their biggest city-region within it?

Mr Finch: My response to this would be that each region as currently constructed needs to start differentiating itself from its neighbour. The north west has got two pretty big cities in it, Liverpool and Manchester. That is different from the south west of England. Therefore, the regional development agency in the north west ought to look different from the regional development agency in the south west; ditto for the regional assembly, and what we must try and get away from is a sort of identikit approach to regions and accept that the north west, Yorkshire and the Humber, the north east, have different economic make-ups, different sizes of city and numbers of cities, and there should be a differentiation between them. That would be my general approach there.

Q557 Mr Hands: So in conclusion on that specific point, do you see that there would be a future for a non-elected north west regional assembly minus Greater Manchester?

Mr Finch: Potentially, but there would be questions about what that would have oversight of within the Greater Manchester region. You would have to work out whether it had any oversight at all and what it would do for the rest of the region. Our general point is that city-regions like Greater Manchester should help RDAs do their job. They should be able to help raise, for example, the economic performance of that region because they would have devolved powers, they would have more power to get the job done and help the region’s economic growth overall. There are going to be institutional consequences to that and, sure, regional assemblies are in amongst that.

Q558 Mr Betts: You have been critical of the Northern Way for failing to prioritise key investments. What do you think is wrong and can we learn any lessons from other similar approaches that have been taken in the West Midlands and the south west?

Mr Finch: I think the Northern Way includes too many differently constructed city-regions. If I were starting from a blank sheet I would have the Northern Way as the M62 corridor from Liverpool through Manchester to Leeds. That is the fulcrum, if you like, of the northern economy. Those three cities are the three main ones in the north. They are what we would call city-regions: a big core city in the middle, a big economic imprint, hinterlands around them, clearly driving the northern economy forward. Including other city-regions of a smaller scale, all those geographically divorced from it, for example, in the north east, makes it very difficult to have a coherent strategy, so one of my problems with the Northern Way is that it includes too many bits. The other is that, of course, if the Northern Way’s component big three cities had devolved powers, if they were able to take big decisions on transport, etcetera, then the Northern Way would really gain momentum but at the moment it is an operation understandably run by the three RDAs rather than the big three cities in it and I would like to see a shift from the three RDAs leading it to the lead cities. I think that would give it more focus and better results.

Q559 Mr Betts: Apart from you leaving Sheffield out—

Mr Finch: Yes.

Alison Seabeck: Thank you very much, Mr Finch. Clearly, if anything occurs to you which you think we should have mentioned please do get in touch with us and we may have further questions for you in writing.
Monday 19 June 2006

Members present
Dr Phyllis Starkey, in the Chair
Mr Clive Betts
Lyn Brown
Martin Horwood
Mr Bill Olner
Alison Seabeck

Witnesses: Sir Michael Lyons, Chairman, Lyons Inquiry into Local Government, and Ms Sally Burlington, gave evidence.

Q560 Chair: Can I welcome you to the meeting, Sir Michael, and thank you very much for coming and giving evidence to our Committee. In a minute I will ask if your companion can also introduce herself but before I do can I say that we are looking forward to asking you questions based on the evidence we have been receiving thus far and also we would very much welcome hearing your personal views on where you think the issues that are under investigation are going.

Sir Michael Lyons: Can I introduce Sally Burlington who leads the team that supports me in my inquiry. I felt it would be helpful to me—and I hope it creates no problems for you—for Sally to come along just in case there are issues of fact and detail which you might want to expand and where my memory temporarily fails me. She will not be here to give evidence in her own right.

Q561 Mr Olner: Sir Michael, you mentioned something that I had not heard of until I was reading the brief and that was place-shaping. As an ex-craftsman I know shaping machines is fairly precise. How are your shapes going to get together? How are you going to ensure that they fit together? How big are they going to be? It is a very bland statement. I am sure we all agree with place-shaping but what does it mean?

Sir Michael Lyons: The proposition that local authorities, the local council, has a place-shaping responsibility grows out of the work that I have been doing on what we want local government to do in the 21st century. Although much of the recent debate has concentrated on local government as a provider of services, when you get down to the level of the individual council and the community it represents, there is a whole set of things that local government does that are not summarised as the provision of services. The way of looking at those is to use the term “place-shaping”, the responsibility for stewardship of a place, the people who are living in it today and the people who will be living in it in the future. Let me try and make that come to life for you. I might even come back and say something about place-shaping in Nuneaton but let me give you a particular example: Gateshead in Tyneside. There you have a very good example of place-shaping, responding to a decline in ship building and the anxieties and doubts about the economic future of Tyneside. Gateshead is not alone because we have seen other areas in the country that have done exactly the same as this and built up an ambition to change not only the shape of the local economy but the very way the community sees itself and sees its future, working with local people, local firms and—this is a critical point which might be relevant to your remit—building a coalition of interest where, in the interests of Gateshead, you need to work across Tyneside and the UK to connect with the European Community. This is a way of trying to describe that role of stewardship and leadership in the community that goes beyond but includes the provision of local services.

Q562 Mr Olner: I very much agree with you. It is putting ambition back into local authorities and to a large extent ambition has been driven out by restrictions put on local authorities at whatever level and restrictions that have been put on councillors as well. How do you rekindle that ambition, because it has to come from the bottom up, has it not? It cannot come from the top down?

Sir Michael Lyons: It clearly needs a number of things to come together. Firstly, what I want to acknowledge is that in the very best examples of local government you see exactly what we are trying to achieve. You can look across the country and see some outstanding examples of place-shaping. To go back to your earlier question, it is not a question of scale. It is not just the big cities. You can see it, frankly, in good parish councils, exactly the same work in hand. How is it best encouraged? In my report, I am saying that there is a danger in the sheer weight of a growing number of government set objectives and targets followed up by quite substantial regulation and inspection procedures and a whole set of hidden controls within central government departments. The sheer gravitational pull of all those things means that local government has ended up looking out for instruction about what it should do rather than looking out to the people it serves saying, “What do we want to do as a community?” It is partly about reducing that weight of distraction and it is partly about government recognising place-shaping is a good thing and something we want to encourage. Then it is about providing the flexibility so that councils can do that job effectively on their own patch.

Q563 Mr Olner: You are quite right. Local authorities have tremendous ambitions and achieve great regeneration. Look at the local mining industry. One of the things that was always a huge brake behind this, in wanting to regenerate, was
I am very pleased and need to be tackled at regional level. This has to be tested in practice. Can I suggest two but obviously, as the Chair has suggested, a lot of ODPM Committee: Evidence Ev 96 Sir Michael Lyons: In short, I am looking at where regional level? Q565 Chair: Can you expand on that slightly? What specifically do you think the government is micro-managing at the moment that should be left to local government initiatives and what should remain essentially under government direction? Where does regional government fit into that as well? Sir Michael Lyons: I cannot give you today a full map of what future local government responsibilities might look like. If I take you to page 25 of my report, I have tried to lay out what the characteristics of genuinely local services are there. This is an area where I am going to do some more work. We are working very closely with nine authorities selected to represent as wide a range of views and political controls and socio-demographic circumstances as we can achieve. We are working with those authorities to look in more detail at a range of local government services, six in total: economic development, public health, community safety, children’s services, adult social care and waste collection and disposal. That is not by any means the full story of local government services but we are looking in some detail at these areas to see if we can map more clearly what are those things where it is right to set out national expectations. What are those things where it would be better to leave local flexibility? With the resources and the time I have I will not be able to produce a map that covers every detail but I think I might be able to offer some pointers towards a rebalancing of national and local responsibility.

Q564 Chair: Are you taking any view on the regional level? Sir Michael Lyons: In short, I am looking at where the appropriate responsibility should lie. I am looking at the regional level in the same way that I am looking at the level of neighbourhood or parish. I recognise that some things are best dealt with at different levels and there may be some issues which need to be tackled at regional level.

Q566 Martin Horwood: I am very pleased and encouraged by some of the language you are using but obviously, as the Chair has suggested, a lot of this has to be tested in practice. Can I suggest two test areas and get your reaction to those? Our local authority at the moment is shouting into the wind about the imposition of regional housing supply plans, saying that a certain number of houses is okay but so many more will push into the green belt and they want to oppose that. They are also shouting vociferously about the devastating effect on the local NHS of what they perceive as Department of Health policy. Would you see a role for local authorities in some form in being able to shape their place to the extent that they could stand up and perhaps provide alternative funding for those kinds of plans and strategies?

Sir Michael Lyons: Both housing and particularly primary health care represent excellent examples where meeting the needs and aspirations of our communities is going to require the right balance and connection between national level promises and aspirations and local level delivery. I would identify both of them as areas for further work. It is already clear to me that, in the case of primary care trusts, the government is itself moving in the direction of closer, more integrated work between local and central government, towards making PCTs coterminous with their local authorities. The experimentation in local area agreements points in this direction as well. Of course, Derek Walness has very clearly pointed to the fact that you do need local level co-operation, responding to the particular needs and choices in the community if we are going to seek to moderate growing expectations and expenditure in this area.

Q567 Martin Horwood: You say that PCTs are moving towards coterminosity. That is sort of true but they are moving towards coterminosity with social services authorities in two tier areas like mine. That means they are moving away from the district coterminosity. There is a gain on one side and a loss on the other. You might argue it is getting more remote rather than less. PCTs are also funding tertiary and secondary care. Would you see a role for local authorities exercising more control in those areas as well as just primary care and public health? Sir Michael Lyons: I want to be careful about how far I go.

Q568 Martin Horwood: Be brave. Sir Michael Lyons: I know you would encourage me to be bold but I want to be careful about how far I go in terms of first steps. My remit is to look at the role of local government. It does not extend to the role of PCTs. All I am doing—and I am being very open about it—is recognising that there is a series of very important services at a local level provided elsewhere in the family of government and these need to be connected up. You yourself draw attention to the difficulty of deciding what is the right level at which these are joined up. I do not want to say that I have the final word on that. In housing and health and, particularly if you are interested in dealing with issues that we might generally put in the box of health inequalities, there is room for much closer integration. What I came out with in this report published in May was that local government
might properly be given explicitly the convening role. Where local strategic partnerships and local area agreements are working well, it is because they are well led and usually because they are well led by local government. There is everything to be gained by being more explicit that that is a job that you expect local government to do because of its place-shaping responsibilities.

**Q569 Lyn Brown:** Given your analysis of Gateshead which I so agree with, I was interested if you felt that regional government might in any way in particular hinder the shaping of place. If we looked at London as an example, for instance, with the additional powers that are being sought by the Mayor around planning, do you think that such a system like that could hinder the shaping of the place by London boroughs, for instance?

**Sir Michael Lyons:** The proper starting point for this is for all of us to accept that these are difficult issues. There are no simple solutions in these areas. If we take planning, for instance, on one level you want a planning decision to be taken as close as possible to the community that it affects. You certainly want dialogue so that local people understand the pros and cons of the change that is involved and a recognition that new development sometimes—indeed, quite often—brings a set of external costs. It changes the amenities of that area. It sometimes brings gains of course because it brings jobs or better services, closer access to retail facilities. Still, those are issues in which there is proper local discussion. However, we know that there is a whole set of big planning concerns where you have to take into account the interests of the wider community. Sometimes that is sub-regional; sometimes it is regional; sometimes it is national. The whole debate about the location of wind farms clearly has some national implications. The art I think is to have a planning process where you can balance these local and wider interests. Historically, we have tended to have the matter referred up to a higher decision making level and it is difficult to map exactly what the right level is for any particular decision. One thing I am clear about is that there is more work to be done about making sure that at a very local level, even when something has been decided, whether at regional or national level, the local people understand why it has been done. I have a sense that far too frequently, once the decision is referred up, people at a local level feel disconnected from it and sometimes do not understand why it is not the decision they wanted. That means mistrust in the whole process. We cannot afford that as a nation. I am sure that there has to be an issue of different levels and matters being referred up when there are wider costs and benefits, but the issue of close communication with the community about the outcome is something that we could do better at.

**Q570 Mr Betts:** City regions have been fairly in vogue or at least they were under the previous regime at ODPM. We are still waiting to see whether that enthusiasm continues. What is your view? Are they really there to make a contribution to the whole question of devolution and moving powers downwards, do you think?

**Sir Michael Lyons:** This is not a straightforward issue. As you know, I spent a fair bit of my time as chief executive of Birmingham City Council, acting as secretary for the Core Cities Group. The Core Cities Group have, for a number of years, been championing the need to give a clearer recognition of the needs and opportunities that our big cities represent. Part of their case, which I strongly support, is a recognition that the administrative boundaries of our cities do not reflect the functioning city. The closest we get to that is arguably Leeds but for cities like Manchester and Sheffield we know that the city economy goes well beyond the administrative boundaries of the city. If what we are talking about in terms of city regions is to try to capture the area of influence so that, in debating the future of—let us take Manchester—you include and think about all of the area that Manchester impacts upon. That can only be sensible. Recent reports have suggested that British cities are not performing as well as some of their European counterparts. They clearly argue that most of those other cities, in one way or another, take account of the wider spatial pattern of the city. All of that points in favour of city regions being taken into account. I should probably stop there because the next set of questions is about how you do that.

**Q571 Mr Betts:** That is exactly right. Three models that have been presented to us or a range of opinions. One is the NFBR model saying that, if you are going to have an area which has real powers and fund raising powers in particular attached to it, you are going to have to formalise it and get an elected mayor for the whole region. Others say if you go down that route you will kill off much of the developing work that is going on. We went to Bristol the other week and talked to them as well as Birmingham and Manchester, saying that collaboration and co-operation and working in partnerships is the way to develop city regions. They are two very different models.

**Sir Michael Lyons:** I absolutely agree. Some of the models around at the moment go beyond my definition of city region, to try to capture a conurbation-wide area. In the West Midlands at the moment, the debate is much more around the boundaries of the old metropolitan county than it is around the functioning city of Birmingham. There is a dimension there to be explored. Again, there is no right or wrong solution. Our history tells us that this country is sceptical about multi-tiered local government even though just across the Channel most of Europe finds a strength and a benefit in it. One might be cautious about introducing further elected tiers. I am generally in favour of gradual change. It seems to me that virtual structures have much to commend them. The danger is that people will say that they are willing to adopt a virtual structure rather than change. Government always
has to make a judgment about whether this is a good, practical way of moving forward or whether it is the turkeys getting together to avoid Christmas.

Q572 Mr Betts: If we are going to develop that sort of model—and most of the evidence from the various city regions is saying we are working together and developing arrangements which are leading in that direction—the further evidence is that what we really need for the city regions is to have some power over planning and more power over transportation, pulling together things and devolving them from the centre and also on skills. Have you any evidence that the Department for Transport and the Department for Education and Skills are signed up to this agenda at all?

Sir Michael Lyons: I think that goes beyond my area of competence as to whether they have signed up to it. There are some signs that they are willing to discuss, as I understand it, but I am not involved in the detail. The Department for Transport is interested in finding solutions to transportation problems in our big cities and they understandably recognise that those issues need to be addressed not just within the administrative boundaries of those cities. I think there is some appetite at the moment to find a solution to these big, ongoing problems. I guess my starting point would be to empower the councils that make up those areas, to incentivise them to work collectively and to then hold them to account for whether they can find mechanisms, working together, to make the difficult rationing and prioritising choices that have to be made.

Q573 Mr Betts: Can I pick up the transport question because this is a big issue in metropolitan areas. Most of the travel to work areas go beyond the boundaries of any one council. Indeed, the PTAs were set up for that purpose but even they sometimes do not form the whole of the travel to work area. How are we going to get accountability? If, for example, we really are into devolution of powers and passing the ability to regulate and franchise bus services down to some form of democratic local control, how can we do that? We cannot do it through individual councils, can we, in a city region area? What is the body that will have the powers and the fund raising abilities?

Sir Michael Lyons: I do not want to give a final view on this because clearly these are issues where there is room for more debate and I am watching the discussions taking place amongst city regions unfold. To answer your question, I might return it as a question: why is it impossible to imagine, in the case of the authorities of south Yorkshire, holding a question: why is it impossible to imagine, in the case of the authorities of south Yorkshire, holding a question as to whether they have signed up to it. There are some signs that they are willing to discuss, as I understand it, but I am not involved in the detail. The Department for Transport is interested in finding solutions to transportation problems in our big cities and they understandably recognise that those issues need to be addressed not just within the administrative boundaries of those cities. I think there is some appetite at the moment to find a solution to these big, ongoing problems. I guess my starting point would be to empower the councils that make up those areas, to incentivise them to work collectively and to then hold them to account for whether they can find mechanisms, working together, to make the difficult rationing and prioritising choices that have to be made.

Q574 Alison Seabeck: Mr Betts talked about different sorts of structures that might make up a city region and the informal model particularly. If you have an informal model it is made up of different building blocks that are flexible, big ones and small ones. It will change with time. Do you feel that government funding streams are as flexible in terms of meeting that changing mass, if you like? If so, is it something which, if you want to incentivise councils, you will have to consider as part of the local government finance element of your review?

Sir Michael Lyons: Firstly, I absolutely agree that one of the benefits of taking a virtual approach to these things is that it recognises that all areas differ. There is no one size fits all and needs and expectations change over time. We could but it would be divisive and expensive to keep redrawing the boundaries of our councils. Moving to a greater recognition that councils need to co-operate across their boundaries with their neighbours and that the level of co-operation will depend upon the issue in hand seems to me the key principle. The rest follows from that. Is local government funding flexible enough? There is a danger that this debate becomes too preoccupied with government funding. There is an equally strong argument. What we want to establish in this country are local communities that can themselves be clear about what they want to do and raise the money to do it. The move towards prudential borrowing at least provides the proposition that, with the right income streams, we might be able to do rather more before you call for central support. The model that says we can only deal with all the infrastructure of the UK by going back to central government to raise the money is problematic.

Q575 Alison Seabeck: Suppose you have authorities where there is a real common sense bond between them to do something. One is a Walsall at its worst or Hackney, when it was performing diabolically, and the other is a very excellent authority. The folk in the excellent authority, despite the obvious benefits perhaps, will say, “Is this sensible?” Will government want to encourage the linkage between the two if one is performing particularly badly and needs the support of central government?

Sir Michael Lyons: At the moment, the family of local government is eager to argue, I think with some credibility, that they should and want to take more responsibility for dealing with weaknesses elsewhere in the family so I would be surprised if there is anywhere where you have excellent and good councils saying they do not want to work with weak councils because they are committed to showing that can work. Indeed, it has been shown to work very well. Where councils have improved has much to do with support from other councils. That is less of a problem for us really. You could posit a situation where you might have a collection of weak councils and maybe in those cases government would want to take some action to reinforce and support. This is about co-operation between tiers. I am clear about that.
Q576 Mr Betts: I take your point that flexibility, cooperation and not formalising things can be a good thing. If we get to a situation where taxation is being raised to fund certain services at city region level, do we not need clarity of boundaries in some form? I just take Barnsley which has travel to work partly to Sheffield and partly to Leeds but, in the end, it cannot be taxed for both areas, can it? Does there not have to be some degree of clarity over boundaries if we are going to move that further step to an organisation which has fund raising and clear accountability?

Sir Michael Lyons: I do not know. I do not want to dismiss the point. It is certainly worthy of further discussion. If I come back to Birmingham, a city that I know better, it is clear to me that it is important that the taxpayers of Birmingham understand what the money that is raised from them to be spent in Birmingham is spent on. We have a finance system where it is very difficult for people to be clear where their marginal tax pound has been spent. The sheer scale of our aspirations for equalisation means that, for taxpayers in parts of London, most of what they pay in tax they have no idea where it is spent even, let alone what it is spent on. Already we have a system that is far from transparent. Your argument that a good system would be one where you could account the person who decided how your tax pound was spent I would agree entirely with. For the citizens of Birmingham, for instance, their interests are clearly fostered by investment at the National Exhibition Centre. It is owned by Birmingham but it is in another borough. They are clearly furthered by transportation arrangements that enable people to go from the east of the city out to the job opportunities in Solihull and the National Exhibition Centre. Our citizens know that the boundaries are not a good reflection their lives so I do not think they have any problems understanding that some of the expenditures would take place outside the boundaries for their benefit. I would separate the two points.

Q577 Mr Betts: We have two different lots of evidence on this as well. If city regions are going to take over some of the planning and maybe housing and skills roles which currently are probably done at regional level, where a city region is up and working, developing policy and taking decisions, is there really a question mark over the function of the future of regional government in those areas? We have had evidence from Birmingham that said no and it would be a matter of carrying on with two tiers. When we went down to Bristol they said, “We would not need the region in that case.”

Sir Michael Lyons: It is an open debate. The history of the city region debate has generally been one of either/or. You would have to question what exactly the division of responsibility would be and how the different structures would work together but I do not rule it out. It seems to me that you have one administration for the sorts of issues that we are talking about—strategic planning, economic development, housing, skills—and it is difficult to imagine what you then have remaining at a regional level if you have taken those down to city region level. You are right to draw attention to the fact that it is a problematic area.

Q578 Mr Olner: You spoke at the annual conference of the Chartered Institute of Public Finance and Accountancy, when you called for local councillors to have more powers. You also called for better training. You said they needed better skills, more support from officers et cetera. Are you not being a bit patronising when you are saying that to all of our local councillors at whatever level?

Sir Michael Lyons: I think you can be challenging without being patronising. The way that I came to the assertion that local government needs to up its game is reflected in this May report. I do not look at what it is trying to do at the moment. I look at it in a different future where I am arguing that there is a case for greater local choice and a bigger place-shaping role for local government to play. Having put those two on the table, I then conclude that, compared with the job that local government would have to do, it would need to strengthen itself in a number of ways and that then follows. I am happy to defend my propositions. It seems to me that very clearly local government, if it is going to have a bigger role in this country, needs to have greater confidence amongst the people that it represents. I do not think anybody could challenge that as a proposition in terms of where we are at the moment. All of the surveys show much less trust and confidence in local government than you would expect. I do not know that I have the last word on how you engender that but I am sure that if you want to devolve more, to give a bigger role to local government, it itself has to address that issue. Interestingly, when I first raised these issues with the Local Government Association at their conference in Gateshead, there was a very wide acknowledgement that I had just about hit the nail on the head and had described the right agenda.

Q579 Mr Olner: Is that where you see that starting to engender back in terms of local authorities the ambition and leadership roles that we spoke about in the first question I asked you?

Sir Michael Lyons: Absolutely. It is about how you build—I have used the term “confidence and credibility”. It is about how you build confidence in the authority that it is up to these bigger jobs. Part of that is about developing the skills that are necessary to do that and we need to develop enough confidence in the community that local government can be trusted with this.

Q580 Mr Olner: I would be interested to pursue that a little further because, as you know, I was a leader of a council many moons ago. The ambition and the stuff was knocked out of a lot of us because of the overtaking regulatory overbearings from central government. It did not matter what ambitions and what assets you had. You were told by central government that you could not use them. Having set on getting that leadership level and ambition back in, what do we
need to be saying in our report for government to back off, to make sure that that leadership and ambition comes around again?

**Sir Michael Lyons:** To be credible the message, whether it is from your Committee or from me, has to simultaneously acknowledge that there is a national gain to be achieved from more local choice, taking place-shaping at a local level seriously. It also has to acknowledge that that requires local government to change. If you do not put those two things together, it is a rather difficult message to convince people of. How does it have to change? Not by positing something of which we have no experience, but instead saying let us take the very best examples where local government is at its very best. If you could make that practice more widespread, that would be an exceedingly good improvement on where we are. It is extraordinary, is it not, that very often when government determines by national initiative what it uses as a national initiative is something that was pioneered and developed within local government? It appears attractive and is then rolled out. That is fine but there is a danger that you reduce the ability for councils to respond to their local circumstances and to innovate, if you spend too much time directing from the centre.

**Q581 Mr Olner:** Is there any disengagement with local authorities, regions, city regions, shire counties or what-have-you with the other public services: fire and rescue, the police and all of those? Where do they fit in the game plan of what happens to local authorities?

**Sir Michael Lyons:** I cannot give you solutions because these are really problematic areas. Nowhere is that better reflected than in the arguments for and against the reorganisation of the police service, where you have a clear argument from the Home Secretary that the changed world that we live in of greater threat from international terrorism requires bigger units of policing and the ability to invest in those parts of the police service which are best developed at a regional and national level. Simultaneously, there is an acknowledgement that most police services in this country have made extraordinary progress in recent years in connecting up at a local level through crime and disorder partnerships to deal with antisocial behaviour. We know, because the Audit Commission’s recent study very clearly demonstrates, that what our citizens value is being sure that the police service, along with other services, is going to tackle what happens on the door step. They are interested in the big ticket crimes but they are also very interested in antisocial behaviour problems that happen around them. There is the challenge. Do you organise the police at the level of the occupational command unit or do you organise the police at the level of the regional structure? The truth is you are going to have to make sure that it works at both levels. You have some choices about how you try to do that. For me, the most important thing is that public services work well together.

**Q582 Martin Horwood:** Can I address the same issues as Bill but from the other angle of the spectrum, which is that of trying to persuade high calibre candidates to stand as local councillors in the first place? I am sure every Member of this Committee has very high calibre local councillors in their particular areas, he says carefully, but we all know I am sure that it is desperately difficult to persuade people to take on what is a very burdensome role that is probably going to be done in their spare time and probably destroys their social life and does not help their family life. It is one for which they get a reward that has become more generous over recent years but it is still nothing like they would command in a really high calibre job. It is very difficult to persuade high calibre people to take this kind of burden on. Some of the things you talk about seem to offer something of a solution, particularly more support from officials in much the same way as we have publicly funded support from our researchers, or from local community councils. Some of them seem to go in the opposite direction. The idea of single member wards I have to say, as a former local councillor myself, strikes fear into my heart. If you were the only person responsible for taking on casework in a particular ward, that would make it even worse surely?

**Sir Michael Lyons:** You have two choices. Either you concentrate on the core remits, and all the thoughts that occur to you as you travel towards conclusions you leave out because they are not fully researched and fully fledged; or you include them to give more colour and also to encourage debate on these issues. Then you find that you are including things which you have not been able to research and reach a final position on. I am quite clear about the suggestion which came out of the Young Foundation, that it was at least worth reflecting upon. If it is the case that the public find it easier to identify with the single individual that represents them—that is part of the argument for those who favour elected mayors—you could extend that to single person wards where it is clear that this person speaks for this area and that is a case that is at least worth thinking about. I put that to one side because I would not say that I am a champion of that. I was interested and it came up simultaneously with my work. I am much more interested in the drift of your main comments. My report very firmly comes to the conclusion that the whole body of elected members of a council is an important instrument of engagement with the community. I think that was not given the attention it should have been given in the 2000 Act which established executive models of management and far too frequently councillors felt dispossessed. That was a term that was used in front of the select committee at that time. Although the legislation speaks about local leadership, it was not thought through how that would be delivered and supported. I agree with you. In far too many areas local engagement is seen as only part of the political process. Councils take a step back from it and do not engage with it as fully as they might. Indeed, when they do, they are sometimes criticised by their elected members for fear that this is encroaching upon their
territory, so it is quite a difficult area to negotiate. I am clear that the body of councils in this country, whilst it includes some outstanding examples of both engagement and local leadership, is not entirely representative of the community. Far too many parts of our community do not see it as part of their life plan to spend some time on the council. That could all do with being changed. You will see that I come to some conclusions. The parties themselves might look at them.

Q583 Martin Horwood: You seem to be presenting it as a matter of choice but, for some people who simply could not afford to take on that kind of role because of their family responsibilities or taking a cut in income, it is not really so much of a choice unless you provide the support amongst the other options. Talking about whether or not it is part of somebody’s life plan, I smiled when you suggested that the political parties need to leave more time from political activities. It would be nice if local councillors had some time for local activities sometimes. It might be more about the support you provide for them once they become councillors.

Sir Michael Lyons: I agree.

Q584 Martin Horwood: Can I move to local taxation? As a Lib Dem I am happy to trot out the advantages of local income tax. One of the ways in which I have done that in the past has been saying that it could be collected nationally if one of the advantages is you would be able to abolish other forms of collecting taxation and do it on a universal basis. I am sure that may be true of other forms of taxation as well. You seem to be opening the door to a kind of pick and mix approach to local taxes which would be presumably, I would have thought, quite costly and quite confusing in some of the economies where all of us might suggest a different form of taxation might be lost. Is that not right?

Sir Michael Lyons: If I have left you with that impression, I am not sure that is the one I wanted to leave you with. I am clear that there is discussion still to be had—and that is where my work will be completed in December—about the original remit that I was given: can we make council tax fairer?

Sir Michael Lyons: Can all do with being changed. You will see that I come to some conclusions. The parties themselves might look at them.

Q585 Martin Horwood: You are clearly trying to extract yourself from the controversy of the bed tax but whatever local taxes they might choose are you suggesting that all local authorities would have that power or are you suggesting the two tier approach where those with the most strategic responsibility would have the right to do it but others would not?

Sir Michael Lyons: You are asking me to look into the future and decide which set of taxes I think are a good idea and then think about the spatial implications. That is all for later in the exercise. All I am acknowledging is—and indeed the original remit acknowledged—that there might be some—and these would be by and large taxes that would generate small sums—choice for authorities, not that there would be choice about their general tax base.

Q586 Martin Horwood: Would it apply to all or not?

Sir Michael Lyons: It is probably best that I do not stretch my imagination. At the moment, that is something I am looking at.

Q587 Alison Seabeck: Do you feel constrained by the fact that you have to consider a revised council tax? We cannot do away with council tax; that is accepted. Is this a personal view or an official view?

Sir Michael Lyons: On this particular subject, both of them come together. I am still looking at council tax. I was clear in my December report that it has many merits. We raise over £20 billion each year from council tax. It is a very efficient tax to collect. It relates to the locality so people understand that is the tax they are paying. They do not understand very well the value they are getting for their council tax. They think that it pays for a much higher proportion of local services than it does and I think that is problematic. Council tax has a lot to commend it but it is also true that it is the most perceived tax. More people recognise council tax than any other council tax in the country, even though it is a relatively small tax compared certainly with income tax and VAT. I need to consider that very carefully when I finally come to a conclusion in my recommendations about the future of council tax.

Q588 Alison Seabeck: You are not entirely wedded necessarily to council tax?

Sir Michael Lyons: I am continuing to explore that but I can see that it has many strengths. One would be cautious about positing its replacement.

Q589 Mr Betts: This is about fairness and the ability to pay related to a property tax. Most people might think it is based on how it relates to their income but there can be people with very different income levels housed in the same property value or the same council tax level. How do you square that circle? That seems to be one of the fundamental arguments around it: it is very difficult to collect and there are lots of merits but is it fair?

Sir Michael Lyons: You are right. There are those who question council tax because of what they see as a mismatch between tax paid and ability to pay. It is certainly a dilemma. Council tax in its design was
quite skillful as a tax that had a property base but it is not a pure property tax. It does have discounts which relate to the number of people living in the house and it also has council tax benefit which mean that it is related to income. What our work has shown is that if you had the full take-up of council tax benefits this would correct the regressivity of the tax at the lower end. My conclusion as of December was that if you were interested in fairness solely in terms of proportion of income paid in council tax, you would be most interested in getting the council tax benefit system to work so that people who were eligible took advantage of it. However, I was clear then and I am clear now that that is not the only dimension of fairness. If you have two households living next door to each other, one of whom has considerable wealth tied up in the house that they own, there might be an argument for taking account of wealth in terms of relative contributions. That is another aspect of fairness but these are complicated issues.

**Mr Betts:** Are you also looking at the issue of the various bands of council tax and whether there should be changes at the top and bottom to make the relationship between the property value and payments more in line? Secondly, I wonder whether you are looking at another issue which has been highlighted. A lot of the publicity is given to pensioners and council tax but, if you look at it, some of the real problems can be with people who are working, on fairly low incomes, sometimes with families, where the problem is that the income level at which they start to pay council tax—in other words, they start to lose their total entitlement to council tax benefit—is much lower than the level at which they would start to pay income tax. Should we look at some realignment of those? That might address another problem for people on low incomes.

**Q590 Chair:** It is perfectly reasonable with a property tax to say that property is wealth and therefore ought to be taxed, but the council tax does not recognise the difference between a tenant of a property that is owned by someone else or an owner occupier.

**Sir Michael Lyons:** I absolutely agree with that. Can I start with Mr Betts’s point about low income households? I certainly do not argue that the only issues of fairness relate to the elderly. There are issues around those who are asset rich and income poor and there are issues around those who are tenants, living in highly rated properties even though they have no interest. These are issues which I am sensitive to and hope to explore further before I make my recommendations in December. To come to the issue of bands, we did a very substantial amount of work before the summer of last year on modelling different band arrangements, both increases in bands, the introduction of regional bands and the possible role that a special band for London might play. Those were all published in the December report so that it would be clear what the implications of those were. It is not impossible but it is difficult to imagine fundamental changes in the band without simultaneous revaluation of properties. As you know, government has decided not to pursue that, whereas when I started my work I expected that to be taking place in 2007. What my work had demonstrated is that even with the addition of extra bands, and quite substantial stretching of the shoulders between the bands, this had nothing like the impacts on fairness against income which many people had posited. In fact, it had no significant improvement, if that is the right term, on the proportion of income paid on council tax. That is partly because the mixture of home ownership by income is much more varied than you might immediately think, and we are back to where people are in their life cycle. You have people who bought houses when they had much larger incomes and are still living in those houses. In short, I have not finished work on this, I still have the job of offering an answer as to whether you can make council tax fairer, and if so, how. All of the points which you have raised in those three questions are part of the agenda for that discussion.

**Q591 Mr Olner:** Can you perhaps share your view with us about how the business rate supplements the other strands of income into local authorities? Do you think it should go back to how it was, ie localising and set by the local authorities?

**Sir Michael Lyons:** I have not reached a final conclusion on that. It is one of the things I was asked to look at, and I have been actively engaged with the business community as well as local government and other stakeholders in that discussion.

**Q592 Mr Olner:** Is it possible to share business’s views with us?

**Sir Michael Lyons:** Business views are variegated. At the level of headline there is a unanimity of view of all of the biggest organisations; the CBI and the British Chambers of Commerce are clear that they like the uniform business way. They like it for the reason that it is predictable, it is linked to the RPI, and I would posit that if any of us were in a position to have our tax linked to the RPI we would like it too. Why would they say otherwise? When I get into a deeper more detailed discussion, particularly at a local level, in interesting places like Sheffield and Surrey, but not alone, you will find the business community saying, ‘Of course we do not want to pay any more tax, who would, but we do have some concerns about current arrangements. We would like to see closer connectivity with the local business views and the council. We recognise that there are some important issues of infrastructure and other investments in which the business community might properly make a contribution. We like the principle of business improvement districts and foresee that might be built on because it is voluntary in nature’.

I draw out of that debate that whilst there is an understandable preference for the status quo, there is recognition that the business community has an interest in the debate, has an interest in getting closer to local government, and would like to see its issues more strongly reflected on local governments’ agenda.
Q593 Chairman: We have been jumping around quite a lot, but can I bring up the issue of the Local Government White Paper which, as you know, has been delayed and is now likely to be published, we believe, in the autumn. How does the work of your inquiry dovetail into that revised timetable on the publication of the Local Government White Paper?

Sir Michael Lyons: It is not a major problem for me, I have my remit. When the remit was extended last summer, I agreed publicly—and at that point David Miliband was the relevant minister and made it clear that he expected to publish a White Paper—that I would put my thoughts into the public arena in advance of the White Paper so that those who were supporting him could draw on that. That is what I did, and that is why I published the May paper. Originally I anticipated that there might be three or four thematic papers, but when it came to putting them together I realised that this was such a complicated story that unless I tried to tell it in one go the different dimensions would be weakened, so instead of three thematic papers there is a rather fuller attempt to cast a picture of a different type of future in the May report. It is entirely a matter for the Secretary of State to decide when she is ready to publish her paper. This exists and I continue to be open to dialogue. Indeed, although this is an independent inquiry we work closely with government departments and there is a dialogue which continues.

Q594 Alison Seabeck: Will the delay in the White Paper and your final views on local government finance not impact on the next copy of the Spending Review in terms that the Chancellor, whoever he or she may be at that time, will not be able to make decisions with a clear basis in terms of local government finance because if there are changes to come it could skew that, could it not?

Sir Michael Lyons: I have always been clear that all of this is funnelling into the next Spending Review. That was the basis on which my remit was given to me and why we agreed at that point that December of this year is the right landing spot for me.

Q595 Alison Seabeck: It cannot afford to slip much more, can it?

Sir Michael Lyons: I have not decided yet what I am going to recommend, so it is a bit difficult for me to know how long that could wait. What I am clear about is that some of the more radical options for change could have quite long lead times to them. My general feeling is that there is a need to give more space for local choice, to provide greater incentivisation for local government to recognise the role of place shaping and try and develop a finance system which supports that. That might mean quite a range of changes, some of which would take a little longer to implement than others, but you can move towards a different future by being clear about the package of changes that you want to make, even if you cannot make them all in one go. I am less anxious about what is included in a particular White Paper, or even a particular piece of legislation, than the government of the day evolving a coherent view about the job that it wants local government to do in the future and the best way to work to develop that.

Q596 Alison Seabeck: If there is coherence incremental changes could work?

Sir Michael Lyons: I am sure, but I do not think there is any alternative and there is no golden key to this, I have said that on many occasions, it is not a single tax change. This is about, points which we have talked about today, building up confidence in local government so that it is more assertive on behalf of its communities, that it gets better at listening to and working and engaging with communities. All of these things need to be dealt with together, so inevitably the drum will beat at a different rate for different changes.

Q597 Mr Olner: You mentioned earlier that revaluation could have some effect on what your eventual report will say at the end of the day. Do you think it was the right decision to defer revaluation?

Sir Michael Lyons: At this stage it is always best not to look backwards, is it not? Was it the right decision? I am on record saying that I would not have recommended that the Government backed off on revaluation. If you are going to have a property tax, I think it should be revalued frequently. Whilst council tax is a hybrid, it has got a property base and therefore there is everything to be said for it being revalued very regularly. The technology is at hand, we can do this, so there is no reason to stop it. It is difficult, I absolutely understand the Government’s dilemma. When you have not revalued for 12 years, it takes some courage to make the revaluation. There are winners and losers and, not surprisingly, as we know of old, it is only the losers who knock on your door, the winners sit back quietly and if they think of you at all it is only in their prayers.

Q598 Mr Olner: Going back to the old rating system, it was based on the rentable value of the property and, of course, council tax was brought in because poll tax quite rightly failed so miserably. If you are talking about property values, there is a vast range of property values up and down the country, how does valuation affect them? Is it something which has to be taken into account? Do we look for an average valuation because there there would be winners and losers for sure?

Sir Michael Lyons: It would take me more time than you have got this afternoon to take you through the process of revaluing. Let me say, we have all the skills and VOA has prepared itself for revaluation. It is not a task that, though complex, is beyond us. Indeed, there are other places in the world which have now moved to annual revaluations and it can be dealt with. Of course, the more frequently we revalue the smaller the number of properties at any point in time that are affected. The good policy will take you towards more frequent revaluation because after all it only changes if relative house prices change. It does not matter if your house prices goes up, it is only if it goes up at a lesser or faster rate than others that you start to change your position. This is
a technical debate rather than the Government has decided what it wants to do, I am clear that it has made that decision and it is not for negotiation.

**Q599 Mr Betts:** Still with the costing, I am sure you have very full and enthusiastic co-operation from the whole of local government. I do not know whether sometimes you get a slight hint of cynicism from people who say, “We have seen it all before. We have got a history of inquiries into local government and local government finance and nothing much has happened. We have got political parties that are always more enthusiastic for radical change when they are in opposition than when they are in government. You are on your third minister now overseeing the inquiry and who you report to and, at the end of the day, are we going to have a situation where the Government is going to be committing some radical change, because it seems like there is a mood for some radical change?” Do you sometimes feel that you might have wasted a couple of years of your life!

**Sir Michael Lyons:** How sweet of you. That remains to be seen and, indeed, there might be a bit of speculation about which particular years I have wasted! Let me assure you, I do have other things to do. I only took this task on because I was convinced that ministers were interested in finding answers to the questions. The challenge for me is can I come up with answers which are sufficiently persuasive for them to adopt those recommendations. I have already been clear, and, indeed, some of my earliest communications with ministers made it very clear, that we have to change public understanding about the role of local government and the taxation basis as a precursor to be able to make changes. In a world in which most taxpayers seriously think their council tax pays for 75% of local services, when, in fact, they pay for 25% for local services on average, it is a pretty serious misunderstanding. That led to the extension of the remit and the debate which we are involved in at the moment. I have said publicly that I think we are approaching a tipping point in terms of the national debate about the balance between the local and the centre. It is not the perogative of any one party or any one government. Where do I look for evidence that might be a good idea? Well, virtually anywhere else in the world. We are one of the most centralised countries in the world amongst developed economies, and that suggests to me that we might have some benefit in moving towards a new balance with more local choice and local discussion.

