

# English devolution and regional development – Your region, your choice

By Paul Benneworth and Gordon Dabinett

## Introduction

In May 2002 the Government published its long-awaited English devolution White Paper, claiming to herald a new era for the English regions. It sets out the Government's vision for prosperous and thriving English regions, its centre piece being proposals for elected regional assemblies in some areas, alongside stronger regional institutions and greater regional consultation elsewhere. *Your Region, Your Choice: Revitalising the English Regions* is significant, not least as the first Government statement on English regional government since the 1976 Green Paper, *Devolution: The English Dimension*.

The White Paper claims its proposals will decentralise power and lead to more accountable government. Its authors claim to be realising a communitarian and New Labour goal so all parts and peoples of the UK have an opportunity to take control of their destiny and realise their full potential. The Government will rebuild the nation as a modern and prosperous society of confident regions. At the core of this regional objective is the Government's desire to exploit the knowledge-based revolution through regionally specific regeneration policies. The paper expresses the hope this will bring greater social justice and more equal sharing in the nation's prosperity.

This ambition and urgency are reflected in the White Paper's contents, covering:

- a vision for regional democracy
- the proposed functions of elected regional assemblies

- suggested funding for elected regional assemblies
- the boundaries and electoral systems for the regional assemblies
- the constitution of elected regional assemblies
- working relationships necessary for effective English regions
- a process for immediate implementation.

A recent CLES seminar in Nottingham aired a range of views and opinions about the White Paper, indicating not only that a serious devolution debate is underway in England, but that the current proposals have to be understood as part of a broader programme of state modernisation. In its first term of office, the Labour Government completed the devolution of power to Scotland, Wales and Northern Ireland. In England, it restored democratic city-wide government in London, set up nine RDAs and helped establish a network of regional chambers in every region outside London. In this bulletin, we examine the key debates in English regional devolution, asking:

*'Does this latest White Paper contribute to an effective and lasting settlement for the English regions?'*

## Regionalism in England

The 1997 Labour Government came to power committed to wide-ranging constitutional reform, including devolution to Scotland, Wales, Northern Ireland and the English regions. Outside England, prior expectations were shaped by past

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debates about the form and roles of devolved institutions. Regional government in Northern Ireland had existed as recently as 1972, while in the late 1970s, substantive devolution proposals for Scotland and Wales had passed Parliament, only failing with Callaghan's fall.

By 1997, although the incoming Labour Government had a firm sense of what devolution could achieve outside England, English devolution proposals had not developed much further than debating whether or not an English Parliament or regional assemblies were the better solution. In the absence of such knowledge, English devolution began along an administrative pathway, deepening and adding to the structures already in place. The Government Offices (GOs) had been created in 1994 to deliver national priorities in the regions and, from 1997, these offices were central to a more general process of regionalisation. Regionalisation involved expanding the number and scope of regional institutions and strategies; by 2001, the North East had an estimated 12 of these bodies responsible for drafting 20 regional strategies.

The devolution proposals in *Your region, your choice* integrate these existing arrangements with the 2001 manifesto commitments to regional choice. All eight regions outside London will be granted additional powers and responsibilities. Indeed, as these proposals are in a White Paper – a formal Government policy statement – they will now be implemented:

- regional chambers will become more significant, scrutinising RDAs, consulting with Government Office directors, and assuming regional planning and strategy coordination powers
- Government Offices will assume powers over crime and drug reduction, community cohesion, public health and culture
- some regions will run pilots building stronger linkages between RDAs and small business and training activities
- Whitehall will develop policy using ideas from the GOs and the regions themselves, and accept regional inputs to the expenditure process.

The remainder of the White Paper deals with elected regional assemblies: referenda will only be held in regions where ministers believe there is substantial public support. The White Paper does not give firm guidelines for what might constitute support, giving ministers considerable discretion over the timing of votes. Voters will be asked to approve an assembly with a definite plan for local government reorganisation. A 'no' vote will trigger a five-year moratorium on further votes and the discarding of the local government reorganisation plans. A 'yes' vote will trigger the establishment of the assembly, the dismantling of the regional chamber and the creation of unitary authorities across the region. It is believed that the first vote could be held by 2004 and the first assemblies in place in 2006.

The new assemblies will replace the current regional chambers, and assume responsibility for RDAs and planning. The assembly will comprise members directly elected by the additional member system. Business, community and voluntary representatives hitherto involved in the chamber will continue to participate through a 'civic forum', whose precise shape remains subject to Government consultation.

