



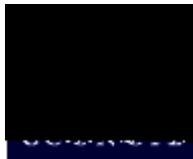
Nations and Regions: The Dynamics of Devolution

Quarterly Monitoring Programme

The English Regions

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Monitoring the English Regions

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Key points

- The politics of English regionalism are being increasingly dominated by the preparation of the White Paper on regional governance.
- Two meetings of the new Cabinet Committee on the Nations and Regions have been held to discuss the forthcoming White Paper.
- John Prescott and Stephen Byers have formed an alliance to advance the cause of regional governance, making a number of high profile speeches making the case for devolution.
- But intense battles are underway in Whitehall, with the DTI fighting strongly to retain control of Regional Development Agencies.

1 Introduction

The debate about the shape and extent of Whitehall decentralisation to the English regions, and the more distant prospect of English regional government, has finally moved from the academic to the practical and, in the context of inter-departmental argument and jockeying, the intensely political. As predicted in our last report, it is now dominating the debate on English regionalism.

On November 21st, the Cabinet's new Committee of the Nations and Regions, under the chairmanship of the Deputy Prime Minister John Prescott, met to discuss the shape of the forthcoming White Paper on the regions, due for publication in early 2002. Recognising the divisions between ministers and senior civil servants over how to proceed, Mr Prescott appears determined to chair by consensus, in an attempt to bring sceptical ministers — notably the Trade and Industry Secretary, Patricia Hewitt — on board. Divisions appeared to emerge, with Mr Prescott and the Secretary of State for Transport, Local Government and the Regions, Stephen Byers, keen to use the eight Regional Development Agencies (RDAs) as a building block for English regional devolution. The Department of Trade and Industry, sceptical about a wider regional agenda, wants to subject the RDAs to central performance targets rather than leave them in the hands of regional politicians.

In our last report we noted that the outcome of the general election appeared to have thrown-up ambiguous implications for the governance of the eight regions, with Whitehall reorganisation splitting responsibility for regional policy between three departments: the Department of Trade and Industry (DTI) assumed overall control of the eight Regional Development Agencies, while the Department of Transport, Local Government and the Regions (DTLR) retained the broad constitutional agenda (overseeing eight regional chambers, now re-branded as 'assemblies') and the Cabinet Office — under the Deputy Prime Minister John Prescott — lined up to seize the higher constitutional ground, while assuming responsibility for Government Offices.

In light of the Government's commitment to produce a White Paper on regional government early next year, this divided responsibility inevitably prompted questions about which department would take the lead. In fact Mr Prescott, and the Secretary of State at the DTLR, Stephen Byers, have forged an alliance to drive forward a regional agenda in which both departments — Cabinet Office and DTLR — will write the White Paper, with Prescott (in theory) having overall responsibility. We begin by examining the Prescott-Byers front, record the first ministerial commitment to hold, if possible, elections for the first Regional Assemblies at the end of this parliament, and point to the Prime Minister's cautious enthusiasm for a stronger regional dimension as his one-time 'flagship policy' of elected mayors in cities and towns appears to flounder.

implications for regional government: the case for elected mayors in cities and towns. Mr Raynsford, who was responsible for legislation which delivered London an elected mayor and an Assembly, is an enthusiastic advocate of mayors throughout England. Mr Byers is not — and said so in a recent article in the left-wing weekly, *Tribune* (26th October 2001). Asked if

based this claim on the fact that Nick Raynsford, the local government and regions minister, wanted the implications for town and county halls — "in particular, whether to reduce the number of councils" — included in the forthcoming White Paper on the regions. Stephen Byers, to whom Raynsford is directly responsible, was reported to be opposed to such a move.

The prominence given to the intensifying regional debate in these two weeklies underlines the nervousness in local government about the possibility — distant as it might be — of further local government reform. Northern county councils, notably Northumberland and Durham (which serves Tony Blair's Sedgefield constituency) feel particularly threatened and

document was produced in association with the Regional Coordination Unit, and bore the personal stamp of the Deputy Prime Minister. It stressed the importance of working with regional partners, including local councils, RDAs, and other organisations 'to achieve the Government's aims in a joined-up way'.