**Chairman:** On that more optimistic point we will end. I am sure we do not feel that you have wasted two years of your life. As a Committee we will certainly be hoping that there is real change following the White Paper and your report. Thank you very much.
Monday 16 October 2006

Members present:

Dr Phyllis Starkey, in the Chair

Witness: Mr Chris Leslie, Director, New Local Government Network, gave evidence.

Q600 Chair: Can we begin the session and welcome Mr Leslie, on behalf of the New Local Government Network, and your fascinating pamphlet. Can I start by probing your apparent scepticism about the value of city-regions? Do you believe that better performing city-regions would help the economic development of under-performing regions or not?

Mr Leslie: I should thank the Committee first of all for inviting me and conducting this inquiry. I need to preface my comments on city-regions to make a distinction because I think city-regions, like cities, exist. Whether you see them as travel-to-work areas or amalgamations of authorities, they are a fact of geography and of demography. Our scepticism as set out in the pamphlet produced over the summer was much more directed at the concept of political institutions forming around the notion of city-regions. I am, in a way, very pro city-regions, working in collaboration, in federations, the idea that various local authorities within what might be described as a city-region can come together to work successfully. I am more sceptical about the concept of fitting everywhere an additional layer above local authority level just in what might be known as the institutional model does not necessarily fit as readily in the development of under-performing regions or not?

Q602 Mr Betts: Is the reality not that even outside London the cities are the powerhouse for economic growth? Is it not more realistic to build governmental structures on the basis of an economic footprint which actually relates to the way that people live their lives, when you might look at regional boundaries and say that, very largely, they are a government convenience? Sheffield has precious little in common with Whitby, and one end of the South West is certainly an awfully long way from the other end of the South West, and people really do not relate to those sorts of ways of administering government at all.

Mr Leslie: No, and I think some of the argument about the Government Offices for the regions design has perhaps put some of the rationale behind the “no” vote in the North East back in 2004, why in the South East there is a disjoint between what the public feel is the relevant salience of governance to the way that the Government will administer issues on a Government Office region basis. The problem with city-region institutions is that, whereas there may well in reality be city-regions, where you draw the boundary is of course less clear-cut. To simply draw a boundary around a Greater Sheffield or a Greater Leeds would invariably mean somebody being on the other side of that boundary, and a lot of debate and discussion about structures, institutions, who is in, who is out. Those are the sorts of discussions that I think can be quite a distraction from some of the more important work about what actual policies you are going to pursue in order to boost economic prosperity and improve public services. If we get into a whole argument about regions versus city-regions, I think that is quite a distraction and I worry slightly that if we end up drawing boundaries for new institutions around part of England but not including all of England, in some
respects, we are going to just perpetuate another disagreement about who is in, who is out, why one area has certain powers, why another area does not.

Q603 Mr Hands: A follow-up question. You are sceptical about the need, if I heard you correctly, to have an additional tier of government. Is that informed by an experience with the North East referendum two years ago? Secondly, what if there is not an additional tier of government, and the city-region government effectively replaces one of the existing tiers of government?

Mr Leslie: In the pamphlet we argue that really, as far as the public are concerned, the clearest identity, relationship within a constitution, will either rest with the national Parliament at Westminster or with local government. Any institutions that have ever tried to be established in between those two primary poles, even to a certain extent past-national at the European end, have always slightly struggled to gain popular salience and recognition. I do not think it is impossible to have strong, good governance in between those. I think the Greater London Assembly model of the mayor in London does work because of the nature of London; it relates to the actual place, but in a lot of areas we would struggle to see anything stronger than the local authority lead really garnering much public support. I would not say in one part of the country it would not be possible to have strong regional government or city regional government. It may well be possible for Greater Manchester or for the North East. All I am saying is that we should not assume we can impose a uniform model or a layer everywhere across all of England.

Q604 Lyn Brown: Can I ask you a really straight question: is it that you simply do not like the idea of city-regions governed by elected mayors?

Mr Leslie: No. I believe—and this relates to Mr Hands’ question—if you have strong local authorities, if you know what the institution is, what it does, what its purpose is, then you can decide what sort of leadership you want for that institution. So a strong local authority can have an elected mayor and be successful, if it works and people are happy with that. So too, I do not see why in a Greater London city-region you cannot have a mayoral arrangement on top of that. What I think we have done, for some reason, is had a discussion about governance that puts the leadership question before deciding what sort of institution we need, what reason we need institutions for, what the purpose of them will be, if you see what I mean. You need to draw a conclusion about why you need a governance institution before you then decide what sort of leadership it should have. I am not against elected mayors per se. I just think we have to be careful about the way we design our constitution, so that it has as much public support and relevance as possible.

Q605 Lyn Brown: You suggest that outside London there is a natural identity with large cities which would make it difficult to create city-regions. First of all, I would take issue with what you said about being a Londoner: I never call myself a Londoner; I am always an East Londoner; I am a West Hammer. There are also issues outside of London. I just wonder whether or not the model you have created is OK for Yorkshire perhaps but not for the West Midlands.

Mr Leslie: I am fairly relaxed. We put a chapter in the report about variable geometry, that rather clunky term think-tankers use to basically explain that there is a case to be made for having a different governance arrangement in some parts of the country to others. I can imagine a Greater Manchester, for instance, that would say “Yes, we do have a common interest.” It should arguably have a city-region institution above the local authorities. I can only question, though I suspect most of those local authorities might be a little wary of that layer, because people in local government are quite naturally and rightly jealous of the powers that they have because they are the primary local democratic institutions in that area. It is possible that we could end up with the Manchester leaders coming together so frequently that they want to form an assembly, that they want to have a single mayor, but I am slightly sceptical that that will happen voluntarily.

Q606 Lyn Brown: You mean turkeys do not vote for Christmas. But do you not think that in a situation where perhaps something like that was imposed upon Manchester, with a Greater Manchester happening, that over time people would begin to identify themselves with Manchester as the tier of government became more powerful and more prevalent?

Mr Leslie: Sometimes having these institutions put in place by legislation, the public, who are not as interested in the detail as we are, will accept but my feeling about constitutional development is that it is far better to do these things by persuasion and through evolution rather than having the centre always impose a model which will potentially have elements that need unpicking years afterwards. I would not want to intrude on the London experience, but I think if you look at the design of the Greater London Assembly, whatever people feel about it, the fact that there has been a very charismatic, strong leader in London has actually taken the media and the public view away from some of the constitutional discussions going on between the borough councils and the GLA, where I think there is a lot of question about how settled those arrangements are.

Q607 Anne Main: I do not want a long answer because I am conscious that we have a lot of topics to cover. I struggle a little bit when you say it will work in some areas and not in others. I am beginning to get a picture of a mosaic of what you like in some places and what you do not like in others. My concern is where these boundaries start to overlap, where you would get a city-region that would be quite large intruding into perhaps the county structure as we have it now or the regional area structure as we have it now. Can you not see that,
unless you make your mind up to have a model that works in a fairly strong fashion, you will end up with a rag-tag of structures?

**Mr Leslie:** I think going down a route which is always about new institutional layers is probably the wrong route. We live in an era of partnerships and networks and teams working together.

**Q608 Anne Main:** That is my answer then. That is enough. Thank you.

**Mr Leslie:** That would be better, to get that right.

**Q609 Martin Horwood:** Representing a large town midway between two cities, in Cheltenham and halfway between Bristol and Birmingham, a lot of what you say about identity and the need for a variable geometry seems very sensible, very good critique, but I am less clear about what you are actually suggesting in place of what we have now or the city-region model. Are you suggesting anything at regional level other than city-regions?

**Mr Leslie:** Yes. I think the regional development agencies, the regional assemblies, the Government Office arrangements that we have had for the last decade, some going back even further than that, have gradually developed to a point where the Comprehensive Spending Review in future needs to grasp issues and move that next step forward. We have an accountability deficit with RDAs and with others. The regional assemblies, representing local authorities, are supposed to fill that gap, but I think there is still more work to be done. The reason why I like and prefer a whole-England approach that works in a fairly strong fashion, you will end up with a rag-tag of structures?

**Q610 Martin Horwood:** You are actually quite fond of the current regional structure?

**Mr Leslie:** I believe that the current regional arrangements need a lot of improvement but they are about inclusivity, about making sure that nobody is left behind, making sure that if they break into smaller sub-regions, city-regions, they can all relate to one another. What you do not get with the existing regional framework is this idea of castles being built around particular areas and those outside being left behind or having different opportunities. I like the inclusive approach and I think we need to build on the regions we already have.

**Q611 Alison Seabeck:** You talked about the current inclusive approach of RDAs. Are you absolutely convinced that they are inclusive? There is experience that RDAs do tend to focus on those towns and cities that will deliver the targets they seek to achieve and that will not necessarily mean all the significant towns and cities in their region. Is that an experience that you recognise?

**Mr Leslie:** Again, London is a very special place but typically I believe the default assumption should be for local leadership over local public services. Certainly national government has a right to set minimum standards of quality and expectation, but we should be much more relaxed about local variation above those minimum standards and have stronger local leadership for most of these things. There are lots of issues on skills, on transport, policing and health, where we could have a lot more of a democratic impetus to spur on better delivery, which is, I believe, one of the biggest pieces of unfinished constitutional business.

**Q612 Lyn Brown:** I enjoyed your thesis around local government being really important and possibly having additional powers. To tease that out a bit more, what would you think of? Probation service? Health service? Do you think that would help to strengthen local government and make it more relevant to people and, if so, given the situation that we have in London, should it go to the big capital city, or would it be better spent locally, in boroughs, for instance?

**Mr Leslie:** Again, London is a very special place but typically I believe the default assumption should be for local leadership over local public services. Certainly national government has a right to set minimum standards of quality and expectation, but we should be much more relaxed about local variation above those minimum standards and have stronger local leadership for most of these things. There are lots of issues on skills, on transport, policing and health, where we could have a lot more of a democratic impetus to spur on better delivery, which is, I believe, one of the biggest pieces of unfinished constitutional business.

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**Mr Leslie:** There are plenty of failings in the existing system. I do not deny that, but I think that route, having the opportunity for every Cheltenham or Bradford or Plymouth or wherever to take part in the discussion about spatial strategies, economic strategies, development and so forth, rather than feel that they are excluded from those opportunities, is a better foundation for policy rather than going down a fragmented route.
Q614 Alison Seabeck: So you would say the city-region option is potentially weakening the role of RDAs and therefore being less inclusive?

Mr Leslie: As I said at the beginning, I am not against city-region working on a voluntary basis, grass roots evolving, What I query is the concept of formal legislative statutory institutions as the alternative and the only model to devolution as an alternative to regionalism.

Q615 Alison Seabeck: What about the role of the RDAs therefore in reducing inequalities between regions? Are they not actually competing with each other and therefore how do they ensure that there is a much more level playing field and that some of the inequalities that currently exist are ironed out?

Mr Leslie: There is a lesser spotted PSA2, Public Service Agreement 2, which many people often overlook, which is one of the tougher public service agreements that the Government has set out, and it gives a lot of that challenge to the regional development agencies, which is to narrow the rate of growth between the fastest and least fast areas of the country. That is a big job and it requires serious effort. It would be very worried if that target were to be reduced or diminished. That really is needed much more. It does mean different parts of the country shouting for their own corners. I do not think that is a bad thing. Having a bit more energy and enthusiasm to persuade inward investment to come in, whatever it takes, is a good thing. That is another reason why a regional approach still has a lot of legs to it.

Q616 Alison Seabeck: Your pamphlet says that it is vital we ensure RDAs are given the freedoms that encourage new and innovative ways of working and confidence in the people they serve, and this means looking at how best to give clarity to who is responsible for their work. What does it mean? What is your evidence that the general public are exercised about this particular issue, or is it just elected authorities and elected members that are exercised about this?

Mr Leslie: I would not claim that there is massive public excitement about regionalism. A lot of it is the hard-wiring bits of governance and management within the public service between national government and local government. But it is a vital bit of the picture, for economy of scale reasons, inter-city working, the specialist investment that you need. All of these reasons drive a regional approach which you cannot do without.

Q617 Alison Seabeck: RDAs are seen as not accountable, something you touched on earlier, and the inter-relationship between regional assemblies and RDAs. In producing your pamphlet, what evidence did you get that RDAs are not being scrutinised or are not responding to scrutiny issues raised by regional assemblies? Certainly, we had evidence from the South West that they really felt that some of the things they were putting into the RDA were not being listened to. Is that something that came out when you were doing your research for the pamphlet? If so, how do you address it?

Mr Leslie: There is quite good scrutiny that goes on via the regional assemblies of the RDAs but I think it needs a lot more.

Q618 Alison Seabeck: It varies from region to region.

Mr Leslie: It does vary from region to region.

Q619 Alison Seabeck: Where would you say there is best practice? I am sorry to interrupt you.

Mr Leslie: I know Yorkshire best. I think there is a relatively good dialogue that goes on there between the regional assembly and the RDA. The point I would like to make though is that I believe accountability has a certain number of prerequisites. First of all, I think you need the disinfectant of sunlight to come on through the media or through other forms of communication so that people know outside what is going on. People do not truly feel as though the public can access some of this sometimes quite esoteric regional debate. One of the ways around this—this is why we talked about local government, national Parliament as the two primary poles—local leaders should take a stronger role in the scrutiny process, but national Parliament should take a much stronger role too.

Alison Seabeck: I think we are coming to that later.

Q620 Mr Betts: You have suggested various ways in which we might make regional scrutiny better at Westminster. I do not know whether you can pick out the one which you think might be the most likely to succeed. In the end, do we not have to recognise that RDAs are in the end creatures of Whitehall departments? They are government departments out there in the regions. They are always going to be accountable to Ministers at the end of the day. People go and look at them and comment on them but the real accountability rests with Ministers, does it not? They are a creature of government in the regions.

Mr Leslie: I think regional activity needs to be accountable to both local and at a national level because it is the meeting point between those two primary poles. Certainly, local government, either through a reformed regional assembly process or otherwise could have a louder voice. I also think that Parliament and parliamentarians—no disrespect to many of you, my former colleagues—could take a stronger and more thorough scrutiny role in overseeing the work of the RDAs and regional activity. That was the case certainly in Scotland and Wales before the establishment of the Scottish Parliament and the Welsh Assembly, and even to a certain extent in London. There are a lot of parliamentarians who could add a lot of value to this scrutiny process and, by the way, also bring a lot of media spotlight to some of this hitherto clouded area of public policy.
Q621 Mr Betts: I listened to what you were saying about the concept of city-regions not being imposed but maybe evolving, but if you get a fairly strong evolution, as is beginning to happen in Manchester maybe, on the lines that Bill Olner was referring to in Lille, where local authorities come together in a federated way and say “Actually, this is how we want to act, as city-regions”, in some ways they are going to actually be closer to and more accountable to their communities than any attempt to have a departmental regional select committee in Westminster looking at RDAs.

Mr Leslie: As a localist, I would prefer that solution, but being realistic about other parts of the country, not everywhere has a Greater Manchester feel about it, a Greater London feel about it. There are some parts of the country that do not naturally fit into the idea of a city or a single identity and therefore often for those areas I think you need a different model of accountability. I would prefer it if local authorities led the process, held the reins and made the decisions, but I do think that you always need to look at those other parts of the country where national parliamentarians could add value, knowing the patch that they have, representing the area that they do, in supplementing the scrutiny that is currently undertaken through the regional assembly process.

Q622 Alison Seabeck: How do you square what you have just said with criticism in the pamphlet that only MPs, parliamentarians, are on the Grand Committees?

Mr Leslie: I would not want to intrude on the procedural niceties of parliamentary procedure because Grand Committees might exclude others. You might be able, dare I say it, to devise a new parliamentary process that does allow members from local authorities to join together. I think there have been ad hoc committees in the past where you have had local authorities, or members of the Scottish Parliament or Welsh Assembly at the same time as parliamentarians working together. I think it is possible to design a better, stronger, scrutiny arrangement.

Q623 Martin Horwood: I am also puzzled as to how you think the involvement of MPs in this way is going to do much other than, by the sound of it, give us 12 times as many meetings to go to.

Mr Leslie: You can cope!

Q624 Martin Horwood: We cannot cope, especially not if it is about regions other than our own a lot of the time. It seems to me to be compounding the problem that you describe, which is drawing the whole idea of regional government more into Westminster and more into the Westminster world when actually the “disinfectant of sunlight” really needs to come from local level. The fact that local media take no interest in regional assemblies—I do not know whether they doing Manchester and Yorkshire but they certainly do not in the South West—is part of the problem. You need to somehow grapple with that, do you not, not draw it all up to Westminster?

Mr Leslie: I would, as I say, far prefer strong local leaders to make enough of a fuss to hold their RDAs and their sub-regional activities to stronger account, but I do think that parliamentarians can add value because you have a constituency base, because within your own home regions you will know the priorities that your constituents want, and I would like that accountability to inform the decisions taken at a regional level. I think that would add value. I think it did add value in Scotland and Wales and led to other forms of devolution, which I also think is an issue Parliament should consider as well for England.

Q625 Sir Paul Beresford: The way you are looking at it, as I read it, you are saying that you want some top-down and you want local government to come up from underneath. Yes?

Mr Leslie: I do not necessarily think that parliamentarians in their scrutiny role are top-down. I am not talking about an executive piece of leadership. I am talking about parliamentarians going into scrutiny, local government leading the scrutiny.

Q626 Sir Paul Beresford: There would be an argument to say that we have tried regional assemblies, nobody wanted to vote for them; most people do not want them, many people have not heard of them, they cost a lot of money, they interfere at every twist and turn, and really we ought to go back to your idea that the local authorities should be together doing that role without this monster that every region has dumped upon it.

Mr Leslie: I do not think elected regional assemblies are on the agenda, certainly not for the next decade or so. Who knows? They may be on the statute book. But I do think there is a role for regional co-ordination of policy. The previous administration recognised it—

Q627 Sir Paul Beresford: You want local authorities to do it together.

Mr Leslie: I would prefer local authorities to lead that, but from time to time I do think there is a case to be made for regional action and decisions that could be better led and scrutinised by local authorities, perhaps supplemented by other elected representatives.

Q628 Chair: Briefly on this issue of regional scrutiny at Westminster, do you think it would be a good idea to have regional Ministers?

Mr Leslie: Personally, I do think it would be worthwhile for a Commons Question Time that looked at Yorkshire issues or the East Midlands, West Midlands issues. It might be something you could look at at Westminster Hall. I think there are a lot of parliamentarians who know the priorities for their patch that go beyond their constituency or local authority boundary. As you know, in my reckless youth, when I was a Member of Parliament,
I spent some time thinking of the major transport investment that was needed in Yorkshire. I would have dearly loved to have had more opportunities to press Ministers to think on a regional basis about what Yorkshire needed to improve its economic prosperity. That is an opportunity I would strongly commend to you.

Chair: Thank you very much.

Witnesses: Yvette Cooper, a Member of the House, Minister for Housing and Planning, Mr Phil Woolas, a Member of the House, Minister for Local Government and Community Cohesion, Department for Communities and Local Government, and Rt Hon Margaret Hodge MBE, a Member of the House, Minister of State for Industry and the Regions, gave evidence.

Q629 Chair: Can I welcome you all to this session on regional government. Can I start by asking a question about PSA2, which commits three departments to make sustainable improvements in the economic performance of all the English regions and over the long term reduce the persistent gap in growth rates between the regions? Which do you think is the most important: to improve the economic performance of every region or to close the gap between the most dynamic and the least dynamic?

Yvette Cooper: The reason that the PSA target was set up like that was exactly in order to prevent taking the easy way out of trying to do one rather than the other of the two aspects of the target, so in order to be clear that we do want to narrow the gap between the economic growth rates of the regions but not simply by slowing down growth of high-performing regions. Equally, we want all the regions to grow, but it is not enough to simply have economic growth in every region; we actually want to narrow the gap as well. It was deliberately done to put the two elements of the target in. If we had thought one was more important than the other, we could have just picked one of those two elements as the PSA target, and frankly, from the point of view of any government department, the simpler a PSA target, the better.

Margaret Hodge: I think the two are very interlinked but if all the areas where GVA is less than the national average, if they all improved to the national average, we would find average GVA would be £1,000 more right across the country. In getting economic growth and in closing the disparity between the regions, you enormously benefit the whole of the nation.

Q630 Chair: I am grappling with that mathematical problem. If you increase everybody to the average, you cannot possibly make the average better.

Yvette Cooper: The average itself would then go up. It was the mean, but if you take the current average . . .

Q631 Chair: We will worry about that one later. Can I ask you this, Yvette: the London super-region clearly does have an emerging growth strategy, part of it linked, for example, to the 2012 Olympics, but there does not seem to be a similar strategy for key provincial city-regions. Would you like to comment on or justify that?

Yvette Cooper: The most immediate response is, of course, that we have the Northern Way, which is very clearly an economic strategy for the three Northern regions. Every area will have a slightly different approach and the geography will vary. As you know, there is clearly a specific strategy being developed for the Thames Gateway, which cuts across three regions but has a particular identity and faces particular issues of its own. Equally, each region has its own regional economic strategy, and the three Northern regions have come together to draw up the Northern Way, which I think is particularly important when it comes to the PSA target that you referred to earlier. It is inevitable, particularly around the 2012 Olympics, that the area around London should seek to make the most of that and to make sure that we can get as much economic benefit spreading much more widely than simply the immediate Olympic area as we possibly can, but I think it would be wrong to say that that means there are not strategies for other regions or other cross-regional partnerships as well, because the Northern Way is the best example, but other regions are developing their own approach. The Midlands have talked about a Midlands Way approach, looking at the East and West Midlands together as well.

Q632 Chair: Can I just return to the issue about the gap between regions. What evidence is there that the policy is reducing that gap?

Yvette Cooper: The growth figures are interesting. The most recent figures are 2003-04, which show that for the North Midlands and West regions, compared to the greater South East regions, the growth rate for the North Midlands and West is higher than the growth rate for the greater South East. Clearly, there are cyclical factors involved, so it would be wrong to base an assessment on any one individual year. What is also the case is that there is a slightly more complex position for London, which shows greater cyclical variations than other regions. Nevertheless, from my reading of the chart, which we can certainly make sure the Committee has a copy of, if you look at the three Northern regions compared to, say, the South East region, then actually for each of the last four years the growth rate in the Northern regions as a whole has been higher than in the South East region. I think that does show something quite interesting if you compare it to 100 years of a widening north-south economic divide linked to the industrial history and so on, and we saw that gap widen particularly every time there was a recession. So every time we had a
Q633 Chair: Can you compare the resources that are currently going into the Northern Way and the resources going into London and the London Olympics?

Yvette Cooper: I cannot give you immediate, specific figures for the Northern Way compared to things like the Thames Gateway. It is about £100 million for the Northern Way. What we do have is figures for the overall spending on services per region, which we can send to you, which show the total identifiable expenditure—because obviously some things are harder to identify than others, on services by region per head—which shows higher figures for the North East, North West and Yorkshire and Humberside compared to the southern regions other than London, which, of course, because of additional pay factors for London and additional cost factors alongside the deprivation, makes it obviously a more distinctive case. But we can give you those figures which show expenditure overall per region.

Q634 Alison Seabeck: The Government Office for the South West told us when they came before us that they are currently implementing 46 public service agreements. That is obviously quite a wide range of formal tasks they are being asked to undertake. Given the complexity of that, and given the need for PSA2 to be met and so on, who in central government actually pulls all this together and ensures that central government’s messages get out to the regions, particularly given that obviously, departmental expectations of Government Offices vary, and there is clear evidence that they vary?

Yvette Cooper: The Government Offices’ role has changed and expanded as we have devolved more out to the regions. Initially, when they were first set up, they were probably only dealing with a couple of departmental programmes of work. Now they deal with a whole range of departmental programmes of work and so the scope of work has changed exactly as we have tried to pass more out to the regions. That therefore means that the regional directors have a critical responsibility in terms of co-ordinating the work across the different departments. If lying behind your question is whether we should do more in terms of looking at the regions as a whole, then I think there is probably quite a strong case for that. Individual departments obviously have to take account of their own priorities in different ways.

Q635 Alison Seabeck: Is there not a risk that certain departments will be able to pull strings more effectively with the Government Offices than others and therefore risk priorities being slightly skewed? It is all about leadership within the departments.

Yvette Cooper: If that is a criticism of individual departments for not sufficiently engaging with their regional offices, perhaps that means there is more that individual government departments should do. Certainly, because we obviously do quite a lot of work with the regional offices, I have regular meetings with regional directors, for example, to talk about a whole range of different issues, including planning and so on. I think that is probably quite an important thing for Ministers to do but that will vary from department to department.

Q636 Alison Seabeck: It is quite an interesting role for Government Offices in a sense, because they are stuck in the middle really. You have a real question about who pulls their strings. Is it government-down trying to implement government policies or should they be listening to what is happening on the ground in the region and making sure that that view is fed upwards to central government and therefore policies adapted accordingly? It does seem to vary from region to region, exactly that dynamic. It does not seem to be consistent across the country. You must have an overview of this and experience of all regions. What is your feeling? Is the balance right? Are Government Offices willing to be slightly independent of government or are they simply extended arms of government?

Yvette Cooper: My experience of dealing with regional directors is that they will do both; they will look at implementation and monitoring and progress with particular things that need to be done in different areas, but they will also feed back problems, difficulties, and I have certainly found them extremely helpful in terms of identifying problems and difficulties in particular areas, maybe around housing and so on, and being very good feedback mechanisms. What I think we should not do, however, is expect the Government Offices to do everything. They are linked through the Government; they are part of government. We made a decision for example, on housing to transfer the regional housing board from what was usually committees chaired by the Government Office to the regional assemblies. It was partly a Kate Barker recommendation that we needed to link housing and planning but it was also, I think, a sense that actually, those sorts of housing priorities, the recommendations on what the housing priorities were within the region, should better come from regional assemblies, who are a more responsive way of feeding back the real views within the region than the Government Offices.
Q637 Alison Seabeck: So we should not expect the Government Offices effectively to stand up to central government; it should be the regional assemblies being in turn fed by what is going on in the region and the regional development agencies and what they are picking up. Is that what you are saying? Yvette Cooper: The Government Offices do provide important feedback mechanisms but we should not expect them to do something, to be something that they are not. The regional assemblies and the RDAs on economic matters play particularly important functions. We should not expect Government Offices to play those functions.

Q638 Anne Main: If I can take you back a step, you said that there may be a problem of communication between government and the regional offices. Have you done any assessment to see how good the communication is, so that we have a picture of how well visions or strategies are being communicated? There does seem to be a bit of a grey area as to who is responsible. Is it coming from down or up? Are you sure that the communication is good? You have accepted that there may be a criticism. Yvette Cooper: No, it was an open question: if you want to put criticism to us that you have picked up, then obviously we will look at it.

Q639 Anne Main: I just wondered if you had any information. Yvette Cooper: We are not aware of Government Offices raising systematic concerns about a particular department or a particular issue where they feel that the communication is not working effectively at all, and what I can say from my policy area is that, certainly around housing and planning, I have quite a lot of contact with Government Offices, and I find that that arrangement works extremely well, that they are very good at both being able to not simply look at what the policy execution is in particular areas but also to come back and say they have got problems with this or problems with that or we are going to have to change policy in a particular way to address particular things in particular areas. What I cannot do is speak for every government department, because clearly issues and policies will work in a different way.

Q640 Alison Seabeck: British Chambers of Commerce expressed concerns that the RDAs were being given too much to do. They query their management of Business Link for example. Are their concerns about Business Link justified or are Business Link beginning to prove quite a useful tool available to the RDA? Secondly, do you have any evidence at all to indicate the devolution of tasks to the RDAs is affecting their performance? Margaret Hodge: I think it is too early to assess the success of the transfer of functions in relation to Business Link but we are looking at it, and the record of Business Link in terms of the amount of advice given to businesses, the number of formations of small businesses, the satisfaction of customers in dealing with Business Link appears fine; in fact, it is getting better. Have RDAs got too much to do? No. I think we are strengthening them and bringing together the strategy of responsibilities and functions they have with some delivery functions which are relevant to that strategy. So, for example, providing the support and advice to businesses in one place from a regionally based entity is more sensible than having two separate bodies, a small business service run from DTI and the RDAs run from the regions, both thinking that that is part of their central function. Indeed, we are considering, as you will know from the consultation paper on structural funds, devolving out to the RDAs the responsibility for allocating the old ERDF fund for regional economic purposes. I think, again, that is sensible, because if it is the purpose of an RDA to get regional economic growth and to tackle the regional disparities, it is sensible to give them the tools so that they can implement and meet the purpose we set them.

Q641 Alison Seabeck: So you are content that they have the capacity to cope with you devolving additional duties to them? You do not see it as a problem? Margaret Hodge: I have not picked that up at all as a problem. Clearly, in response to their new responsibilities, they will take on the appropriate staffing, but beyond that, they are pretty lean, efficient organisations, and I am impressed by their capacity to be able to respond to the new challenges we give them.

Q642 Chair: Is the DTI reviewing the effectiveness of RDAs as part of the Comprehensive Spending Review? Margaret Hodge: We are indeed. Having been in the job for just six months, Chair, I think there is something to be said for improving the evaluation that we have had so far of RDAs, and I am discussing that with RDAs. I think we need a more systematic evaluation mechanism which not only enables us to see whether they get the outputs which we require of them but also whether they provide value for money. I am interested in looking at what works best in the RDA context, and we can only do that if there is an evaluation which gives us strong comparative data on the performance between RDAs.

Q643 Anne Main: The DTI has recently stated that the scrutiny of the RDAs by regional assemblies should not be confused with the issue of democratic accountability of the RDAs. What is the role of the regional assembly scrutiny, and are you satisfied that the different scrutiny arrangements put in place are proving effective? Also, how are you measuring them? Margaret Hodge: There is scrutiny of the RDAs by a number of mechanisms, of which the regional assembly is one. The National Audit Office, for example, is carrying out a value-for-money exercise. They have now completed that on two of the RDAs, and I think they will complete them all in the next year or so. I have responsibility for a relationship with the RDAs and meet the RDA chairs every six
weeks, as Yvette meets the Government Offices, and appoint members to the RDAs and look at their regional economic strategies. So there is that scrutiny. The regional economic strategy itself, one of the ways in which it finally gets approved is through a proper consultation. There has to be a wide consultation with a number of partners. The regional assemblies are another mechanism for ensuring accountability. Have we got it right? I think these are really complex issues, Chair, and whether that is the best mechanism for ensuring democratic accountability is something we are looking at in the context of the Comprehensive Spending Review and the review of our sub-national organisation structures.

**Q644 Anne Main:** Thank you for that, but I was wondering how you are actually measuring the effectiveness. What criteria are you using to measure, and if there are lots of different people doing this scrutiny, how are you collating all that information and coming to a view?

**Margaret Hodge:** Parliament, for example, gets six monthly reports from the RDAs on the outputs that they achieve, so that is one way of measuring. We review the regional economic strategies and the business plans every year. The regional assemblies monitor the work they are doing. None of this is a clean, tidy, unified way of monitoring the performance of the RDAs but, given the wide area of responsibilities that they have and the geographic areas they cover, I think you are going to inevitably end up with a pretty diverse system of monitoring and evaluation. Can we do it better? I have said that I think coming out of the CSR and certainly coming out of the work I am doing, I want to get a more rigorous evaluation across RDAs which would allow us to compare the performance of RDAs.

**Sir Paul Beresford:** If I can follow up on your penultimate answer, when we manage to break the bounds of this inquiry and the questions that have been set for us and ask some questions about regional assemblies, we have had some interesting answers. There is a general feeling, as I get it, that they are not particularly successful. They are unelected, but there is no appetite to have elected assemblies; they are distant; many of them are on artificial boundaries; they do not do the role they are supposed to do; nobody really knows about them; and they are expensive white elephants. You have just talked of a review. Is this possibly an opportunity to sit back and push the dogma to one side and actually look at regional assemblies and whether we really need them or should have them?

**Chair:** The review, as I understand it, Margaret, is of the RDAs.

**Sir Paul Beresford:** I was hoping the Minister might answer rather than the Chairman.

**Q645 Chair:** I was merely pointing out that the review, as I understand it, was of the RDAs and that regional assemblies are a different department.

**Margaret Hodge:** I think I am right in saying—both Yvette and Phil will know better—that 70% of the people who sit on regional assemblies are locally elected politicians, so there is an element of democratic accountability there.

**Q646 Sir Paul Beresford:** Except many of them do not feel that they should be there. For instance, in the South East.

**Margaret Hodge:** I have met the regional assemblies in discussions about accountability from the RDAs and if you were to interview them as part of the process for this Committee, you would find a huge commitment to their role as monitoring the work of the RDAs. I do not think they would feel that. In fact, they consider the role important, they spend time on it and they value that role. Could we strengthen the accountability structures? I think there are issues around that but it is more about the make-up of the RDA, ironically, than the make-up of the elected regional assemblies.

**Yvette Cooper:** If you abolished the regional assemblies, you would either have to re-invent them or you would end up giving a whole load of additional powers and responsibilities to central government. The work that the regional assemblies do, certainly around housing and planning, is extremely important, and I think it is right that recommendations about the way in which Housing Corporation investment should be spent across the region should come from the region rather than simply being decided in Whitehall. Equally, I think it is important that recommendations around the regional spatial strategy and the plan for the region, the number of houses that are needed, for example, should come from the region rather than simply from Whitehall. So they do have an important function. Clearly, we did have proposals for a directly elected regional assemblies and that was not supported. Nevertheless, it is critical. They do a job and it is a job, in my view, that should be done in the region and not centrally.

**Q647 Sir Paul Beresford:** I am sorry. It sounds as though there are closed minds to this. What I am looking to is the reaction we are getting from local government, who are elected. They should be moving into that role and taking it as a combined effort on their part. They are elected, they do know the ground, they have gross root contacts, etc, and they should, as a combination, be able to do that without the expense and difficulties that we have with the regional assemblies as they are now.

**Yvette Cooper:** Which is either simply re-inventing regional assemblies or alternatively is about individual local authorities simply taking their own decisions for their own areas. There are issues that cut across local authority boundaries, issues, for example, around housing and the number of homes that are needed across a particular housing market and across a region. There are a whole series of questions which do cut across administrative boundaries, and the regional assemblies are made up mainly of local authority representatives across the region. If your argument is that you do not like the
composition of regional assemblies because you do not think they should have outside members from other kinds of stakeholder bodies, voluntary sector bodies and things like that, who currently sit on regional assemblies alongside local authorities, it is a valid argument to make but it is not an argument against regional assemblies. I think it does benefit the regional assemblies to have the different voices as well, but it is clear that the vast majority of people on the regional assemblies should be local authorities so that they can actually reflect the views within their different areas.

Q648 Sir Paul Beresford: But they are not.
Yvette Cooper: Actually, they are. The majority of regional assembly members are.
Margaret Hodge: I think it would be helpful if one thought about what issues you want to be determined and decided at which level.

Q649 Sir Paul Beresford: What I am asking for is a review.
Margaret Hodge: Hang on a minute. We would want most issues determined at the local authority level where that is possible, and that is the whole thrust of government policy, but there are certain issues, and Yvette has mentioned one. We can talk about others. Logistics is one; looking at the supply chain for economic activity is another; looking at skills is another. These are issues which have to be thought about at a regional level. You then have to think what is the best structure within that regional level to get buy-in from all the players. The structure we have is a regional assembly and the majority of people on that come from local authorities; they are elected politicians from local authorities. It is about 70%. If you want that reformed in some way, there are other ways of configuring that, but we do need a regional structure. We do need some structure of accountability and decision-making at that regional level for issues that are best determined at that level.

Q650 Martin Horwood: I just want to ask about the relationship between RDAs and regional assemblies without venturing into the pros and cons of regional assemblies, because I must say, as a traditional supporter of the idea, it is not working in the South West. What proportion of the RDA budgets are actually scrutinised by the assemblies?

Margaret Hodge: All of it.

Q651 Martin Horwood: I do not think that is true in the South West, not by a long way.

Margaret Hodge: It would be interesting to know why you believe the South West one is not working well so that one could look at that and see whether there are ways of improving it. These are relatively new bodies. There are other ways of structuring it, and none of us have a closed mind.

Q652 Martin Horwood: Minister, I am more interested in the fact that you seem to think that they have scrutiny over the whole budget, they simply do not.

Margaret Hodge: Sorry, not the budget. They scrutinise the regional economic strategy, I probably scrutinise the budget.

Q653 Martin Horwood: They do not perform a scrutiny role over most of the RDAs’ spending, do they?

Margaret Hodge: To the extent that the regional economic strategy will then be translated into the budget proposals for the RDA, they will scrutinise it. We have given the RDAs huge flexibility with a single pot bringing all of their funding together, accountability for that, how is that scrutinised? Again, it is scrutinised partly by the regional assembly, partly by the NAO, it is doing its review to see that there is value for money. I will look at the business plans to vet those. I am not sure what else you want. That seems to me a pretty strong answer.

Q654 Anne Main: Many people have expressed concerns about the number of quangos and agencies working in the regions and many of them sit on the regional assemblies. Will you rationalise the number of quangos and agencies working in the regions? If so, which ones and when, or do you have any plans to?

Mr Woolas: The premise of the question implies that there has been a deliberate policy of Government to increase the number of bodies that are generally referred to as quangos.

Q655 Anne Main: I do not think I said that. I said “there are a number of” and are you going to reduce them. I have not said there has been a deliberate plot.

Mr Woolas: The policy that we have in respect of quangos is that some of them will be reduced by merger. For example, it is outside our policy area but the probation service is merged with the prison service to form the national offender management system. The three countryside bodies are being merged into the natural England body so there is a reduction there. Many of the quangos that are referred to in these debates are quite small organisations so the Government’s policy is certainly not to increase the number of quangos but the accountability of them, depending on which of the four structures and relationships they have with central government, I think we have a good record through the strengthening of the select committees, the National Audit Office, where appropriate, and indeed the regional assemblies as well.

Q656 Mr Betts: One of the ideas that has been put to us by some witnesses is that we should return to the idea of having regional ministers, someone who can champion an individual region and act as a direct
conduit between that region and government departments. Is that anywhere on the Government’s radar screen at present?

Mr Woolas: Parliament has its own debate about the Regional Affairs Committee which is there. There is a debate currently as to whether or not the resilience function requires a single ministerial point of view. Our general policy, to answer the question directly, is that through the strategy of local area agreements, of city regions, of getting the right decision taken at the sub-region and regional level, which we believe brings much better joined up delivery of services and much greater financial flexibility to the public sector bodies to get them out of the silos, that case means that the force majeure for a regional minister, as of course there did indeed used to be, is less pressing.

Q657 Mr Betts: Was there any case then to have some more effective parliamentary scrutiny of what happens in the regions because really there is not any at present, is there? I understand there is a wonderful standing committee on regional affairs which last met in 2003/04. Obviously nothing important has happened in the regions since then.

Mr Woolas: I have got a paragraph here that says the line to take and it says, “Be careful, minister, because this is a matter for Parliament”.

Q658 Mr Betts: That committee only meets at Government’s request as I understand it to consider things that the Government wants it to.

Mr Woolas: As I recall from my days in the leader’s office, it can meet if a matter related to regional affairs in England is referred to it by a non-debatable motion passed on the floor of the House.

Q659 Mr Betts: Government controls the business on the floor of the House.

Mr Woolas: Unless it is a matter for Parliament. My predecessor took a positive approach to this by surveying Parliament as to its attitude on this and found a very low response, I think there were only a handful of members who responded. I should also have more help, the Secretary of State is looking at how we should take this forward, this relationship between Parliament and regional policy, and whether or not the Regional Affairs Committee is the best way forward because of course, the analogy is drawn with Scotland, Wales and Northern Ireland.

Margaret Hodge: It does show the complexity of this issue because where do you want your accountability? Do you want your accountability to Members of Parliament, to a part of central government? Do you want accountability to local authority councillors and leaders who come there? Do you want your accountability out of the region, which is a bit what the RDAs are about, with business people out of the region, voluntary sector people out of the region, educational people out of the region. I think you can play those accountability structures lots of ways and then you are down to the question raised by Anne Main that you end up with proliferation. This is not an easy straightforward question, how you get that accountability going and not have a proliferation of bodies which then cost you money and take away from the frontline.