The assemblies will mix strategic, executive and influencing powers to achieve their ends as in the table below:

Strategic: drawing up 10 strategies	Executive (expenditure responsibilities)	Influencing (recognised roles in others' decisions)
Sustainable development	Responsibility for RDA	Scrutinising the role of universities in economic growth
Spatial planning	Financial resources	Advising the Government on transport
Transport	Oversight of regional bodies	Requesting planning call-ins
Culture	Obliging partners to deliver the strategy	Being consulted by LSCs
Biodiversity		Appointments to other bodies
Economic development		Coordinating regional strategies
Skills and employment		
Waste		
Housing		
Health improvement		

## Wicked issues for regional development

Elected assemblies could represent an effective and rational way of arranging regional government, but evidence from other countries indicates new institutions are necessary to transform regional life but may not be sufficient on their own. Ardent advocates of regional devolution such as the Campaign for English Regions (CfER) have supported the White Paper as a sensible development, but also expressed concerns about these proposals, arising from the desire to forge a balance between:

- enhancing the performance of the regions
- improving the governance of the regions
- increasing the influence of the regions.

Greatest concern surrounds the mismatch between ambition and proposals: *Your region, your choice* is strong on institutions and structures but weaker on powers and functions. This situation is exacerbated by the existing confused, complex and unaccountable administrative arrangements in the English regions. These greatly complicate the regional situation, and the White Paper gives little insight into how these tensions

will be resolved. There are three such 'wicked issues' – evident but ignored – in *Your region, your choice*:

- will the creation of new regional institutions provide an effective strategic body and legitimate regional voice?
- will the proposed arrangements tackle regional inequality and achieve sustainable regional regeneration?
- will English regionalism deliver improvements in key outcomes such as education and health?

## A new strategic body and voice

The new constitutional arrangement of Britain is heavily dependent on extensive networking of members and officials to overcome the problems of multiple geometry. Joint ministerial committees coordinate policy development between these bodies: devolved institutions have local strategies and negotiate their interests with partners in other bodies to deliver their goals. For the English assemblies to succeed, they will have to deliver similar negotiated outcomes, building a strong regional position and acting as the voice of the region. Their success in economic development, transport, waste management and tourism will be intimately connected to how well they are able to fulfil this new networking role.

The primary purpose for regional assemblies in *Your region, your choice* is strategic oversight and direction to new regional arrangements. The assembly authorities will consist of around 200 staff inherited from programme delivery. The RDAs found it very difficult to assemble strong strategy teams from operational staff. Regardless of the quality of political leadership, there are real resource questions about how effective assemblies will be in drawing up and coordinating, not just one, but ten, strategies.

The success of the new devolved bodies will equally depend on their ability to speak for the region, acting as a legitimate counter-balance in

local/central debates, and providing an alternative political force to central government and Whitehall departments. This will be dependent on an effective rebalancing of power between Whitehall, the devolved institutions and the English regions. The terms of the debate about this rebalancing are currently being set by Whitehall, and the White Paper already reflects interdepartmental rivalries. A test of the effectiveness of the assemblies will be how they influence the next stage of the devolution debate, around extra powers for existing assemblies and in extending the assembly model to the more sceptical English regions.

Crucial to the implementation of the White Paper proposals will be the extent to which alternative and separate regional agendas and priorities can emerge in different regions to challenge national priorities. The consideration of a 'regional perspective' within the recent Comprehensive Spending Review was a significant first step in this sense, but to be effective, this approach will require much greater institutionalisation. At the same time the 'regional voice' needs to be able to reflect diversity and distinctiveness within regions, demanding new forms of political accountability. The White Paper enthusiastically advocates the idea of 'Civic Forums' reflecting a range of community, voluntary and ethnic interests specific to each region.

The third issue is the capacity in the regions to provide leadership and articulate the regional position to others. The devolved administrations so far have proven excellent advocates for their territories, which suggests both opportunities and threats for the English regions. Positively, English regional politicians may learn quickly about representing their regions. However, there is the attendant concern that local English politicians will lack the skills to negotiate effectively with adroit political operators from Scotland, Wales or Whitehall. Key to resolving this issue is in identifying Westminster politicians of the calibre of Donald Dewar or Ron Davies willing to return 'home' and provide regional rather than party leadership.

## Regional inequality and regeneration

The White Paper makes much of the efficiency argument for assemblies, that better institutional arrangements lead automatically to better outcomes, implying that current spatial inequality is a consequence of institutional weaknesses. An alternative explanation lies in current Government spending which reinforces historical spatial inequalities, accelerating growth in the South East, the rectification of which would require significant inter-regional transfer payments.

Not surprisingly, the White Paper argues that all regions can participate in the winners' circle and strengthen the national economy. The Treasury argues that regional devolution offers the opportunity for '*local flexibility and maximum transparency to achieve full employment and to increase productivity in every region ...*'.