In a foreword, Mr Prescott expresses a desire for increased influence for GOs, particularly in Whitehall. 'I want to ensure that all new policy developments benefit from an understanding of the regional picture at an early stage.' He added: 'Government Offices provide both the voice of the Government and its listening ear; a friendly face which understands the local context and at the same time knows the 'ins' and 'outs' of Government departments and their policies and has a say at the highest level.'

Publication coincided with a debate about the future role of the offices, with the Secretary of State for Transport, Local Government and the Regions, Stephen Byers, floating the idea of the GOs becoming a putative regional civil service if Regional Assemblies are elected. Significantly, Cabinet Office Ministers have been charged with putting the case for a 'greater regionalism' in line with Labour's manifesto commitment to move towards elected Regional Assemblies, where there is demand — although the post-devolution role of the GOs remained a matter of intense debate within Whitehall.

The document explains that GO spending amounts to £6 billions annually, says they are funded and staffed by seven Whitehall 'sponsor' departments, and argues that they are well-placed to take a cross-departmental approach "and to provide a coherent view of the operations and interactions of Government programmes.

2.2 Regional Development Agencies

For the Department of Trade and Industry (DTI), the eight Regional Development Agencies (RDAs) are big players when it comes to delivering the DTI's objectives. Since assuming control of the RDAs from John Prescott's former Department of the Environment, Transport and the Regions after the general election, the DTI — partly under pressure from the Treasury — has been determined to ensure that the commitment to give the Agencies additional funds, and greater freedom on how to spend them, must be matched with rigorous Whitehall targets.

To the initial concern of the RDA chairmen, about the imposition of a 'one-size-fits-all-strategy' with little room for regional circumstances, this extra funding, which will rise to £1.7 billions in 2003-4, has strings. In 11 areas, from raising regional GDP per head to creating jobs and small businesses, reducing unemployment, and bringing 'brownfield' land back into use, the RDAs will have to show they are meeting pre-determined targets under a tiered structure of delivery. The internal debate, at times, has been intense

The Trade and Industry Secretary, Patricia Hewitt, has established a strong rapport with the RDA chairmen, and, significantly, they have become something of a sounding board when it comes to the wider debate about regional governance. Here, clear differences of emphasis are emerging between campaigners for Regional Assemblies and RDA chairmen, who generally favour proceeding at a slower pace. Talk of referendums on regional government before the next election does not always meet with approval in the RDAs, where, privately, freedom from the influence of local politicians is regarded as a bonus. While the London Development Agency (the ninth RDA) is answerable to the Greater London Assembly, other RDA chairmen believe early moves to create a similar democratic structure in the regions might be one step too far. The DTI appears anxious to proceed cautiously as well, reluctant to surrender its regional remit to putative Assemblies. In the inter-departmental regional debate, leading up to the White Paper, their views — which some will interpret as a challenge, particularly, to John Prescott's Cabinet Office — will carry some weight.

The DTI, after all — then under Margaret Beckett — jealously guarded its territory in an intense Whitehall debate, after the 1997 election, that preceded the creation of the RDAs. It managed to keep key functions, such as the £400 millions regional selective assistance budget. Now its views on regional government can best be described as 'gradualist'. Alan Johnson, the Regions Minister in the DTI - and constituency neighbour of John Prescott in Hull - believes in proceeding cautiously. This clearly is the view of the RDA chairman, whose organisations — ironically — were viewed by John Prescott (when he was in charge of the RDAs) as the vanguard of the emerging agenda of 'greater regionalism', leading eventually to elected Assemblies.

Graham Hall, chairman of Yorkshire Forward, the development agency for Yorkshire and the Humber, has been appointed (by other RDA chairmen) as the 'lead' chairman to negotiate with Patricia Hewitt on the wider regional front. He bluntly puts the case for regional government in a strictly

With a specialist staff of planners, transport and policy advisers, as well as a public relations team, the Assembly, based in the old headquarters of West Yorkshire County Council in Wakefield, is selling itself as the voice of the region, promoting Yorkshire at home and abroad, and — according to its launch statement — 'providing regional accountability for Yorkshire Forward (the regional RDA), influencing development and scrutinising specific aspects of the work it undertakes. ... Clearly, in this area, there is a debate still to be had with the agency itself'.

Its key tasks, outlined in a series of aims, will be co-ordinated strategic land-use and economic planning, through the 'joint development of the (RDA) regional economic strategy and Regional Planning Guidance, overseen by the Department of Transport, Local Government and the Regions'.