Q660 Chair: Notwithstanding that, there is not any forum at the moment, any formal way, of MPs for a given English region to hold government departments to account. Does the department feel that there is a need for that or not?

Yvette Cooper: I think the lengths of the answers that we have given reflect the fact that this is an area where it would be very helpful to have proposals from the select committee because it is matter for Parliament what happens in terms of the select committees. Personally, I think there is a very strong case for strengthening the accountability around the different regions but everybody will have their own views and this is something that should rightly be decided as part of a parliamentary debate and therefore perhaps a select committee recommendation might be the right way forward in terms of that debate.

Q661 Alison Seabeck: It is my understanding that some government departments do have ministers allocated to specific regions, the Department of Health I know have asked their ministers to take particular regional accountability. Is there any cross-departmental working in the same way that there is for those ministers who have European responsibilities in departments because I understand currently that exists as well. They certainly do get together, but clearly if you have got one department giving ministers responsibility for regions and others not, there is obviously nothing going on within government departments at the moment.

Yvette Cooper: Our department is probably more complex because all of the work we do is about place and so obviously Phil has to work on local government all over the country and equally I will work on initiatives around housing and planning all over the country. Obviously we do have ministers who take decisions around regional planning casework that comes in and also on the regional spatial strategies and so on. Also, around the Thames Gateway we have particularly identified ministers we will talk to within other government departments specifically around the Thames Gateway giving additional importance of co-ordinating across different departments there. It does happen but obviously individual departments will have different arrangements in place because of the nature of the business.

Q662 Alison Seabeck: It is a bit piecemeal, is it not, at the moment.

Yvette Cooper: Part of that is an inevitable consequence. Given Phil’s work around local government, you would not expect there to be a local government minister for the North West, a local government minister for the North East, a local government minister for Yorkshire and Humberside because Phil needs to be talking to local government in every region.
Q663 Alison Seabeck: In a sense, you probably need to be co-ordinating and other government departments perhaps feeding into your hub. The DTI might argue with that and it is part of the debate that we have got to have because it is complicated.

Margaret Hodge: I do not think it would work for DTI. In some delivery departments where they deliver nationally, either health or education, it might work for those sorts of departments. Malcolm Wicks has responsibility for energy policy; I have responsibility for manufacturing policy.

Alison Seabeck: It is quite interesting how it works really, as to how you take it forward.

Q664 Mr Betts: I am going to look at city regions. How important do you think that cities are, particularly to enable Government to achieve the PSA targets about reducing inequalities in growth between the regions?

Mr Woolas: The answer to that question is very. The policy that we are pursuing is based on two underlying principles. The first is that it is desirable for local authorities and their partners to have a greater role in economic leadership and economic regeneration and obviously because economies do not follow local authority boundaries, the multi-area arrangements around what have come to be known as city regions obviously become important.

I would not want the committee to think that would be at the expense of the areas that are not in the city regions nor is it exclusive to the eight core city regions in England. For example, Lowestoft and Great Yarmouth is an economic entity that crosses local authority boundaries, counties and groups of counties have joint economic pastures. The second principle is exactly as Clive has just suggested which is that the city region’s potential to maximise growth through collaboration on those matters which are clearly economic—skills and transport are two examples that come to mind—are the second pillar of our policy.

Q665 Chair: Can I pick you up on that, Minister. One of the documents that we have had is some information about the Leeds city region. I was extremely surprised that city region accounts for 20% of the population, 21% of the business and 21% of the GVA of the three northern regions. In other words, it does not seem to be performing any better than you would expect it to simply on the basis of the size of the share of population who live in Leeds. Does that suggest that city regions are not that brilliant?

Mr Woolas: If you look at the success that Leeds as a city has had, for example, in financial services and look at the success that York has had, for example, on bio-sciences, that success has in part come about because of the deliberate decision and consensus between those two cities as worked out at the city region forum. I believe strongly that there are lots of examples like that around the country where the cities, and therefore the regions, have done better than they would have otherwise done by sensible collaboration. Preston and Blackpool, in terms of retail, would be another example where deliberate decisions have been taken and the recognition that city regions’ economies and their surrounding economies can grow better by collaboration in that way. The State of the Cities Report which received quite extensive media coverage, which was published on 7 March, pointed out that the primary urban areas in England account for 58% of the population and 63% of jobs. The proportion of figures in Yorkshire speak for themselves but the importance overall to our economy of the city regions is significant.

Q666 Mr Betts: Are we going to get a clear policy statement from the Government? Obviously city regions is something that is buzzing around as an interesting idea but we have not yet got a clear statement of Government policy.

Mr Woolas: The answer to your questions will in large part be in the Local Government White Paper which will be published in the next few weeks, obviously there are questions of governance which are high in public debate. The policy that we are pursuing is one to ask the areas themselves what powers and what proposals they think they can best take forward. The series of city summits that we have had around the country starting 15 months ago, looking at the eight core cities in England, looking at groups of towns and cities such as coastal towns, looking at sub-regions in the 56 non-major cities, all of those have prompted a debate to come forward with proposals on powers, financial and otherwise, and flexibilities in terms of their approach to the local area agreements which are now going to be in place everywhere by April next year. What is very, very clear from that is the policy of not having one-size-fits-all is very, very necessary. It is difficult to answer the question in advance of the areas themselves coming forward with the proposals and, of course, the criteria that they will be judged by will be a part of the White Paper.

Q667 Mr Betts: In some sense you are looking for collections of authorities to come together with proposals about what they need?

Mr Woolas: Yes, we think that we have prompted a very positive debate in areas, whether that would be Cumbria where the districts and the county have worked together on various proposals—the democracy commission in Cumbria—whether that be the debate in Bristol and the surrounding area as to what their economic priorities are, what their drivers are and what obstacles there are placed, intentionally or unintentionally by central government and its agencies, to stop them pursuing those strategies has been a very positive debate and we intend that the White Paper will take that forward.

Q668 Mr Betts: We might be waiting for the White Paper to decide precisely what powers might get devolved to city regions. Are we likely to see a situation where only certain city regions are going to be entitled to have these new powers, where there maybe governments saying, “It is all right for you but not all right for you?”.
Mr Woolas: We have clearly said already on several occasions, including in Parliament, that there is a relationship between power and accountability, that Government has a responsibility obviously to the taxpayer and to Parliament to ensure that arrangements which are put in place in sub-regional areas are accountable to the public as well as to the Whitehall departments and ministers, and provide value for money. The horses for courses bespoke strategy that we are pursuing, which I passionately believe is the right one, and I believe there is a consensus for that policy as well, certainly the Local Government Association has a strong support for that approach.

Q669 Mr Betts: That is quite interesting to hear because it seems to be slightly different from some of the news that was coming out at one time which almost seemed to be saying that government is going to decide the right approach, it would offer a great big carrot, maybe not too big a stick but a great big carrot in terms of new powers and new finance, and if local authorities in an area did not really want it, then hard luck they would not get the powers and they would not get the finance.

Mr Woolas: I think there is a hierarchy of powers that is linked to the direct accountability at a local level but our policy is not to have a one size fits all approach simply because of examples which I have given. You could not have an economic strategy in the governance approach in, say, the Southampton/Portsmouth area as you could have in, say, the Black Country.

Q670 Chair: Is there a pre-determined model for achieving the accountability?

Mr Woolas: There is a White Paper process on the way.

Q671 Chair: Is that White Paper going to have more than one model within it?

Mr Woolas: You place me in a very difficult position because I am accountable to Parliament and the White Paper is the property of Parliament when it is published.

Q672 Anne Main: Just on the point of the one size fits all model, and some areas being allowed to be city regions, who is going to decide: the area that wants to be a city region or government? In which case what criteria are you going to use?

Mr Woolas: Once one opens the devolution debate, those are the sorts of questions that inevitably are asked. There are some debates, for example, in the West Midlands as to whether or not Telford and the Wrekin is part of the economic sub-region of the West Midlands or not. I would guess—I do not know—that Telford thinks it should be; whether or not it is, is another question.

Q673 Anne Main: Who makes the decision?

Mr Woolas: Ultimately, of course, the Government makes the decision. That is one of the squares that you have to circle in this whole debate.

Q674 Anne Main: You would have a power of veto over allowing the creation of?

Mr Woolas: Clearly if it involved, as we envisage, a financial arrangement between government departments to try and replicate local area agreements at a sub-regional level then clearly Government would have the final veto over that. I am not aware, having said that, of significant divisions and debates as to the areas that will be covered by city regions. There is something of a consensus because economic data drives it on the whole although there are exceptions.

Q675 Chair: There is a disagreement certainly in the evidence given to us that Crewe and Nantwich, for example, want to be included in the Manchester city region but appear to have been excluded, I am not quite clear who by, presumably the rest of Manchester.

Mr Woolas: By the Greater Manchester authorities.

Q676 Chair: I think there are some problems.

Mr Woolas: This is a fascinating debate, ultimately government decides.

Q677 Anne Main: Do you think Crewe and Nantwich must go in?

Mr Woolas: We could but then my strong guess is that—we are getting into hypotheticals and academia here—the Chair of the appropriate authorities would say we do not wish to co-operate.

Q678 Martin Horwood: In your Government memorandum you said, “The boundaries of city regions are fluid”. I represent a large town which is more or less midway between Birmingham and Bristol, Cheltenham. Could we decide which city region was offering us the best deal in terms of investment or the best deal in terms of taxation and decide to opt for one or the other, or are you going to decide which one we go into without us having any say on that? If we are not in either, what are we in?

Mr Woolas: I am tempted to say that one’s inability to cope with what the implications of devolution are is fascinating. Clearly, there are areas where functions would follow different geographical boundaries. One would have a debate about tourism as opposed to, say, skills and there are parts of the country that are putting forward proposals, local authorities across the political parties and across areas that are putting forward different arrangement proposals on different functions. Clearly what the Government’s policy is to ask local areas to come forward with proposals themselves and in advance of considering those proposals it is difficult to answer specifically.

Q679 Martin Horwood: Who are you asking? Are you asking us or would you ask the city regions in which case presumably there is a scenario in which we would not end up in either?
Mr Woolas: I would guess that if Cheltenham were to propose that it wanted to be part of the city region of Birmingham and the authorities of Birmingham and the surrounding area said they did not want Cheltenham then I guess that view would prevail.

Q680 Martin Horwood: I cannot imagine that happening. If there is a possible scenario in which we are not in either city region then there is an obvious, and that is quite plausible in the current scenario. There is also a real fear in the middling size towns and counties that we are not going to get the ear of government in the way that the city regions would have when they emerge and we will lose out as a result, is that not right?

Mr Woolas: I do not think it is. It is an important point you make, and it has been made by a number of the local authority associations and individual local authorities. We are keen to ensure—this is why I mentioned it in my opening remarks in this section of the questioning—that the arrangements that are there for pooling or relying on funding of the powers that can be devolved, of the simplification of targets, of the financial flexibilities, are there for all areas not just the eight core city regions, I did mention the other smaller cities and towns and indeed the county and rural areas, so that is our policy. Secondly, I want to emphasise strongly that the Government does not see the competition between areas as being one that is competing for scarce resources. We see that just as my example of York and Leeds co-operation have mutual benefits for York and Leeds, then so too if you looked at the coastal towns on the south coast and their co-operation with East Sussex county strategy, you would see that there is co-operation there across different areas. In terms of allocation of funds, of course that is why regional bodies have a role but in terms of enhancing local powers, we want everybody to be part of the process.

Q681 Martin Horwood: That was not quite the question I asked you. For instance, if there was an issue over rail infrastructure or something like that, you can see that it would not necessarily be in the direct interests of the city regions to have new hubs developing for public transport outside of the cities in outlying areas. Would we get the ear of government in the same way in this scenario or inevitably, if you were listening to the regional point of view, would that not end up with you listening to the city regions?

Margaret Hodge: That is why as well as the city regions cities have relationships with each other in their region and you will have a continuing need for a regional development agency or something of that nature.

Q682 Martin Horwood: Which also represents the cities, does it not?

Margaret Hodge: No. They represent the region of which the city or the city region is a part. Cities have relationships with each other on things like transport infrastructure and those sorts of issues need to be determined at that regional level, that is why we have RDAs.

Q683 Martin Horwood: A place like ours would have no distinct voice separate from the city because the RDA would represent the city within it as well.

Mr Woolas: Let me try to reassure you. In practical terms the large conurbations already do act jointly on a number of initiatives, the passenger transport authorities that exist in six areas in England already are statutory bodies at a city region level. There is, in practical terms, an element of the big cities having a big voice already. I would challenge any local authority to say that they have not had a good bite of the cherry. I think the other point that is very, very important is that if you look at how the regions are developing their policies, we already have a situation where there are decisions taken at a regional level, such as transport and there has been some devolution to the regions as you know, there are sub-regional strategies, particularly on an economic point, that are conscious decisions of the region in collaboration with the areas within it, whether they be counties or urban areas of then, of course, there are the local authority areas. The point I want to make is that if one sees, in economic terms, our policy of saying that we believe local authority areas should have greater responsibilities and powers for economic leadership then we are not setting up one area to compete with the other to knock it down, we believe that all boats rise with the tide. The evidence of the summits that we had right across the country, not just the core city ones, was that was exactly the case, that enhanced co-operation led to mutual benefits.

Q684 Anne Main: Does that mean you are absolutely committed to having city regions outside London?

Mr Woolas: We are absolutely committed to asking the local areas what proposals they have and what powers do they need over these issues. If you are asking me if I have a blue print, then no, I do not because you cannot have on the one hand a devolutionary policy and a blue print on the other.

Q685 Chair: Before I bring in Paul can I ask about capacity for these putative city regions. Are you making any provision to enable the city regions to build staff capacity so that they can have added value rather than being a collection of existing authorities?

Mr Woolas: The thrust of our policy is through local area agreements. The four funding blocks for the local area agreements include the crucial funding stream of economic regeneration. Most of the city regions, although not all, look at multi-area arrangements across local authority areas particularly on that fourth funding block. It is too early to say what the precise shape and structure of that should be. What we are not about is the deliberate creation of institutions, we are about the use of powers, particularly financial powers, but the answer to your question is it is too early.

Yvette Cooper: If I can add. Phil talked particularly about the economics side but there are issues around housing and planning that are relevant here as well. I think there is a different way of looking at the city
regions which is to say that they are just particular cases of sub-regional economic markets, or sub-regional labour markets, sub-regional travel to work areas, sub-regional housing markets and so on. Yes, it is the case that cities are often the greatest drivers in terms of economic growth but equally, in order to have sensible housing strategies and in order to have sensible approaches to local plans, you also need to look across the travel to work area. That might include a city, but it might not, for example, it might have three regional towns in it and it will vary from one area to another. That is one of the reasons why it is wrong to think that there is a precise set of arrangements or a blue print for one area that will apply to every other area because if you are looking at what is the housing market, something that happens in one part of the housing market within the same travel to work area will often affect somewhere perhaps in a neighbouring local authority which is within effectively the same housing market. All across the country local authorities are already working together within those kinds of sub-regions in order to look at the housing markets. East Lancashire is a good example of the renewal pathfinder where they are looking together across the housing market at how they work together to address some of the problems that they face. I think it is important to put it in a wider context and the new planning policy around housing, the PPS3, encourages local authorities to do more of that working within the sub-regional framework but that is not an alternative to saying there are still some big regional questions about what the distribution is between the different sub-regions, that is exactly why the RDAs are so important and that is exactly why the regional debate is so important as well.

Q686 Sir Paul Beresford: Can I follow Martin’s theme and expand on it a little. If you have got a region or a sub-regional area where you have got a city region, it is conceivable that for perceived self-defence the smaller towns and the rural areas might want to pull themselves together as a rural region, is that acceptable?

Mr Woolas: If one accepts that the premise of the policy is a greater economic leadership role for local councils and their partners through LSPs and the other mechanisms, then it is wrong to see their coming together as a representative function, they are coming together as an economic function. If you took—I am trying to think of a region to be helpful to you here—Newcastle and Gateshead and the authorities in that urban area as coming together for clear economic and mutual benefit then the idea of Alnwick and Durham coming together as an alternative would not make sense as part of an economic strategy.

Q687 Martin Horwood: I want to come back briefly. You seem to be equating economic interest with being in the same travel to work area. We are clearly in the travel to work area for Bristol, that does not mean our economic interest is always completely aligned with that city so there may be competing and differing economic interests even within quite close geographical proximities.

Yvette Cooper: That is right and there often are.

Q688 Martin Horwood: Housing is a brilliant example because that is one of the beefs we have with the RDA at the moment where we think one level of housing is adequate and in our interests and a higher level frankly is not. If we are going to be regarded as a dormitory for Bristol and the housing is going to be planned on a city regional level, that might well be more detrimental to our economic interests and our quality of life.

Yvette Cooper: That is exactly the kind of issue where the decisions that one local authority takes about housing will have a much wider impact than simply on their own area. If you have a whole series of individual local authorities in a particular travel to work area who all say, “We do not want any new houses, the other local authorities can have the additional homes” and everybody takes that same view so no additional homes are built, overall you have a serious problem because there is rising demand for housing, rising numbers of jobs that require homes and nobody is building them. That seems to be a perfect example of where you cannot have local authorities working effectively on their own and the consequences for people living in every single area will be rising prices for first time buyers. To complete the point, I am not specifically saying that is the choice that your local authority has made at all, I am simply saying housing is a good example of where the sub-regional approach matters. The regional approach also matters because at the regional level you are able to take account of
different things and the relationship between different sub-regions but the housing market level matters as well.

Q690 Martin Horwood: The point is if somewhere like ours is accepting 8,500 new houses and there are other areas which think they are not getting enough housing, if there are rural areas and smaller towns and villages, places like Cornwall which think they are not getting enough housing, then one of the obvious responses to this is to hand more democratic accountability down but you seem to be saying precisely the opposite, you are saying in the end the Government and these new city regions are going to say “There is a regional issue here, so tough”.

Yvette Cooper: If there are more homes which are needed either within that sub-region or within that region, it is far better that the recommendations should come from a sub-regional housing market from local authorities working together, being honest about their problems and facing up to them and far better that recommendations should come from the regional assembly through a regional spatial strategy than it simply all being drawn up centrally.

Q691 Martin Horwood: Do you imagine them being able to turn around to you in a way that the regional tier is not at the moment and say, “We do not want this level of housing here. We do not think it is economically viable or viable in terms of quality of life or ecology”? Would you give them that right?

Yvette Cooper: What they need to do is what they are supposed to do in the current process which is to look properly at what their housing need is within that sub-region. One of the things we are in the process of doing is setting up a new national advice unit to provide much better localised information, regionalised information about what the level of housing need is, what the level of housing demand is, what the consequences are for house prices and so on so that decisions can be taken on the basis of much more rigorous information about what is happening in housing markets rather than it simply being based on a particular preference of an individual local authority about how many homes they do and do not want.

Q692 Martin Horwood: That is obviously good. When you say they are supposed to do what they are supposed to do, supposed by who; by you presumably?

Yvette Cooper: If they do not, what is the consequence for people who live in that area? What we are asking individual local authorities and sub-regional housing markets to do is to look honestly at what the demand for housing is and what the need for housing is in their areas. That is why we have a whole process where we have independent panels who then test those processes, independent panels who then test the evidence in order to find out are the local areas facing up to what the needs and the demands are or are they not. I think it is right that they should be tested and that is the way the system works.

Q693 Mr Hands: First of all, can I apologise for having missed the start of this presentation. If my question was covered in that then I do apologise. I am very concerned about what you seem to be saying, that there are no clearly defined or objective criteria for deciding what a city region might be. The impression was that it is all down to the local people and to local choice to themselves define whether they are a city region or not. Correct me if I am wrong if that is your central premise. One of the things that greatly troubles me with this is the potential for people to see this as being in places politically motivated, by which I mean, let us say if you take—and you know the region better than I do but say—Manchester, where there might be a natural feeling on behalf of the City of Manchester to grab some of the outlying areas of Manchester in Cheshire, grab a larger tax base, but not give those areas of Cheshire so much representation that they have a risk of losing political control of the city region. Unless you have objective criteria, how are you going to avoid charges which might be made by the people of certain parts of Cheshire that they are subject to a tax grab where they are not going to be given any say as a result of the city region.

Mr Woolas: Let me try and answer your very important question that you have put which we did not fully cover in detail before. Of course there will have to be a decision and if there is not a consensus coming forward from an area then clearly the Government will have to decide, but to reassure you on the example that you give, the city region—to use that phrase—of Greater Manchester, which consists of the ten Greater Manchester authorities, exists by consensus of those ten authorities. The possibility of grabbing a bit of Cheshire would not come about because first, we would not let them and secondly, Cheshire would not cooperate and it would not be possible therefore to reach an agreement. This is based on financial agreements with the local authorities in the areas.

Q694 Mr Hands: Would it be fair to say that nobody will find themselves in a city region unless they themselves want to be in it? In terms of a local down to a district council level.

Mr Woolas: It is certainly the case that we are moving forward on consensus. If you take Greater Manchester, as you rightly say, it is the one I personally know best, there is a political consensus across the ten councils to move forward together on some of these areas. If that political consensus broke down, which could be within the political parties because of geographical interest as well as between the political parties—in fact, I personally think that the former is more likely—the process would not be able to go forward in a strong way. That is, in part, why we link powers to accountability. In conception we have to understand that it is the public who hold these things to account ultimately but I think you should be reassured because it is certainly not our intention, our intention is to allow councils to co-operate particularly on economic matters. We are waiting for their proposals, as part of the White Paper process, so we have got our hands
a bit tied behind our backs as your committee deliberates on this because we are waiting to see the proposals for the area ourselves.

**Q695 Lyn Brown:** I do apologise for having to come in and out. Can I go back to Greg’s question and talk about Greater London and whether or not there are any suggestions that there might be a move to expand the boundaries of Greater London. I presume to provide access to the sea. I wondered whether or not this would be made on a consensus and, if so, of whom?

**Mr Woolas:** The White Paper process will not involve changing the boundaries by which I mean that if there is consensus in an area to abolish a boundary then that might happen but we would not do what the previous review, the Banham Review, did of looking at moving boundaries for obvious reasons, well maybe they are not so obvious. There are proposals in some of the areas to co-operate across local authorities outside of their sub-regions. You could take, for example—I am trying to choose one that members will be familiar with—tourism in the North West, there is a clear relationship between the Lake District and Manchester, Merseyside and the West Riding of Yorkshire and greater co-operation on that makes a lot of sense. There is not a lot of sense in coming together on bus transport between Barrow and Stockport. We do want to encourage that flexibility for arrangements across but I would emphasis again that the foundation stone of this policy is the local area agreement and that is an agreement.

**Margaret Hodge:** For Lyn’s area, because it hits mine too, there is co-operation on the Thames Gateway which goes across a whole range of authorities outside Greater London, three RDAs and when I was engaged more directly there was some really innovative work being done around skills and education with a huge number of higher education and further education institutions to try and get better skills standards and higher education qualifications among the people in the Thames Gateway. Around issues like that, there is co-operation even beyond the boundaries of London.

**Q696 Mr Betts:** On the issue of accountability, I do not want to tempt you, Minister, down the road of telling me what is going to be in the White Paper, but you can at least probably tell us what is current departmental policy even before the White Paper is issued. One time it appeared that you were only going to give them the powers for a city region if they also agreed to an elected mayor. Virtually every witness who has come in front of us, apart from the IPPR, who has a connection with local government in city regions has said we do not want elected mayors, that would kill any developments stone dead. I think at the same time the Secretary of State was saying at the Labour Party conference that “All right, elected mayors may be a little bit more on the back burner but models will still need more than an informal partnership working”. Where does that leave us in terms of accountability and methods of Government decision making?

**Mr Woolas:** We have seen that the White Paper process as being a very open evolutionary process which started with the local vision debate in spring 2004. We have talked openly in that process about the criteria that could be used to judge these things. Clearly value for money for the taxpayer is an important criterion. Secondly, the neighbourhood empowerment agenda, what is referred to no doubt by the IPPR as “the localism” is very important. Our third point touches exactly on where you are questioning. We see the hierarchy between powers being linked to accountability. You have to have clear strategic leadership if you are to devolve power, particularly over significant sums of public money. We believe that the accountability arrangements for that executive power are as important as the executive power itself. Therefore, we will be waiting for proposals from areas themselves and we will link the devolution of powers to the strength of the accountability. You quite rightly say that to some extent, I am certainly not keeping a secret in my back pocket and not sharing it with you but to some extent we have to wait for the detail of that criteria to be published in the White Paper.

**Q697 Mr Betts:** Are you waiting to receive those proposals then with a presumption that there will have to be some form of direct election in order to have a strongly accountable system or would you still be looking at the possibility that systems could be accountable enough, even if they did not involve direct election.

**Mr Woolas:** What we have tried to do over the period is to encourage local authorities individually and together where appropriate, to be radical in their proposals. That is something we have done with the Local Government Association’s co-operation and built a strong consensus on that. We are obviously aware at an official level as well as a ministerial level of the evolving proposals in those areas, not just the eight core cities that are elsewhere, particularly in the counties. We have been encouraging that and looking and testing some of the problems that are emerging, particularly on financial arrangements and whether or not statutory changes will be needed and what statutory changes they would be. As I said before, once you accept that one-size-does-not-fit-all, the powers and arrangements that your area would need are different from the powers and arrangements that say Cornwall would need for obvious reasons. We see this as an evolution and a debate that will have conclusions drawn in the White Paper.

**Q698 Chair:** For example, Manchester is suggesting a cabinet system, that is a possible system for delivering accountability.

**Mr Woolas:** I will give you the spectrum of suggestions if that is helpful. Some people, although there is not a consensus as Clive has said in any of eight areas, want a city region mayor; some people do not want executive power to lie in the hands of an individual appointed by the constituent local authorities; some people are debating the idea of a
federal leadership whereby all of the councillors in the area, across the local authorities, would themselves elect a leader for the city region or indeed a county area. There are a range of debates taking place. Some people are looking at the idea of a directly elected executive as opposed to a directly elected mayor for the local authority area. What the White Paper process has to do is draw the boundaries on what is possible and what is not because whilst we say one cannot have a one size fits all and one has a devolutionary approach, there are limits to that which could not allow, for example, a local authority to choose to abolish its ward boundaries, even though maybe in some areas they would want that. That is the range of debate that is taking place and, as I say, the criteria that we have already mentioned includes that accountability.

Q699 Anne Main: On that point, can I ask you to flesh out a little bit more, because one of the criticisms against the regional assemblies is that some of those people serving on there are not elected. Are you saying that any new model would have people directly elected only on it or do you envisage a percentage still being non-elected members whatever model we have?

Mr Woolas: Crudely put, the greater the direct accountability, the greater the powers that will be available. It is called democracy, holding people to account.

Q700 Mr Betts: Whether the public want another set of local elections?

Mr Woolas: Again, the proposals that come forward from local areas will have to look at democratic arrangements, they will have to take a judgment on that.

Chair: Thank you very much indeed, Ministers.
Written evidence

Memorandum by Essex County Council (RG 92)

Executive Summary

1. Essex County Council believes regional government is deeply flawed. It is unaccountable and lacks resonance with the general public. The region is too large a structure to be an effective form of governance; it ignores or downplays the very real differences that exist among its constituent parts.

2. In spite of the November 2004 North East vote, it appears central government is set on a regional programme, with police and health restructuring indicating the future direction of policy. The current focus on size and uniformity rather than ability to do the job is likely to damage service delivery and citizen satisfaction.

3. Almost half of England’s population live in county areas. The model of the core county or county region should be factored into the current debate around core cities and city regions.

Is there a Future for Regional Government?

4. The answer, in short, must be “no”.

5. The nine English regions are artificial constructs that see Liverpool and the Lake District brought together in a North-West region, Swindon and the Scilly Isles sitting at opposite ends of the South-West region and Thurrock joining Fenland in the Eastern Region. Too large and too diverse, they lack both social and economic cohesion.

6. This is reflected in the fact that in 2000, only 7% of polled Essex citizens identified “their” region correctly. Three years later, the percentage had not changed. Nearly a quarter (24%) believed Essex was part of the “South East”.1 There is little reason to believe the situation has altered a great deal in the last three years.

7. The North East referendum result of November 2004 showed that, even in an English region with a common shared identity, there was little support for regional governance. Academic analysis suggests that the “No” vote was driven by a concern that regional government would waste money and lead to higher taxes, while having little impact in boosting the region’s economy or voice in Europe.2 The conclusion must be that people fail to identify with their region; they also fail to see what positive elements regional government adds to the mix.3

The Local Context

8. Essex has a population of 1.3 million (1.6 million if the unitary authorities of Southend and Thurrock are included)—some 24% (or 30%) of the regional total. The value of total production within Essex was an estimated £16,528 million in 2002—the county’s economy the tenth most valuable in the UK and the second most valuable economy in the East of England.4 Yet only 20% of the Regional Assembly’s current membership represents Essex constituencies. Essex’s opinion does not carry the weight the county’s demographic and economic position would lead one to expect.

9. This is particularly problematic when one considers that many of the issues our county faces—housing, economic development, and transport among them—differ from the challenges faced by our regional colleagues.

10. Essex is London-facing. Essex’s policy issues have more in common with those of the capital and its satellite counties than Norfolk or Peterborough. Whilst we actively work with other Eastern authorities where a community of interest exists (Haven Gateway, Stansted, 2006–07 finance settlement) there are few instances where close collaboration is possible.

11. The same must hold true for a number of other authorities in this and other regions—regional government ignores very real differences. The counties, economies and issues that exist within regions are too diverse to be lumped together.

12. Regional government is too remote to adequately address the needs of citizens. It is also unaccountable. At present no-one is directly elected to a seat in regional government—but even if we hypothesise that an elected Eastern region assembly were introduced, the draft Regional Assembly Bill suggests each assembly member would have c 200,000 constituents. In comparison, the average Essex-based

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Westminster MP represents 94,000 citizens, and the average county councillor represents just over 17,000. A strong link between elected representatives and voters is critical if we are to ensure the public sector delivers excellent, and accountable, services.

13. Our recent experience of negotiating a Local Area Agreement has highlighted the wide divergence between what local people value and what regional government considers important. Among local partners, regional development agencies and assemblies are too often felt to be a brake on effective working and progress.

Devolution of Powers

14. We have argued for a number of years that central government should promote greater autonomy for strong performing local authorities, not the devolution of power to regions.

15. As a county council, Essex believes strongly in devolving decision-making powers. We are committed to letting local people decide on issues that affect them and we would welcome greater devolution of powers from both the centre and the region to the sub-regional level. There are no obvious operational barriers to devolving those powers that currently reside at the regional level to county councils.

16. The Audit Commission’s latest CPA results show that 41% of county councils are 4-star authorities—including Essex. In comparison, only 25% of metropolitan borough councils, 21% of London boroughs, and 19% of unitaries have been awarded the four-star designation. County councils are effective, accountable, and grounded in a geography that resonates with local people.

17. Regional assemblies, development agencies and other quasi-autonomous non-governmental organisations operate in an increasingly crowded public sector. Local authorities, though, have a unique selling point—democratic legitimacy. We should see it as a source of pride that local electors have the opportunity to vote out their local councillor, and as a cause of concern the citizen has no source of redress if unhappy with the policy emanating from the region or those bodies that deliver the region’s agenda.

18. Regional advocacy of social and economic development and environmental protection is similar to the role of local authorities as set out in the Local Government Act 2000. Local government is increasingly a commissioner of services. Regional government seeks to operate in the same sphere. The question arises as to what extent the duplication of roles is desirable.

19. EEDA often appears to act as an unnecessary filter between central and local government. It is inherently inefficient for local authorities and other local providers to bid for public funds as every bid submission has an opportunity cost attached.

20. Paradoxically, large regions lack economies of scale. They are top-heavy—EEDA forecasts that it will spend 8% of its budget on administrative running costs in 2005–06. While accounting protocols differ between regional and local government, based on CIPFA’s Finance and General statistics, Essex County Council in 2004–05 spent around 1.6% of its total budget on non-direct service related functions (classified “as central services”)—with the typical county council spending 1.9% on these central services.5

21. There is, of course, a need for some administration to ensure funds are directed to where they will have greatest effect. Yet this can happen at the local level. Local Area Agreements have shown local authorities are able to act as local commissioners and/or deliverers as appropriate. We have an obligation to ensure public money is spent wisely and it is not clear to what extent the regional assembly or the RDA adds value to the process.

22. The public sector should be judged on its deeds, not its words. It is local government, that educates the young, that keeps the environment clean, that provides adult social care services to the elderly. These are important tasks that need to be responsive to local need.

Size Shouldn’t Matter

Police and health restructuring

23. Counties have been the basis of England’s police outside London for as long as there has been an organised police force. There is no logical reason for regional or sub-regional police forces. Nor is the Home Office’s assumption that 4,000 officers is the minimum level at which a police force can function effectively at all obvious.

24. West Mercia is the country’s best performing police authority. It has 2,500 officers and is destined for a four-way merger with the West Midlands, Staffordshire and Warwickshire constabularies. Yet West Mercia is proof that quality of policing matters more than adherence to an arbitrary number of officers. Essex Police has 3,230 officers and, in the opinion of both the Essex public and the government’s own

inspectorate, performs well.\(^6\) In its most recent inspection it had stable or improving performance across the board. Moreover, Essex Police have consistently exceeded government efficiency targets over the last five years and have one of the lowest levels of police expenditure in the country.

25. If Essex Police were to merge with other, higher precepting, forces in the region, Essex citizens would have to pay more council tax. Our analysis suggests that if Essex merged with:

- Suffolk and Norfolk, the police precept would rise 14%;
- Hertfordshire and Bedfordshire, the police precept would rise 5%; and
- the whole region, the police precept would rise 15%.

26. In return for increased council tax, Essex citizens would receive a less effective, less accountable service.

27. As with policing, so with health. Both Ambulance Trusts and Strategic Health Authorities are likely to become regional bodies, although there is no clear reason why either would provide a more effective service if run regionally.

28. When examining government plans to alter current Primary Care Trusts, the Commons Health Select Committee suggested it took 18 months after a restructuring for organisations to recover and hit their former service levels—and an additional 18 months for substantive improvements to be seen.\(^7\) Unfortunately, it is the tax-paying general public who receive an inferior service in the meantime. While there may be a case for slightly larger structures here what must be recognised is that what PCTs currently lack in scale, they make up for in responsiveness, local focus, and local accountability.

\textit{City regions and core cities}

29. Since November 2004, much has been made of the concept of core cities or city regions. It is plain that cities exert a pull on their surroundings. It is also true that in for much of England beyond the urban north of the country, the economic geography of growth maps closely onto county boundaries. To take Essex as an example, 71% of residents work in the county, and 85% of people who work in the county are also residents.

30. London and Manchester aside, the Essex economy is worth more than that of any major UK city. If an expanded Birmingham can be viewed as an economic entity, then so can Essex.

31. Analysis shows that Essex more than holds its own against the eight conurbations labelled core cities by Mr Miliband. Picking three key economic indicators, Essex has:

- a greater proportion of its working age population economically active than any core city;
- an unemployment rate lower than any core city; and
- a lower proportion of public sector employees than any core city.

32. There is no need for uniformity. Central government must recognise, and accept, that local circumstance will dictate the structures that evolve. Whilst the core city may be a valid model in metropolitan areas, the concept of the core county is equally valid in areas with a diverse rural/urban mix.

33. Regional cities, core cities, or city regions are simply an acknowledgement of the influence an economically successful location can have on its environs. What they are not, and what they must not be allowed to become, is an inappropriate role model, fragmenting current, successful, administrative structures.

34. Co-operation among local authorities, businesses and community groups to improve the local environment is part of day-to-day governance. Essex is working with:

- London boroughs, unitary councils, businesses and the voluntary sector to ensure the Thames Gateway offers people truly sustainable communities;
- Brentwood district council, Thurrock unitary and the London boroughs of Barking and Dagenham, Enfield, Havering, Newham, Waltham Forest, and Redbridge in an informal senior level partnership to discuss issues of mutual shared interest such as transport infrastructure, social worker retention, procurement, and shared resources; and
- the full gamut of public sector, community and voluntary sector, and representatives of the private sector as part of our cross-cutting Local Area Agreement.


CONCLUSION

35. David Miliband recently wrote that he wanted “strong leadership; a focus on the neighbourhood level; innovative service delivery; and value for money” from local government.8 We believe local people want the same and that is why Essex has been delivering these for many years.

36. Regional government is flawed. It is too remote, lacks accountability and is based on questionable bureaucratic logic not natural communities. It duplicates work done elsewhere by other more effective, more accountable parts of the public sector.

Memorandum by the Association of London Government (ALG) (RG 93)

The Association of London Government (ALG) represents all 32 London boroughs and the City of London, the Metropolitan Police Authority and the London Fire and Emergency Planning Authority.

SUMMARY

(a) London is the only English region with any form of elected strategic government. As such, its experiences since the creation of the Greater London Authority in 2000 can contribute to the Select Committee’s work on regional government, particularly in view of the current interest in city regions.

(b) The Commission on London Governance, a review undertaken jointly by the ALG and the London Assembly, has concluded that regional government is now firmly established in the capital and is accepted.

(c) It is regrettable that the Government’s current review of the Mayor of London’s powers is not examining London governance more widely. This may lead to a failure to appreciate that changes to one tier of government have implications for other tiers.

(d) It is crucial to recognise that appropriate strategic powers for a regional authority need to be balanced by adequate influence for local elected representatives. Services are experienced by the public at the local level. Accountability must exist at this level, and mechanisms are needed to feed local experience and priorities into regional strategy-setting. Examples are quoted from London in relation to housing, learning and skills, health and policing.

(e) There is need for London’s borough councils to be appropriately represented on the boards of the Greater London Authority’s function bodies for transport, policing, fire and economic development. A “constitutional settlement” defining how regional and local government should work together is advocated.

(f) The Government Office for London has not been scaled down in response to the creation of a regional tier of government. This contrasts with the position following Scottish and Welsh devolution, where the Scotland and Wales Offices have been reduced in size and scope.

(g) Confusion and complexity arises from the many quangos operating outside the ambit of regional or local democratic accountability. Devolving powers to the Mayor of London from central government and national quangos would improve the quality, efficiency and accountability of public services.

(h) Much progress has been made in London on co-ordination at borough, sub-regional and pan-London levels. Examples are given of partnerships that contribute to the overall governance of London.

LESSONS FROM LONDON

1. The creation of the Greater London Authority in 2000 made London the first English region to gain a form of elected strategic government. With the public’s rejection of a regional assembly in the Northern region in the 2004 referendum, London remains the sole working model. Some purists might seek to question the extent to which London is a region in anything other than a technical, administrative sense. It is a continuous urban area, with no equivalent of the mixture of separate cities, smaller towns and rural communities found in varying degrees in all eight other English regions. A number of London’s most distinctive characteristics such as its role as the United Kingdom capital, its global city status, and the extent to which commuters from outside the boundaries of London local government contribute to the city’s economy and use its services and facilities, are not replicated elsewhere.

2. There are, however, many factors about London which are valid in any examination of English regionalism. These include the diversity and mobility of its population; the significance of regional transport issues to the city’s economy and quality of life; different policy priorities and pressures between inner and outer London; urgent demand for more housing which can be met only by collaboration, and relationships between central, regional and local government as processed through the regional Government Office. London’s experience offers lessons to the rest of the country, particularly given the current interest in the possibility of introducing city regions spanning the boundaries of a number of local authorities.

3. The Commission on London Governance (CLG), a review undertaken jointly by the ALG and the London Assembly, concluded in its final report (A New Settlement for London, February, 2006) that: “Regional government is now firmly established in the capital and accepted. London’s local and regional government is working well: there is cross-party working in both the Greater London Authority and the Association of London Government.” This overall assessment is endorsed by the ALG. Not everything is ideal, but the focus is now on refining and improving London’s regional government rather than questioning its existence. No significant body of opinion is advocating a return to the fragmented, pre-2000 London.

4. An opportunity to re-examine some aspects of regional government in London has been provided by the Government’s review of the powers of the Mayor of London and GLA on which consultation closed last month. The ALG responded to the review and this document draws on policy positions adopted in our response. It is a matter of regret that the Government has chosen to restrict its review’s terms of reference to the GLA’s responsibilities. For any tier of government to work effectively it must collaborate with other tiers and bodies, and this is certainly the case with London’s regional tier. The London boroughs remain the core units of local government in the capital. While we favour increasing the Mayor’s powers where appropriate, there is a danger that reviewing the regional tier in isolation may lead to a failure to recognise the consequences for other tiers that would result from change at the strategic regional level. A more broadly-based review of the way London is run would also be more able to address the extreme complexity of the capital’s overall governance arrangements, which the Commission on London Governance has identified as a barrier to service efficiency and public engagement.