What then of the continued overheating in London and the South East alongside the continuing economic weaknesses of regions such as the North East? The White Paper appears to offer little in terms of addressing inherent barriers to successful regional development, such as low levels of Government-financed research and development, a weak skills base, low levels of infrastructure investment and entrepreneurship. It deliberately evades answering questions about regional policy, and the devolution offered by *Your region, your choice* comes with little to commend it in securing balanced and sustainable regional development.

Successful regeneration also requires securing deals and asserting priorities, and opinions are mixed on whether the White Paper will make either easier. Indeed, opinions are characterised by ambivalence and uncertainty:

*'Potentially the regions will have a much bigger say in how regeneration policies are framed and enacted ...'*

RDA speaker

*'Regeneration could work as well or as badly as now ...'*

Community regeneration speaker

What is certainly oblique in the White Paper is how local partnerships will interact with the new strategies, and how this will affect local regeneration practices. The White Paper is silent on how conflicts between regeneration partners will be resolved, and who will be the ultimate arbiter. Outcomes are currently uncertain and depend on:

- the extent of genuine devolution, and whether the GORs act as impartial referees or as Whitehall enforcers
- the ability to incorporate strategic perspectives and actions within community and urban/rural regeneration practices
- and the creation of new political representation, rather than the furtherance of existing party political roles.

The second wicked issue is in essence a debate over the role of conflict in the assemblies. Conflict can be both productive and damaging to a new institution, and the absence of conflict can lead to lazy lowest common denominator solutions. The proposals ensure that opposition groupings will sit in the new assemblies, but opposition by established political parties will not necessarily reflect regeneration interests. Could successful devolution be best served by the creation of new opposition bodies alongside political parties? This remains an issue to be addressed, but ultimately will be central to assemblies adding value to the delivery of effective and democratic regional renewal.

## Regional outcomes

The White Paper offered a pleasant surprise for seasoned devolution watchers when it announced that assemblies would receive strategic responsibility for public health.

Whitehall's consistent opposition to devolution in health and education had led to a belief that neither would be included in an assembly, despite their importance to making a difference to people's lives.

This follows the efficiency logic of regional assemblies' purposes as being to improve the coordination of national economic policies. Indeed, the Treasury view of assemblies, set out in the Regional Productivity Chapter, is to overcome regionally specific factor market failures which undermine productivity. Little consideration in this view is given to granting assemblies powers that do not address market failures.

However, there are two strong arguments for granting assemblies powers over health and education. The first reason is itself a (contrary) efficiency argument, that although health and education do not of themselves give rise to regionally specific problems, in more deprived regions, poor health, housing, education and employment performance are closely linked. With only limited powers over these areas, regional assemblies lack the potential to deal with this multiple deprivation, which has strong economic disbenefits.

The second argument is that as the institutional manifestation of the democratic will of the people, assemblies ought to have the power to shape demands for health and education. In Wales, for example, existing high per capita levels of health care spending have been raised further as Welsh politicians have chosen to devote proportionally more of their regional block grant increases on health.

This is possibly the most critical of the wicked issues, and on which the White Paper is silent. Any popular support enjoyed by the regional assembly will rest on its positive and visible achievements. It is hard to see that increasing the marginal efficiency of public policy interventions fulfils these criteria. It therefore remains unclear whether an assembly – limited to tinkering at the edges of social policy – can acquire genuine political popularity and regional affection.

## Continuing dialogues and debates

Many views were expressed at the CLES seminar in July 2002, but all acknowledged the importance and potentially far reaching impacts that *Your region, your choice* might have. The White Paper as currently written, obscures many of the thorny issues which require resolution if English devolution is to be made to work. Indeed, if the White Paper stimulates a wide ranging and informed debate of these difficult questions, then its publication certainly marks a milestone in the maturity of English devolution.

As such its proposals can be judged positively against the CfER's broad demand for *'the establishment of forms of regional governance that are democratic, accountable, transparent, inclusive, participatory, effective, efficient, rational and agreed by a broad based consensus within each region'*. Although there is a potential for legislative slippage, there is at least a credible timetable which gives hope to expecting at least one regional assembly to be established in England within the next five years.

However, we believe that an effective understanding of the devolution proposals needs to encompass key debates about regional policy, the spatial pattern of public expenditure and the nature of accountability in a modern democracy. There is little comprehensive evidence to definitively favour either case, and the proven value of the current arrangements is more appealing to some than the political uncertainties and administrative disruptions associated with devolution. At its simplest, what the White Paper offers is something to improve the lot of poor regions. Reviewing these proposals, it seems only fair to ask whether devolution for the poor (regions) is going to prove to be poor devolution?