Regional Planning Guidance for Yorkshire and the Humber was approved by the government on 31st October. The Guidance was prepared by the Yorkshire and Humber Regional Assembly (DTLR, *News Release 469*, 31st October 2001).

2.3.2 South East Regional Assembly

Significantly, the South East of England Regional Assembly, which has become something of a pacesetter for other regions under a Conservative chairman (David Shakespeare, of Berkshire County Council), announced on October 23rd 2001, a 'unique public-private partnership team' to lead the Assembly's planning committee. Assembly members Nick Skellett, Conservative leader of Surrey County Council, and David Wilson, managing director of Eurotunnel Developments Ltd, were elected planning committee chair and vice chair respectively.

The Assembly's head of regional transport planning, Martin Tugwell,

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New forms of governance would be introduced in the selected institutions. Area Museum Councils (North East Museums, Libraries and Archives Council in the North East) will have a strategic role, but will not be responsible for service delivery.

The new framework would be set up by Re:source, the national body responsible for the museum sector, through which government funding would be re-directed to the regions. The Task Force recommends that government invest a further £267.2 million over the next 5 years to help create the new framework and reverse the decades of spiralling neglect and decay of the museum sector.

2.4.2 Review of Regional Cultural Consortiums

In October, Tessa Jowell, the Secretary of State for Culture, Media and Sport (DCMS), informed the Chairs of Regional Cultural Consortiums (RCCs) that she had decided to bring forward a planned review of their operations. The decision reflected the need to take into account the preparation of the White Paper on regional governance. The review is intended to enable the DCMS to consider the position of RCCs in this light. The RCCs were established in late 1999-2000 and aim to champion cultural interests, forge links across the sector and create Regional Cultural Strategies. All regions have now produced Regional Cultural Strategies. These developments occurred alongside the creation of Regional Assemblies and Regional Development Agencies, while DCMS representation was consolidated inside Government Offices. At the same time, Lottery Distributors have taken steps to regionalise their award systems, while a number of government agencies in the cultural field have also restructured their regional activities. In this context, the DCMS review will consider the success of the Consortiums to date, and the impact of other recent changes, as well as the potential impact of elected regional government.

2.4.3 Review of English Heritage

The Department of Culture Media and Sport also announced a review of

3 Regional Politics and Policies

3.1 John Prescott's Hull speech

In a speech to party members in his Hull constituency, John Prescott emphasised his continued support for devolution and 'giving the regions their own political voice' (Prescott, 2001). At the same time he spelled out his ideas in greater details than previously. He linked devolution to the effective delivery of key government goals, including, the delivery of a modernised system of governance, better public services and 'bringing growth and prosperity to the regions'. He argued:

In my view we're lacking a political body — an elected assembly — which pulls it altogether at the regional level, and which has the legitimacy, critical mass and clout to set priorities and speak up for the region. He emphasised the scale of the task ahead and the need to 'take time to get right'. He acknowledged that it is unlikely to happen in every region, with demand strongest in the North East, North West and Yorkshire and Humberside. All three have predominantly unitary local government structures and therefore comply with Labour's manifesto demand.

Mr Prescott acknowledged that no-one wanted 'a talking shop', but that 'neither do people expect the equivalent of a Scottish Parliament for the English regions', suggesting a Yorkshire Assembly of about 20 to 25, with the added scope for Civic Forums and appointed regional representatives. On a timetable for regional government, confusion followed his claim that 'we have the possibility of a third (term of office) which will be necessary to accomplish decentralisation to the English regions'. For the North East *Journal*, this was an indication that regional government would not be achieved within this Parliament. A spokesman from Prescott's office denied this, claiming: 'The Deputy Prime Minister ... was talking about the broad concept of decentralisation to the English regions, not any specific area'.⁸ This was later clarified by Mr Prescott himself, and by Stephen Byers, at a press conference in Newcastle on 9th

oppose the £2.5 billions Heathrow expansion on environmental grounds. They feel that regional airports should be expanded instead to relieve pressure on London. National organisations representing professional planners and geographers have also questioned Mr Byers' decision.