5. The GLA was set up as a form of strategic government for the London region. Experience has shown the importance of emphasising and maintaining the distinction between the London-wide strategic function and the role of the boroughs. Obviously, however, this does not mean that the boroughs and London’s local communities lack an interest in London-wide strategic decision-making. Appropriate strategic powers for any regional authority (in London’s case the Mayor) therefore need to be balanced by adequate influence for local government. In London’s case this is the boroughs. Members of the London Assembly do sometimes raise relatively local issues at Mayor’s Question Time and elsewhere and the ALG is in favour of strengthening the Assembly’s powers, perhaps by enabling it to block implementation of mayoral strategies by a two-thirds majority. No part of the Assembly’s function, however, is to act as a substitute for elected London local government. It is essential that the boroughs have adequate input at the regional level: a few examples from the current consultation on extending the Mayor’s powers may illustrate this point in ways relevant to the Select Committee’s consideration of regional government elsewhere in England.

6. Housing: The ALG favours transferring the current responsibilities of the London Housing Board to the Mayor. It also supports giving the Mayor decision-making powers over investment in new housing supply. The wider the Mayor’s housing powers become, however, the more difficult it is likely to be for the boroughs to decide local investment priorities and implement their own statutory housing powers. So any increase in the Mayor’s responsibilities would need to be accompanied by consultation requirements and mechanisms for the boroughs to influence the Mayor’s decisions.

7. Learning and skills: The ALG favours replacing London’s five Learning and Skills Councils by a single regional body, with the Mayor gaining greater strategic direction of learning and skills policies. A new London-wide organisation might be a functional body of the GLA or take on some other organisational structure. The Regional Skills Partnership recently set up in London would provide an appropriate basis from which to develop such a strategic body. There are major problems in the London labour market, where more than 700,000 people have no formal qualifications, and the present arrangements have proved inadequate at resolving them. Yet the London-wide setting of priorities and targets is only part of a set of issues that need to be tackled if Londoners and the capital’s economy are to be equipped with appropriate skills. The boroughs are most closely linked to London’s disparate local economies and labour markets, and they too need to be able to influence strategic direction of learning and skills provision. We have a general concern about creating too many GLA functional bodies; in some cases the devolution of quango responsibilities directly to the boroughs, particularly of any commissioning and operational responsibilities, may be appropriate. That would leave the Mayor to act at the strategic level.

8. Health: As with the argument for a single regional learning and skills body, the ALG favours the establishment of one strategic health authority for London. To be effective, however, this would have to work with and include representation from the boroughs as well as the Mayor because most of the activity that affects individual health outcomes, ranging from the encouragement of exercise to action to combat drug and alcohol abuse, takes place in local communities and local government locations such as schools. There is, in addition, an immense overlap between social and health care, demonstrated by the many joint trusts and pooled budgets that exist between the NHS and local government, and the Government’s recent White Paper “Our Health, Our Care, Our Say” signals an increased role for local authorities in this area. There is, in addition, an immense overlap between social and health care, demonstrated by the many joint trusts and pooled budgets that exist between the NHS and local government, and the Government’s recent White Paper “Our Health, Our Care, Our Say” signals an increased role for local authorities in this area. For such reasons it is essential for the London boroughs to be represented on any strategic health board for the capital.

9. Policing: Some aspects of policing make it an example of a natural regional service, and the Government is currently moving towards reorganising forces in England and Wales into larger regional or sub-regional units. As London’s experience shows, however, policing is in other respects also one of the most local of services, with public priorities influenced by the particular and differing nature of communities. The
public, through their elected local government representatives, therefore need two things. Borough councils must have adequate contact with police commanders at local levels, and also formal opportunities for influence to ensure that local priorities carry sufficient weight at the regional. Metropolitan Police Authority led by local Government’s Police and Justice Bill, giving local authorities via ward councillors a statutory role in demanding police action on local crime issues, will build on the successful work of Safer Neighbourhood Teams: such initiatives demonstrate that the Government sees local issues as of vital importance in crime reduction policy.

10. Two related points link these examples, and others that could be given in fields such as planning and waste management. One is that services are experienced by the public at a local level, making it a democratic imperative that adequate accountability exists at local level even when services are of a regional nature. The other is that the local voice needs to feed into regional strategy-setting. It is for the Select Committee to reach a view on the appropriateness or otherwise of any case for extending regional government in England, but London and other regions are not one-size-fits-all locations. Public needs and priorities vary within regions, which in London’s case makes it appropriate and necessary that stronger powers for the Mayor should be accompanied by greater influence for the boroughs. It must be emphasised that there is nothing contradictory about this position: advocating stronger borough influence does not call into question the case for having regional and local tiers in London. It is simply that, as we argued in our submission to the Government’s review on the GLA, the Mayor’s strategic role in areas such as public health and policing sits alongside a very separate local dimension. As we said then: “This means the boroughs have to be built into London’s institutional arrangements otherwise the local dimension—the things that matter to people in their neighbourhoods and communities—easily becomes overshadowed.”

11. The ALG would favour formally addressing the implications of the above issues through a “constitutional settlement” for London which would codify how regional and local government in the capital should work together, setting out the rights and responsibilities of each tier. There is also growing interest in London governance circles in setting up a Senate for London which could link the tiers, possibly giving the local government tier a role in developing and revising the Mayor’s strategies.

12. A distinctive feature of the GLA structure is its functional bodies, which are Transport for London, the Metropolitan Police Authority, the London Fire and Emergency Planning Authority and the London Development Agency. Each has its own board, but these are constituted in different ways. London Assembly members and borough councillors are, for example, barred from serving on the Transport for London board, while the London Fire and Emergency Planning Authority board consists entirely of Assembly members and borough councillors nominated through the ALG. The Commission on London Governance has recommended that the GLA’s functional body boards should become more representative of London’s government as a whole. Assembly members and borough councillors, says the Commission, should form a majority on the boards of all existing and future functional bodies. Adopting such an arrangement, which we support, would help strengthen the ability of local government to ensure that the boards of these arms-length regional government services took proper account of local factors and the views of people across London.

13. Regional and local government are, of course, not the only tiers of government in London. As the Analytical Report (2003) of the Prime Minister’s Strategy Unit’s London Project expressed it: “central government has by far the greatest impact on strategic issues facing London.” National government will clearly always have a particular interest in the capital and, in common with the rest of the country, the influence of the centre in London is strongly reinforced by the current local government finance system, extensive target-setting and other centralising factors. Particular concerns are felt throughout London governance that there has been no decline in the scope or size of the Government Office for London since the introduction of the GLA. This contrasts with the position following Scottish and Welsh devolution, where the Scotland and Wales offices have been scaled down to very small institutions with tightly-defined duties. It may perhaps be the case that the other English regions retain the need for Government Offices’ current full range of responsibilities, but in London the position should be revised to reflect the existence of a regional tier of government. It must be noted, however, that the size of the Mayor’s staff has also greatly exceeded the Government’s original projections, as have costs. The existing arrangement for financing the GLA through a precept on the boroughs undermines the Mayor’s accountability. This could be remedied by giving the Mayor an independent and visible funding stream such as a slice of business rates or a tourist tax.

14. The above paragraphs will hopefully have addressed many of the specific issues that the Select Committee has indicated it will be considering as part of its examination of regional government. Some of the specific points identified by the Select Committee are more relevant than others in a London context but, taking each one briefly:

15. The potential for increasing the accountability of decision-making at the regional and sub-regional level, and the need to simplify existing arrangements. As the Commission on London Governance has identified, much confusion and complexity arises from the activities of quangos operating outside the ambit of regional or local democratic accountability. The ALG supports the Commission’s view that devolving powers to the Mayor from central government and national quangos would improve the quality, efficiency and accountability of public services. The five London learning and skills councils, for example, have a collective annual budget of about £1.2 billion but are not democratically accountable locally: some do not have a single councillor on their boards. As we have argued above, the potential of the boroughs to undertake
commissioning and operational co-ordination at borough level needs to be recognised, rather than simply replacing the existing LSC structure with a mayoral skills body which would be equally distant from local issues.

16. The potential for devolution of powers from regional to local level. As we have explained there are instances, such as policing and public health, where some aspects of activities are most logically regional responsibilities while others are local ones. On occasion, there will inevitably be differences of opinion over which tier is the more appropriate. The ALG, for example, does not support the Mayor’s view that a single regional waste authority for London should be established as a mayoral agency. We believe any change from existing arrangements should be to one where the boroughs are individually and collectively responsible, while giving the Mayor an appropriate role in ensuring that national and regional targets are met.

17. The effectiveness of current arrangements for managing services at the various levels, and their inter-relationships. As we have indicated in the course of this submission, much of our current concern is about activities which are outside the sphere of democratic accountability at either regional or local level. So far as functions that are the responsibility of local and/or regional government are concerned, much progress has been made in London in recent years at co-ordinating approaches at borough, sub-regional and pan-London levels. A number of partnerships, some hosted by the ALG, contribute to the overall governance of London. These include the London Centre of (Procurement) Excellence, the London Resilience Team and the Olympics Joint Planning Authorities Team. Capital Ambition, a project involving both the boroughs and GLA which will lead to London local government taking a collective approach to securing service improvement, has just been launched.

18. The potential for new arrangements, particularly the establishment of city regions. London is a widely diverse collection of communities: it contains metropolitan centres on the scale of large, free-standing towns in other parts of England, and residential areas which display highly distinctive characteristics. While the parallel with other parts of the country is not exact. London’s experience since 2000 of combining regional and local government in an urban setting can provide evidence to inform opinions about English governance more generally. Similarly, the committee’s reference to the impact which new regional and sub-regional arrangements, such as the city regions, might have upon peripheral towns and cities is understandably not cast in a London context. London does, however, have examples of very distinct local economies, areas of severe deprivation, prosperous suburbs and an array of different types of town centre and out-of-town retail facilities, all of which to some extent mirror conditions elsewhere.

19. The desirability of closer inter-regional co-operation (as in the Northern Way) to tackle economic disparities. London’s biggest example of a project requiring inter-regional co-operation is clearly the Thames Gateway. One of the most powerful lessons to date is the need for clearly-defined decision-making structures in activities which can involve bewildering number of different organisations.

Memorandum by COVER/VCS—East of England (RG 94)

VCS INTEREST IN REGIONAL GOVERNMENT

— Influence: VCS wants to influence every layer of Government given that Governments take and spend 40% of our money and control (partly from EU) 100% of the regulatory framework shaping our lives. At the regional level for the VCS it is about influencing regional planning and investment and monitoring local delivery.

— Devolution: VCS is interested as a matter of principle in devolution/distribution of power down and away from the centre to the regions: Scotland, Wales, Northern Ireland, English regions. It may make for better decision making in terms of meeting regional/local needs.

— Partnership working: VCS is interested in testing the cross sector Stakeholder/partnership model for planning, investment and commissioning of services.

VCS REFLECTIONS ON THE THEORY/PRACTICE OF REGIONAL GOVERNMENT BASED ON EAST OF ENGLAND EXPERIENCE

— Regional structures: Overall disappointment in that they reflect national rather than regional views; devolution up not down:

— Regional Assembly: EERA, the East of England Regional Assembly is largely ceremonial and only meets twice a year; the Executive, Panels and Partnerships are run by the officers and have done a reasonable job in reconciling regional public sector, party political, business and community interests into accepting contentious National Government Growth Plans, targets and levels of investment for the region.

— Regional Development Agency: EEDA has developed a Regional Economic Strategy that is uncritical of the Government’s Growth Strategy for the region and supports contentious proposals like Stansted airport growth.
— *Government Office:* Go East has a complicated job: Go East tends to be blown around by a welter of government initiatives including: the Gershon savings plans; the government initiatives on remodelling LSPs, on developing LAAs, on restructuring Health and Social Care; and the impending proposals to restructure Local Government embracing the Commissioning out of Public Services, and the moving of government at local level from providers to enablers of services.

— *Regional Partnership Group:* An emerging, exclusive (VCS excluded) and rather secretive Public Agencies group set up to prioritise regional delegated spending on planning, Social Housing and Transport.

— *Regional plans/investments:* Mostly reflect National Government priorities. The words are fine: Social Justice, Economic and Social Inclusion and Environmental Sustainability are planned. Delivery is more difficult. Money is tight, the region is underfunded.

— *Regional links to national government:* A largely administrative model of enabling National government policy to be delivered in the region. There is the regional buffer role. Regional Government can carry the can for unpopular policies/decisions in planning, social housing and transport. Shooting the messenger.

— *Regional links to local government:* A role of championing National government priorities and monitoring local government compliance. Not enough carrots.

— *Regional accountability:* upwards rather than downwards; administrative rather than political, social or economic. The 26,000 largely critical responses to the Regional Spatial Strategy will be set aside. Democratic deficit.

VCS VIEWS ON THE FUTURES FOR REGIONAL GOVERNMENT

— *Constitutional:* Significantly powerful Regional Government for the English regions might be a way of avoiding an English Parliament and moves to break up the United Kingdom.

— *Administrative:* Regional planning, investment and monitoring fits better with the unitary model of local government, the rationalisation of Health, Care, Fire, Police, Ambulance and Learning and Skills Council structures and the LSP/LAA model of aligning public spending and commissioning than the two tier District/County model prevalent in the East of England. Something has to give in the East of England either regional or two-tier local government.

**Memorandum by the North Staffordshire Public Transport Users’ Forum (NSPTUF) (RG 95)**

The North Staffordshire Public Transport Users’ Forum, with the support of Transport 2000, exists to carry on activities, which benefit the community and in particular to make representations to the funders and providers of public transport in North Staffordshire.

The forum links into many non-for profit organisations in North Staffordshire and has an interest in promoting the use of public transport in the area.

The forum work’s closely with the West Midlands Public Transport Users’ Forum (regional forum) to enable the views of the passengers of North Staffordshire to be fed into the wider West Midlands transport agenda.

As a North Staffordshire group, we wish to be associated with your conclusion that current and future transport provision and planning should:

Have greater regional focus based upon Regional Assembly areas. And be based upon greater regional autonomy and control relative to central government.

Regional assemblies have provided a positive focus for both spatial and transport strategy discussion. What is lacking is the appropriate regional investment powers to be devolved from Whitehall.

In the West Midlands context NSPTUF supports the development of a region wide transport authority and notes the benefit of a Passenger Transport Executive. Sadly NSPTUF falls between two passenger transport executives, West Midlands and Greater Manchester.

The area of North Staffordshire tends to miss out, due to the larger West Midlands Transport Executive taking the lion’s share of funding.

We support the idea of a West Midlands wide passenger transport authority, to give greater equality to areas outside of the major West Midlands conurbation.

It should also be noted that the travel-to-work area is wider than Stoke on Trent or North Staffordshire.

Transport partnerships should have the power to regulate, franchise and contract bus, rail, and rapid transit, ferry and air link services.

Inter regional co-operation is vital to effective public transport. The planning of public transport requires a region wide approach uniting the former Shire counties and urban areas of the West Midlands.
The Regional Assemblies need to be made into partnerships of city regions and to work with local hard to reach communities, not just in the affluent areas of society. This would give a greater understanding, of the many issues in and around social exclusion.

The role of the traffic commissioner should be extended, with the regulation of bus fares taken into his control to ensure greater equity for the passenger.

The network of local and regional fora should be extended to give equality nationally for the public transport user. Presently four regional forums are in operation eg the South West, West Midlands, East Midlands, and North West these fora should have appropriate support and funding from the regional assemblies/partnerships.

Work should be undertaken to ensure that these fora expand into a national network. Where the consumer view could be a real voice and feed into the appropriate planning of public transport.

Memorandum by Bedfordshire Councils Planning Consortium (RG 96)

The Bedfordshire Councils Planning Consortium who are opposed to regional government contacted the following councils with regards to the regional government inquiry. Their views are listed below:

LIDLINGTON PARISH COUNCIL

My Council considered this statement at its meeting last evening and agreed to support the Bedfordshire Council’s Planning Consortium. My Council feels that regional government is just another tier to contend with and should not have control over local planning issues. These are for local councils—parishes, district and in some cases, counties—not for other levels.

Colin West, Clerk

SUNDON PARISH COUNCIL

We are totally opposed to this policy for the following reasons:

Local planning authorities must make the decisions as to where housing or other development is to take place following consultation with the local people by whom they were elected. The decisions must not be made by unelected bodies.

A typical example is the provision of a North Luton by pass where representation from local parish councils is excluded and decisions made by large town councils that do not represent those most affected.

The situation gets worse and more alarming when one considers the East of England regional plan and little input from local people. The Government’s stated policy of devolving power to local people and parish councils does not appear to be a reality.

BROGBOROUGH PARISH COUNCIL

I am writing to confirm that Brogborough Parish Council supports the Bedfordshire Planning Consortium in opposing an unelected regional government.

L C Lyman (Mrs), Clerk

HULCOTE AND SALFORD PARISH COUNCIL

With reference to ODPM Regional Government, the Hulcote and Salford Parish Council oppose an unelected regional government but if they were elected, we would reconsider.

L C Lyman (Mrs), Clerk

CLOPHILL PARISH COUNCIL

I am writing to confirm that Clophill Parish Council supports the Bedfordshire Planning Consortium in opposing an unelected regional government.

L C Lyman (Mrs), Clerk
MARSTON MORETEYNE PARISH COUNCIL

I write to confirm that Marston Parish Council supports the Bedfordshire Planning Consortium in saying no to Regional Government.

Mrs H Trustam, Parish Clerk

WOOTTON PARISH COUNCIL

On behalf of Wootton Parish Council I am writing to give support to the view that we should say no to regional government. We believe that:

(a) Unelected bodies should not run our planning systems etc.
(b) We need local people to take care of our villages, town centres, etc.
(c) We already have too many tiers of government (ie parish, district and county).

Bob Wallace, Chairman

4CRANFIELD

We object to the proposals to form regional government with unelected bodies. Elected bodies are answerable to the people that they represent who can choose to support them with a free vote; an unelected regional assembly would be devoid of such accountability.

ALICE CRAMPIN, BEDFORDSHIRE CPRE

I agree strongly to saying no to unelected bodies running our planning systems etc, although the elected often seem to need regulating these days!

I do not support regional government even if it were elected. I do support the traditional counties as I think they are still meaningful in people’s minds and could be more so—whatever Prescott says.

I think the West Lothian question needs seriously addressing, however.

ALSO IN SUPPORT OF BEDFORDSHIRE COUNCIL’S PLANNING CONSORTIUM—TO SAY NO TO REGIONAL GOVERNMENT

Chalgrave Parish Council.
Harlington Parish Council.
Moulsoe Parish Council.
Woburn Sands District Society.
Simon Denchfield, Independent Biggleswade Resident.

CRANFIELD PARISH COUNCIL

After discussions relating to the regional government inquiry members expressed views as follows:
Six members rejected regional government.
Although they did not want to dismiss regional government out of hand, five members said that the question would only be comprehensible with more information.
One member abstained.

Rosie Davey-Hunt, Clerk of the Council

KEMPSTON TOWN COUNCIL

The future of regional government was duly discussed by Kempston Town Council at the meeting held on 14 March 2006.

It was agreed that Kempston Town Council would emphatically not support the abolition of regional government.

The Regional Planning Panel has delivered considerable benefits to the area, including the Western Bypass and the dualling of the A421. Also, the Growth Area Funding (GAF2) is £12.5 million for Bedford Borough with an additional £2.1 million for the rest of Bedfordshire.

As you are aware, the current Regional Planning Panel replaced the original Regional Planning Council. All representatives on the Regional Planning Panel are elected either as councillors for their own Authorities, or are representing the voluntary sector as elected by the members of those organisations.
Can you please ensure that when presenting the view of all the local communities, the above views of Kempston Town Council, representing the people of Kempston, are also expressed clearly.

Lynda Smith, Town Clerk

Supplementary memorandum by Bedfordshire Councils Planning Consortium (RG 96(a))

Additional Evidence from South Bedfordshire Friends of the Earth on behalf of Bedfordshire Councils Planning Consortium

1. THE PRESENT SITUATION FOR BEDFORDSHIRE

1.1 Bedfordshire is particularly badly served by the regional systems. The county is situated at the edge of three regions, the SE, the East of England and the East Midlands. Bedfordshire which is officially in the East of England looks far more closely to Milton Keynes, Aylesbury and Northamptonshire than it does to Suffolk and Norfolk, yet Milton Keynes and Aylesbury are in the South East and Northamptonshire is in the East Midlands.

1.2 People in Bedfordshire and Hertfordshire look more closely to London than they do to Cambridge and the rest of the east. London hospitals are more accessible to people in Leighton Buzzard than their official local hospitals in Aylesbury and Luton/Dunstable. There is such an absence of east west links that Norfolk and Suffolk are only accessible through London by public transport and via a tortuous route by road. As the main connections are to London and to Buckinghamshire and Northamptonshire it would be very difficult to enthuse people to vote for a Regional Assembly that covered the area to the East of Bedfordshire.

1.3 It could be argued the Milton Keynes South Midlands Sub-Regional Strategy deals with this problem and unites this middle band of the country. However this policy only creates more confusion for large parts of Bedfordshire. The boundaries of MKSM SRS are very vague and it only covers the growth towns in the area and does not supposedly cover the villages and the rural areas. This confusion was amply displayed by the participants including the government offices at the examination in public for The East of England Plan, this February. Also the SRS is not a complete document in itself as it relies on the other regional spatial strategies to fill in many of the policies. The overlay of the East of England Plan and the MKSM SRS is very confusing for those living in this region.

1.4 The East of England region is almost as diverse as the nation is as a whole so that it is hard to see there is a need for a regional strategy as well as national policies. There are national strategies and national funding streams to cover most of the issues covered in the East of England Plan. The amount of housing development which is the greatest challenge for the region has been decided at a national level. EERA has no power to limit the housing numbers. Nor can EERA go against the various PPSs and PPGs and government white papers etc on vitality in town centres, keeping the local character, on reducing the need to travel, on open spaces, on biodiversity, on the rural economy, and on sustainable development principles. With the extent of white papers and guidance there is surely no need to have this repeated at a regional level.

1.5 We are concerned that regional economic strategies can lead to detrimental competition. One of the aims of the regional strategies is to be able to compete economically with the European regions and hence the role of the Economic Development Agencies. However in as much as the housing numbers have been set by national government so is the economic agenda set by national government. The jobs are supposed to be based on the increase in knowledge based jobs which is a national agenda set by the treasury and the growth in airports in the regions is set by the aviation white paper. Indeed we believe very strongly that economics should be set nationally so that regions do not detrimentally compete against each other. This is already happening through the Bedfordshire and Luton Joint Economic Development Strategy, where in the need to create an extra 50,000 jobs to cope with the new growth, there is an ambition to attract employers from the rest of the UK in order to create between 14,500 and 16,500 of the extra jobs. Unless there is a national strategy then other regions could suffer as employers move to Bedfordshire. Also there is concern at the lack of national strategies like a national ports strategy which could create a better economic distribution for all the regions.

1.6 We are concerned at the manner in which the regional funding allocations are reached. The regions are now giving funding advice to the government particularly on transport. Many people herald this as devolution, however the size of the regions and the mechanisms of meetings and sub groups mean that democracy, and local accountability is being ignored. Despite the government stating that we cannot build out way out of congestion, and despite the new accessibility and social inclusion agenda, the regions have overall asked for 72% of the government’s funding to be spent on roads yet only 28% is to be spent on public transport. The East Midlands and the South East have made a case for 95% of their allocation
to be spent on roads. Despite serious concerns over the social exclusion in villages in Bedfordshire due to lack of public transport and the forecast huge increase in congestion, local people are barred from being involved in how the region spend its transport money.

The extract below is a summary of the concerns of Denise Carlo concerning the regional funding allocation process in relation to transport in the East of England. She has represented STEER on the East of England Regional Transport Strategy (RTS) Task Group for the last five years. STEER is a voluntary regional network (Transport Round-table) of environment and transport groups with the aim of promoting sustainable transport. (NB These are not her exact words.)

"In my experience, the advice submitted by EERA should be viewed with some caution. Economic objectives have been given overriding priority, with a corresponding disregard for the environment and social inclusion, contrary to RSS objectives and national policy. Environmental bodies, both statutory and voluntary have been sidelined. Parts of the process have lacked transparency and openness.

Account of Events

Consultants Steer Davies Gleave were commissioned by EERA in July 2005 to develop a methodology for prioritising transport schemes. The RTS Task Group acted as an advisory group to the study.

The Regional Planning Panel on the morning of 20 October approved a methodology for assessing transport interventions against regional objectives and establishing a score for each alongside deliverability considerations. The regional objectives were drawn from the priorities identified in the Integrated regional Strategy viz.

— economy;
— social exclusion;
— environment; and
— growth.

In the afternoon of the same day, the consultants gave the same presentation to the RTS Task Group that included a set of pilot tables using the 135 transport schemes submitted for consideration to illustrate the method. Using this method, public transport schemes scored much higher than road schemes (see attached table at Appendix 1; for example, A11 Fiveways and A47 Blofield to North Burlingham Dualling scored very low).

The chair of the RTS Task Group pointedly told the consultants that EERA would not accept the list in its present form and asked them to go away and give more weight to strategic roads. I am the sole environmental representative on the RTS Task Group and at the 20 October meeting I was the only person present who voiced concern over the need to support environmental objectives. No minutes of the meeting were issued, but I took notes at the time. Having met regularly over the past five years, the RTS Task Group has not met since this date and has had no further input to the RFA process.

The next occasion as a RTS Task Group member when I saw the results of changes to the weightings was when members were advised of the outcome of the Regional Planning Panel meeting on 22 November. The methodology had been re-weighted to support economic goals. The list of priorities featured 13 road schemes and 10 public transport-related projects (later increased to 14 road and 11 public transport projects) based on a new set of objectives:

— to improve connectivity between and within Regional Interchange Centres and international gateways;
— to tackle the infrastructure deficit and congestion on the regional strategic network; and
— to sustain and support growth and economic regeneration.

The submitted list of road schemes includes a number of controversial proposals which were not tested against environmental objectives eg:

— Norwich Northern Distributor Route—potential impact on River Wensum SAC.
— A11 Fiveways to Thetford—impacts on heathland SSSI/SPA.
— A120 Braintree to Marks Tey—potential ‘serious adverse’ impact on biodiversity.
— The Regional Assembly on 8 December added a further controversial road scheme:
— A127/A1159 Cuckoo Corner Priory Crescent.

I rang the consultants, Steer Davies Gleave, to inquire why the changes had been made and how the environment and social equity had been taken into account. The response was that the new weightings reflected the emphases of regional stakeholders and that environment and social equity were reflected
in the Draft RSS Regional Interchange Centre objective and in relation to deliverability. It appears that the consultants relied entirely on information provided by the scheme promoters and did not attempt to contact other sources, such as the statutory environmental bodies.

During October/November, EERA, GO-East and EEDA conducted a limited consultation exercise among selected bodies. I am not aware that any environmental stakeholders were consulted. The Final Draft Report on Advice on RFA to Government dated 19 January 2006 lists respondents to the consultation, most of whom were local authorities. Defra is the sole stakeholder with an environment brief listed.

The narrow range of stakeholders consulted is contrary to the spirit of the Regional Funding Allocations guidance published by HM Treasury, DTI, DfT and OPDM (July 2005) which advised Government Regional Offices to:

‘establish a process which engages a wide range of regional stakeholders, to ensure that the region benefits from the widest possible evidence-base and to create conditions in which a consensus can emerge . . .

Other regional, sub-regional and local bodies and stakeholders, including the business community,
the voluntary and community sector and local government should be brought into the process to ensure that the advice reflects relevant interests and concerns’.

A newly-established regional forum which fed into the RFA process was the Regional Transport Forum (RTF). The RTF comprises transport portfolio holders, and representatives of the Highways Agency, Government Office and Regional Development Agency. Whilst containing economic representation through EEDA, it does not include any environmental representation. The meetings are closed to the public.

I wrote to the RTF Chair to inquire who had ownership of the forum and why it was closed to the public. The response was:

‘On the issue of ownership, the RTF is not owned by any particular body. It is a meeting essentially of the transport portfolio holders from each of the strategic authorities plus two or three other bodies. As such the accountabilities of the individual members lies with their constituent authorities. The members of the forum reiterated their position with regards to the meetings being held in public at their meeting on Friday. Essentially the meetings are not open to the public. The members are well aware of the various transport interests that exist and of the need to be inclusive in any decision making process. This forum is not however a decision making body.’

However, there is a clear relationship between the RTF and EERA. The RTF provides important advice to EERA which in turn provides the secretariat and facilitates the meetings of the Forum. Yet the meetings are not open to the public, notes of meetings are cursory and the memberships is narrowly drawn.

The Regional Assembly meeting on 8 December approved the prioritisation advice to Government contained in the Region’s FRA advice document. As the last stage in the pipeline, EERA remitted the ‘final sign-off’ to the new Regional Partnership Group (RPG).

Membership of the RPG includes a small number of regional environmental representatives, but a meeting of the new body on 27 January, a few days before submission of RFA advice to Government was too late to make much difference. NE partnership representative made the following comment:

‘Contributions to the debate were made regarding the absence of an environmental dimension to the infrastructure proposals, despite this being identified as a key regional issue (in the Integrated Regional Strategy and Examination in Public) and part of the strategic infrastructure programme that is proposed. As a result, it was agreed that the report would be modified to acknowledge the need for all the schemes to be subject to the relevant transport and environmental assessments.’

The Regional Partnership Group is similarly debarred to the public on the grounds that it is not a decision-making body.”

2. TOO MANY TIERS OF GOVERNMENT

We are concerned at the number of tiers of government that are both elected and those that are not elected. It is very difficult for the public to realise that often those with the access to the money are not democratically elected.

2.1 At present in Leighton Buzzard in South Bedfordshire, as regards elected bodies, we have Leighton Linslade town council, South Bedfordshire District Council, and Bedfordshire County Council. From the work that I have done with local groups it is extremely confusing for people to understand the different roles of the different councils.

2.2 As regards organisations that are not directly elected there is the new Joint Planning and Transportation committee for Luton/Dunstable/Houghton Regis and Leighton-Linslade growth area, the Local Strategic Partnership for South Bedfordshire, the Local Area Agreements and the East of England Regional Assembly. These organisations are even more confusing.
2.3 We are also very concerned about the new Joint Planning and Transportation committee for Luton/Dunstable/Houghton Regis and Leighton-Linslade growth area. This is a group of councillors some from Luton Borough Council and from South Bedfordshire District council and from Bedfordshire County Council. None are directly elected by the residents of the growth area. Yet this committee will be responsible for some of the biggest changes to the whole of South Bedfordshire that will dramatically affect the lives of the existing residents of the area. Due probably to lack of funds there is has been little publicity or explanation to local people concerning this committee. Although there will be consultation, the process is confusing and consultation can easily be ignored. If people are very unhappy in the way that the housing is being delivered they cannot easily vote out these councillors or vote directly for those whose policies they support. This completely disenfranchises people and leaves them disillusioned with the process and leaves the local population with no option but to directly protest. This is very alarming for democracy. Across Bedfordshire Partnerships and Local Delivery vehicles are being set up and it is now very difficult to understand who is in charge.

3. THE FUTURE OF LOCAL GOVERNMENT IN BEDFORDSHIRE

As we have already said the three-tier system as in Bedfordshire is very difficult for local people to understand. I think that it is very important that there are minimum layers of government so that people can understand the processes. I think that it is also important that people can relate to the whole area, that their council covers. Many people in Bedfordshire do not know much of the county, and it is a large area to get to know. It is nearly impossible to travel around Bedfordshire by public transport. A county council can cover such a large area that many people feel very remote from it. Whereas in a district such as South Bedfordshire it is not difficult to travel around the area and get a feel for it. It is much easier to understand the positions and arguments of councillors and officers and therefore the direction that local government is taking. It is also much easier for the electorate to express their views and to see the effect that their votes can have. The smaller the unit the easier it is for local people to feel involved in their communities. It obviously has to be large enough to make economic sense. There has to be partnership working between authorities, and probably the regional government office has to be large enough to make economic sense. There has to be partnership working between authorities, and probably the regional government offices should be kept, to help steer economic development etc. However there is so much national guidance that surely there is no need for a regional layer of government. People can understand the difference between the national guidance and the local guidance, but the layers in-between can be very complicated and possibly not very effective. The reductions of layers of government would also reduce costs considerably and the cost saving could be used to keep and to raise the quality of local authority staff and to make sure that there are adequate resources.

The most important aim should be to increase participation in local elections. In order to do this the system has to be very easy to understand and people need to see clearly how they can make a difference being involved.

Victoria Harvey,
Co-ordinator of South Beds Friends of the Earth and Voluntary and Community Representative on the LSP

On behalf of Bedfordshire Councils Planning Consortium

Memorandum by the Commission on London Governance (RG 97)

The Commission on London Governance is a cross party advisory body established by lead members from the London boroughs and the London Assembly. Its great strength is that it is made up active politicians involved in local service provision. The Commission’s began work in early 2004, before the announcement of the ODPM’s review into the powers of the GLA and before the extension of Sir Michael Lyons’s terms of reference.

The Commission was tasked with reviewing London’s governance arrangements from the perspective of public service delivery. We issued and distributed a consultation paper, received written evidence, held structured meetings with resident associations and held oral evidence session with politicians, think tanks and professionals with expertise in the relevant fields.

The overwhelming message we received is that Londoners find the present governance arrangements confusing and overly complicated and that this lack of transparency hinders effective engagement with serviced providers. There is a lack of understanding of who provides what service and how those services are funded. There is a widespread desire for service providers to be more accountable to local residents; making themselves available to answer questions and to explain changes to services.

Our proposals set out in our final report “A New settlement for London” have the agreement of all parties on the Commission. The aim is to provide a package of measures that both streamline and increase the accountability of service provision in London. As part of that package we have sought to deepen the process of devolution by dramatically scaling back the role of the Government Office for London and expanding the powers of the Mayor where there is a clear strategic need, subject to enhanced checks and balance from the Assembly.
The Commission also looked at ways of enhancing the role of local councils by for example, expanding its commissioning role and re-nationalising the business rate to support local quality of life improvements. We also explored ways in which local authorities could come together to more effectively procure and commission services together and provide peer review and performance improvement through a distinctive regional vehicle.

At the very heart of our work is further consideration of the vital role of the local councillor. We believe that enhancing the role of the councillor through having a statutory right to be consulted by all service providers in their ward will increase the visibility of the councillor in the locality, strengthen the ability of the councillor to broker local solutions, so making them the public face of local service delivery.

Taken together we believe that this package of measures can make a real difference to increase the accountability of service providers and public engagement in London.

Memorandum by Penn Parish Council (RG 98)

I heard the You and Yours BBC programme on 18 April in which a discussion on regional Government took place and listeners were invited to send in their comments to the Chairman of the Select Committee on the Office of the Deputy Prime Minister.

The following thoughts reflect the views of my Parish Council.

(a) The level of co-operation between parish, district and county and their joint effectiveness has improved beyond all recognition over the last 10 years, so there is a potentially useful framework at immediately local level.

(b) The powerlessness which local people sometimes feel and which the ODPM’s declared aim is to try to alleviate, is therefore now no longer a consequence so much of inefficient local government, but rather of central government taking almost all the decisions that really matter out of local hands.

(c) The Chairman of the Select Committee claimed that in any new regional arrangements power must come down to regions from central Government, not up from County and District, but the recent removal of the County Council’s power to make a County Structure Plan is a clear case of powers going up the line.

(d) There is still a remarkably strong sense of county loyalty, but none at all to a South East Region which seems more remote then central government.

I attach our paper on Localism and Planning which, whilst not specifically focussed on regional government, covers much of the same ground.

Supplementary memorandum by Penn Parish Council (RG 98(a))

LOCALISM AND PLANNING—A PARISH’S-EYE VIEW

There has been increasing talk in recent months and years, by politicians of all hues, about “localism”, the need to devolve more power down to a local level. We welcome this aim and acknowledge the very positive results of the government’s drive over many years to improve the effectiveness of local government by requiring partnership working at every level, County, District and Parish, as well as on neighbourhood policing and Local Area Highway committees. There have also been positive as well as negative effects from the emphasis on accountability and performance indicators. The public is being better served by one stop shops and e-government; and planning on line, will eventually bring benefits. There has also been some attempt at revitalisation initiatives in towns, although this last hasn’t benefited the parishes. In many ways, during the last 10 years or so, local government has been woken up from a long sleep.

ODPM’s declared aim is that “Local people must have the opportunities to identify their needs and contribute to finding solutions, rather than feel powerless in the face of public authorities that deliver services on their behalf”. This is entirely laudable, but fails to recognise that it is powerlessness of local people in the face of central government rather than any short-comings of local government that is now the basic problem

Local government is in a straitjacket of central government regulation, targets and financial limits. The really important decisions are effectively made by distant officials in Whitehall. It used to be very different. Parishes were entirely self-contained, setting, collecting and spending parish taxes to care for their old, the sick and the parentless. The Parish appointed the local constable and repaired its own highways. These responsibilities were gradually removed during the Victorian period and many were given to newly created District and County Councils just over a century ago. Since then, many of their powers have been taken by Central Government.
The present government has continued this process of emasculation of local government by its decision to cut out the County Council Structure Plan, which used to set the framework within which housing targets set by central government were spread around the County. The County Council planning powers are now to be exercised by a remote regional assembly with ODPM able to over-ride their recommendation if so inclined.

Planning decisions can have a profound effect on people’s lives and it is this aspect of localism on which this paper is focussed. The local community elect District Councillors who sit on the District Planning Committee, which makes decisions on planning applications after consultation with Parish Councils and individual residents. But, as soon as there is an appeal by the applicant against a refusal, the decision is passed to the Planning Inspectorate at Bristol and an Inspector, an unelected official appointed by the ODPM, makes the final judgement, which can, and often does, override the decision of the elected authority. This in turn influences subsequent decisions by the local authority because they have to meet a government-imposed target that they must lose no more than one third of appeal cases.

Two prominent examples in Buckinghamshire of this unhappy process are Tesco in Old Amersham and in Gerrards Cross. In both cases, there was strong local opposition, in the certain knowledge that a huge new supermarket would be a death knell for smaller local shops and would increase local traffic for miles around. The two District Councils refused the applications, but both applications were allowed on appeal by Inspectors. Local decisions of this kind, based on Local Plans, should not be over-turned.

Whilst we maintain adamantly that these “tactical” planning decisions must be left to local decision, we cannot reasonably argue against the need for central government to take the strategic planning decisions, provided that local views are properly taken into account, but they are not. Wholly over-ambitious housing targets are now being proposed by the ODPM. Local authorities are now being required to give clear evidence of a 20 year supply of housing land and told that if this cannot be met from within our “urban” areas (often our back gardens) then other land will have to be released, including Green Belt. The character of many of our older residential areas is now being eroded because attractive older houses with larger gardens that do not qualify for the very restricted qualification as a Listed Building are being knocked down and replaced by blocks of flats or several new houses. They have no protection and their gardens are classified in planning terms as the equivalent of the brown field sites of an urban area. A domino effect is created as neighbours fear for their privacy and sell to developers, leading to too many houses being crammed into too small a space. A Private Members Bill dealing with this problem (Protection of Private Gardens (Housing Development) was listed in Hansard on 1 February 2006.

These over-ambitious housing targets take no account of wider concerns about infrastructure—water supply, when we are already facing an unprecedented April hosepipe ban, sewage disposal, pollution, the provision of schools, hospitals, doctors, dentists etc. Nor is the cumulative effect of additions to vehicle use being adequately taken into account. Traffic is already a very serious problem with local journeys to work or to school critically affected by the smallest breakdown, road repair or accident. An accident on the M40 can cause gridlock widely in the surrounding area. Small local roads cannot cope with these vast increases in traffic. Bus services have just been reduced to two of our villages. The inexorable conclusion must be that far too much of the focus of development is on the South East and much greater effort should be made to encourage interest in other regional areas where development is actually needed.

Even in smaller matters, a recent example indicates that actions are speaking louder than words. The Government expresses concern about the closure of local Post Offices, but last year, the closure of our Post Office after over a century, was actually encouraged by the Government making available a large sum of money to compensate Postmasters for the closure of their premises. It was as if they were bribed to close down and so many local residents now have to use their cars to get to the nearest Post Office.