Significantly, opposition to Heathrow expansion comes amid several critical reports from academics pointing to a growing economic divide between north and south during the past four years. One, from the Regional Studies Association (RSA), criticised Britain for spending one third of the EU average on regional policy measures (RSA, 2001). Another, from Robert Huggins, formerly of the University College of Wales in Cardiff who now runs a consultancy, showed that the gap between the three best performing regions (London, the South East and the East) and the three worst (the North East, Wales and Yorkshire and the Humber) had grown by over 30 per cent since 1997⁹.

Mr Byers recently acknowledged a growing north-south divide. In a speech to the annual conference of the Coalfield Community Campaign in South Shields, he said:

What we have to recognise is there are regional disparities and they are getting wider, they are not narrowing, and it is going to be the job of Government, with an active regional policy, to tackle these regional disparities¹⁰.

But in a subsequent speech at the North East Assembly on November 9th Mr Byers clarified these comments. An active policy did not mean the Government returning to the model of regional policy in the 60s and 70s, when the ministers intervened to curb industrial development in some areas so that it could be diverted to poorer regions.

His view, however, was challenged in a report produced in early November by a group of 10 economists and geographers for the Regional Studies Association. It questioned whether the Government had any over-arching, active regional policy, on the grounds that it was encouraging enterprise and expansion in all regions.

What the Government is still reluctant to acknowledge is the need for stronger discriminatory measures to encourage development specifically in lagging regions. Our fear is that Labour's new regional policy will prove misdirected. If it succeeds in further stimulating development in prosperous regions, it runs the risk of exacerbating Labour shortages in these areas ... insufficient emphasis on discriminatory measures could mean that the gaps in labour market opportunities between different parts of the country do not narrow at all (RSA, 2001: 2).

Questioning Stephen Byers' view that large-scale capital incentives to the poorer regions in the 60s and 70s had failed, they calculated that, on the

⁹ www.roberthuggins.com

¹⁰ Authors' notes

contrary, 600,000 jobs had come to the UK's (then) assisted areas during those decades. They also questioned whether a policy of "helping all regions to help themselves" would improve the fortunes of the poorest.

The weaker parts of the country are seen as having failed because they lack the investment in research and development, because their workforce is less highly trained than in the South East for example, and because they have low rates of new firm formation. Competitiveness, it is argued, will rely less on physical capital than on human capital...the Government's view is that what is good for the UK economy as a whole is particularly good for the weaker regions and attacks the root cause of their problems rather than just the symptoms (RSA, 2001: 4).

Although the Government now spends about £400 millions annually on selective assistance to industry (of which £110-120 millions goes to the English regions), the report calculates that, from the mid-60s to the mid-80s, the Government spent approaching three times as much at today's prices. Against this background, the Heathrow decision prompted a critical response from the Royal Town Planning Institute. It questioned the logic of making a decision on a fifth terminal in isolation from a national airports strategy 'and then articulated at regional level.' The Town and Country Planning Association (TCPA) warned that Government edicts restricting growth at Heathrow were normally overturned. The Director of the TCPA, Gideon Amos, argued: 'I am sure we will hear talk of the need for a sixth terminal within the next few weeks, and the incremental 'capacity creep' will continue'¹¹.

3.3 Voluntary organisations address regionalism

A number of voluntary organisations began to address the impact of regionalism on their activities.

3.4 TUC

At its 2001 Congress, the TUC voted to support a resolution calling for the legislative enactment of regional government in England. The resolution, proposed by the Manufacturing, Science and Finance Union and seconded by the Public and Commercial Services Union, expressed concern at citizen's disengagement from political processes and the absence within England of 'an autonomous democratic voice in line with those in most other European countries'. The motion argued that:

Regional Assemblies would provide a means to determine regional priorities for action and implementation taking into account the needs of the region concerned ... [and that] without similar such structures [to the Scottish Parliament and the

¹¹ <http://www.tcpa.org.uk/press201101.htm>

3.4.3 Council for the Protection of Rural England

The Council for the Protection of Rural England (CPRE) has called on the government to ensure that the forthcoming White Paper on regional government 'deals effectively with concerns about the environment and public participation in decision making' (CPRE, 2001). The statement outlines the CPRE's agenda for directly elected Regional Assemblies and

3.5 Regional campaigns

Campaigning activity has been stepped up in advance of the expected White Paper. In particular, a number of organisations have published proposals on the functions, powers, structure and mechanisms of Regional Assemblies as contributions to the debate leading up to the White Paper. As shown below, there is a fair degree of consensus on many of the issues, but disagreement is still evident on such as the inclusion of education and health in the initial functions of a Regional Assembly and its size. All acknowledge that further debate and research is needed before detailed proposals can be forwarded.