To sum up, Local government, in Buckinghamshire at least, is in better fettle than it has been for generations, but it is still not trusted to make significant decisions affecting its residents. The removal of a decisive County Council voice in planning policy matters is a serious error. Local people do indeed feel powerless in the face of public authorities, but it is central government dictats rather than inadequate local government that are now the problem and are causing lasting damage to our communities. More effort must be made to encourage development elsewhere than the South East. As long as central government holds the purse strings and over-rides the wishes of knowledgeable local authorities on planning, police, transport and infrastructure, localism will remain more good intention than reality.

Memorandum by the Department of Trade and Industry (DTI) (RG 99)

FOLLOW-UP TO EVIDENCE GIVEN BY STEPHEN SPEED, DEPUTY DIRECTOR GENERAL, REGIONS, DTI TO ODPM SELECT COMMITTEE ON 13 MARCH 2006

(Q92) Martin Horwood asked whether it was true “that only a small minority of RDA spending is actually subject to the scrutiny of Regional Assemblies.” I can confirm that the answer I gave to the Committee, that “the entirety of what the RDAs do is subject to the scrutiny of the Regional Assemblies”, is correct.
However, it should be noted that the RDA expenditure represents only a fraction of total public sector expenditure on economic development and regeneration in each region and the Regional Assemblies’ scrutiny role covers only the activities of the RDAs.

The Regional Assembly in each region is designated under the Regional Development Agencies Act 1998 to provide regional accountability for the RDAs. Section 8(2)(a) of the Act provides that each RDA, in preparing the regional economic strategy on behalf of the region, must have regard to the Assembly’s views and section 18(1) of the Act gives the Secretary of State power to direct an RDA to supply the Assembly with information, to answer questions put by the Assembly and to account to the Assembly for the exercise of the RDA’s functions. The Regional Assemblies and RDAs in each region have reached agreement on arrangements on how this scrutiny role should be undertaken and to date there has been no need for the Secretary to State to exercise the powers in section 18(1) by issuing a direction.

The broad aim of scrutiny is to ensure that the RDA is focusing on the right strategic issues and priorities and responding in the right way for the region. In this respect the Regional Assemblies and RDAs will work in partnership with the Government Office in the selection of the “scrutiny” topics. The approach followed varies from region to region. In most regions there is a written protocol or concordat between the Assembly and the RDA that formalises the relationship, including in some cases the Government Office. Some regions, such as the North West and South East, hold formal Select Committee-type public enquiries, where a committee is formed to look into a specific theme of particular regional interest. In the North West for example, over the next 18 months the Assembly’s Review and Scrutiny Committee will be focusing its enquiries on the five themes of the Northwest Regional Economic Strategy. Other regions such as the East of England adopt a more informal approach with a joint Assembly and RDA liaison panel which meets quarterly.

Similarly, it is for each RDA and Assembly to work together to take forward the outcomes of the scrutiny process. For example, in the South West, the RDA is invited to respond to the Assembly’s recommendations and to attend a scrutiny panel meeting. In Yorkshire and the Humber, each enquiry report contains a set of agreed recommendations with the regional body responsible for delivering against the actions in the report clearly identifiable.

The Government Offices in each region play an important role in supporting the scrutiny process through for example advising Regional Assemblies on the wider context and helping them to select appropriate topics for scrutiny which add most value as well as, through their day-to-day engagement with the RDAs, ensuring the RDAs are able to respond effectively to legitimate points raised during the scrutiny process.

Memorandum by Professor Paul C Cheshire, London School of Economics (RG 100)

CITY REGIONS, REGIONAL GOVERNMENT AND URBAN ECONOMIC GROWTH

1. BACKGROUND

1.1 It has long been recognised that the functional reality of cities has extended far beyond historical, political and administrative boundaries. More than 50 years ago the US—the first country to experience substantial suburbanisation driven by cars, lorries and motorways with the construction of the Interstate Highway system—defined Standard Metropolitan Statistical Areas. This was in recognition of the fact that to generate useful data for analysing cities and making meaningful comparisons between them they needed a new definition of “city” that encompassed the whole city-region. The cores of these were defined in terms of densities of activity and employment concentrated on non-agricultural activities; to these were added hinterlands defined on the basis of commuting patterns. The idea was to identify the complete economic and social sphere of influence of a given employment concentration. The data for these metropolitan regions has provided the main resource for advanced research on urban economies ever since. One of the disadvantages of this is that a significant part of the energies of British and European researchers has been diverted to analysing US cities, operating in a US institutional, economic and regulatory environment.

1.2 There are a number of reasons why such “functionally” rather than administratively defined cities are essential for comparative purposes or analytical research but the most important stem from that fact that unless city boundaries are defined on patterns of actual behaviour, rather than historical boundaries, “cities” are not self-contained. Because of commuting and population decentralisation, a large but varying fraction of the jobs which are still concentrated in the urban core, are not all held by the people who live there.

1.3 Perhaps the most obvious error this gives rise to is if one is trying to estimate productivity or GDP per capita for sub national units, such as cities. These indicators are by far the most commonly used to make comparisons of prosperity or economic success. They are used, for example, by the EU to determine eligibility for regional aid. But for sub national units these measures are distorted in varying degrees according to the extent of net commuting. The most extreme case in Europe is caused by the splitting of London into two “regions”—Inner and Outer London—for statistical reporting purposes. This grossly overstates prosperity in Inner London and understates it for Outer London and parts of the Home Counties. Such distortions are repeated across Europe—Bremen and Hamburg provide two well documented
examples. A second and related reason why functionally defined city-regions are essential for making comparisons is because of patterns of residential segregation and the fact that such patterns differ between cities and, particularly, they differ systematically between cities in different countries. In most—but not all—British cities, the poorer inhabitants are concentrated in the inner areas of the city. The opposite is true in many continental European cities, most obviously Paris. If comparisons are not made between “complete” city-regions, therefore, there are varying degrees of bias arising as proportionately more or less of the unemployed/employed or rich/poor are included within the administrative boundary of the particular “city”.

1.4 These problems are particularly acute in England, both because local government units tend to be relatively small (compared, for example, to those in Spain or Germany) and because of the effects of our land use planning system. Our core cities have had relatively rigid growth boundaries since 1947. Where they were successful and grew, they tended to jump over their growth boundaries and create, in effect, freestanding dormitory suburbs and sub centres, separated from the original city, sometimes by extensive stretches of agricultural land. London is the most obvious case with a commuting catchment area now covering most of South East England. In functional terms most of the “villages” of the Home Counties are the equivalent of high-income suburbs in the US: functionally, places like Reading or Northampton have much in common with the Edge Cities of the US.

2. IMPLICATIONS FOR POLICY

2.1 This matters in terms of government because many strategic functions need to be provided at the level of the whole functioning city. Applying the first principles of welfare economics and public finance we know that there is a strong case for “internalising externalities”: in this case that means ensuring that the same group which bears the costs of a policy receives the benefits the policy generates. One of the problems of our land use planning system, for example, is that it frequently fails to achieve that. The costs of physical development are highly localised and are significant for those that bear them (noise, dirt, disruption and congestion while construction is in progress; and loss of amenities and perhaps congestion after the development is completed); the benefits of development are widely spread and small for any given recipient (more affordable housing, more job opportunities, access to new infrastructure). Moreover, since gains are thinly spread, those who benefit have little individual incentive to lobby for development. Losses, however, are heavily concentrated on local residents. In addition, in the case of planning, the local residents are the voters who control the system; planning decisions are in most cases taken at the lowest tier of local government, so the political process is biased in favour of those who lose from physical development. The gains of most physical development, even building houses on a large scale, extend far beyond the confines of a District—typically the first point of planning decision-making. Since one cannot have economic development without physical development, one function for a city-regional tier of government would be that of strategic planning. Its residents would (typically—there may be some developments where the beneficiaries are even more widespread so that national decision making is appropriate) also be the beneficiaries, reducing the inbuilt bias in favour of NIMBYism inherent in the present system.

2.2 Thus there are general principles which help us decide functions which should most appropriately be carried out at what level of government. If the city-region is intentionally defined in functional terms, so that its boundaries contain those—or the great majority of those—who live and work in it—then it will be as self-contained in economic terms as it is possible to be. If job opportunities or incomes improve, for example, then the beneficiaries will be mainly those who live and vote within the city-region.

3. STRUCTURE OF LOCAL GOVERNMENT AND LOCAL ECONOMIC GROWTH

3.1 Together with a former PhD student I have applied these ideas to help understand the differences between city-regions in their rates of economic growth. To do this rigorously it is necessary to use statistical techniques and so have a large enough sample. Our sample has been all the large city-regions of the former EU of 12 countries. For reasons already given, these were defined to be as self-contained as possible and we used commuting patterns rather than administrative divisions to define their boundaries. Not only did using all the large city-regions of the EU12 give us an adequate sample but it also meant there was substantial variation on most measures which helped identify the significant relationships. The data related to 121 city-regions.
3.2 If we accept that it is at least possible for local policies to increase (or impede) growth then we can identify conditions favouring the emergence of growth promoting policies and helping to make them more effective. I should clarify from the outset that I am not conceiving of “growth promotion policies” in the narrow sense in which their advocates sometimes speak of them: as policies aimed at the direct attraction of mobile investment. I have a much broader definition in mind. Effective policies could include: having a concern for efficient and transparent public administration so that risk and uncertainty for private sector investors is reduced; making sure relevant infrastructure is provided and maintained; co-ordination between public and private investment; providing education and training which is relevant to the needs of the local economy and is effective; and ensuring that land use policies are flexible and co-ordinated with infrastructure provision and the demands of private sector investors. It could also involve giving a higher priority to output growth as opposed to redistribution. I am trying to gauge outcomes, not make judgements. It is possible that policies which promote growth may not be seen by everyone as promoting public—or at least their own—wellbeing.

3.3 More effective policies to promote growth in the sense outlined above, need not involve spending more, even on infrastructure, so a simple measure of local expenditure is unlikely to be an appropriate measure of the efficacy of growth promotion efforts—even were such a variable available. “Grand projects” such, perhaps, as the Guggenheim museum in Bilbao, London’s Millennium Dome or a trophy metro system in Toulouse—may be expensive but not cost effective, perhaps, as the Guggenheim museum in Bilbao, London’s Millennium Dome or a trophy metro system in Toulouse—may be expensive but not cost effective in terms of generating more economic growth for the city-region as a whole; efficient public administration and reduction of uncertainty for private investment by rapid decision-making, clearly defined land use policies and infrastructure planning, may cost less than their inefficient alternatives. A tax on congestion might ensure a more efficient use of road space and resources than road construction.

3.4 The “output” of effective policies is the impact they have on the growth performance of the city-region as a whole, since that is the area which, because it is economically as self-contained as possible, definitionally maximises the capture of growth for local voters and businesses. Effective local growth policies can be viewed as the provision of a pure local public good (in both a general sense, and in the strict sense implied in the jargon of economics)\textsuperscript{11}. It will be next to impossible to exclude agents who have not contributed to the policies from any benefits generated; and there will be a zero opportunity cost in consuming the benefits or “output”: if your rents rise, so do mine and the increase in yours is not a “cost” to me; if your employment opportunities improve that, too, is not a “cost” to mine.

3.5 As a local public good, we know markets will not provide the optimal quantity because markets will not generate effective incentives for individuals or firms to provide them. If an individual firm promotes the growth of a city, typically only a tiny fraction of the benefits—higher incomes, revenues or rents—would accrue to it. Growth policies need local political support and active lobbyists or promoters to generate an agency to implement them. Typically such an agency involves some mix of public and private sector interests but it does not emerge out of thin air; and once formed it serves some constituency.

3.6 This suggests we can analyse the incentives and costs of providing such policies for groups of agents—whether firms, local governments or public-private partnerships—and find some common factor(s). The most obvious is the extent to which the boundaries of the functionally defined city-region coincide with those of the largest local government unit which represents part of, or includes the whole city-region. The single most important actor in establishing effective growth promotion is typically a unit of local government. So the closer the match of boundaries of the government providing such policies is with those of the city-region within which their impact is contained, the less will be the spatial “spillovers” to non-contributors: those who contribute towards the policies (including providing the political basis for pursuing local economic growth) will include those that benefit from the effort. In addition, the larger is the central unit of government of a city-region relative to the size of that region as a whole, the lower will be the transactions costs inevitably incurred in building a “growth-coalition”. This is because the central administrative unit of a city-region will inevitably have to join in any effective growth promoting effort. For a given potential growth gain for a city-region, the expected payoff for any individual administrative unit (say a London Borough or the City of Manchester) will fall as the size of its territory falls in relation to that of the city-region within the boundaries of which it is located. The spillover losses to other areas of the city-region will increase as the proportion of the city-region the governmental unit in question does not control increases; and the transactions costs necessary to establish an agency and formulate and implement effective policies, will rise with the political fragmentation of the city-region.

3.7 Arguments such as these led Cheshire and Gordon (1996, page 389) to conclude that growth promotion policies would be more likely to appear and be more energetically pursued where “there are a smaller number of public agencies representing the functional economic region, with the boundaries of the highest tier authority approximating to those of the region. . .”.

\textsuperscript{10} Although they can certainly shift the location of growth, so that the area close to, or benefiting from, the project grows. That local growth may be purely diversionary from elsewhere in the city-region, however.

\textsuperscript{11} The local public good, non-excludable and non-rival in consumption, is, of course the growth they may produce. Resources employed in the promotion of growth are simply a cost.
4. The Statistical Evidence

4.1 Applying these ideas one can find a statistical variable closely reflecting this feature of city-regions: that is simply the ratio of the total population of the largest unit of local government within—or including—the territory of the city-region, to its total population. In the statistical analysis, we assumed this would be the government unit with the largest population, usually the central administrative unit of the city-region, but in European countries with free-standing cities and a regional tier of government—such as Spain—the government unit was sometimes larger than the city-region itself. In practice, the value of the variable ranged from only about 0.1 (in Nantes or Valenciennes) to about 2 (in Murcia or Frankfurt). In Britain the range was from around 0.2 in Newcastle and Manchester to 1.4 in Glasgow. All these measures relate strictly to the time period of the analysis. In fact, the local government units covering the city-regions of both Frankfurt (the Umlandverband—a unique strategic planning region created by a confederation of local governments but now abolished) and Glasgow (the former Strathclyde region) have since disappeared.

4.2 We found that this indeed had been a significant factor in explaining the different growth performance of large city-regions in the EU12 over the period we could analyse—1979–94. Many other factors contributed to differences in growth performance and most were clearly outside the influence of local policy makers. Some statistical results are shown in Tables 1, 2 and 3 attached to this memorandum. Table 3 shows the results for various tests for the statistical validity of the results. From these we can see that there are no apparent technical problems—so we can rely on the results. Table 1 defines the variables used (including models explaining population growth not discussed here) and Table 2 shows the statistical results for two different models. Apart from the variable described in Para 4.1—the Policy Incentive—which measures the coincidence of the boundaries of the government unit relating to the city compared to the functional city-region itself, the other variables over which policy might have some influence are those relating to highly qualified labour and to the population density of the whole city-region. The city’s external economic context—measured by the performance of the national economy excluding all its large city-regions—was the single most influential factor in explaining differential growth rates. The city’s economic inheritance was also important. The additional variables included in the “Best” model capture systematic spatial influences, including economic linkages with neighbouring city-regions, which together account for the extent to which cities’ economies tended to perform according to their location within Europe.

4.3 It is reasonable to draw some conclusions for policy from these results. They certainly support the conclusion that local policy can influence local economic performance and also that city-regions are to some extent the natural building blocks of national economies. But there needs to be some caution in interpreting them as providing a simple “policy lever”. It is true that local and regional government boundaries and functions could be restructured and, given that a significant element of the disadvantage city-regions which had fragmented local government structures face resulted from the problems of spillovers and transaction costs entailed in pursuing effective growth policies, the outcome should be more effective growth policies all round. A problem is that, of course, “effective” local growth policies at present, in circumstances in which not all city-regions are equally well endowed with the incentive to develop them, may be significantly competitive and diversionary. Some local growth may be the result of successfully diverting growth from other cities, so the success of the successful may significantly be a function of the poor performance of the unsuccessful. There might not, therefore, be a symmetric gain all round as a result of creating a city-regional tier of government with appropriate powers and functions. Far from all policies effectively promoting local growth are diversionary, however. It is reasonable to expect that there could be net efficiency gains for the urban system as a whole if government boundaries—for the highest strategic tiers of local government—were aligned more closely with those reflecting economically relevant patterns of behaviour and spatial economic organisation. Since government areas in relation to the size of city-regions is smaller in Britain than in most countries of continental Europe (except Italy) then there could be particular gains both for British cities and the British economy overall.

REFERENCES


12 The unit of government of course has to have significant powers to be relevant in this context. Thus the GLA or a London Borough would be “relevant” but the South East would not. In addition, if a region (such as Scotland or Andalusia) includes more than one major city-region we assume the next lower tier of government below the region is the “relevant” one.

13 Eurostat changed the way in which it calculated sub national GDP data in 1995 and despite strenuous attempts to reconcile the data series our conclusion is that it is misleading to try to compare growth rates using that data for the pre and post 1995 break. It will soon be possible to analyse the period since 1995 but as yet there data are still not available for enough years for that to be valid.

These papers are all available from p.cheshire@lse.ac.uk

Table 1
VARIABLE DEFINITIONS

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<th>No</th>
<th>Variable Name</th>
<th>Description</th>
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<td>1</td>
<td>Constant</td>
<td>Natural log of population in 1979</td>
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<td>2</td>
<td>Ln Population</td>
<td>Density of population in 1979</td>
</tr>
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<td>3</td>
<td>Population density</td>
<td>% of labour force in industry in surrounding NUTS 2 region 1975</td>
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<td>4</td>
<td>Coalfield: core</td>
<td>A dummy = 1 if the core of the FUR is located within a coalfield</td>
</tr>
<tr>
<td>5</td>
<td>Coalfield: hinterland</td>
<td>A dummy = 1 if the hinterland of the FUR is located in a coalfield</td>
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<td>6</td>
<td>Port size 1969*</td>
<td>Volume of port trade in 1969 in tons</td>
</tr>
<tr>
<td>7</td>
<td>Agric Emp 1975*</td>
<td>% of labour force in agriculture in surrounding NUTS 2 region 1975</td>
</tr>
<tr>
<td>8</td>
<td>Unemployment 1977–81*</td>
<td>Mean FUR unemployment rate 1977 to 1981</td>
</tr>
<tr>
<td>11</td>
<td>Policy Incentive*</td>
<td>R&amp;D laboratories of Fortune top 500 companies per million population 1980</td>
</tr>
<tr>
<td>12</td>
<td>University Students emp ratio 1977–78–79*</td>
<td>Ratio of university students 1977–78 to total FUR employment 1979</td>
</tr>
<tr>
<td>13</td>
<td>R&amp;D Facilities per million population*</td>
<td>R&amp;D laboratories of Fortune top 500 companies per million population 1980</td>
</tr>
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<td>14</td>
<td>South within Country</td>
<td>Distance south of centre of FUR from national capital city (Amsterdam taken as capital of Netherlands; Bonn of Germany)</td>
</tr>
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<td>15</td>
<td>West within Country</td>
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<td>Distance south of centre of FUR from Bruxelles/Brussels</td>
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<td>West within EU</td>
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<td>Ratio of frequency of days with frost between FUR and national average (1970s and 1980s)</td>
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<td>Change in economic potential for FUR resulting from pre-Treaty of Rome EEC to post enlargement EU with reduced transport costs</td>
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<td>22</td>
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<td>University Student density employment</td>
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<td>R&amp;D Facilities density population</td>
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<td>25</td>
<td>Unemployment 1977–81 density</td>
<td>Sum of differences between the unemployment rate (average between 1977 and 1981) of a FUR and the rates in neighbouring FURs up to 60 minutes away discounted by time-distance with a 600 minute time-distance border penalty.</td>
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<td>No</td>
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<td>26</td>
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<td></td>
<td>in all FURs within 100 minutes travelling time discounted by distance over the period 1979–</td>
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Table 2


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Italics indicate not significant at 10%; all variables significant at 5% except where indicated with an asterisk where only 10%. aSignificant at 10% only but F test indicates they should not be excluded as a pair at 5% level.
Table 3

REGRESSION DIAGNOSTICS

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*Results in italics are significant at 10% level; Results in bold are significant at 5% level

Memorandum by the Environment Agency (RG 101)

We welcome the opportunity to respond to the questions raised during oral evidence. Our response to each of the questions raised is given below.

What formal mechanisms exist for the Environment Agency to be consulted on strategy development and policy implementation by the Government Offices for the Regions, the RDAs and the Regional Assemblies (as appropriate)?

The statutory mechanisms for which we are a consultee are:

— The Environmental Assessment of Plans and Programmes Regulations 2004—Strategic Environmental Assessments.

We are also involved, on a non-statutory basis, in a range of other regional plans and policies (see below).

How is the Environment Agency involved informally in strategy development and policy implementation at the regional level?

Our support for regional organisations includes participation on a wide range of regional fora on topics including sustainable development, rural issues, biodiversity and climate change. We have seconded some of our staff to Regional Assemblies (RAs), Regional Development Agencies (RDAs) and Government Offices (GOs) to assist on regional spatial strategy policies; regional waste strategies; sustainable development frameworks, sustainability appraisal techniques, and; EC Structural Fund programmes.

We are consulted on a non-statutory basis on a range of regional strategies including Regional Housing Strategies, Integrated Regional Frameworks and Regional Rural Delivery Frameworks. We are also proactive partners in a number of regional initiatives across the country, for example helping to deliver sustainable communities in the Thames Gateway, Milton Keynes & South Midlands and Market Renewal initiatives in the North.
The Environment Agency is also active in engaging regional partners in its own regional strategies and we consult RAs, RDAs and GOs on topics such as Water Resource Strategies and, in the future will be engaging the same organisations in River Basin Management Plans. We also liaise with regional organisations on other strategies that we regulate such as Water Company Water Resource Plans.

Can the Agency give examples where its input at the regional level has resulted in a change of strategy or implementation?

Through our expert advice on environmental issues, membership of regional fora, and being a national organisation that works across regional and local government administrative boundaries, we are helping to improve the environmental dimension of regional strategy and policy development and implementation.

The Environment Agency established Regional Strategic Units in 2002 to specifically engage externally with regional organisations. We are extensively involved in working in a partnership approach with the RAs, RDAs and GOs. Environment Agency Regional Directors and senior managers either chair or sit on a wide range of regional fora, such as regional Environment Panels, Environmental Technical Advisory Groups, Waste Technical Advisory Groups, Natural Resource and Climate Change Advisory Groups, etc.

Specific examples where our input has influenced strategy and policies include:

— Working with North East and the Yorkshire & Humber RAs on assisting local authorities develop Strategic Flood Risk Assessments.

— Securing flood risk targets in the Yorkshire & Humber RES, leading to increased awareness of flood risk and a £3 million contribution to a coastal managed realignment project around the Humber.

— Undertaking a risk assessment of the potential for expansion at all large sewage works in the East Midlands, resulting in the RA supporting a recommendation in the draft RSS that ODPM growth points at high risk should carry out a water cycle study.

— In the East of England, because of the potential scarcity of water supplies, securing targets for water efficiency in emerging regional policies. This is now being taken forward by local authorities in their Local Development Frameworks and we hope to see it incorporated in the East of England Plan (RSS).

— In liaison with water companies, we analysed and projected water resource availability and sewage treatment capacity across the South East against projected housing growth. This work has informed the South East of England RA’s RSS at the regional and sub-regional level.

— We led the establishment of the Sustainable Consumption and Production network (www.scpnet.org.uk) involving RDAs, RAs and regional observatories. The network aims to build the capacity of the regions to use evidence to promote sustainable consumption and production in the region. It builds on a previous R&D project (www.reward-uk.org) which developed a model to assist in understanding the links between regional economic strategies and environmental pressures.

— The data we collect and analyse is summarised and published annually in our regional State of the Environment reports. These have proved to be key regional information resources and reference documents, informing a wide range of strategies such as Regional Spatial Strategies, Regional Economic Strategies and Regional Sustainability Frameworks.

Would the Environment Agency welcome a greater degree of involvement in regional strategy development and policy implementation? If so, what form should it take?

As the lead environmental organisation for England, we would welcome the opportunity to participate in all significant and relevant regional strategies and policies from their inception. This would ensure regional strategies and policies accommodate environmental issues from the start.

Would the Environment Agency support the development of statutory regional environment strategies (as suggested by the Wildlife Trusts)?

We believe the priority should be to integrate the environment into existing strategies and policies. There is already a wide range of regional strategy and policy documents and we do not see the addition of another one bringing significant extra value. There is a need however, to ensure regional organisations are delivering their sustainable development responsibilities and the aims of the UK SD Strategy by making sure the environment is given proper consideration on regional strategic decisions. Currently progress on delivery is mixed, as summarised by the Sustainable Development Commission’s independent review of sustainable development in the English regions report (November 2005). We wish to see the Government’s commitments from its response—Securing the Regions’ Futures (April 2006) fully implemented as a first step.
The Wildlife Trusts also told the Committee (Q235) that it perceived a need for specific targets to be attached to positive environmental outcomes at the regional level (for example, in the RDA Tasking Framework), to enable the regions to give equal weight to environmental and economic concerns. Does the Environment Agency agree?

We agree that environmental targets which are measurable and exacting should be set by regional government bodies. Based on our liaison with regional institutions, we think these targets would:

- Help regional organisations to look at sustainable development in the round and not just to focus on economic growth and social inclusion;
- Enable issues such as a shortage of water, sea level rise, flooding, and waste to be recognised as important issues in regional policy.

Memorandum by English Nature and Natural England (RG 102)

1. Introduction—Natural England

This response has been produced by English Nature. English Nature is working with the Rural Development Service and the Countryside Agency’s Landscape, Access and Recreation division to create Natural England—a new agency for people, places and nature.

Natural England is a new organisation which is currently being established under the Natural Environment and Rural Communities Act 2006. Natural England is being formed by bringing together English Nature and parts of the Rural Development Service and the Countryside Agency.

Natural England has been charged with the responsibility to ensure that England’s unique natural environment including its flora and fauna, land and seascapes, geology and soils are protected and improved.

Natural England’s purpose as outlined in the Act is:

"to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development”.

Strategic Outcomes for Natural England

To achieve our purpose, Natural England has defined four strategic outcomes which will provide the focus for our activities and resources. The way in which these outcomes link together to conserve and enhance the natural environment is illustrated below.

A Healthy Natural Environment

Enjoyment of the natural environment

Sustainable use of the natural environment

A secure environmental future

To achieve these outcomes Natural England will:

- support individuals, organisations, land managers and business to take action to conserve and enhance the natural environment;
- increase the opportunities available for people to make the natural environment an enriching part of their every day lives;
- develop and promote sustainable solutions to environmental problems at a national, regional and local level and as a result increase the social and economic value provided by the natural environment;
bring together organisations and individuals that influence and shape our environmental future, to achieve long term conservation and enhancement of the natural environment; and

— play a role in international efforts to protect and enhance the natural environment through sharing our expertise, advice and advocacy.

Natural England will do this by applying an appropriate mix of advice, advocacy, incentives, regulation and practical action according to the international, national, regional and local challenges that the environment faces.

2. NATURAL ENGLAND AND REGIONAL GOVERNMENT

Natural England welcomes the opportunity to respond to the questions posed by the ODPM Select Committee. Specific responses to the questions posed by the Committee in their letter of the 19 May to English Nature are contained in Annex 1.

Effective working relationships between Natural England and the key regional bodies will be essential because of their important role in the planning system, the promotion of sustainable development, quality of life and wellbeing, economic development and other aspects of regional and local delivery.

Natural England wants to ensure that the economic and social value of the natural environment, as well as its intrinsic value is recognised, protected and funded accordingly. This will require Government Offices, Regional Assemblies and Regional Development Agencies to be a collective positive force for the promotion of Government policy on sustainable development and the natural environment. Of particular importance is the influence they have with local authorities and their responsibilities for the delivery of departmental initiatives and funding streams (including Local Area Agreements) and in the case of Government Offices and Regional Assemblies their particular role in the planning system.

Natural England will work with regional bodies to help interpret national policy and ensure that the natural environment is given due weight in regional strategies. We will develop and promote appropriate best-practice policies which reflect our environmental remit, and which can be tailored to local circumstances. Our engagement with the development of particular regional strategies may vary between regions depending on circumstances, but we expect to be a key player promoting the importance and benefits of the natural environment wherever this is relevant.

Natural England recognises the importance of the successful delivery of regional strategies that:

— Promote the achievement of integrated environmental, social, and economic objectives (as required by PPS1) rather than seeking to balance/trade these off against each other.

— Provide the highest levels of protection for England’s most valued landscapes, habitats, sites and species—especially those designated for their national or international importance (as required by PPS9).

— Deliver well-designed, high quality, locally distinctive, resource-efficient and environmentally sustainable development which recognises the contribution of the natural environment to a high quality of life and to the needs of existing and future communities (ie distinctive, inspirational, well-managed and accessible landscapes and greenspaces, close to where people work, which also support a wealth and diversity of wildlife).

— Protect and enhance the natural environment through the wise use of natural resources; reduce risks to and arising from the environment (eg related to climate change) and seek to maintain and enhance the physical, biological and land management processes needed to sustain the character and viability of England’s landscapes, biodiversity, geology and soils.

Annex 1. Specific responses to questions posed by the Committee

What formal mechanisms exist for English Nature to be consulted on strategy development and policy implementation by the Government Offices for the Regions, the RDAs and the Regional Assemblies (as appropriate)? What formal mechanisms have been established for consultation between Natural England and these institutions?

As yet no formal mechanisms have been established for consultation between Natural England and Government Offices, RDAs or Regional Assemblies. Natural England will inherit statutory consultee roles from English Nature and the Countryside Agency, and so will be formally consulted on RSS, RES and National Park/AONB Management Plans.

No formal mechanisms exist whereby Government Offices consult English Nature on strategy development or policy formulation, although in practice we are regularly consulted on relevant strategies, and often involved in working groups alongside Government Office representatives (eg RSS thematic groups, Regional Strategies for Farming and Food).

As a statutory consultee in the spatial planning process, we are formally consulted on Regional Spatial Strategies (RSS—which include Regional Transport Strategies) by Regional Assemblies as the Regional Planning Body. As a statutory consultation body for the Strategic Environmental Assessment Directive
(SEA), we are consulted on the combined SEA/Sustainability Appraisal process for RSS, and by the RDAs on Regional Economic Strategies. SEA consultation happens at different stages of strategy development, including screening, scoping stages and as part of wider consultation on the Environmental Report.

How is English Nature involved informally in strategy development and policy implementation at the regional level?

As the Government’s adviser on nature conservation, we have in practice, and in every region been heavily involved in the development of RSS, Regional Sustainable Development Frameworks/Integrated Regional Strategies, and (where they exist) Regional Environment/Biodiversity Strategies. Our involvement has been as statutory consultee where appropriate, and through a variety of thematic working groups, project groups, or as technical advisers. Involvement in Regional Economic Strategies has not always been as significant, although with the increasing emphasis on sustainable development by Regional Development Agencies, and the adoption of SEA, there are some good examples of cooperative working.

Can you give examples where your input at the regional level has resulted in a change of strategy or implementation?

English Nature generally works in partnership or close association with other environmental agencies and NGOs, and only rarely can a change in a regional strategy be attributed to specific contributions of any given agency or body. We are aware however of numerous examples of strategies which incorporate some of the ideas which we have promoted with other environmental bodies (sometimes in modified form).

For example:

RPG8 in the East Midlands includes positive policies on green infrastructure largely as a result of a joint submission by environmental bodies, led by English Nature.

The Examination in Public of RSS14 included lengthy discussion about the concept of environmental limits led by English Nature and the Countryside Agency, and we expect this thinking to influence the framing of some of the RSS policies.

“Nature Maps” or “Biodiversity Opportunity Maps” have been adopted or considered for adoption in a number of RSS, as a result of promotion by environmental bodies, including Wildlife Trusts and English Nature.

The “Economic and Regenerative Value of the North East’s Environment” (ERVNE) project in the North East involved joint working between the RDA and environmental bodies to identify large environmental projects which also have significant socio-economic benefits, and which has been reflected in the RES, and led to a prioritisation process for RDA funding of such projects.

Would English Nature welcome a greater degree of involvement in regional strategy development and policy implementation? If so, what form should it take?

As described, English Nature is already heavily involved in the development of most relevant regional strategies and policies, and we do not generally feel the need for any greater degree of involvement.

Natural England expects to be a key regional player, and to be involved in the development of all relevant regional strategies. As a body with a wider remit than English Nature, Natural England will expect to have a greater degree of involvement both as statutory consultee and through a range of other mechanisms.

Would English Nature support the development of statutory regional environment strategies (as suggested by the Wildlife Trusts)?

We would not support the idea of statutory regional environment strategies. The environment is an important aspect of sustainable development, which should be a cross-cutting theme reflected in every regional strategy. The danger of having statutory regional environment strategies is that the environment would then receive less attention in other regional strategies, and so not be given appropriate consideration.
The Wildlife Trusts also told the Committee (Q235) that it perceived a need for specific targets to be attached to positive environmental outcomes at the regional level (for example, in the RDA Tasking Framework), to enable the regions to give weight to environmental and economic concerns. Does English Nature agree?

We agree that targets can be a powerful mechanism for directing action but they can also lead to action being narrowly focused on the achievement of the specific target to the exclusion of wider environmental outcomes.

Most environmental issues vary considerably from region to region, and even within regions, it would not be appropriate to prescribe a set of national regional environment targets. In practice many environmental targets already exist (eg Defra PSA targets on farmland birds and SSSI condition; Biodiversity Action Plan targets), some of which have already been disaggregated to a regional scale. Some Regional Planning Guidance and RSS for example already recognise Regional BAP targets.

A greater priority than specific environmental targets in (say) RDA Tasking Frameworks, is to have positive policies for all Government-funded regional bodies to contribute to the achievement of government policy on sustainable development, biodiversity and geology. This is already the case for Regional Assemblies in their role as Regional Planning Body (PPS1 Planning for sustainable development, and PPS9 Planning for biodiversity and geological conservation). All public bodies will from October 2006 have a duty to have regard to the importance of conserving biodiversity through the NERC Act. The recently published Defra/DTI/ODPM report Securing the Regions’ Futures—strengthening delivery of sustainable development in the English Regions (April 2006) also indicates a stronger more positive role in the promotion of sustainable development for Government Offices, RDAs and Regional Assemblies.

Memorandum by the National Audit Office (RG 103)

BACKGROUND

The Government announced in Budget 2005 that:

“an independent assessment, conducted by the National Audit Office (NAO), based on the 2004 Initial Performance Assessment of the London Development Agency, would be introduced for Regional Development Agencies on a rolling basis during 2005–06. The process would be part of a more transparent, efficient and less bureaucratic system resulting in a net reduction of the audit burden on RDAs”.

The NAO were asked to undertake these assessments in the light of their report to Parliament on the performance of the Regional Development Agencies “Success in the Regions” and their thorough knowledge of RDAs arising from their financial audit work.

OBJECTIVES

Independent Performance Assessment (IPA) will allow the Regional Development Agencies (RDAs), government, partners and key stakeholders to understand the role and the performance of the RDAs as strategic drivers of regional economic development.

IPA will provide each RDA with an assessment of organisational performance, including capacity, and a plan outlining the action the RDA is going to undertake to deliver future improvements in performance. IPA will provide evidence as to whether RDAs are organisations capable of managing their own affairs efficiently and effectively and improving their performance over time.

METHODOLOGY

The NAO have worked closely with the Audit Commission to adapt the Comprehensive Performance Assessment (CPA) methodology used in local government for the assessment of RDAs. The NAO IPA methodology draws on the new streamlined CPA 2005 and the lessons learnt from the Audit Commission’s Initial Performance Assessment of the London Development Agency.

The adapted methodology reflects the differences between local authorities and the strategic leadership role and economic focus of the RDAs. The development of the approach was taken forward by a steering group on which the NAO, the Audit Commission, the Treasury, Department of Trade and Industry and the RDAs were represented.

The main elements of the IPA are:

— self-assessment by the RDA under a structured set of themes;
— a review of the self-assessment and supporting evidence by the NAO, leading to a focused period of on-site work at the RDA and with stakeholders to validate the evidence; and
— published assessment including a mark under each theme and combined to give a final overall score.

**Key Lines of Enquiry (KLOEs)**

KLOEs are central to the IPA. They provide the basis for the self-assessment and for the NAO assessment report. The KLOEs provide a framework through which the NAO can gather and assess evidence about how effectively the RDA is working. The KLOEs measure how well RDAs understand their regions, how this understanding transfers into ambitions and priorities, their capacity and what the RDA is achieving.

There are five KLOEs and a number of sub questions under the three over-arching headings of Aims, Activities and Achievement:

**Aims**

What is the RDA, together with its partners, trying to achieve?

**Ambition**

1.1 Through the Regional Economic Strategy, has the RDA set clear and challenging ambitions for the region?
1.2 Are ambitions based on a shared understanding amongst the RDA and partner organisations of regional needs and opportunities?
1.3 Does the RDA provide strategic economic leadership across the region and ensure effective partnership working?
1.4 Does the RDA with its partners, have an integrated and cohesive approach to improving regional economic performance?

**Prioritisation**

2.1 Are there clear priorities within the ambitions for the region?
2.2 Is there a robust corporate strategy expressed within the Corporate Plan to deliver the priorities?
2.3 Is robust action taken to deliver the Regional Economic Strategy?

**Activities**

How has the RDA set about delivering its priorities for improvement?

**Capacity**

3.1 Is there clear accountability and decision making to support delivery and continuous improvement?
3.2 Is capacity used effectively and developed to deliver ambitions and priorities?
3.3 Does the RDA, with its partners, have the capacity to achieve change and deliver its priorities?

**Performance Management**

4.1 Is there a consistent, rigorous and open approach to performance management?
4.2 Do the RDA and partner organisations know how well they and each other are performing against planned/expected outcomes?
4.3 Is knowledge about performance used to drive continuous improvement in outcomes and learning?

**Achievement**

What improvements has the RDA achieved/not achieved to date?

5.1 Has the RDA delivered its contribution to achieving the ambitions identified in the RES as set out in the Corporate Plan for the timescales covered by the assessment?
5.2 Has the RDA made progress in achieving its ambitions in sustainable development?
5.3 Has the RDA made progress in levering investment into the region against the priorities set out in the RES and has it influenced the resource allocation of partner organisations?
5.4 Has the RDA made progress towards achieving its ambitions and priorities for its lead role?
SCORING

A score will be awarded for each theme on the following scale:

1. Inadequate performance
2. Adequate performance
3. Performing well
4. Performing strongly

The three questions attract equal weight and this is achieved by doubling the score on achievement. Each RDA will be given an overall score out of a potential total of 24 points:

| Inadequate | Scores 6 to 8 |
| Adequate   | Scores 9 to 14 |
| Performing well | Scores 15 to 19 |
| Performing strongly | Scores 20 to 24 |

OUTCOME

The overall assessment of each RDA will be accompanied by a short report setting out the main findings of the assessment team together with the strengths and areas for improvement. These reports will be made public.

IPA is a means to an end. It informs improvement planning which is a means to bringing about improvement to RDA performance. Each RDA submits a draft improvement plan with its self-assessment, and these are finalised when the final reports are published.

Each RDA will be expected to report in a transparent way the progress it is making in implementing the improvement plan, in building on the strengths and addressing the weaknesses identified in the NAO’s assessment. Each RDA will include progress in implementing the improvement plan in its regular performance reports that it puts to its Board, which are shared with Government and are placed in the public domain every six months. Government Offices, as the Government’s representatives in the regions, will support the RDA in their region in its continuous improvement and will alert departments and Ministers to any issues of concern that may arise.

TIMETABLE

The National Audit Office has been asked to undertake assessments of all eight non-London RDAs in time for the findings to feed into the Comprehensive Spending Round. The timetable is as follows:

Round 1—East of England Development Agency and Northwest Development Agency has taken place between January and now. We are expecting the reports to be made public in early June.

Round 2—South West Regional Development Agency, South East England Development Agency and One North East will take place between July and November.

Round 3—Advantage West Midlands, East Midlands Development Agency and Yorkshire Forward will take place between November and March.

Memorandum by the East Midlands Development Agency (EMDA) (RG 104)

I am pleased that the Select Committee on the Office of the Deputy Prime Minister is conducting this important inquiry, and that the full range of stakeholders have been invited to give evidence, including my colleagues from three Regional Development Agencies, who appeared before the Committee on 15 May. I would particularly like to draw your attention to one element of the RDAs’ evidence.