3.5.1 Campaign for the English Regions

The Campaign for the English Regions (CFER) has maintained a high level of activity in the run up to the publication of the government's White Paper. The Regions Minister, Nick Raynsford, made a keynote speech at a joint CFER/ESRC seminar at the House of Commons on 20th November. The meeting followed a CFER delegation, including leaders of the 5 main constitutional conventions, which met with Mr Raynsford on September 10th to discuss the details of the forthcoming White Paper and timetables. CFER had sought assurances that legislation will be included in the next Queen's Speech that will allow referendums on elected Assemblies within 2 years in regions that want them.

At further meeting with Mr Raynsford, on November 7th, CFER presented its draft proposals as part of its initial contribution to the government's White Paper (CFER, 2001). Its key proposals include:

- the abolition of the position of Secretary of State for Wales and Scotland and the merging of their offices to form the core of a new 'Department of the Nations and regions', under a Secretary of State for the Nations and Regions
- initial core functions/powers will be economic development, rural affairs and environment, further education and training, transport, planning and

3.5.2 Campaign for Yorkshire

The Campaign for Yorkshire launched its White Paper on regional government in September, aiming to act as a catalyst to broadening the

- scrutiny of the Cabinet, and input into policy, would be carried out by 'powerful committees of back-bench members
- there should be a referendum in May 2003. If a 'yes' vote, elections should be held in 2004

4 Media

4.1 ITV and the regions

The future of public service broadcasting in the English regions is exercising the minds of policy-makers. Reports suggest that ITV is drawing up plans to cut its regional programming output. According to *The Guardian* (5th October 2001), 11 of the 16 ITV franchises want to cut regional output by nearly 50 per cent, reducing programming to only 8 hours per week. Commercial pressures are being blamed and the fear is that, whilst still obliged to carry local programmes, those that remain will be marginalised in the programme schedule.

However, whilst acknowledging the current economic problems facing the industry, Patricia Hodgson, Chief Executive of the Independent Television Commission (ITC), sought to allay fears that regional programming would be marginalised in any new settlement for public service broadcasting. In a speech to the Royal Television Society in Newcastle she noted:

Programming and production from the nations and regions is an
be marginalised in(i)-1.5(onadtmen(u6 4)lqe Tp aee1 4)m tke09s5(e)tep aee1arel/ 2.2(

According to Ms. Hodgson, the challenge for ITV in the regions comes from new forms of competition, through convergence, and the new digital and interactive technologies. This means that the delivery, investment and planning of regional programming must change.

She concluded:

The status quo is not an option – the current obligations on ITV remain too detailed and focus too heavily on quantity of regional output rather than quality, investment and prominence in the schedule. So we need a debate about hours, investment targets and the accessibility of the regional schedule, together with a sensible flexibility of resources in response to technological and market change (Hodgson, 2001).

In an attempt to deal with ITV's concerns, and speculation over plans to cut its regional programme output, the ITC is currently in discussion with the

6 Relations with Westminster and Whitehall

6.1 Regionalism at Westminster

Backbench MPs have shown themselves keen to raise the regional issue in

north-west, the north-east, Yorkshire and the west Midlands--
does he agree that it would be sensible and, indeed, prudent to

constitutional reform if we are to achieve the new politics and the reinvigoration of our political institutions that so many of us want?

Robin Cook (Leader of the House): Like my right hon. Friend, I fully support the development of a regional dimension to United Kingdom politics. We have already done that through the devolution of power to Scotland and Wales, and the creation of the Northern Ireland Assembly and an elected assembly in London. That work must continue, and a White Paper on regional assemblies will come before the House shortly.

On the question of representation in the House of Lords, there are two ways in which the regional dimension is relevant. The first is whether we should use elections to those regional devolved bodies as the basis on which elections for the elected Members of the House of Lords take place; that is one of the questions that we submitted for consultation. The second was the issue of indirect election from those bodies to the second Chamber. As I said earlier, that is a route for which the Wakeham Commission found no support, but the proposals are now back out for consultation. If the devolved bodies and the existing regional bodies are interested in that involvement and route to election to the House of Lords, they have three months in which to express that view; it is down to them and my right hon. Friend to express it (HC Debates, 7th November 2001: Col 249).

[...]

Andrew Turner (Isle of Wight): [...] Is he aware that, of the

on the Committee's agenda, despite repeated requests to do so by the Liberal Democrats¹⁵. In response, Downing Street insisted it had not ruled out discussing the issue with the Liberal Democrats, possibly before the publication of the White Paper.

6.3 Changes at DTI

Patricia Hewitt, Secretary of State for Trade and Industry announced changes to the structure of the Department for Trade and Industry (DTI), which may have implications for the English regions (DTI, 2001). Her aides described the proposed changes as 'the biggest shake-up of the department since 1983'¹⁶. Following a six-month review of the DTI's structure and services to business, which concluded that the department was falling 'well short' of its goals, a new 7-strong strategy board is to be formed in which leading business executives are to be given a central role.

Among the specific proposals with an impact on the regions are:

- A clarification of who does what in the English regions, with regional Development Agencies as DTI's strategic partners.
- An increased role for RDAs in the distribution of regional selective assistance, including authority over all grants up to £10 million, leaving only the biggest awards to be set centrally
- Significantly greater involvement of business-people and others in the Department's strategy development and decision-making through involvement on DTI's Boards

Other changes will include the axing of more than 150 business grant schemes and funds, with those remaining being put into one of five larger pots overseen by a 'portfolio management' board. These boards will also include outside 'non-executive directors'.

Trade unions have condemned the plans, reflecting their fears that the changes could give big business undue influence over government policy and could lead to dangerous consequences for employment relations¹⁷

7 EU issues

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7.1 English Regional Representation on the Committee of Regions

In light of the emerging regional agenda, and the development of new regional bodies in England, the Department of Transport, Local Government and the Regions (DTLR) is consulting on proposals to change the method by which people are selected for the European Union's Committee of the Regions (COR)¹⁸. Members are appointed by the European Commission, following proposals made by each Member State. The second 4-year term of the Committee will end in January 2002 and the selection process for the next 4-year term, to 2006, will open shortly after 25 January 2002. There are 32 English places to be filled on COR: 16 Members and 16 Alternates. The Treaty of Nice requires that COR members must hold a regional or local authority mandate, 'or be politically accountable to an elected assembly'. Since Regional Assemblies/Chambers in England are not elected, then COR members from the region can only be those elected to local authorities.

The government is seeking to propose a selection procedure for the COR that will allow representation from existing Regional Assemblies/Chambers. Its proposals have taken into account comments made to a draft paper from the Local Government Association (LGA), the English Regional Network, the Greater London Authority (GLA), as well as other local and regional players. Following consultation with stakeholders, it is anticipated that each Regional Assembly and the GLA will propose 2 nominations, one man and one woman, to the LGA. Those nominated need to be legally eligible for COR membership but need not be members of the nominating body. The LGA will then nominate 14 representatives itself. The selection of all members must be as balanced as possible. From those nominated, the government will make the decision on those who will act as members or alternates. The Secretary of State will reserve the right to modify the LGAs suggestions. Those nominated by the Regional Assemblies will, if appointed, be the principal link with individual regions.

7.2 Alliance between Objective 1 regions in England and Wales¹⁹

Three sub-regions in England joined with Wales in a £200 million initiative to help foster growth among their small and medium-sized businesses (SMEs). The three 'regions', South Yorkshire, Cornwall and Merseyside, are, together with Wales, amongst the poorest areas in the EU and each qualifies for aid under the European Union's 'Objective One' of its Structural Funds.