At the hearing attended by my colleagues, the possibility of adopting a system of Regional Ministers was discussed briefly, and as you may have seen, has attracted some attention in the public policy press, for example in the latest issue of RDA News and in Regeneration and Renewal. This proposal was one of several mooted in the collective RDA memorandum to the inquiry, to which emda contributed. Indeed, the Regional Minister model was suggested by emda and draws on the ideas set out in Towards a Modern Regional Policy by the Smith Institute, produced in association with emda in 2004\[^{14}\]. Whilst the Regional Minister model is one of a range of options that could be taken forward, I believe it is a particularly compelling one which could strengthen regional autonomy whilst simultaneously empowering local government, whether in the form of unitary authorities, county councils, or city-regional authorities. Regional Ministers would, in all probability, be Ministers from departments with the biggest interest in regional affairs, and would carry out their duties as Regional Ministers in addition to their pre-existing responsibilities.

ministerial duties. The primary role of a Regional Minister would be to speak for their region in Government on matters of regional import, but also to represent Government in the region. Regional Ministers could also be required to appear before new Regional Standing Committees of MPs, which might include all MPs in the region (like the Scottish and Welsh Grand Committees) or a cross-party group of regional MPs (like a Select Committee).

It appears likely that there are to be new powers and new responsibilities for city-regions and local authorities flowing from the forthcoming Local Government White Paper. As local government becomes more powerful, there is an increased need for strong institutions at the regional level, to act as a mediating force between local and city-regional governments and Whitehall. Regional Ministers fit this bill. The establishment of appropriate structures to allow regional public services to liaise effectively with Regional Ministers would increase the accountability and facilitate the co-ordination of the public sector in the regions, and lead to substantial efficiency gains.

Supplementary memorandum by the Cornish Constitutional Convention (RG 16(a))

Following the recent hearing of the ODPM Select Committee at Bristol I thought I would write and offer a couple of further thoughts about what I presumed you were interested in hearing regarding the Cornish position.

I refer to a resolution of Cornwall County Council on the Lyons Commission Inquiry15.

The resolution sets out a programme of work which is now under way to consider a practicable proposition for bringing together the whole public sector service delivery community for Cornwall & the Isles of Scilly within a single delivery organisation. The outcome would see the county council replaced by a new, overarching body responsible for strategy, commissioning, bidding/revenue collection, promotion and performance monitoring.

The resolution includes working with the Government to form a clear understanding of any powers, functions or duties which could be devolved to maximise the effectiveness of this new approach. Service delivery leaders from health, education, local government (including parish councils) and other services (including LSPs) will be brought together around a “blank sheet of paper” embossed with three key principles:

— Separate strategy from delivery.
— Embed democracy.
— Achieve subsidiarity.

It is intended to consult the community on the eventual proposition prior to presenting it to the Government.

The process which has given rise to this initiative has its foundations in a meeting held by John Healey MP at the Treasury in April 2005. This was partly in response to the need to consider future regeneration concepts in preparation for Convergence funding, which Cornwall was awarded following the European Budget settlement. It recognises the success of the Objective I programme, both in demonstrating that Cornwall & the Isles of Scilly is a vibrant, distinct and sustainable regional unit, and that the delivery and monitoring structures are of a high standard.

Recently, Cornwall has submitted a bid for its LAA which is widely acknowledged as of a high quality, and which forms a very useful platform from which to launch the wider and more fundamental reform of public service delivery which we believe will demonstrate significant efficiency improvements, cost effectiveness and improvements in productivity.

Just before the Committee Hearing it was announced that, whilst starting from a very low base (64% of UK average GVA), Cornwall & the Isles of Scilly is the fastest growing region in Europe. This is an exceptional turnaround, and infers that, if we are to sustain this progress then we need the right administrative/leadership “toolkit” to do so. This is the key moment for changes which can offer the government the opportunity to develop a new model which can be seen as a counter-balance to City Regions.

I think that some of your members are interested in the notion of the “distributed city”. Cornwall is a peripheral region which has a dispersed settlement pattern. There is no central conurbation, but rather a number of areas in which there are different economic drivers—the sum of the parts is a place which displays many of the characteristics of a city—a complex economic base; low incomes, high house prices; a strong brand. It is difficult when observing Cornwall to simply classify it as rural—there is certainly a strong rural element, but there is also manufacturing (surprisingly quite significant and relatively stable), tourism, a strong service sector, mineral extraction (china clay), higher education, a strong creative sector and a distinctive cultural profile.

15 Lyons Commission Inquiry, Cornwall Council resolution, 13 March 2006
http://www.cornwall.gov.uk/index.cfm?articleid = 30393
In many ways the geography and socio-economic profile of Cornwall is one which lends itself to the development of a knowledge-based economy in which transfer is effective and market penetration is surprisingly more global than local.

There is a growing consensus for changes in governance which enable Cornwall to build upon its success, and which offer efficiency and productivity benefits as well as an example for others to observe. As Mr Miliband pointed out, Cornwall & the Isles of Scilly has many of the key attributes of a natural region. To which I would add that it must be more sustainable to work with nature than not.

Beyond Devon, life’s full of surprises!
Gans gorhennynadow a’n gwella
(Best wishes)

Bert Biscoe
Chair, Cornish Constitutional Convention

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**Supplementary memorandum by the Office of the Deputy Prime Minister (RG 32(a))**

1. I am writing in response to the Committee’s request for further information from the DTI, Transport and ODPM officials who gave evidence to the above enquiry on 13 March; and in reply to the subsequent questions in your letter of 27 March.

2. On Q94 from that evidence session, I understand DTI are responding directly on the question of how Regional Development Agencies’ (RDAs) functions and spending am subject to scrutiny by Regional Assemblies (RAs).

3. As far as Q114 is concerned, there are a range of issues on which ideas born in the region have been taken up and developed elsewhere—for example Supply Chain Groups, initiated in the West Midlands to help firms in the chain for a single component work together to improve efficiency generalised across the regions; then launched in April 2004 as a £15 million national DTI programme for the automotive sector as a whole. The boxed example on page 13 of the ODPM Memorandum of the Impact of the West Midlands Regional Housing Board on national priorities for affordable housing and stock improvement is a further illustration. But as officials indicated on the day, it is important to bear in mind that regional stakeholders, the Government Offices, Whitehall Departments and Ministers interact continually—and stakeholders engage both directly with public bodies and with one another in an overall organic process.

4. But we have also since the general election made a step change with the government’s decision explicitly to seek advice from regional institutions on priorities for their Regional Funding Allocations across the linked areas of transport, housing and economic development. All regions provided advice by the end of January 2006, and the last in a series of follow-up meetings between Assembly and RDA representatives and the four Departments involved (DTI, Transport, Treasury and ODPM) takes place on 2 May. These discussions have been very productive, and we are confident the Committee will find this view confirmed by regional stakeholders as their enquiry progresses.

5. The next step will be formal responses, including announcements on transport priorities. We can assure the Committee that decisions on these will be strongly influenced by the RFA consultation exercise.

6. On your further queries, on Q13 we suggest—as it is visiting the region as part of Its work—the Committee looks at the South West Government Office peer review. The review and the GO’s response can be found on Its website (www.gosw.gov.uk) in the “About us” section.

7. On Q72, the Committee ask the basis on which the Government determined 2003 (rather than 1997 or 2001) as the start of the economic cycle. The answer is first, that the Regional Economic Performance PSA target was set out in its current form in SR2002, following a process of evidence gathering around the causes of regional disparities (the target in 8R2000 did not include a commitment to narrowing the growth rate gap).

8. Success is to be measured by comparing regional growth rates in a target period to those in a base period. The base period was set as 1990–2001 as that represents the full regional Gross Value Added (GVA) data set available at 8R02, and corresponds roughly to one economic cycle. So the target period started in 2003 to ensure measurement of progress on the REP PSA captured the impact of policies introduced as a result of the commitment to narrowing GVA growth rate gaps set out in SR02.

9. The Committee ask how ODPM, DIT and DTI ensure our associated public bodies and agencies are equally committed to promoting regional solutions. We are unsure quite what the Committee are getting at here—a commitment to regional solutions is part of ODPM’s mission and is reflected in our Public Service Agreement targets. As we said in our evidence, all the Departments with a presence In the Government Offices regard that presence as central to their business, and seek to ensure that the bodies they sponsor reflect and promote the governments regional agenda.

10. The Committee ask (following up paragraph 31 of our written memorandum) what steps the Government is taking to promote more effective leadership within the existing institutions. Again, we are not sure whether there is a suggestion there is more Departments should be doing, but there are a wide range
of programmes and bodies in place to enhance leadership capacity at local and regional level. Each Government Office has a Regional Director of Local Government Practice working closely with local leaders and we have encouraged Regional Assemblies to streamline their systems and procedures in order to enhance their leadership capacity.

11. As the Committee note, the ODPM/Treasury review of the Government Offices suggested more staff are needed in the regions with “professional skills and delivery experience”. The Government Office network are engaged in an extensive change programme to achieve this, including consulting with Unions representing the staff affected. Its overarching objective is to move to a smaller, more strategic network, and where particular skills are missing this will be addressed by a combination of developing internal talent and recruitment of external staff with the necessary expertise.

12. Finally on the Committee’s request that we provide for the eight core cities an equivalent to the Institute for Public Policy Research’s hypothetical calculation of devolved budgets for the Birmingham and Manchester “city regions”, our response is as follows.

13. Ministers visited the eight English Core Cities late last year in a series of city summits. Following these, the Core Cities have been developing business cases, setting out their vision and challenges alongside their case for change to address barriers and enablers to economic growth for their city-region. Discussions within eight Core Cities on their business cases are ongoing, and will inform the Government’s thinking ahead of the forthcoming Local Government White Paper.

14. Options may include devolving some funding streams to a city-regional scale. However, no decisions have yet been taken. The boundaries of city-regional areas are fluid, and will evolve through a “bottom-up” process of discussion between the Core Cities and their regional partners. It is not for ODPM to impose city-regional boundaries. It is therefore not possible at this stage to arrive at a commonly accepted definition of the city-regional area for all eight English Core Cities, and obtain the required data to estimate devolved budgets.

15. The ODPM undertook an analysis of Government funding streams going to the Core Cities in the 2005–06 financial year as part of preparatory work for the Core City Summits. The attached table shows figures for the main ODPM programmes, along with Revenue Support Grant (RSG) and some OGD programmes including Learning and Skills Councils, Police, Regional Development Agencies and selected education and Home Office programmes. The Select Committee may find this information useful in giving an indication of the scale of ODPM and other Government funding that is currently provided to the eight Core Cities. It should be noted that the data applies to the core municipal city, and not any wider city-regional area. Data on funding from Other Government Departments for some of the Core Cities is not currently available.

### GOVERNMENT FUNDING GOING TO THE ENGLISH CORE CITIES BUDGET 2005–06

<table>
<thead>
<tr>
<th>Programme and Department</th>
<th>Birmingham</th>
<th>Bristol</th>
<th>Leeds</th>
<th>Liverpool</th>
<th>Manchester</th>
<th>Newcastle</th>
<th>Nottingham</th>
<th>Sheffield</th>
<th>Core Cities Total</th>
<th>Total ODPM Programme</th>
<th>Proportion of programme</th>
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<tr>
<td>ODPM</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Neighbourhood Renewal Fund</td>
<td>22</td>
<td>8.4</td>
<td>34.4</td>
<td>35.2</td>
<td>6.84</td>
<td>15.8</td>
<td>9.71</td>
<td>133</td>
<td>525</td>
<td>25%</td>
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<td>0.63</td>
<td>0.81</td>
<td>1.6</td>
<td>0.55</td>
<td>0.67</td>
<td>0.69</td>
<td>6.5</td>
<td>69</td>
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<td>Street Crime Wardens—(part of SSCF)</td>
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<td></td>
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<tr>
<td>Single Community Project (part of SSCF)</td>
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<td></td>
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<td></td>
<td></td>
<td>0.4</td>
<td>37%</td>
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<tr>
<td>New Deal for Communities</td>
<td>11</td>
<td>5.5</td>
<td></td>
<td>8</td>
<td>1.7</td>
<td>7.5</td>
<td>7.2</td>
<td>10</td>
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<td>Market Renewal Pathfinders</td>
<td>24</td>
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<td>30</td>
<td>25</td>
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<td>43.6</td>
<td>148</td>
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<td>Regional Housing Board Capital</td>
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<tr>
<td>Rev To Las</td>
<td>35</td>
<td>12.55</td>
<td>19.6</td>
<td>24.1</td>
<td>6.3</td>
<td>7.7</td>
<td>8.6</td>
<td>114</td>
<td>838</td>
<td>14%</td>
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<tr>
<td>RDA (ODPM) estimate</td>
<td>12</td>
<td>5</td>
<td>85.7</td>
<td>55.2</td>
<td>42.1</td>
<td>7.1</td>
<td>12</td>
<td>219</td>
<td>1,487</td>
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<td>Housing Corporation ADP</td>
<td>22</td>
<td>7.99</td>
<td>40.5</td>
<td>44.9</td>
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<td>1.8</td>
<td>7.12</td>
<td>129</td>
<td>1,676</td>
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<td>Housing Major Repairs Allowance</td>
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<td>16</td>
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<td>48</td>
<td>956</td>
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<td>HRA Subsidy</td>
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<td>4</td>
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<td>2.5</td>
<td>1.6</td>
<td>3.5</td>
<td>6</td>
<td>26</td>
<td>223</td>
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<td>SRB (residual funding)</td>
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<td>4</td>
<td></td>
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<td>3.5</td>
<td>6</td>
<td>26</td>
<td>223</td>
<td>3%</td>
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<tr>
<td>Supporting People</td>
<td>53</td>
<td>19.4</td>
<td></td>
<td>26.9</td>
<td>99</td>
<td>1,765</td>
<td>5</td>
<td>170</td>
<td>5%</td>
<td>3%</td>
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<td>Planning Delivery Grant</td>
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<td>0.36</td>
<td>0.86</td>
<td>0.78</td>
<td>0.46</td>
<td>0.75</td>
<td>0.86</td>
<td>5</td>
<td>170</td>
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(£million)
Ev 156  ODPM Committee: Evidence

Revenue Support Grant (RSG)

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<tr>
<th>RSG</th>
<th>834</th>
<th>170</th>
<th>354</th>
<th>367</th>
<th>378</th>
<th>170</th>
<th>178</th>
<th>300</th>
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<tr>
<td>National Non-Domestic Rates (net of contribution)</td>
<td>27</td>
<td>88.84</td>
<td>91</td>
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<td>GDs</td>
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<tr>
<td>Learning and Skills Council</td>
<td>210</td>
<td>10.73</td>
<td>84.4</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Police</td>
<td>133</td>
<td>0.65</td>
<td>133 (County)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RDAs (non-ODPM) estimate</td>
<td>5.5</td>
<td>1</td>
<td>2.9</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Children’s Fund/Children’s centres/Sure Start</td>
<td>87.7</td>
<td>25.8</td>
<td>23.8</td>
<td>7.2</td>
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<td>Standards Fund (education)</td>
<td>51.9</td>
<td>21.2</td>
<td>1.3</td>
<td>32.6</td>
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<tr>
<td>Safer and Stronger Communities Fund (Home Office)</td>
<td>1.8</td>
<td>2</td>
<td>4.1</td>
<td>0.83</td>
<td></td>
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<tr>
<td>EU Structural Funds</td>
<td>17</td>
<td>56.6</td>
<td>11</td>
<td>21.47</td>
<td>15.4 (County)</td>
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Total ODPM Programmes £m

Main DEL 8,949
Local Government DEL 46,621

Supplementary memorandum by English Regional Development Agencies (RG 42 (a))

1. INTRODUCTION

1.1 On 15 May 2006, the English Regional Development Agencies (RDAs) gave oral evidence to the Select Committee in support of previous written evidence. Ms Jane Henderson, Chief Executive, South West RDA, Mr Alan Clarke, Chief Executive, One North East, and Ms Pam Alexander, Chief Executive, South East RDA gave oral evidence.

1.2 During the oral evidence session it was agreed that the RDAs would provide additional written evidence to the Select Committee on the following:

— Further detail on the RDA scrutiny arrangements adopted by Regional Assemblies (RAs).
— Examples of how each RDA has followed up on and/or decided not to follow recommendations made by RAs.

This second written submission from the RDA’s addresses the Committee’s request for additional information in this regard.

2. SCRUTINY ARRANGEMENTS WITH REGIONAL ASSEMBLIES

2.1 The Regional Assemblies are responsible for the scrutiny of the policies and actions of the English Regional Development Agencies. This responsibility is outlined under section 8 of the Regional Development Agencies Act 1998 (the Act).

2.2 The Government expects RDAs to be held to account in the regions they serve as well as through national departments. The Act states that RDAs are required to have a scrutiny relationship with their Regional Assembly. The Act outlines that RDAs are required “to supply the chamber (now assembly) with information, to answer questions put by the chamber about information supplied to it by the agency, and to take such other steps for the purpose of accounting to the chamber for the exercise of its functions”. Regional Assemblies are seen as being “well placed to work with the RDAs—and other regional partners—to help ensure that the RDAs’ strategy and activities fit in with the wider framework of strategies across the region”16.

2.3 The Act only requires RDAs to “have regard to” the views of the Assembly and does not necessarily require them to agree with or act upon these views. The Department of Trade and Industry has the sponsor department of RDAs recently stated that scrutiny by Assemblies should not be confused with the issue of democratic accountability of the RDA as this is to Parliament via Ministers.

2.4 The ODPM “Evaluation of the Role and Impact of Regional Chambers” feasibility study (2005) reported that the Chambers (now Assemblies) have the flexibility to choose how they approach the scrutiny function that is expected of them under the RDA Act 1998. It found that there are different approaches adopted by the Regional Assemblies, but also some broad similarities particularly as all regions have adopted a collaborative approach. The RA scrutiny process allows the RA to provide advice through a close examination of RDA policies and actions, particularly the Regional Economic Strategy and RDA Corporate Plan.

2.5 The scrutiny process seeks to improve the effectiveness of RDA policies and the integration of these policies with other strategies and policy initiatives in the region. Overall each Assembly does carry out its scrutiny role in different ways and examine different issues. Some hold twice yearly scrutiny meetings (for example the North West) where others have formalised protocols agreed with their RDA often supported by scrutiny boards and/or panels or non-panel sessions on agreed topics (for example the East Midlands and the North East). Where a protocol has been agreed it sets out the general scrutiny principles to be

adopted, and establish the responsibilities of each organisation. These aim to be fit for purpose for that particular region’s requirements. Some regions adopt a three-year rolling programme of agreed topics, others an annual work plan.

2.6 Some regions (for example East of England) also hold sub regional scrutiny meetings to obtain further feedback to their regional level panels.

2.7 The LDA’s unique status among England’s Regional Development Agencies in terms of its governance structure, and accountability to the elected London Mayor as a functional body of the Greater London Authority has a bearing on the way in which the LDA considers and reacts to recommendations arising from London Assembly Committee scrutiny investigations. There is no standard approach and, in practice, if a Committee publishes a report whose recommendations have some bearing on the LDA, a response may or may not be appropriate; the decision on whether and how to respond is taken on a case-by-case basis. It is also worth noting that the LDA is accountable to the London Assembly for its budget. The Mayor must submit his budget proposals for the LDA and other functional bodies to the Assembly. Subsequently representatives must attend the Assembly Budget Committee to respond to questions. Unlike other RDAs the LDA has a statutory duty under the GLA Act to co-operate with the Assembly on scrutiny investigations as the Assembly has powers to subpoena LDA documents and people.

2.8 As we outlined in the oral evidence session, every RDA aims to respond to a scrutiny paper from their RA where a jointly agreed timescale for doing so is in place.

2.9 In some regions, for example the South West, the RDA and RA jointly commissioned an independent review of scrutiny activity to help inform the development of their scrutiny protocol and programme. This review emphasised that the scrutiny process has made significant progress in developing its approach and that it is working well. It underlined the shared commitment to a collaborative approach to scrutiny, recognising the shared responsibility for developing, agreeing and overseeing the implementation of the Regional Economic Strategy and other key regional strategies. The consultants were also cautious about the Regional Assembly seeking to scrutinise a wider set of regional agencies. In some regions feel they have made really progress with in the scrutiny process themselves. For example in the West Midlands it is agreed, by the RDA and Assembly that the Scrutiny process has developed over last two years, particularly through a revised protocol and improved, more open approach. There is now a more constructive attitude and tone to the process leading to improved recommendations and outcomes. In addition the RDA and the Assembly are working together to ensure that the Scrutiny process complements the Independent Performance Assessment (IPA) process. The improvements probably also reflect the maturity of the two bodies.

2.10 All Assembly’s and RDA’s have developed a sound approach to scrutiny, although the detail of the process and arrangements differs for each region. For further clarity on each regions approach to scrutiny Annex 1 outlines the key arrangements in place.

2.11 Scrutiny should not be confused with RDA accountability to other bodies. Other RDA accountabilities include:

— From April 2005, a new RDA Tasking Framework was established. This resulted in the introduction of an Independent Performance Assessment, conducted by the National Audit Office for the RDAs. This new assessment is similar to the Audit Commission’s Comprehensive Performance Assessment for local authorities and builds on the learning experience of the London Development Agency that went through a similar process of assessment in 200417.

— RDA’s performance is monitored and reported to their Boards on regular basis with a minimum requirement that this is shared with the Government Offices for the Regions and the Department of Trade and Industry every six months at the mid year point and at the end of the year.

3. Examples of how each RDA has followed up on recommendations made by Regional Assemblies or decided not to follow recommendations

3.1 The following examples provide evidence of how the RA scrutiny process has added value to the strategies and operations of the RDAs and where the RDA did not agree with particular recommendations.

Southwest

Following a scrutiny exercise on SWRDA’s approach to Information and Communication Technology and the development of broadband across the region it was recommended that SWRDA worked with the Assembly to engage with SweGG, the LGA and the ODPM’s South West Centre of Excellence. This enabled the Agency to improve co-ordination with the region for delivering e-government, which SWRDA consider to be the largest single regional engine for growth in e-procurement and developing the Small and Medium sized Enterprise supply chain.

17 As a functional body of the Greater London Authority, the London Development Agency is subject to a separate assessment regime performed by the Audit Commission.
An independent consultancy report on the overall scrutiny process recommended that scrutiny reports should be directly reported to the RDA Board rather than simply being covered by the chief executives report. The RDA has agreed and is committed to actively following up the recommendations on the scrutiny process with the Assembly and reporting back.

North East

In a recent scrutiny exercise on the draft Regional Economic Strategy One NorthEast provided written responses to progress made with the eighteen recommendations, attended two committee meetings and provided additional material and evidence on request. Examples of scrutiny sessions where recommendations have been followed up are: Small and Medium sized Enterprises (Creations and Survival)—One NorthEast agreed to progress the delivery of the business brokerage model to provide a seamless and integrated business support service; Strategy For Success (Innovation, Industry and Science)—One NorthEast agreed to set the Science City initiative in the context of the wider SFS programme; Tourism—One NorthEast are progressing the implementation of the “green accredited” business scheme and reporting back after it has been operating for a meaningful period; Sites and Premises—One NorthEast agreed to develop a coherent method of measuring strategic added value, which will apply to all the Agency’s activities and initiatives.

Following a scrutiny exercise on the One NorthEast’s activity on job creation in deprived areas a difference of emphasis emerged. The RA recommended that One NorthEast develop a more targeted programme that focussed on the deprived areas of the region. One NorthEast recognised this view but decided to maintain its strategic interventions on economic growth and opportunities where more of the whole region could benefit and the RDA could maximise the return on its investments.

East of England

Following scrutiny of the Regional Economic Strategy, EERA recommended ‘the early and voluntary review of the timescale and breadth of the strategy’s headline target for the East of England to become a top twenty European region by 2010 (measured on a GVA per head basis). EEDA, EERA and the region’s strategic planning authorities jointly funded research to investigate the achievability and spatial planning implications of the target. The research informed the development of the revised Regional Spatial Strategy (RSS) influencing, in particular, projections of job growth. The resultant job growth targets were ultimately adopted in both the RSS and the 2004 RES, thereby replacing the RES headline target for GVA growth.

Following a scrutiny review of the Business Link transformation process a recommendation from the Conservative Group to the Executive Committee of EERA stated that they rejected part of the proposal by EEDA, which would reduce County-based business links to a brokerage role vis-à-vis a regionally operated service on the basis this would deprive the medium and small business sector (including those businesses owned by overseas companies) of a locally based one-stop shop of support across the full spectrum of business concerns. The recommendation was also based on the belief that the proposed changes would also have an adverse impact on the financial viability of Business Links since they would be unable to recover input VAT. EEDA did not agree as research showed that the “brokerage” model was the overwhelming preference of businesses and the model being advocated nationally by the Government. EEDA demonstrated that their Corporate Plan provided the necessary levels of funding to ensure that there would be no reduction in the services available to business and continued to pursue the “brokerage” model to transform the region’s Business Link into a regionally operated service.

West Midlands

Following a scrutiny review of Advantage West Midlands Rural Renaissance initiative it was recommended that AWM provide existing and prospective partners with clear information regarding its role, constraints and methods of working, and should clarify the relationship between economic development and wider regeneration goals. This would form part of the information circulated to partners to inform the option development stage of the RES revision. AWM agreed and AWM has provided information accepting that more needs to be done and the lessons will be applied in future rural and generic communication.

A further recommendation was for AWM to examine its current process for approving projects and granting funding to identify efficiency improvements. AWM agreed and during 2005–06 the Agency started its “Building Better Projects Faster” initiative to deliver a more accessible first stage application, a more structured assessment process, and clearer guidance to applicants on how to develop projects. As a result from 2006–07 the Agency will operate a single approval body for grant applications. It is anticipated that this will further reduce the time spent on Agency approval of projects.
Following the same scrutiny exercise the RA recommended that Advantage West Midlands, as part of the RES process, develops and consults on a rural proofing mechanism with a clear monitoring and reporting arrangement for regional partners. This was not agreed by AWM as a further mechanism was seen as unnecessary since the principles of rural proofing were already integrated into the Agency’s approach to rural renaissance.

East Midlands

the East Midlands RDA/RA scrutiny arrangements are carried out through a Regional Scrutiny Board (RSB). The primary means of Scrutiny is through thematic Scrutiny Panels, which are set up within an agreed three Year Delivery Plan. The outcome of these is the production of a scrutiny report, which provides detailed recommendations. The board is given further opportunities to comment on RDA delivery at quarterly Regional Scrutiny Board Meetings. Representatives of EMDA, EMRA and Government Office, attend these meetings.

Following a scrutiny review and recommendations on their approach to Sustainable Development in 2005 EMDA responded with the production of a Sustainable Development Action Plan and the nomination of an EMDA Board member to lead on, and champion sustainable development. EMDA has also produced detailed action plans in response to the Scrutiny Panels examining Inward Investment activities and Tourism delivery. In some cases further additional action has not been required because the recommendations made have effectively duplicated existing or planned RDA activity, or it has been agreed through discussion with regional partners that other activities principally addressed these recommendations.

Yorkshire and Humber

Yorkshire and Humber have held eight scrutiny sessions since 2002 on topics including marketing, inward investment, business birth rates, public sector investment and the Regional Economic Strategy.

Following a scrutiny review on the impact of cluster policy, the objective of developing competitive business of the revised regional Economic Strategy now features clusters strongly. Whilst the revised RES does not identify any new priority areas for cluster investment, individual action plans for each cluster have been prepared, it encourages continued work on the five original and two new clusters alongside seeking increased key sector activity in Financial and Business Services, Logistics and Construction.

As a result of scrutiny recommendations following the marketing review the Regional Marketing Forum has progressed actions to market the “Yorkshire—Alive with Opportunity” brand. The Yorkshire Forward website now includes a comprehensive section promoting the region, including a profile of each of the five key cities in Yorkshire and Humber, a royalty free photo library and key statistics.

The same scrutiny exercise also looked at Inward Investment and the recommendations to review of internal and inter-organisational working arrangements and protocols at the regional, sub-regional and local levels have been agreed and undertaken for North and South Yorkshire, and information has been disseminated. A new framework for Inward Investment was also agreed and work continues to encourage the development of similar targets across the region’s Local Authorities.

Yorkshire Forward had no specific examples where they had not acted upon recommendations from the scrutiny process.

North West

Following two scrutiny review meetings on RDA policy relating to Sub-Regional Partnerships (SRPs) recommendations were made on the governance, capacity, potential delivery role of SRPs, and performance management of SRP activity in relation to fulfilling the Regional Economic Strategy. All recommendations were jointly agreed with NWDA and the Sub Regional Partnerships and NWDA has provided additional capacity building resources for SRPs and further guidance on their role. NWDA did not report any instances of not following up on recommendations.

South East

Following scrutiny of SEEDA’s impact on manufacturing it was recommended that, as lead RDA on manufacturing, SEEDA should lobby the Department of Trade and Industry for greater regional devolution of resources for best practice, sectors and innovation in the Comprehensive Spending Review. SEEDA agreed with this recommendation as part of the RDA approach to simplification of business support. A further recommendation was for SEEDA to work with business representative organisations and other bodies to identify other measures to support manufacturing beyond the current Manufacturing Advisory Service. SEEDA accepted this recommendation and has since instigated formal working arrangements with business representative bodies to take this forward.
Following scrutiny of SEEDA’s approach to Regeneration and Area Investment Frameworks a recommendation was made that the RDA take forward the progressive devolution of a broader range of SEEDA expenditure to well-performing partnerships. SEEDA took the view that its 2005–08 Corporate Plan, on which the Assembly was consulted, already provided for the appropriate degree of progressive devolution.

London

Following a committee request to the London Assembly the London Mayor responded to recommendations made regarding the opportunities for small and medium sized London businesses of the London Olympics 2012. The Mayor made the official response with significant input from the LDA and it highlighted the progress being made for joining up and streamlining business engagement and support and development of a 2012 business club. The LDA arrangements with Serco to support thousands of small business entrepreneurs and the roll out of the “Supply London” programme to get companies ready for the procurement process for the Olympics were key elements of the agreed response.

Annex 1

SUMMARY OUTLINE OF REGIONAL ASSEMBLY SCRUTINY ARRANGEMENTS OF THE RDA IN EACH ENGLISH REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>Scrutiny arrangements with RA and RDA</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>Written agreement on scrutiny and policy development</td>
<td>Eight scrutiny topics completed</td>
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<tr>
<td></td>
<td>Annually reviewed work plan of topics</td>
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<tr>
<td></td>
<td>Scrutiny committee manages and reviews the process</td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td>Scrutiny review panel meetings</td>
<td>Two reviews of RDA policy on sub-regional partnerships in 2004 and 2005</td>
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<td></td>
<td>Review Panel questions and discussions</td>
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<td>Yorkshire</td>
<td>Regional Scrutiny Board</td>
<td>Eight scrutiny enquiries completed.</td>
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<tr>
<td></td>
<td>Formal Review panels and “trials” on specific topics</td>
<td>Less formal “trials” being tested/conducted for Northern Way and Innovation reviews</td>
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<td></td>
<td>Action plans produced in response to all scrutiny reports.</td>
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<tr>
<td>East Midlands</td>
<td>Written Scrutiny Protocol (inc. GOEM)</td>
<td>Final assessment reports produced by EMDA 12 months after scrutiny report setting out</td>
</tr>
<tr>
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<td>Regional Scrutiny Board</td>
<td>the Agency’s view of usefulness of the report.</td>
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<td>Thematic Scrutiny Panels called on a case by case basis and ad-hoc non panel reviews</td>
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<td>Three year rolling scrutiny programme</td>
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<td>West Midlands</td>
<td>Written protocol for scrutiny and strategic review (inc GOWM)</td>
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<td>Assembly Strategic review group</td>
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<td>Annual report provided to full assembly</td>
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<td>Two types of review by panel-Individual topic based scrutiny reviews of AWM</td>
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<td>and strategic reviews of regional issues.</td>
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<td>East of England</td>
<td>Full Assembly and Executive committee strategic scrutiny lead</td>
<td>Annual Regional Accountability and Sub regional Accountability meetings support the</td>
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<td>EERA/EEDA Liaison Panel has delegated authority on scrutiny business and meets quarterly</td>
<td>overall process</td>
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<td>Annual programme of quarterly reports shared with EERA on all RES topics</td>
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<td>South west</td>
<td>Written protocol on scrutiny activity, process and Regional Strategic reviews</td>
<td>Inclusive regional workshops developed to involve other regional stakeholders</td>
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<td>Scrutiny Panel of assembly, business and others</td>
<td>Protocol under review to cover 2006 to 2009</td>
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<td>Annual scrutiny programme</td>
<td>Independent assessment in 2005</td>
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Region | Scrutiny arrangements with RA and RDA | Additional information
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Southeast | Annual programme of scrutiny topics Scrutiny panel/select committee and chair selected by the Assembly SEEDA invited to respond to each scrutiny report | Three topics per year Assembly chair or Chief Executive report on full years scrutiny at SEEDA Open Public Meeting
London | Functional body of the GLA Statutory duty under GLA Act to cooperate with the London Assembly Scrutiny via the elected London Mayor and his strategies Direct questioning at Assembly meetings Scrutiny committees hold investigations Assembly has powers to subpoena LDA documents and personnel | No standard approach Decision on whether to respond taken on a case by case basis

Supplementary memorandum by Merseytravel (RG 52(a))

During my evidence session, I promised a further note on the ways in which Merseytravel works with our wider partners, particularly in the “Northern Way” and the example of better working with improved rail access to the Port of Liverpool. I have attached a note on these points.

THE NORTHERN WAY

The Liverpool City Region represents one of eight City Regions identified as part of The Northern Way where 90% of the economic activity in the North takes place. Alongside Liverpool are: Central Lancashire, Manchester, Sheffield, Leeds, Hull and Humber Ports, Tees Valley, Tyne & Wear.

As such, the Liverpool City Region Development Plan (LCRDP) plays a key role in helping deliver the ambitions of the Northern Way. The vision for the Liverpool City Region is:

“To regain our status as a premier European City Region by 2025. We will secure an internationally competitive economy and cultural offer; and outstanding quality of life; and vibrant communities contributing to and sharing in sustainable wealth creation”.

The Liverpool City Region Development Plan is closely linked with the development of the sub-region Regional Spatial Strategy and Regional Transport Strategy. Public transport plays a key role in achieving these aims and ensuring strong links between the documents secures clear leadership for the future direction of Merseytravel, via the Local Transport Plan and the forward looking ten-year strategy.

The City Region Development Plan has set out six strategic priorities for the region, as set out below.

- The Premier Destination Centre.
- The Well Connected City Region.
- The Creative and Competitive City Region.
- The Talented and Able City Region.
- The City Region of Sustainable Neighbourhoods and Communities.
- Delivering the City Region.

Transport has a very clear role to play in helping deliver the strategic priorities to secure long term investment and economic development in the sub-region. The paragraphs below take each objective and set out the role of transport in helping deliver them.

The Premier Destination Centre

The Merseyside Local Transport Plan’s vision is to secure

“a fully integrated safe transport network for Merseyside which supports economic and social regeneration and ensures good access for all and which is operated to the highest standards to protect the environment and ensure quality of life”.

Working towards this vision will ensure a pleasant experience for everyone entering, and travelling within the region. By working with airport, airline and rail service providers, Merseytravel has been able to increase inbound tourism. Merseytravel has a key role to play in boosting the immediate experience of the traveller once they have entered the region; strong information provision and a focus on passenger security contributes towards the experience.
Merseytravel has recently completed the construction of Liverpool South Parkway, a new transport gateway to the region providing direct links from the airport to the city centre, this major project will encourage people coming into the region, even as an interchange for travel to the rest of the region.

**Well Connected City Region**

There are some strategic transport projects that will have a significant impact on the development of the City Region as a transport hub. These include:

- Mersey Ports Growth Strategy (further advice about Merseytravel’s role in improving rail access to the Port of Liverpool is set out below);
- expansion of Liverpool John Lennon Airport (supported by the development of Liverpool South Parkway—a state of the art transport link between the airport and the rest of the region); and
- The Mersey Gateway—the second Mersey Crossing in Halton.

Underpinning these strategic projects are more localised projects such as improved connectivity within, to and from the City Region, across the Northern Way and connections to international markets and improved intra—city region connectivity.

**Strategic Priority—Creative and Competitive City Region**

The Local Transport Plan support the development of an employment base, especially with regard to key clusters, by investing in Merseyside Strategic Investment Areas and other strategic regional sites. The development of a 21st Century business environment must be properly supported by an integrated package of public interventions, including transport measures which will help facilitate growth and minimise the risk of congestion. All public sector investment will need to ensure that transport access is available to the benefit of the wider sub region.

An example of this approach is: the Mersey Partnership’s (TMP) research has led to a consensus that a significant source of competitive advantage for Merseyside in the future will be to become, both in actuality and in perception, a good place for women to participate in the workforce and to establish businesses. An aim of the LTP is to “Support programmes include the development of safe public transport provision serving women’s needs”, delivering on this LTP objective will play a significant part in delivering on the ambitions of the City Region Development Plan.

**Strategic Priority—“Talented and Able City Region”**

Improved transport links is a key issue for boosting the education and employability of the city region. Strong transport opens up the employment market across the conurbation and in particular to less traditional work locations. By working together across the whole city region, transport can help improve management of labour markets including an acceptance that employment may extend to jobs beyond the traditional administrative boundaries of the regions. Merseytravel is working beyond these boundaries to reflect travel to work as it occurs.

**Strategic Priority—“City region of sustainable neighbourhoods and communities”**

Transport authorities need to develop inter-authority collaboration to address the soft infrastructure elements of sustainable communities. There is a need to adopt a holistic approach to regeneration incorporating access to transport and to concentrate development where it can minimise the need to travel and can be well served by an affordable, clean and safe public transport system to improve the environment and link communities with employment opportunities, education, training establishments, health services and facilities and leisure amenities.

Merseytravel will maintain a strong focus in helping to deliver the ambitions of the Northern Way, recognise the significant role of transport in securing sustainable economic development for the region. In many cases, the appraisal system set out by the Department for Transport does not give sufficient weight to the impact of transport in delivering regeneration, meaning some significant infrastructure projects are not funded where they might have the most significant impact on the future of a region.
**Specific Example—Improved Rail Access to the Port of Liverpool**

The requirement for improved rail access to the Port of Liverpool has been identified as a high priority in the Merseyside Provisional Local Transport Plan for 2006–11, and was also one of the recommendations of the Strategic Port Access Study in December 2003.

The stakeholders promoting the scheme are Merseytravel, Sefton MBC, Liverpool City Council, the Mersey Docks & Harbour Company, Mersey maritime, the North West Development Agency and Network Rail. The stakeholders have agreed that Network Rail will review existing technical work and undertake a Whole Industry Appraisal of options for improving rail access to the Port, including production of a business case for the preferred options.

Although this is essentially a rail freight scheme, it has been agreed by the local authority stakeholders that Merseytravel will be Network Rail’s client for this work, in view of its greater expertise in the delivery of rail projects.

**Proposed Improvements**

The proposal has three constituent parts:

- loading gauge enhancement to allow 9’6” containers to be conveyed on standard wagons between Seaforth Container terminal and the West Coast Main Line (WCML);
- capacity improvements on the Bootle Branch; and
- reconstruction of the Olive Mount Chord.

Loading gauge enhancement is required on both routes between Seaforth and the WCML. The route via Runcorn is cleared from Garston Freightliner terminal to the WCML already, but the route via Earlestown, which is already a valuable diversionary route, will become the main access to the Port on reconstruction of the Olive Mount Chord.

The Bootle Branch currently only has basic signalling, sufficient for one train at any given time in each direction to occupy the section between Edge Hill and Bootle Junction. It also has a line speed restriction of 30 mph throughout. Capacity could be enhanced by providing additional signal sections and by increasing the line speed.

Reconstruction of the Olive Mount Chord will restore a direct access between the Port of Liverpool and the West Coast Mainline without reversal at Edge Hill, which is both time-consuming and involves crossing the lines into and out of Lime Street at Edge Hill.

An increase in both the capacity and capability of the rail link to the Port of Liverpool has the potential to offer a much wider range of benefits, including more sustainable development of the Port, economic regeneration, environmental benefits and an improved competitive position for the Port. The appraisal is intended to take these benefits into account. It will also identify potential sources of funding through which these benefits may be delivered.