With backing from the private sector, the alliance will create four investment funds to provide loans and equity investment to small business start-ups and expanding SMEs. It is the first time that the four 'regions' have

¹⁸ The European Union (EU) 'Committee of the Regions' (COR) was set up under the Treaty of Maastricht as an advisory body consisting of representatives of regional and local

worked together alongside the EU and a high street bank to provide SME finance. Barclays will contribute £84 million to the fund and £92 million will come from the EU. Regional pension funds will provide an additional £24 million for SMEs in the three English regions. The four funds aim to lever in a further £286 million from private sector investment. The overall

in August, proved inconclusive, prompting councillors to reject the option. Newcastle was also threatened with such action, but, following weeks of political pressure from within the city, Raynsford has said 'he would leave Newcastle alone'.²¹

9 Finance

Lord Barnett, originator of the formula which bears his name, led a debate in the House of Lords on the subject on the 7th November. Lord Peston noted that of the 19 backbenchers who took part in the debate, 14 came from Wales or Scotland (Lords Debates, 7th November 2001: Col 243). However, the impact of the Barnett Formula on the English regions was a central theme of the debate. The debate's proponent made the argument that the effect of the Formula was to disadvantage some English regions, notably the North East.

Lord Barnett: [...] The latest available figures come from the Treasury and the Office for National Statistics [...]. The documents show that in 1999 — most recent figures available

climate, poor health records and problems of education. The case is further confused by the lumping together of capital and current expenditure. Yet even the general figures show conclusively at least one example of terrible unfairness. The latest figure for income per head in Scotland is £12,512 and government expenditure per head is £5,271, while in the north-east, with income per head at only £10,024, government expenditure per head is lower, at £4,837 (Lords Debates, 7th November 2001: Cols 227-8)

This forthright analysis of the problem led the former Scottish Secretary, Lord Forsyth of Drumlean to claim that the purpose of debate on Barnett is 'to grab money from Scotland for the north-east of England' (Lords Debates, 7th November 2001: Col 237).

Strong Scottish and Welsh voices dissented from the view that predicament of some English regions necessitated reform of Barnett.

Lord Thomas of Gresford

The former Chairman of the House of Commons Treasury Select Committee highlighted the financial impact of Barnett on the English regions.

Lord Radice: [...] However, of course, it is now a matter of controversy. For example, in the North East, which I represented in Parliament for 28 years, there is a widely supported campaign if not to abolish the formula then certainly to reform it radically. The campaign for the English regions takes a similar position. It calls for a replacement of the Barnett formula and the establishment of a new mechanism to distribute public money

England. Regional imbalances and the claims of the North East, North West and far South West are not a product of the Barnett formula or any Scottish-English debate; rather, they are essentially an internal English matter and are determined by decisions made within Whitehall departments (Lords Debates, 7th November 2001: Col 245-6).

Liberal Democrat peers strongly argued for a reform of Barnett on the grounds that it discriminated against the English regions:

Lord Newby: [...] In the northern regions of England, people increasingly ask why they should receive substantially lower expenditure than Scotland when they are poorer, their education attainment levels are lower and, on the basis of a number of indicators, they are more needy. In the South East and in London, the questions are the other way around. People there ask why they should subsidise Scotland, Wales, Northern Ireland and the majority of the English regions when they are in need of higher rates of investment in transport, education and housing and when, in the case of London, there are pockets of extreme deprivation that are among the worst in the UK [...]

Speaking for the government Lord McIntosh defended the Formula on the grounds of its efficiency and transparency.

Lord McIntosh of Haringey: [...] The Barnett formula has survived because it is generally accepted as effective in determining the allocation of public expenditure in Wales, Scotland and Northern Ireland. It has produced public expenditure settlements that have been perceived as generally fair and broadly acceptable since it was introduced. It has been used without query or major change by both Labour and Conservative Governments — governments with different representation in England and the other three countries of the United Kingdom.

It is right ... to demand transparency, but surely the Barnett formula is relatively transparent, relatively straightforward, relatively durable and a simple rule for reaching spending settlements without direct negotiation. Compare it with local government spending assessments, which are renegotiated every year on a multi-variant analysis and are utterly

10.1 Liberal Democrats

Nine Liberal Democrat councillors within England have contributed to a pamphlet that brings together personal views on regional government (LGA Liberal Democrat Group, 2001). The pamphlet, '*Restoring the Balance*', discusses such issues as:

- cities and regions
- electing regional government
- the impact of regionalism on local government
- is there a demand for regional government?
- what role for regional quangos?
- what would a regional government do?

10.2 Regionalism at the Labour Party conference

Regionalism figured strongly at Labour's Annu'

- '*A radical agenda for democratic regional government*', hosted by the magazine, Red Pepper. Invited speakers included Jim Cousins, MP

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