Subject to the impact of the outstanding issues that are currently being discussed with Network Rail, the business case for construction of the Olive Mount Chord looks promising. A number of options for moving forward are now being pursued. Merseytravel’s assistance in managing this process, allows genuine partnership working for the wider benefit of the sub region as a whole.

Mersey Docks and Harbours Corporation forecasts that rail’s market share of container traffic will rise from 3.8% to 10% by 2016. The main benefits of investment in improved access to the Port of Liverpool will be reducing congestion, accidents, noise and pollution on roads by transfer of freight traffic to rail. These are assessed by the use of Sensitive Lorry Miles, a measure of the number of lorry journeys saved and their value, which in this report is applied to the difference between the number of annual container train movements in each option and the current number, both converted to lorry journey. The most significant benefit is travel time saved for the travelling public, and the significant improvements to passenger safety.

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**Supplementary memorandum by the British Chambers of Commerce (BCC) (RG 78(a))**

Following our oral evidence given to the Committee on Monday 27 April the Committee were keen to know further details of the referendum conducted in 2004 by the North East Chamber of Commerce prior to the referendum on an elected assembly for the North East. We did not have the precise figures to hand but I can now confirm that a total of 884 businesses responded to the survey, with 73.8% opposed to the plans for an elected assembly for the North East. The poll took place a month before the official referendum and very closely mirrored the final result, when 78% of people voted against the plans.

To reiterate the central point of our evidence, both oral and written, we believe that there needs to be a coherent rethink of which functions national, regional and local government need to have responsibility for. Rather than, for example, adding more and more functions and funding streams to RDAs’ and Local Authorities’ remits, we need to start by identifying the core functions and whether these should be a national, regional or local responsibility. There need to be far clearer responsibilities and purpose for each level, with
unnecessary layering and duplication striped out. Each level of governance needs to be far more accountable than at present and provide real value for money. Furthermore, in this rethink, there should not be a presumption that the public sector is always best placed to have responsibility for, for example, economic development or enterprise.

Supplementary memorandum by Dorset County Council (RG 80(a))

IS THERE A FUTURE FOR REGIONAL GOVERNMENT? FOLLOW UP TO EVIDENCE PRESENTED ON 20 MARCH

In response to your first question, we have checked with officers serving the South West Regional Assembly. They tell us that, perhaps unsurprisingly, they do not keep records of voting patterns by political parties, and social, economic and environmental partners. Mr Campbell was trying to make the point of principle that there is potential for partners to join together in this way, and that this undermines the democratic accountability and elected legitimacy of elected members of local authorities (albeit that they are indirectly elected so far as the Regional Assembly is concerned).

You also ask about regional agencies and their accountability. Dorset County Council is the host authority for the South West Regional Centre for Excellence, which is funded by the Office of the Deputy Prime Minister (presumably now by its successor department). Consultants funded by the ODPM recently convened and facilitated a seminar for the Chief Executives of local authorities in the South West, with the objective of giving increased impetus to the direction of local government efficiency and improvement. One of the areas of concern that was identified by participants at that seminar was the very large number of agencies that operated, on a whole regional basis, within the South West, and the inadequate co-ordination between those bodies. I attach a list of bodies that were identified, showing those with a specifically regional remit, and also showing those that were considered to have a high impact on local authorities’ change/improvement agenda.

As to what we are doing about it, we are seeking to draw together, into one broad entity, the organisations and partnerships most concerned with local government improvement. I attach a copy of a report that officers put to the Executive Committee of the last meeting of the South West Local Government Association, on 5 May, seeking support for a broad improvement Partnership—“Lift South West”. While the details are still being worked out, there is broad support for this direction. Richard Sheard, the Director of Local Government Improvement at the Government Office for the South West, is the focal point for this development work, and I am grateful to him for it.

David Jenkins
Chief Executive

AGENCIES IN THE SOUTH WEST

169 and growing 52 18

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<th>Agency</th>
<th>SW Remit?</th>
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<td>Air Pollution Information Systems</td>
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<td>ASP Association of Sustainable Practitioners</td>
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<td>Audit Commission</td>
<td>Yes</td>
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<td>Care Service Efficiency Delivery programme (SW and National)</td>
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<td>Central Buying Consortium</td>
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<td>Centre for Research, Education and Training in Energy</td>
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<td>Centre for Sustainable Energy</td>
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<td>Centres for Vocational Excellence</td>
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<td>Clear Skies Initiative</td>
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<td>Climate Change Projects Office DTI/DEFRA</td>
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<td>Combined Heat and Power Association</td>
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<td>Commission for Social Care Inspection (CSCI)</td>
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<td>Community Action for Energy (café)</td>
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<td>Community Recycling Network UK</td>
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<td>Constructing Excellence (SW and National)</td>
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<td>Cornwall Sustainable Energy Partnership</td>
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<td>Cornwall’s Wealth of Wildlife</td>
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<td>Corporate Social Responsibility</td>
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<td>Cotswold Energy and Environmental Management Group</td>
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<td>Countryside Agency (SW and National)</td>
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<td>CRISP Community Regeneration in the SW Partnership</td>
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<td>Department for Education and Skills (DiES) (SW and National)</td>
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<td>Department for Environment, Food and Rural Affairs (DEFRA) (SW and National)</td>
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<td>Devon and Cornwall Energy Environmental Group</td>
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<td>Devon Association for Renewable Energy (DARE)</td>
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<td>Devon Environmental Business Initiative</td>
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<td>DTI-Achieving Best Practice in Your Business</td>
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<td>DTI-Renewable Energy Programme</td>
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<td>DTI-Sustainable Energy Policy Network</td>
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Sport for England
Sure Start
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Sustainable Development for Building Professionals
Sustainable Development Resource Centre
Sustainable South West
Sustainable Strategies Reference File
Sustrans
The Acorn Trust
The Business and Bio-diversity Resource Centre
The Conversation Foundation
The Enhance Capital Allowance Scheme
The Green Register of Construction Professionals
The Natural Step
The Noise Abatement Society
The Sigma Project
Transport Energy Best Practice Programme
UK Emissions Group
United Kingdom Accreditation Service
Waste and Resource Action Programme
Wessex Energy and Environmental Group
Westcountry Rivers Trust
Wildlife Trusts in the South West

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South West Local Government Association Executive Committee
LIFT SOUTH WEST

1. PURPOSE OF REPORT

1.1 To update the Executive on developments since its last meeting and to obtain approval of a recommendation.

2. RECOMMENDATION

2.1 The Executive is recommended to approve the proposals for the creation of LIFT SW.

3. BACKGROUND

3.1 Paper E, considered by the Executive Committee on 14 October, 2005, reported potential changes to the nature of the Improvement Partnership operating in the South West.

3.2 One of the potential changes welcomed by Members was the proposal to ensure Members of the South West Branch of the Local Government Association had an opportunity to influence the strategic direction of the Partnership’s work.

3.3 Considerable progress has been made towards the creation of a new Improvement Partnership and it is recommended that Members welcome the creation of the new arrangements.

3.4 The new arrangements will be described as “LIFT SW”. The arrangements will improve collaboration between the agencies seeking to assist local government to improve. They will provide an opportunity for Members to set the overarching strategies and to monitor progress towards their achievement. They will provide better information about the agencies involved, their capabilities and their purpose. They will ensure that duplication of effort is avoided and collaboration is maximised.

3.5 It is proposed that the “governance” arrangements will consist of the South West Branch of the Local Government Association or its Executive Committee setting and monitoring the strategic direction. This delivers the LGA requirement of Member engagement at an appropriate level in the work of the former partnership (SWIP) and the Centre of Excellence (CoE).
3.6 Working within the strategic direction determined by Members, a LIFT SW Programme Board consisting of Chief Executives and key change agents such as GOSW, Audit Commission, IDeA, CoE, SWLGA, SWPE, and representatives from the Regulatory bodies will allocate resources, manage programmes, evaluate success and disseminate best practice.

3.7 A smaller Executive Group consisting of representatives from GOSW, SWLGA, SWPE, CoE and IDeA will ensure progress is maintained between meetings of the larger Programme Board.

3.8 Local Authority Chief Executives will work with the Programme Board through direct representation and through the work of G51 which it is suggested should be redesignated the South West Chief Executives’ Forum.

3.9 Capacity Building funds will be made available to recruit a Lift SW Improvement Programme Lead Officer and some administrative support. Those officers will work closely with CoE staff.

3.10 If Members agree the proposed new arrangements, ODPM approval will be sought in June and an outline Business Plan will be submitted to the LGA Branch Meeting on 23 June, 2006.

4. Financial Implications

4.1 There may be a small increase in the amount of officer time required to participate in the new arrangements.

5. Partnership Working

5.1 The proposals extend the LGA’s partnership working arrangements.

6. Presentational Issues

6.1 It will be necessary to ensure the new arrangements are recognised as significantly different to those operated by the former Improvement Partnership.

7. Officer Discussions

7.1 Have been conducted between GOSW, SWCoE, IDeA, SWLGA and Chief Executives.

Richard Payne
Deputy Chief Executive
5 May 2006

Memorandum by Crewe and Nantwich Borough Council (RG 105)

This account summarises the experience of a Borough Council in South Cheshire and its attempt to be accepted as part of the Manchester City Region.

When the initial idea of the Northern Way was first announced, it was portrayed as a very broad-brush concept. In looking at a diagrammatic representation, the most we could deduce was that our area might be in the fuzzy zone. (And as things turned out, “fuzzy” became a key word.) We were told at the time that a number of detailed studies were in hand that would produce a clearer definition of what constituted the city regions within the Northern Way.

When draft proposals were produced, we found that all of Cheshire was regarded as part of either the Liverpool or Manchester city regions, with the exception of Crewe and Nantwich. There were concerns about this on three grounds:

(i) All the background studies on city region connectivity were based on 1991 Census data and a good deal had changed in the intervening years.

(ii) An out-dated concept of how a city region actually operated had been adopted.

(iii) Scant regard had been given to the clear evidence on the ground of connectivity with the Manchester city region—Manchester Metropolitan University has a substantial presence here, and there are direct rail connections both to the airport and city centre.

The Borough Council commissioned an independent study from “Local Futures” which was led by Professor Mark Hepworth of Birkbeck College, London. (A copy of the study findings is available if required). The study covered four lines of inquiry:

(a) It analysed economic interdependence between Crewe and Nantwich and the Manchester city region using 2001 Census data. The results showed that adding this area to the city region would actually increase the travel to work containment level of the city region, rather than dilute it. They also showed that the proportion of employed residents who worked in the city region was lower
than that of Crewe and Nantwich in both Vale Royal and Congleton. Both of these were included areas. It was also shown that 47% of all in-commuting to work in this District was from the Manchester sub-region.

(b) The study reviewed current thinking on city regions as spatial structure. It concluded that a polycentric model of settlements of a varying size interacting with each other was far more representative of how a modern city region operated than the conventional centripetal effect of a large city dominating its hinterland. In other words the opportunity and diversity afforded by the hinterland of the city contributed greatly to the value of the city region. The study argued that Crewe and Nantwich was deserving of a place in the polycentric city region—(see next point).

(c) The study looked at this District’s economic performance and concluded that it was too good to ignore. It had the second fastest growing economy in the entire NW region and the seventh fastest in the country. The growth in pay levels was the fifth largest in the NW region. It had an economy that was rapidly transforming and diversifying, ranking in the top quartile regionally for graduates of working age in the population and in the top half regionally for knowledge-driven employment growth. Between 1998 and 2004 employment in the manufacturing sector fell in all parts of the Manchester city region. In Crewe and Nantwich it grew by 24.2%. In short, this District’s economy can strengthen the city region economy through its inclusion.

(d) The fourth issue examined was governance. A successful city region needs to develop its infrastructure and its social capital in a co-ordinated way. It also needs to align decision-making and the use of public and private resources. By 2009, Manchester Metropolitan University will have 6,000 students based in Crewe. The town’s strategic rail links make it a recognised gateway to the NW region as well as the Manchester city region. The local economy is growing at over 800 new jobs a year, and this rate is likely to continue. Decisions made around such elements should not be made outside of the city region context.

Following a representation to the North West Development Agency that Crewe and Nantwich had been excluded from the city region, the Council received a reply to say that the whole concept had been misunderstood. While the city region concept served to show where assets and priorities for action were concentrated; there were other initiatives that still applied to excluded areas. Moreover, when the Local Futures study (previously referred to) was submitted to the GONW, the Regional Director replied that whilst city regions offered the greater potential and opportunities for transformational growth, this is not to discount the economic and social value of areas outside those city regions. “By their nature”, he said, “the boundaries of city regions are fuzzy”. That word again.

In essence, these responses have given no indication of why this area has been excluded, only advice that we need not be particularly concerned about it. But if we think that the notion of a polycentric city region is the right model, and if we feel that this area has a real symbiotic relationship with the city region, (as evidenced by an independent study) then we should be concerned.

In terms of the implications for Crewe and Nantwich of its exclusion from the city region, they are as follows:

1. Bureaucracies do not use “fuzzy boundaries”. It may be a useful device for appeasing or comforting those areas that are excluded, but when it comes to hard decisions about priorities in resource allocation you are either in or out. For the future, there is a fear that there will be less access to funds for infrastructure improvements in the local area.

2. There is already evidence of Crewe and Nantwich becoming an isolated “policy island”. The new Regional Spatial Strategy puts forward proposals for the Manchester, Liverpool and Central Lancashire city regions and also for Cumbria and North Lancashire as a sub-region. Crewe and Nantwich, a solitary district in the far south of the region, has a set of policies all of its own.

3. There is likely to be a governance vacuum. Economically, physically and culturally, Crewe and Nantwich feels itself to be part of the Manchester city region. However, it is not a recognised stakeholder. Decisions will be made within the city region which will have a direct bearing on this area, but we will not have been party to those decisions.

Memorandum by HM Treasury (RG 106)

1. Why does HM Treasury consider the decentralisation of transport, economic development, housing and planning budgets and decision-making to be important?

HM Treasury, alongside DfT, DTI and DCLG believes it is important that decisions on transport, housing, planning and economic development should benefit from local and regional expertise and support priorities identified in regional and local strategies. Decisions on economic development, transport and housing are inter-related and inter-department and decisions taken in one of these areas have an impact on the others. Housing, transport and economic development often entail investment for a number of years and require sensible planning to allow effort to be better focused, and allow more realistic and deliverable strategies to be developed.
For these reasons, the Government invited each region to provide advice on economic development, regeneration and transport priorities within long-term indicative funding allocations in July 2005, (Regional funding allocations: Guidance on preparing advice, HM Treasury, DTI, DfT and ODPM, July 2005).

2. *What were the conclusions from HM Treasury’s 2005 consultation on decentralisation?*

HM Treasury with DfT, DTI and the then ODPM launched a consultation on proposals for regional funding allocations in December 2004, (Devolving decision making: A consultation on regional funding allocations, HM Treasury, DfT, ODPM and DTI, December 2004). The consultation received 107 written responses and concluded in March 2005.

Most respondents supported the proposals in the consultation paper. In particular, there was enthusiasm for better co-ordination of service planning at the regional level, and for changes which would provide a longer term forward view of resource allocations. A large majority of respondents favoured some form of devolution of decision making in principle, with some arguing that the proposals did not go far enough in transferring power to the regions. A full analysis of the consultation responses was published in July 2005 (Devolving decision making: A consultation on regional funding allocations—Analysis of consultation responses, In House Policy Consultancy, July 2005).

3. *Could the principle of decentralisation be extended to other policy areas?*

The Government is considering the potential for extending the principle of decentralisation to other policy areas as part of its review of sub-national economic development and regeneration, announced in Budget 2006. This will explore the opportunities for further releasing the economic potential of English regions, cities and localities, and to more effectively respond to the ongoing challenge of tackling pockets of deprivation.

The review is ongoing and has not made any recommendations yet, but will report in advance of next year’s Comprehensive Spending Review.

For further information, the review’s full terms of reference are available on the Treasury website at http://www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/spend_csr07_reviewsindex.cfm

4. *What steps would need to be taken to ensure full accountability of devolved decision-making given that the Government has abandoned, for the time being, its policy of seeking fully-elected regional assemblies?*

The Government is considering local and regional governance structures and accountability as part of its review of sub-national economic development and regeneration.

5. *What progress has been made in presenting an accurate picture of departmental investment in the regions via “regional accounts”? What further improvement does HM Treasury wish to see?*

The Government made significant improvements in its analysis of public expenditure by country and region in 2004. This was set out in Public Expenditure Statistical Analyses 2004, HM Treasury, 2004. Since then, HM Treasury has continued to work with spending departments to look further at the allocation methods applied to different areas of expenditure, to improve the quality of the data and to ensure the methods are robust, accurate and consistent with guidance issued jointly by HM Treasury and the Office of National Statistics. The latest regional spending data is published in the 2006 version of Public Expenditure Statistical Analyses.

6. *What lessons have been drawn from the last round of “Regional Emphasis Document” preparation about the capacity and willingness of regional agencies to handle tough decisions on priorities?*

The Government commissioned “Regional Emphasis Documents,” which allowed each region to advise on all areas of public expenditure, in preparation for the 2004 Spending Review. Regions succeeded in providing evidence-based advice on their priorities for investment.

HM Treasury, along with other Government departments, is keen to strengthen the regional input into major policy decisions. The key lesson drawn from the “Regional Emphasis Document” exercise was that regions’ capacity and willingness to prioritise is better facilitated if advice is focused on particular policies of relevance to regional growth and set within realistic levels of public expenditure. In developing advice on regional funding allocations, each region demonstrated its capacity to identify a clear list of transport priorities within indicative allocations, demonstrate widespread agreement within each region on strategic priorities, and strengthen alignment between Regional Economic and Spatial Strategies.
Building on this success, the Financial Secretary to the Treasury has invited the Regional Development Agency (RDA) and Regional Assembly in each region to submit advice for the 2007 Comprehensive Spending Review. The Financial Secretary’s invitation seeks to increase further the impact of regions’ advice and enable each region to enhance further their ability to make tough decisions on priorities by refining the parameters of regional advice to the Government. In particular, regions have been asked to:

— concentrate on public spending areas of relevance to the Government’s regional growth and regeneration objectives, in order to maximise the focus and effectiveness of the advice;
— advise on how we better utilise existing levels of public expenditure;
— use and build upon evidence developed through Regional Economic Strategies, Regional Spatial Strategies, advice on Regional Funding Allocations and information supplied by Regional Observatories; and
— demonstrate a wide level of consensus from regional and local partners.

7. Equally, is HM Treasury satisfied that key spending departments are proving effective at taking regional views on board?

Key spending departments have demonstrated their willingness to take regional views on board, including in response to “Regional Emphasis Documents” and to advice on regional funding allocations.

2004 Spending Review: Meeting Regional Priorities, Response to the Regional Emphasis Documents (July 2004) set out the Government’s full response to the “Regional Emphasis Documents,” confirmed the commitment of HM Treasury, DTI and the then ODPM to achieving the regional economic performance target, and established the commitment of DfES, DWP and DIT to playing their part in achieving the Government’s objectives for regional growth.

With regard to regional funding allocations, the Secretary of State for Transport and Ministers from HM Treasury, DTI, DIT and DCLG wrote to each region in July 2006 setting out how the Government has taken on board advice from the regions.

8. A report by the LTE Consortium noted that the RED preparation process highlighted shortcomings in the availability of “robust, up-to-date, regional monitoring data,” together with a lack of evaluative evidence on policy initiatives and a paucity of “robust, functionally disaggregated data on public sector investment in the regions.” What action is the Government taking to address these shortcomings?

The Government agrees that improving the quality of regional data is critical to improving the regional policy framework, enabling regions to provide effective advice and delivering the regional economic performance target.

That is why the Government has introduced a number of initiatives to improve the regional evidence base. The Government committed in the 2004 Spending Review to implementing Christopher Allsopp’s recommendations on improving statistics for regional economic policy (as set out in Review of Statistics for Economic Policymaking, Christopher Allsopp, March 2004). Towards fulfilling this commitment, the RDAs have agreed to work in partnership with the ONS to deliver a full regional statistical presence by March 2007.

The Government has also taken steps to enhance the quality of regional economic indicators. Following a consultation in 2004, (Productivity in the UK 5: Benchmarking UK Productivity Performance, HM Treasury and DTI, 2004), the Government has established a set of regional productivity indicators which it regularly reports progress against. Latest outturn data on these productivity indicators can be found on DCLG’s website at: http://62.73.191.157/regind/default.asp.

Moreover, the Government has taken steps to improve the quality of regional spending data, in response to the McLean study of the Government’s spending statistics (Identifying the flow of Domestic and European expenditure into the English regions, Nuffield College and ODPM, 2003). Building upon the recommendations of the McLean study and the Allsopp review, the Government continues to enhance the availability and quality of regional spending data each year in its Public Expenditure Statistical Analyses publications (the latest edition of which is Public Expenditure Statistical Analyses 2006, HM Treasury, 2006).
9. What improvements would HM Treasury like to see in respect of the “joining up” of regional policies, and a greater role for regional inputs into the public expenditure process? How might such improvements be put into practice?

The Government is keen to improve further the “joining up” of policy interventions at the regional level, though building on exercises such as the regional funding allocations process.

A recent example of the Government’s intent to “join-up” policies at the regional level was set out in DTI’s consultation on a draft National Strategic Reference Framework for the 2007–12 programme of EU Structural Funds. This signalled the Government’s intention to align European programmes with domestic regional funding streams and priorities established in Regional Economic Strategies.

The review of sub-national economic development and regeneration, announced in Budget 2006, is exploring options for improving further alignment at the regional and local levels.

10. The regional economic performance PSA target has two parts: a short term priority to help all regions reach their full potential, and a longer-term one to reduce disparities between London and the South East, and other regions. Which of these parts, in HM Treasury’s view, is more important?

The Government is committed to improving the economic performance of all English regions and reducing the persistent gap in growth rates between the regions. Achieving both parts of this target are equally important. Delivering the regional economic performance target will: contribute to economic efficiency by ensuring that the economy benefits from each region’s assets and potential; and enhance equity by distributing economic opportunities across the UK. The target is consistent with HM Treasury’s departmental aim to “raise the rate of sustainable growth and achieve rising prosperity and a better quality of life, with economic and employment opportunities for all.”

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**Supplementary memorandum by the Department for Communities and Local Government (RG 32(b))**

Thank you for your email requesting clarification on the response I provided to the Select Committee on 7 June about the numbers of PSAs we help to implement in the Government Office.

I can confirm that the Government Office is currently helping to implement 46 PSAs for our sponsor departments, by working with regional and local stakeholders in the South West.

I attach a table setting out which these are, in summary, for each Department.

_Bronwyn Hill_
Regional Director
Government Office for the South West

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**Total** 46

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**Supplementary memorandum by Our City Region Partnership (RG 31(a))**

*How did you define the extent of your city-region?*

The Birmingham, Coventry and Black Country City Region is polycentric, and is comprised of a number of complementary yet distinct areas of economic geography. Despite its polycentric nature it exhibits strong shared characteristics, which supports our commitment to delivering shared objectives. This explains our decision to bring Telford into the city region after the submission of the initial business case, demonstrating as it does our urban focus.
Our city region policies and interventions will not be framed and delivered in isolation of existing regional strategies nor surrounding cities, towns and rural areas. Transport, economic development and housing in particular will demonstrate a high degree of working with neighbours and regional partners across our city region boundaries in order to reflect the realities of economic geography across the whole of the West Midlands region. For example, measures to relieve traffic congestion in the city region will be of benefit to the surrounding areas too.

*Our City Region Partnership’s memorandum notes (paragraph 30) that it is easier to engage the private sector at the city-region level than it is at regional level. What does the private sector bring to the table?*

The private sector brings a commercial and competitiveness focus to discussions at the shadow city region Growth and Prosperity Board.

**What are the sector’s concerns about working at the regional level?**

A response to this question is more appropriate from a representative of the business community.

*Are there ways in which it could be made easier for you to work in partnership with the private sector? What would need to change?*

The private sector is engaged as an equal partner at the shadow city region Growth and Prosperity Board. Mechanisms also exist through business representation organisations, and through consultation mechanisms that are being constructed for businesses comment on the development of city region working and policies.

**What delivery mechanisms are already in place, and what others are needed in order to deliver your city-regional strategies effectively?**

Delivery will be through the existing structures of the eight local authorities, the West Midlands Regional Assembly, the Regional Development Agency and the regional Learning and Skills Council.

**Who will decide what constitutes success in delivery, and how will it be measured?**

The city region Growth and Prosperity Board, and the constituent organisations that it represents, will be decide on success in delivery.

The shadow city region Growth and Prosperity Board has commissioned the West Midlands Regional Observatory and Cambridge Econometrics to conduct a baseline economic assessment of our current position against a wide ranging set of indicators and criteria. Success will in part be measured through an assessment of progress against these indicators and criteria.

*Neither of you has opted to seek an elected Mayor. Why, when the London experience is generally seen as successful?*

All 38 West Midlands local authorities conducted enquiries into the desirability of adopting one of the mayoral models several years ago. The city of Stoke-on-Trent was the only local authority to adopt this approach.

**What makes the alternative models you have proposed better suited to the circumstances of your city region?**

There is already a well established record of cooperation and collaboration between local authorities, and between the public and private sectors, in the city region area. This is evidenced by the development of Birmingham International Airport, the Midland Metro, and more recently by the commissioning of a feasibility study into options to tackle congestion and traffic management.

City region working does not require the introduction of a new form of governance, such as the election of a Mayor, for delivery to occur. For example, the local authorities of Birmingham, Coventry and Wolverhampton recently declined a Department of Work and Pensions invitation to individually and in competition bid for City Strategy status. Instead they submitted a single joint bid with the other five city region local authorities and the Learning and Skills Council.
Our City Region Partnership’s memorandum notes that city-regions work because “partners understand the importance of improving strategic infrastructure in the urban area” (para 30). What assurances can you give that communities outside of the city-region will benefit from the approach you advocate?

City region activities and interventions will be firmly rooted in the frameworks provided by existing regional strategies, especially the Regional Spatial Strategy and the Regional Economic Strategy. We seek to increase the GVA of the whole West Midlands region through increasing the competitiveness of the city region area. We will continue to build upon the strong working relationships that we have with regional and local partners as we develop our city region approach. Transport, economic development and housing in particular will demonstrate a high degree of working with neighbours and regional partners across our city region boundaries in order to reflect the realities of economic geography across the whole of the West Midlands region.

How will this happen in practice?

The Chairs of the West Midlands Regional Assembly, Advantage West Midlands (the Regional Development Agency) and the regional Learning and Skills Council are all members of the city region shadow Growth and Prosperity Board. The business representative on the Board was elected by the West Midlands Business Council.

The West Midlands Regional Assembly will be responsible for a scrutiny function in respect of our city region policies and interventions, especially where these involve the delivery of existing regional strategies.

Supplementary memorandum by Leeds City Region (RG 68(a))

Is there a future for regional government?

I write in response to your letter of 17 July 2006, requesting further information on the views of the Leeds city region in relation to the Select Committee investigation of the “future of regional government.”

Thank you for the opportunity to provide further details, which elaborate on the points that we made to the Communities and Local Government Committee at its hearing on 12 June 2006. I have addressed each of your specific questions, as requested, and trust that these help clarify the significant progress being made in developing the Leeds City Region Partnership and the future direction of travel in relation to driving forward enhanced economic competitiveness and growth in the city region.

Furthermore, I hope this highlights the increasing importance that city region partners attach to the city region as the optimum level at which to develop interventions aimed at increasing economic competitiveness.

1. How did you define the extent of your city region?

The Leeds city region is geographically the largest of the eight Northern Way City Regions. The extent of the city region has emerged from empirical evidence of travel to work, leisure and other indicators of a functional economic space.

The Leeds city region has a total population of 2.8 million people, which is over half the population of the whole Yorkshire and Humber Region. It has a labour force of 1.4 million and is home to over 70,000 businesses. The city region accounts for 20% of the population; 21% of the business stock and 21% of the GVA of the three northern regions which make up the Northern Way.

Whilst accepting the truism that any boundary line on a map is to a degree arbitrary, the work we and others have undertaken over several years has demonstrated unequivocally that the “functional Leeds city region” economy extends well beyond the boundaries of Leeds itself and beyond the boundaries of the West Yorkshire sub region.

Research into the extent and functionality of Leeds city region started in 1999 with the publication of “The Economic Links between Leeds and the Yorkshire and Humber Region” by CURDS of the University of Newcastle Upon Tyne. This initial study suggested that labour market and travel to work patterns indicated that that there was a strong level of labour market containment across the 10 local authority districts which make up the city region18. Within these 10 districts, 95% of people both live and work within the combined area, demonstrating the close interaction and self containment that exists.

A key indicator of the city region’s extent and linkages are commuting patterns. The city region is characterised by a three level labour market; strong local catchments based on the traditional urban centres; the pull of the three cities of Leeds, Bradford and York, which are net importers of daily labour; and within

and over the latter, the city region wide draw of Leeds. Results from the 2001 Census show nearly 88,000 commuters travelling into Leeds to work each day. However, more recent research to support the review of the Leeds City Region Development Plan shows that commuting levels are now closer to 110,000.

This initial study by CURDS stimulated our thinking and also led to further detailed studies including; a “Leeds and Environs Spatial Scoping Study” by Llewelyn-Davies (2002); “The State of the City Region: An Economic, Social and Environmental Audit of the Leeds City Region” by the Local Futures Group (2004); and a “City Region Diagnostic” produced by the ODPM (2004) as part of preliminary research conducted to inform the Northern Way Growth Strategy. All these studies further confirmed the strong economic rationale and interrelationships within the defined Leeds city region.

Work undertaken more recently for the ODPM “A Framework for City Regions,” which explored the economic rationale behind city region thinking and the benefits of that level of analysis, was broadly supportive of the work we have undertaken to arrive at our definition of the functional economic space of the Leeds city region.

The Leeds city region therefore represents the “true geography” of our functional economy, based on extensive research on a range of indicators of a city’s economic footprint, including travel to work, housing and leisure patterns as well as the realities of business supply chains and other forms of economic interaction. The city region consists of ten local authority districts and cuts across three existing sub regions. The identified extent of the Leeds city region provides a practical, accountable and functional boundary for interventions aimed at enhancing economic growth.

2. What does the private sector bring to the table?

The private sector brings a unique and valuable contribution to the process of policy development and delivery. Their extensive experience of how the ‘market’ operates, including financial, business and labour markets, and how businesses and private sector investment and decisions contribute to economic growth and development in an area, is invaluable. They provide a “hands-on” understanding of the issues to be resolved and the implications of policy decisions on business competitiveness and growth covering, for example, financial regimes, incentive regimes, labour market and skills, and spatial and transport policy. This understanding is essential if policy makers are to both identify the key assets for economic competitiveness and growth that need to be supported, and the key inhibitors to growth that need to be tackled.

The private sector is being increasingly engaged in work on the Leeds city region. Representatives of the private sector have been involved in various workstreams tasked with developing the evidence base for the Leeds City Region Development Programme (CRDP). In particular, a number of senior executives of major private sector companies in the city region were interviewed and contributed to a major piece of research on the potential for the growth and development of financial and business services in the city region. Their input was invaluable in developing a better understanding of the growth potential of this key sector, which is a primary driver of business competitiveness in the Leeds city region. As city region governance arrangements are further developed, we envisage that the private sector will play a fuller role in the Leeds city region agenda as we move forward.

2a What are the private sector’s concerns about working at the regional level?

Discussions with the private sector in the Leeds city region has highlighted that their main concerns relates to the need for any form of public policy and delivery to encompass appropriate mechanisms at the appropriate scale, which will improve service delivery and minimise bureaucracy.

Interviews with senior executives of major private sector companies undertaken as part of the financial and business services research indicated that there was overwhelming support for the city region concept. They recognised that there was a strong economic and business rationale for looking at issues such as economic competitiveness, labour markets and skills, transport and commuting, and business support at the city region level. The Leeds city region was the area at which their business and supply chains tended to primarily operate, and from which their labour pool was drawn. As such, they considered that coordinating strategic activity at the Leeds city region level would help streamline processes such as business support and incentive regimes, which would therefore help reduce “red tape” and inefficiencies in service delivery.

The Leeds city region spatial level therefore has strong support as the appropriate scale for policy and delivery to maximise economies of scale and meet the specific needs of the private sector within the Leeds city region.
2b Are there ways in which it could be made easier for you to work in partnership with the private sector? What would need to change?

The current Leeds City Region Partnership is developing ideas on how best to involve and engage with the private sector in the city region agenda. There exist a range of business representative groups, such as the Chambers of Commerce, Business Links and professional networks, which tend to be either theme specific or locality specific, and which therefore have limits in their membership and interest. This has led to some concerns that there are too many bodies with overlapping roles and remits.

Therefore, it is considered that there may be benefit in transforming existing bodies or creating new bodies that represent business, to be aligned with the Leeds city region spatial area. These new arrangements would help both ensure that we have a clear representative “voice(s)” of business at the city region level, and a more robust and inclusive mechanism for engagement with the private sector across the city region on policy development and delivery.

The Partnership is currently working up new structures based around the Joint Committee governance model and has agreed the establishment of a City Region Leaders’ Board with supporting theme based Panels. The Partnership considers it imperative that the private sector is fully incorporated within these new structures.

3. What delivery mechanisms are already in place, and what others are needed in order to deliver your city region strategies effectively?

The current Partnership arrangements at the Leeds city region level comprise the local authorities of the 10 districts along with North Yorkshire County Council, whom is a member of the Partnership by virtue of its strategic role in transport planning and economic development over the non-unitary authorities involved.

The local authority Leaders formed a Partnership in 2004 and signed up to a Concordat with a Vision to “work together differently: to develop an internationally recognised city region; to raise economic performance; to spread prosperity across the whole of the city region, and to promote a better quality of life for all of those who live and work here.” The Partnership has experienced considerable success over the past 18 months including agreeing the Concordat, holding a Leeds City Region Summit; and agreeing the City Region Development Programme.

At a recent meeting of the Partnership in September, Leaders also decided to move towards more formalised governance arrangements. In considering the nature of such governance arrangements, the Leaders agreed that the developing proposals should focus on identifying what can be done better at the city region level and not duplicate the existing roles and responsibilities of constituent local authorities; that proposals should also be complementary to the roles of Yorkshire Forward (the Regional Development Agency) and the Yorkshire and Humber Assembly; and that any new partnership body should be capable of engaging effectively with Government and regional bodies on issues such as on Regional Funding Allocations and the Comprehensive Spending Reviews.

Accordingly, what is proposed initially is the creation of a City Region Leaders Board (constituted as a joint committee) supported by a number of theme based Panels covering strategic agendas around, for example, transport, skills and economic development. The City Region Leaders Board will have the remit of promoting the economic well being of the city region area and will provide the political accountability and “voice” for the Leeds city region. Decisions on city region positions will be taken upon the basis of one vote but participation in the City Region Leaders’ Board’s deliberations would be without prejudice to the right of any authority to take such decisions locally as it considered appropriate in the interests of that authority’s area.

These new more formal arrangements will enable the Partnership to provide stronger leadership and accountability to the city region, and deliver the economic competitiveness agenda more effectively. These new arrangements will continue to encompass private sector and other stakeholder interests, and will be built upon stronger partnership working and a shared understanding and ownership of the actions that need to be implemented to deliver sustained economic growth. A central aim will be to align strategies, plans and spending programmes of Partner authorities and other stakeholders, including Government.

3a Who will decide what constitutes success in delivery, and how will it be measured?

In addition to the proposed new governance arrangements for the Leeds City Region, Leaders also agreed that to underpin the city region agenda, the Board should seek to enter into one or more Economic Area Agreements (EAA) with Government. It is envisaged that these would follow similar principles to those applying to Local Area Agreements. Thoughts behind the EAA(s), are that they would seek to identify a series of outcomes and align the actions and spend of partner agencies and constituent authorities, in order to develop and deliver shared outcomes. It would address the involvement of all partners and other agencies in contributing to the delivery of the city region’s priorities and key outputs.
The City Region Leaders’ Board would “own” the EAA(s) and be responsible and accountable for delivering them. One of the Board’s responsibilities would therefore be to monitor the implementation of the EAA(s) and review success in delivering the agreed outputs and outcomes. These reviews will be open and inclusive processes, with the Board considering wider views and comments. Therefore, determining what constitutes success in delivery, will also involve wider city region stakeholders.

There could also be a separate scrutiny function set up as part of the new structures to provide a further level of accountability.

4. Why, when the London experience has generally been seen as successful, are you not seeking an elected mayor?

The Leeds city region is at a very different stage in its development to London. London has a much longer history of combined working at the Greater London area and, therefore, has much more knowledge and experience of tried and tested mechanisms for policy and delivery alignment. Through this experience, they have concluded that a mayoral system is the appropriate and most effective mechanism for policy and delivery at the Greater London level. Also, as a result of historical and cultural developments, people living in all parts of the Greater London area tend to have a strong identity as a “Londoner,” which demonstrates their association with London wherever they reside and work within the wider conurbation.

However, the Leeds City Region Partnership is still generally in its infancy. The Partnership has only been working together for around 18 months since it was established in 2004. As a result there is a long and challenging journey to be undertaken before we will develop such a strong identity within the whole of the Leeds city region, and people residing in places such as Halifax, Selby, and Skipton fully associate themselves with being part of the Leeds city region. This journey will require changing “hearts and minds” and will require testing new mechanisms and new ways of working and governance arrangements before we can conclude what works best for the Leeds city region in addressing the economic competitiveness and growth agenda.

4a. What makes the alternative models you have proposed better suited to the circumstances of your city region?

The existing City Region Partnership, which is predicated on consensus building and collective decision making, has already proven effective in driving forward the Leeds city region agenda, and taking difficult decisions on the Vision, objectives and priorities for the future. Furthermore, the Partnership is evolving in response to changing circumstances and needs, by creating new formal governance structures and mechanisms to address the evolving City Region agenda.

The creation of a Board structure based on a Joint Committee approach, underpinned by an Economic Area Agreement(s) (EAA) will both further improve accountability at the city region level, and improve the effectiveness of policy development and delivery. These new arrangements have the commitment and shared support all key city region Partners, whom all recognise the potential benefits of joint city region working. The increased involvement of the private sector and other stakeholders within the new Board governance structures will help ensure “buy in” and complementary action by all stakeholders.

By concentrating on the economic competitiveness agenda, the Board will remain focussed on the key strategic issues for economic growth and success, rather than seeking to replicate activity that is best undertaken at a more local level by local authorities, or at a regional level by, for example, the Regional Development Agency. The development of an EAA(s) will formalise agreements with Government on what the Leeds city region aims to achieve, including by identifying specific outputs and outcomes that the Board will own and be accountable for delivering.

A mayoral approach would be a distraction and divert attention and effort, probably for many years, away from the key important issue of enabling a stronger, more competitive and inclusive Leeds city region economy. This is a priority now and needs to be addressed now if the City Region is to remain an internationally prosperous and competitive economy. Partners are all agreed that this shared ownership and shared commitment model of working has, and will continue to be, successful in addressing economic competitiveness, and presents the best opportunity of achieving a better, stronger and more inclusive city region economy.

Therefore, our proposals offer inclusive and “agreed” governance arrangements, which are built on a strong Partnership that has already demonstrated success in working together to achieve shared objectives and outcomes over a wide geographical area. It will develop organically in response to identified needs and requirements of the Leeds city region, some of which will change over time. This offers a much more appropriate and responsive governance model as opposed to a ‘big-bang’ mayoral system approach, which would be wholly inappropriate for the Leeds city region and does not have any support within key Partners.
5. What assurances can you give that communities from outside the city region will benefit from the approach that you advocate?

The second iteration of the CRDP, which will be submitted to Government and the Northern Way at the end of September, recognises that although the Leeds city region is largely self contained, there are important linkages with communities and areas outside the city region. These areas include the three adjacent city regions based around Manchester, Sheffield, and Hull and Humber.

However, importantly it also recognises that there are specific links, albeit at a much smaller scale, with the more rural parts of North Yorkshire. These include transport and labour market links, as a proportion of people who work within the Leeds city region live in these more rural areas of North Yorkshire. Furthermore, there are also business supply links and clients that generate cross boundary interaction and contribute to the economic success and social inclusion of both the Leeds city region and the wider North Yorkshire area.

By recognising these interactions and ensuring that these are also taken into account in developing and delivering city region policy, will help ensure that the joint benefits of growth in the Leeds and other adjacent city regions is maximised for the benefit of all communities in the North.

5a. How will this happen in practice?

The CRDP emphasises the integration and inter-dependency of both urban and rural areas within the Leeds city region, as well as with areas outside the city region boundary, particularly elsewhere in North Yorkshire which are primarily rural in character. Obviously, the influence of the Leeds city region does not stop at the city region boundary. These interdependencies are clearly demonstrated by the high levels of daily in-commuting from surrounding areas into the city of Leeds itself, as noted previously. The CRDP is therefore a plan for the whole city region and not just a strategy for the main urban areas, and the inclusion of a range of Partners and stakeholders within city region working arrangements have ensured that the complementary needs and implications for both urban and rural areas have informed city region policy development.

In particular, the inclusion of North Yorkshire County Council within the Partnership has ensured that the Partnership is made aware of, and takes account of, any implications of city region policy and delivery on communities in North Yorkshire which lie outside the Leeds city region boundary. This unique arrangement will continue to ensure that these communities benefit from the approaches we advocate. Furthermore, discussions are ongoing with the County Council and North Yorkshire district authorities on the wider links of these communities with the Leeds city region, and these discussions will inform future city region work.

Elsewhere, outside the Leeds city region, the Partnership’s continued dialogue and joint working with the Manchester, Sheffield and Hull and Humber city regions, also helps ensure that the joints benefits of growth in each of the city regions is maximised for the benefit of all communities in the North, as advocated by the Northern Way Growth Initiative. One such output of this joint working is reflected in the City Region Development Plans of Leeds, Sheffield and Manchester city regions, to be submitted at the end of September, where shared positions on key northern priorities have been supported in each Plan.

I trust that the above responses clarify the position and views of Leeds city region on the questions that you raise, but if you require any further clarification, please do not hesitate to contact me.
### Supplementary memorandum by the Department for Communities and Local Government (RG 32 (c))

**GOVERNMENT FUNDING GOING TO THE ENGLISH CORE CITIES BUDGET 2005–06 (£ million)**

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<th>Liverpool</th>
<th>Manchester</th>
<th>Newcastle</th>
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<th>Sheffield</th>
<th>Core cities total</th>
<th>Total ODPM Programme</th>
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#### OGDs

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Total ODPM Programmes £m
Main DEL 8,949
Local Government DEL 46,621
Supplementary memorandum by the Department for Communities and Local Government (RG 32(d))

Question 1: At Q632, Yvette Cooper referred to a chart of growth figures, which she indicated she would ensure was passed to the Committee.

1. I attach at Appendix 1 the chart of growth figures referred to by Yvette Cooper at Q632.

2. Since then (on 15 December) new regional GVA data has been released by ONS. I therefore also attach—at Appendix 1A—a chart of growth figures reflecting this latest information. The latter includes the first release of provisional regional GVA data for 2005 as well as revisions to previous years’ data. In particular, it reflects upward revisions to the 2004 UK growth made by the ONS in summer 2006 to incorporate survey data which was not previously available.

Question 2: At Q633, Yvette Cooper stated that she would send to the Committee figures for overall spending on services per region. Please could the Department’s memorandum also include the following related information:

(a) an explanation of how the figures are calculated; and
(b) a breakdown of the overall spending by Government department.

3. The figures for overall spending on services by region referred to at Q633 were taken from the Public Expenditure Statistical Analyses (PESA) 2006 published by HM Treasury (HMT) on 16 May. Chapter 7 of that document provides breakdowns by function, country and region, with 26 tables (http://www.hm-treasury.gov.uk/media/377/3B/cm6811_08_Chap_7.pdf)

4. Please note in particular Table 7.2, which lists the total identifiable expenditure on services per head in the regions cited in the response to Q633, and Table 7.11—which breaks down per capita expenditure by function. The analyses shows outturns in the regional locations of the individuals, enterprises and communities for whose benefit expenditure was incurred—but the extent to which these regional outturns were specifically planned as such will of course vary from programme to programme.

5. Table 7.19 provides a breakdown of Departmental group total expenditure by sub-function. Each Department is asked annually to take the subset of its spending that can be identified as benefiting the population of individual regions and apportion it in line with guidance issued jointly by HMT and ONS.

Further detail of how the calculations are arrived at can be found in PESA Chapter 7.

Question 3: It is noted (from papers provided in relation to the Departmental Annual Report) that an update on progress in relation to PSA2 is expected to be published before the end of the year. In anticipation of this information, please could the Department explain what indicators are being used to assess progress, and over what time period progress is being assessed?

6. For the regional economic performance PSA2 target the headline indicator is the trend rate of GVA per head growth in the English regions—from 2003 to 2008 for the first part of the target and from 2003 to 2012 for the second. Performance in each region must improve—and growth rate disparities between London, the South East and East together and the other six regions together must narrow—compared to a baseline period of 1990 to 2002 for the target to be met.

7. A full assessment of progress can only be made over a full economic cycle. Final GVA data is currently held only for 2003, with provisional figures available for 2004. The interim report will therefore compare performance in the baseline period with changes in GVA per head growth rates over these two years. It will also include an assessment of progress since 2003 compared to the baseline period (so far back as data is available) against key supporting indicators on employment and each of the five drivers of productivity—skills, enterprise, innovation, investment and competition. These indicators were originally set out in a consultation document Productivity in the UK 5: Benchmarking UK Productivity Performance published in March 2004 and are maintained on a CLG/DTI/HMT website (http://www.dtistats.net/reppsa/).

Question 4: The Committee would be grateful to receive a list of all the Government agencies and non-departmental public bodies which operate in each of the Government Office Regions.

8. A list of Government agencies operating in the UK is supplied (can be accessed at: http://www.direct.gov.uk/en/D/1/Directories/A-ZofCentralGovernment/index.htm), while the list of public bodies (including Non Departmental Public Bodies) is maintained by the Cabinet Office (http://www.civilservice.gov.uk/other/agencies/public_bodies/index.asp). Details of which organisation has premises where are not held centrally—some provide specialised services from a single site, others maintain large operational networks such as Jobcentre Plus.
9. However, we have calculated that as far as the 83 Government agencies are concerned, Headquarters (which in many cases may be the only location) are distributed as follows:

London 30  
South East 14  
East of England 4  
South West 11  
West Midlands 3  
East Midlands 1  
Yorks & Humber 5  
North East 1  
North West 4  
Scotland, Wales and Northern Ireland 10.

10. For the 506 NDPBs the figures are:

London 302  
South East 28  
East of England 11  
South West 18  
West Midlands 13  
East Midlands 10  
Yorks and Humber 9  
North East 5  
North West 16  
Scotland, Wales and Northern Ireland 94.

The 506 figure excludes NHS bodies. The remaining gap between it and the 883 in the Cabinet office Directory is accounted for by multiple bodies such as the Advisory Committee on Justices of the Peace.

11. You will be aware that civil service and sponsored bodies’ locations are kept under review as part of the efficiency programme managed by the Office for Government Commerce which aims to move 20,000 posts out of London by 2010.

Question 5: The Department has previously provided the Committee with a spreadsheet setting out funding for the Core Cities for 2005–06 by Departmental programme, through RSG and selective spending by other Government Departments. The Committee would be grateful to receive two further spreadsheets each (a) providing figures for the same areas, and for London; and (b) including, in addition to the data already provided, spending allocations for:

(i) Metro transport spending;
(ii) Northern Way Growth Fund spending (as appropriate);
(iii) Funding for the Thames Gateway and/or other Growth Areas (as appropriate); and
(iv) Significant projected expenditure (for example in relation to the 2012 Olympics)

The first of these spreadsheets should provide data for the core cities (as already provided) and for London; the second of these spreadsheets should provide data for the equivalent “city-regions” as defined in the City Region Development Plans or in other negotiations with Government, and for London plus the growth areas in the south east and eastern regions.

12. As far as the further information you have requested in paras 5(i) to (iv) is concerned, we understand the Department of Transport are providing you with the information on metro spending at sub-para (i) direct.

13. On sub-para (ii), the Northern Way, attached at Appendix 2 is a spreadsheet relating to the Northern Way Growth Fund (NWGF). The NWGF is a one-off, covering the three financial years 2005–06, 2006–07 and 2007–08. It was intended to kick start the initiative, with then ODPM providing £50 million match funding alongside the RDAs’ £50 million contribution.

14. The Northern Way has completed its first year of operation and the spreadsheet shows target, actual spend and under/over spend for 2005–06 as well as allocations for 2006–07 and 2007–08 and the three year total. The day-to-day management of the Northern Way Growth Fund is, however, a matter for the Northern Way itself, and if the Select Committee require a more detailed breakdown we would advise they approach the Northern Way direct for this information.

15. On (iii), in 2005–06 Thames Gateway programme spending was £164.4 million, £62 million of it in London. The Growth Areas Fund spent £73.1 million in 2005–06, of which:
— £12.6 million was allocated to English Partnerships.
— £16.5 million (£1.8 million revenue and £14.7 million capital) went to NDPBs and Urban Development Corporations in the Newer Growth Areas.
— £44.4 million (£4.9 million revenue and £39.5 million capital) was allocated to Local Authorities in the Newer Growth Areas.

Further information can be found in the spreadsheet attached as Appendix 3.

16. Finally, you ask about significant projected expenditure, eg in relation to the 2012 Olympics. CLG’s expenditure in future years will of course depend on the outcome of discussions taking place as part of the 2007 Comprehensive Spending Review. Further details of expenditure during the current (SR04) period will be published in the next few weeks.
## APPENDIX 1

### GROSS VALUE ADDED (GVA) PER HEAD GROWTH RATES AT CURRENT BASIC PRICES BY REGION 1989 TO 2004

CALCULATED FROM ONS GVA PER HEAD DATA FIRST RELEASED IN DECEMBER 2005

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## APPENDIX 1A

### Nominal GVA per Head Growth

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### Year on Year Target

#### Nominal GVA per Base to date

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### Real GVA per Head Growth

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<td>-0.2%</td>
<td>1.4%</td>
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</tr>
<tr>
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<td>1.5%</td>
<td>0.8%</td>
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<tr>
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<td>2.4%</td>
<td>1.6%</td>
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<td>1.3%</td>
</tr>
<tr>
<td>London</td>
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<td>2.8%</td>
<td>1.0%</td>
</tr>
<tr>
<td>South East</td>
<td>-0.8%</td>
<td>0.2%</td>
<td>2.5%</td>
<td>0.9%</td>
</tr>
<tr>
<td>South West</td>
<td>-1.1%</td>
<td>0.3%</td>
<td>2.1%</td>
<td>1.3%</td>
</tr>
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<td>England</td>
<td>-1.4%</td>
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<td>2.1%</td>
<td>1.9%</td>
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<tr>
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<tr>
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### APPENDIX 2

**EXPENDITURE**

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<td>C2: Strengthen the Knowledge base (NWDA)</td>
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<td>13,262</td>
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<td>C3: Build A More Entrepreneurial North (ONE)</td>
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<td>331</td>
<td>1</td>
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<td>C4: Capture a larger Share of Global Trade (ONE)</td>
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<td>2,349</td>
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<td>1,523</td>
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<td>2,012</td>
<td>—12</td>
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<td>5,000</td>
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<tr>
<td>C6–8: The Norths Connectivity (YF)</td>
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<td>420</td>
<td>—20</td>
<td>5,753</td>
<td>14,105</td>
<td>20,278</td>
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<td>C9: Create Truly Sustainable Communities (ONE)</td>
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<td>350</td>
<td>—20</td>
<td>2,239</td>
<td>1,392</td>
<td>3,981</td>
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<td>C10: Market The North To The World (YF)</td>
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<td>2,248</td>
<td>—2</td>
<td>3,617</td>
<td>2,835</td>
<td>8,700</td>
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<td>City Region Development Programmes</td>
<td>250</td>
<td>245</td>
<td>—5</td>
<td>1,000</td>
<td>755</td>
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<tr>
<td>Engagement and Communications</td>
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<td>591</td>
<td>191</td>
<td>487</td>
<td>510</td>
<td>1,588</td>
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<td>Secretariat</td>
<td>750</td>
<td>582</td>
<td>—168</td>
<td>950</td>
<td>950</td>
<td>2,482</td>
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<tr>
<td>Contingency</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>223</td>
</tr>
<tr>
<td>Total</td>
<td>9,900</td>
<td>9,922</td>
<td>22</td>
<td>39,485</td>
<td>50,593</td>
<td>100,000</td>
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</table>

Key:
- NWDA North West Development Agency.
- ONE One NorthEast.
- YF Yorkshire Forward.

NB: Totals may not add up due to rounding.

### APPENDIX 3

**GAF PAYMENTS MADE IN 2005–06 TO LAS**

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount £</th>
<th>Total £</th>
<th>Resource/Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashford Borough Council</td>
<td>496,800.00</td>
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</tr>
<tr>
<td>Ashford Borough Council</td>
<td>869,000.00</td>
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</tr>
<tr>
<td>Aylesbury Vale District Council</td>
<td>677,277.51</td>
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<tr>
<td>Aylesbury Vale District Council</td>
<td>286,337.50</td>
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<tr>
<td>Bedford Borough Council</td>
<td>319,703.37</td>
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<tr>
<td>Bedfordshire County Council</td>
<td>285,000.00</td>
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</tr>
<tr>
<td>Bedfordshire County Council</td>
<td>804,048.22</td>
<td>Cap</td>
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</tr>
<tr>
<td>Borough Council of Wellingborough</td>
<td>836,042.51</td>
<td>Cap</td>
<td></td>
</tr>
<tr>
<td>Braintree District Council</td>
<td>8,992.00</td>
<td>Cap</td>
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<tr>
<td>Buckinghamshire County Council</td>
<td>100,000.00</td>
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<tr>
<td>Buckinghamshire County Council</td>
<td>197,244.24</td>
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<td>Cambridgeshire County Council</td>
<td>813,869.22</td>
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<td>Cambridgeshire County Council</td>
<td>13,897,128.36</td>
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<td>Enfield London Borough</td>
<td>968,176.00</td>
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<tr>
<td>Harlow District Council</td>
<td>244,298.99</td>
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<tr>
<td>Harlow District Council</td>
<td>1,686,770.43</td>
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<tr>
<td>Huntingdonshire District Council</td>
<td>1,547,408.00</td>
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<tr>
<td>Kent County Council</td>
<td>141,798.74</td>
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<tr>
<td>Kent County Council</td>
<td>1,167,374.02</td>
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<tr>
<td>London Borough of Redbridge</td>
<td>196,000.00</td>
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<tr>
<td>London Borough of Redbridge</td>
<td>427,000.00</td>
<td>Cap</td>
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### GAF PAYMENTS MADE IN 2005–06 TO OTHER BODIES

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount £</th>
<th>Resource/ Capital</th>
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<tbody>
<tr>
<td>West Northampton Urban Development Corporation</td>
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<tr>
<td>West Northampton Urban Development Corporation</td>
<td>6,913,183.00</td>
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<td>Strategic Rail Authority</td>
<td>70,000.00</td>
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<td>SEEDA</td>
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<td>349,721.00</td>
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<td>Milton Keynes College</td>
<td>83,259.94</td>
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<td>Milton Keynes Community Foundation</td>
<td>45,180.41</td>
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<tr>
<td>Milton Keynes Economy and Learning Partnership</td>
<td>25,000.00</td>
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</tr>
<tr>
<td>London Development Agency</td>
<td>410,799.00</td>
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<tr>
<td>Marston Vale Trust</td>
<td>943,539.00</td>
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<td>Leicestershire, Northamptonshire &amp; Rutland Strategic Health Authority</td>
<td>100,000.00</td>
<td>RC</td>
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<td>Environment Agency</td>
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<td>Greater London Authority</td>
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<td>Groundwork East London</td>
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<tr>
<td>Groundwork Hertfordshire</td>
<td>676,500.00</td>
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</tr>
<tr>
<td>Catalyst Corby</td>
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<tr>
<td>Payee</td>
<td>Amount</td>
<td>Resource/ Capital</td>
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<td>British Waterways Board</td>
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<td>Bevan Ashford</td>
<td>3,141,700.00</td>
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House of Commons Scrutiny Unit analysis of data provided by the Department of Communities and Local Government in supplementary memorandum RG 32(d) (RG 32(i))

TOTAL EXPENDITURE ON SERVICES BY REGION, 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>£ million</th>
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</thead>
<tbody>
<tr>
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<td>55,939</td>
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<td>47,312</td>
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<td>45,609</td>
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<td>West Midlands</td>
<td>33,559</td>
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<tr>
<td>Yorkshire and Humberside</td>
<td>32,063</td>
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<tr>
<td>Eastern</td>
<td>30,779</td>
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<tr>
<td>South West</td>
<td>30,036</td>
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<tr>
<td>East Midlands</td>
<td>25,099</td>
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<tr>
<td>North East</td>
<td>18,242</td>
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PERCENTAGE CHANGE IN TOTAL EXPENDITURE ON SERVICES BY REGION, 2000–01 TO 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>45</td>
</tr>
<tr>
<td>Eastern</td>
<td>41</td>
</tr>
<tr>
<td>South East</td>
<td>41</td>
</tr>
<tr>
<td>East Midlands</td>
<td>40</td>
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<tr>
<td>West Midlands</td>
<td>39</td>
</tr>
<tr>
<td>North East</td>
<td>37</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>35</td>
</tr>
<tr>
<td>South West</td>
<td>35</td>
</tr>
<tr>
<td>North West</td>
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### TOTAL EXPENDITURE ON SERVICES BY REGION, PER HEAD, 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Accruals, £</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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<td>7,530</td>
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<tr>
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</tr>
<tr>
<td>North West</td>
<td>6,930</td>
<td></td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>6,363</td>
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</tr>
<tr>
<td>England</td>
<td>6,361</td>
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<tr>
<td>West Midlands</td>
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<tr>
<td>South West</td>
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<tr>
<td>East Midlands</td>
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<tr>
<td>South East</td>
<td>5,624</td>
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</tr>
<tr>
<td>Eastern</td>
<td>5,605</td>
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### PERCENTAGE CHANGE IN TOTAL EXPENDITURE ON SERVICES BY REGION, PER HEAD, 2000–01 TO 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Total %</th>
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</thead>
<tbody>
<tr>
<td>London</td>
<td>41</td>
</tr>
<tr>
<td>South East</td>
<td>39</td>
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<tr>
<td>Eastern</td>
<td>38</td>
</tr>
<tr>
<td>West Midlands</td>
<td>38</td>
</tr>
<tr>
<td>East Midlands</td>
<td>37</td>
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<tr>
<td>North East</td>
<td>37</td>
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</tr>
<tr>
<td>South West</td>
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### EXPENDITURE ON ENTERPRISE AND ECONOMIC DEVELOPMENT BY REGION, 2004–05

<table>
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<th>Region</th>
<th>Accruals, £ million</th>
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<tr>
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### PERCENTAGE CHANGE IN EXPENDITURE ON ENTERPRISE AND ECONOMIC DEVELOPMENT BY REGION, 2000–01 to 2004–05

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<th>Change %</th>
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<td>97</td>
</tr>
<tr>
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<td>87</td>
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<tr>
<td>East Midlands</td>
<td>69</td>
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<tr>
<td>West Midlands</td>
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<td>North West</td>
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<td>South East</td>
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<tr>
<td>South West</td>
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<td>6</td>
</tr>
<tr>
<td>London</td>
<td>-27</td>
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### EXPENDITURE ON ENTERPRISE AND ECONOMIC DEVELOPMENT BY REGION, PER HEAD, 2004–05

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<th>Accruals, £</th>
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<td>North East</td>
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<tr>
<td>North West</td>
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</tr>
<tr>
<td>Yorkshire and Humberside</td>
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<td>101</td>
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<tr>
<td>East Midlands</td>
<td>96</td>
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<tr>
<td><strong>England</strong></td>
<td><strong>96</strong></td>
</tr>
<tr>
<td>South West</td>
<td>76</td>
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<tr>
<td>South East</td>
<td>56</td>
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<tr>
<td>Eastern</td>
<td>48</td>
</tr>
<tr>
<td>London</td>
<td>36</td>
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### PERCENTAGE CHANGE IN EXPENDITURE ON ENTERPRISE AND ECONOMIC DEVELOPMENT BY REGION, PER HEAD, 2000–01 to 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>97</td>
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<tr>
<td>Yorkshire and Humberside</td>
<td>85</td>
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<tr>
<td>East Midlands</td>
<td>66</td>
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<tr>
<td>West Midlands</td>
<td>53</td>
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<tr>
<td><strong>England</strong></td>
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<td>North West</td>
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<td>South West</td>
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<tr>
<td>Eastern</td>
<td>4</td>
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<tr>
<td>London</td>
<td>-29</td>
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“PRODUCTIVE SPENDING” BY REGION, 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Accruals, £ million productive spending</th>
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</thead>
<tbody>
<tr>
<td>London</td>
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<tr>
<td>North West</td>
<td>3,609</td>
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<tr>
<td>South East</td>
<td>3,307</td>
</tr>
<tr>
<td>West Midlands</td>
<td>2,327</td>
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<tr>
<td>Yorkshire and Humberside</td>
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<td>Eastern</td>
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<tr>
<td>South West</td>
<td>1,818</td>
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<td>East Midlands</td>
<td>1,742</td>
</tr>
<tr>
<td>North East</td>
<td>1,209</td>
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</tbody>
</table>


“Productive spending” includes science and technology, transport, housing and recreation/culture.

PERCENTAGE CHANGE IN “PRODUCTIVE SPENDING” BY REGION, 2000–01 TO 2004–05

<table>
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<tr>
<th>Region</th>
<th>Productive Spending %</th>
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<td>63</td>
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<tr>
<td>West Midlands</td>
<td>61</td>
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<tr>
<td>East Midlands</td>
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<td>South East</td>
<td>56</td>
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<tr>
<td>North West</td>
<td>53</td>
</tr>
<tr>
<td>North East</td>
<td>49</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>48</td>
</tr>
<tr>
<td>Eastern</td>
<td>46</td>
</tr>
<tr>
<td>South West</td>
<td>36</td>
</tr>
</tbody>
</table>


“Productive spending” includes science and technology, transport, housing and recreation/culture.

“PRODUCTIVE SPENDING” BY REGION, PER HEAD, 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Accruals, £ productive spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>918</td>
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<tr>
<td>North West</td>
<td>528</td>
</tr>
<tr>
<td><strong>England</strong></td>
<td><strong>501</strong></td>
</tr>
<tr>
<td>North East</td>
<td>476</td>
</tr>
<tr>
<td>West Midlands</td>
<td>436</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>421</td>
</tr>
<tr>
<td>East Midlands</td>
<td>408</td>
</tr>
<tr>
<td>South East</td>
<td>408</td>
</tr>
<tr>
<td>Eastern</td>
<td>384</td>
</tr>
<tr>
<td>South West</td>
<td>362</td>
</tr>
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</table>


“Productive spending” includes science and technology, transport, housing and recreation/culture.
### PERCENTAGE CHANGE IN “PRODUCTIVE SPENDING” BY REGION, PER HEAD, 2000–01 TO 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Productive Spending %</th>
</tr>
</thead>
<tbody>
<tr>
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<td>59</td>
</tr>
<tr>
<td>London</td>
<td>59</td>
</tr>
<tr>
<td>East Midlands</td>
<td>57</td>
</tr>
<tr>
<td>South East</td>
<td>54</td>
</tr>
<tr>
<td><strong>England</strong></td>
<td><strong>52</strong></td>
</tr>
<tr>
<td>North West</td>
<td>52</td>
</tr>
<tr>
<td>North East</td>
<td>49</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>46</td>
</tr>
<tr>
<td>Eastern</td>
<td>43</td>
</tr>
<tr>
<td>South West</td>
<td>34</td>
</tr>
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</table>


“Productive spending” includes science and technology, transport, housing and recreation/culture.

### “COMPENSATORY SPENDING” BY REGION, 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Compensatory Spending £ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>48,455</td>
</tr>
<tr>
<td>North West</td>
<td>42,056</td>
</tr>
<tr>
<td>South East</td>
<td>41,352</td>
</tr>
<tr>
<td>West Midlands</td>
<td>30,303</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>28,721</td>
</tr>
<tr>
<td>Eastern</td>
<td>27,853</td>
</tr>
<tr>
<td>South West</td>
<td>27,097</td>
</tr>
<tr>
<td>East Midlands</td>
<td>22,483</td>
</tr>
<tr>
<td>North East</td>
<td>16,285</td>
</tr>
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</table>


“Compensatory spending” includes general public services, public order/safety, employment, environmental protection, health, education and training and social protection.

### PERCENTAGE CHANGE IN “COMPENSATORY SPENDING” BY REGION, 2000–01 TO 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Compensatory Spending %</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>43</td>
</tr>
<tr>
<td>Eastern</td>
<td>41</td>
</tr>
<tr>
<td>South East</td>
<td>40</td>
</tr>
<tr>
<td>East Midlands</td>
<td>39</td>
</tr>
<tr>
<td>West Midlands</td>
<td>38</td>
</tr>
<tr>
<td>South West</td>
<td>36</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>35</td>
</tr>
<tr>
<td>North East</td>
<td>35</td>
</tr>
<tr>
<td>North West</td>
<td>33</td>
</tr>
</tbody>
</table>


“Compensatory spending” includes general public services, public order/safety, employment, environmental protection, health, education and training and social protection.
"COMPENSATORY SPENDING" BY REGION, PER HEAD, 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Accruals, £</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>6,523</td>
</tr>
<tr>
<td>North East</td>
<td>6,399</td>
</tr>
<tr>
<td>North West</td>
<td>6,160</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>5,701</td>
</tr>
<tr>
<td><strong>England</strong></td>
<td><strong>5,683</strong></td>
</tr>
<tr>
<td>West Midlands</td>
<td>5,681</td>
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<tr>
<td>South West</td>
<td>5,378</td>
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<tr>
<td>East Midlands</td>
<td>5,253</td>
</tr>
<tr>
<td>South East</td>
<td>5,099</td>
</tr>
<tr>
<td>Eastern</td>
<td>5,073</td>
</tr>
</tbody>
</table>


"Compensatory spending" includes general public services, public order/safety, employment, environmental protection, health, education and training and social protection.

PERCENTAGE CHANGE IN "COMPENSATORY SPENDING" BY REGION, PER HEAD, 2000–01 TO 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>Compensatory Spending %</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>39</td>
</tr>
<tr>
<td>Eastern</td>
<td>38</td>
</tr>
<tr>
<td>South East</td>
<td>38</td>
</tr>
<tr>
<td>West Midlands</td>
<td>36</td>
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<tr>
<td><strong>England</strong></td>
<td><strong>36</strong></td>
</tr>
<tr>
<td>East Midlands</td>
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<td>North East</td>
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<tr>
<td>Yorkshire and Humberside</td>
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</tr>
<tr>
<td>South West</td>
<td>33</td>
</tr>
<tr>
<td>North West</td>
<td>32</td>
</tr>
</tbody>
</table>


"Compensatory spending" includes general public services, public order/safety, employment, environmental protection, health, education and training and social protection.
### Identifiable Capital Expenditure on Services by Function, Country and Region, 2000–01 and 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>2000–01</th>
<th>2004–05</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>North East</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprises</td>
<td>297</td>
<td>251</td>
<td>-15%</td>
</tr>
<tr>
<td>Education</td>
<td>383</td>
<td>376</td>
<td>-2%</td>
</tr>
<tr>
<td>Health</td>
<td>104</td>
<td>96</td>
<td>-8%</td>
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<tr>
<td>Transport</td>
<td>1,680</td>
<td>2,211</td>
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</tr>
<tr>
<td>Total</td>
<td>2,649</td>
<td>3,136</td>
<td>18%</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprises</td>
<td>352</td>
<td>370</td>
<td>5%</td>
</tr>
<tr>
<td>Education</td>
<td>402</td>
<td>393</td>
<td>-2%</td>
</tr>
<tr>
<td>Health</td>
<td>140</td>
<td>94</td>
<td>-33%</td>
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<tr>
<td>Transport</td>
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<tr>
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<td>28%</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprises</td>
<td>377</td>
<td>349</td>
<td>-7%</td>
</tr>
<tr>
<td>Education</td>
<td>446</td>
<td>405</td>
<td>-9%</td>
</tr>
<tr>
<td>Health</td>
<td>151</td>
<td>112</td>
<td>-26%</td>
</tr>
<tr>
<td>Transport</td>
<td>1,326</td>
<td>1,467</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>1,970</td>
<td>2,331</td>
<td>18%</td>
</tr>
<tr>
<td>East Midlands</td>
<td></td>
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<tr>
<td>Enterprises</td>
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<td>349</td>
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<td>19%</td>
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<td>405</td>
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<td>Health</td>
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</tr>
<tr>
<td>Education</td>
<td>401</td>
<td>478</td>
<td>19%</td>
</tr>
<tr>
<td>Health</td>
<td>151</td>
<td>112</td>
<td>-26%</td>
</tr>
<tr>
<td>Transport</td>
<td>1,326</td>
<td>1,467</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>1,970</td>
<td>2,331</td>
<td>18%</td>
</tr>
<tr>
<td>London</td>
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</tr>
<tr>
<td>Enterprises</td>
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<td>349</td>
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</tr>
<tr>
<td>Education</td>
<td>446</td>
<td>405</td>
<td>-9%</td>
</tr>
<tr>
<td>Health</td>
<td>151</td>
<td>112</td>
<td>-26%</td>
</tr>
<tr>
<td>Transport</td>
<td>1,326</td>
<td>1,467</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>1,970</td>
<td>2,331</td>
<td>18%</td>
</tr>
<tr>
<td>South East</td>
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<tr>
<td>Enterprises</td>
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<td>349</td>
<td>-7%</td>
</tr>
<tr>
<td>Education</td>
<td>446</td>
<td>405</td>
<td>-9%</td>
</tr>
<tr>
<td>Health</td>
<td>151</td>
<td>112</td>
<td>-26%</td>
</tr>
<tr>
<td>Transport</td>
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<td>1,467</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>1,970</td>
<td>2,331</td>
<td>18%</td>
</tr>
<tr>
<td>South West</td>
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</tr>
<tr>
<td>Enterprises</td>
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<td>349</td>
<td>-7%</td>
</tr>
<tr>
<td>Education</td>
<td>401</td>
<td>478</td>
<td>19%</td>
</tr>
<tr>
<td>Health</td>
<td>151</td>
<td>112</td>
<td>-26%</td>
</tr>
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<td>1,467</td>
<td>11%</td>
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<td>Total</td>
<td>1,970</td>
<td>2,331</td>
<td>18%</td>
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<td>349</td>
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</tr>
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<td>18%</td>
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<td>151</td>
<td>112</td>
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</tr>
<tr>
<td>Transport</td>
<td>1,326</td>
<td>1,467</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>1,970</td>
<td>2,331</td>
<td>18%</td>
</tr>
<tr>
<td>Wales</td>
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<td></td>
</tr>
<tr>
<td>Enterprises</td>
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<td>349</td>
<td>-7%</td>
</tr>
<tr>
<td>Education</td>
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<td>478</td>
<td>19%</td>
</tr>
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<td>Health</td>
<td>151</td>
<td>112</td>
<td>-26%</td>
</tr>
<tr>
<td>Transport</td>
<td>1,326</td>
<td>1,467</td>
<td>11%</td>
</tr>
<tr>
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<td>18%</td>
</tr>
<tr>
<td>Northern Ireland</td>
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<td>Education</td>
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<td>478</td>
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<td>151</td>
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</tr>
<tr>
<td>Transport</td>
<td>1,326</td>
<td>1,467</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>1,970</td>
<td>2,331</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Notes:**
- Individual rows and columns may not sum due to roundings.
## Identifiable Capital Expenditure on Services by Function, Country and Region, 2000–01 and 2005–06

**General public services**

<table>
<thead>
<tr>
<th>Function</th>
<th>North East</th>
<th>2000–01</th>
<th>2005–06</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fisheries and science and technology</td>
<td>14</td>
<td>2</td>
<td>4</td>
<td>164</td>
</tr>
<tr>
<td>Environment and public order and public safety</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>% change</td>
<td>500%</td>
<td>100%</td>
<td>25%</td>
<td>800%</td>
</tr>
</tbody>
</table>

### North West

<table>
<thead>
<tr>
<th>Function</th>
<th>2000–01</th>
<th>2005–06</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fisheries and science and technology</td>
<td>18</td>
<td>130</td>
<td>103%</td>
</tr>
<tr>
<td>Environment and public order and public safety</td>
<td>97</td>
<td>754</td>
<td>775%</td>
</tr>
<tr>
<td>% change</td>
<td>496%</td>
<td>105%</td>
<td>105%</td>
</tr>
</tbody>
</table>

### Yorkshire and Humberside

<table>
<thead>
<tr>
<th>Function</th>
<th>2000–01</th>
<th>2005–06</th>
<th>% change</th>
</tr>
</thead>
<tbody>
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<td>25</td>
<td>53</td>
<td>211%</td>
</tr>
<tr>
<td>Environment and public order and public safety</td>
<td>125</td>
<td>104</td>
<td>80%</td>
</tr>
<tr>
<td>% change</td>
<td>400%</td>
<td>111%</td>
<td>111%</td>
</tr>
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</table>

### East Midlands

<table>
<thead>
<tr>
<th>Function</th>
<th>2000–01</th>
<th>2005–06</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fisheries and science and technology</td>
<td>28</td>
<td>181</td>
<td>624%</td>
</tr>
</tbody>
</table>
| Environment and public order and public safety | 89 | 62 | 51%
| % change | 218% | 48% | 48% |

### West Midlands

<table>
<thead>
<tr>
<th>Function</th>
<th>2000–01</th>
<th>2005–06</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fisheries and science and technology</td>
<td>21</td>
<td>181</td>
<td>765%</td>
</tr>
<tr>
<td>Environment and public order and public safety</td>
<td>72</td>
<td>62</td>
<td>88%</td>
</tr>
<tr>
<td>% change</td>
<td>244%</td>
<td>48%</td>
<td>48%</td>
</tr>
</tbody>
</table>

### London

<table>
<thead>
<tr>
<th>Function</th>
<th>2000–01</th>
<th>2005–06</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fisheries and science and technology</td>
<td>15</td>
<td>80</td>
<td>533%</td>
</tr>
<tr>
<td>Environment and public order and public safety</td>
<td>95</td>
<td>53</td>
<td>56%</td>
</tr>
<tr>
<td>% change</td>
<td>530%</td>
<td>56%</td>
<td>56%</td>
</tr>
</tbody>
</table>

### South East

<table>
<thead>
<tr>
<th>Function</th>
<th>2000–01</th>
<th>2005–06</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fisheries and science and technology</td>
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<td>54</td>
<td>450%</td>
</tr>
<tr>
<td>Environment and public order and public safety</td>
<td>108</td>
<td>54</td>
<td>80%</td>
</tr>
<tr>
<td>% change</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
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</tbody>
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### South West

<table>
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<tr>
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### Northern Ireland

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### Total UK Capital Identifiable Expenditure

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**Notes:** Individual rows and columns may not sum due to roundings.

**Source:** Office for National Statistics, 2006.
### IDENTIFIABLE CURRENT EXPENDITURE ON SERVICES BY FUNCTION, COUNTRY AND REGION, 2000-01 AND 2004-05

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<th>Police</th>
<th>Crime prevention</th>
<th>Science and technology</th>
<th>Agriculture, fishery and forestry</th>
<th>Transport</th>
<th>Environment protection</th>
<th>Housing and community amenities</th>
<th>Recreation, leisure and sport</th>
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Notes: Individual rows and columns may not sum due to roundings.

### Total Identifiable Expenditure on Services, by Function, Country, and Region, 2000-2001 and 2004-2005

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<td>19.3</td>
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Notes: Individual rows and columns may not sum due to roundings.

Source: Standing Group of Committee Members, Unit: PAC4.
## TOTAL IDENTIFIABLE EXPENDITURE ON SERVICES BY FUNCTION, COUNTRY AND REGION, 2000-01 AND 2005-06

<table>
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<th>Function</th>
<th>North East</th>
<th>West Midlands</th>
<th>East Midlands</th>
<th>Yorkshire and Humberside</th>
<th>South East</th>
<th>South West</th>
<th>England</th>
<th>Scotland</th>
<th>Wales</th>
<th>Northern Ireland</th>
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<td>229</td>
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<tr>
<td>Environment protection</td>
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<td>394</td>
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<td>321</td>
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<td>394</td>
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<tr>
<td>Health</td>
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<td>394</td>
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<td>321</td>
<td>298</td>
<td>394</td>
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<tr>
<td>Recreation, culture and education</td>
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<td>394</td>
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### Notes
- Individual rows and columns may not sum due to roundings.
IDENTIFIABLE EXPENDITURE ON SERVICES BY FUNCTION, COUNTRY AND REGION, 2000–01 AND 2004–05

<table>
<thead>
<tr>
<th>Region</th>
<th>2000–01</th>
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<th>% change</th>
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<tr>
<td></td>
<td>accruals, £ million</td>
<td>accruals, £ million</td>
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<tr>
<td>Enterprise Agriculture</td>
<td>46 3</td>
<td>309 107</td>
<td>510%</td>
</tr>
<tr>
<td>Housing and recreation</td>
<td>79 8</td>
<td>146 33</td>
<td>77%</td>
</tr>
<tr>
<td>General Public Services</td>
<td>79 8</td>
<td>146 33</td>
<td>77%</td>
</tr>
<tr>
<td>Defence</td>
<td>79 8</td>
<td>146 33</td>
<td>77%</td>
</tr>
<tr>
<td>Defence</td>
<td>79 8</td>
<td>146 33</td>
<td>77%</td>
</tr>
<tr>
<td>Environment protection</td>
<td>79 8</td>
<td>146 33</td>
<td>77%</td>
</tr>
<tr>
<td>Environment protection</td>
<td>79 8</td>
<td>146 33</td>
<td>77%</td>
</tr>
<tr>
<td>Public and Science</td>
<td>79 8</td>
<td>146 33</td>
<td>77%</td>
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<tr>
<td>Public and Science</td>
<td>79 8</td>
<td>146 33</td>
<td>77%</td>
</tr>
<tr>
<td>Total</td>
<td>394 8</td>
<td>709 24</td>
<td>81%</td>
</tr>
<tr>
<td>Total</td>
<td>394 8</td>
<td>709 24</td>
<td>81%</td>
</tr>
</tbody>
</table>

Notes: Individual rows and columns may not sum due to roundings.

Supplementary memorandum by the North West Regional Assembly (NWRA) (RG 87(a))

NEED TO ADDRESS ISSUE OF SUB-NATIONAL INEQUALITY

Please find supplied EUROSTAT statistics which details the extent of sub-national inequality within the UK (as measured by GDP per inhabitant) and a graph which shows that the degree of sub-national inequality in the UK is greater than in any of the other European Union 25 countries.

In light of this information—and the fact that Government progress with regards its REP PSA2 target has apparently slowed from 1% in 2004 to 0.1% in 2005—the NWRA would request that the Select Committee report on the Future of Regional Government considers making specific recommendations concerning the issue of sub-national inequality.19

Senior members of the Government, writing in a personal capacity, have recently re-iterated that reducing regional economic disparity is essential for a sustainable UK economy.20 However there are concerns that this fact may become obscured in preparations for the Olympics in 2012 and in the genuine debate about the future role of cities and regions.

For example, you may wish to ask what importance the Government attaches to regional inequality and whether and whether the Government has a vision of a level of sub national inequality that is economically compatible with the sustainable long term growth of the economy as well as socially acceptable?

You may also want to ask how the Government is addressing sub national inequality for example by “northern proofing” its policy decisions. We would also be grateful if you were to ask a specific question regarding whether considerations arising from the REP PSA2 target were (or should have been) considered in the final decision regarding the location of the super-casino.

As we discussed in our original submission, there is the related question for your Committee and the Government of whether the need to address sub-national inequality has implications for further developments in asymmetrical devolution ie should the north/the northern regions/northern cities have a bigger voice/greater powers?

In conclusion, the NWRA believes that as well as the important governance issues which your Committee will undoubtedly highlight, the Government should not lose sight of the importance of addressing sub national inequality. It is this that will ensure that the North West and its cities will get the support and the policy decisions they need.

19 This would be in keeping with our initial submission to the inquiry which highlighted sub regional inequality and the need for Northern Way regions to be supported in order to achieve their potential contribution to UK plc.

20 “We [the Government on appointment in 1997] knew that we had to reduce the disparities in growth and economic performance between and within the regions and nations of the UK, if we were to secure a stable and successful national economy for the long term.” Evolution and Devolution in England by Ed Balls, John Healy and Christopher Leslie, NLGN 2006.