

The **Constitution** Unit

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2006-08

English Regions Devolution Monitoring Report

September 2008

Martin Burch, Alan Harding and James Rees
Institute for Political and Economic Governance
University of Manchester

ipeg
Institute for Political and
Economic Governance
at The University of Manchester

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The Devolution Monitoring Programme

From 1999 to 2005 the Constitution Unit at University College London managed a major research project monitoring devolution across the UK through a network of research teams. 103 reports were produced during this project, which was funded by the Economic and Social Research Council (grant number L 219 252 016) and the Leverhulme Nations and Regions Programme. Now, with further funding from the Economic and social research council and support from several government departments, the monitoring programme is continuing for a further three years from 2006 until the end of 2008.

Three times per year, the research network produces detailed reports covering developments in devolution in five areas: Scotland, Wales, Northern Ireland, the English Regions, and Devolution and the Centre. The overall monitoring project is managed by Professor Robert Hazell at The Constitution Unit, UCL and the team leaders are as follows:

- Scotland: **Prof Charlie Jeffery & Dr Nicola McEwen**
Institute of Governance, University of Edinburgh
- Wales: **Prof Richard Wyn Jones & Prof Roger Scully**
Institute of Welsh Politics, University of Wales, Aberystwyth
- Northern Ireland: **Professor Rick Wilford & Robin Wilson**
Queen's University, Belfast
- English Regions: **Prof Martin Burch, Prof Alan Harding & Dr James Rees**
IPEG, University of Manchester
- The Centre: **Prof Robert Hazell**, The Constitution Unit, UCL

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EXECUTIVE SUMMARY	3
CHRONOLOGY OF KEY EVENTS	5
1. MAIN DEVELOPMENTS	6
2. REGIONAL STRUCTURES	11
2.1 Report of the Modernisation Select Committee	11
2.2 Regional Development Agencies	12
2.3 Regional Assemblies and Housing	13
2.4 Other regionalised agencies	15
2.5 Greater London	16
2.6 City-Regions	19
3. PARTY POSITIONS ON REGIONAL ISSUES	22
4. PUBLIC ATTITUDES, IDENTITY AND RESEARCH	25
5. REGIONS IN PARLIAMENT	27
5.1 Parliamentary debates	27
6. REGENERATION AND LOCATION POLICY	28
7. EU ISSUES	30
8. FINANCE	31
9. LOCAL GOVERNMENT	32
10. CONCLUSION	33

Abbreviations Used

ALG	Association of London Government (renamed London Councils)
BERR	Department for Business, Enterprise and Regulatory Reform (formerly DTI)
CSR07	Comprehensive Spending Review 2007
DCLG	Department of Communities and Local Government
DEFRA	Department for Environment Food and Rural Affairs
DTI	Department of Trade and Industry
EEDA	East of England Development Agency
EP	English Partnerships
ERDF	European Regional Development Fund
ERN	English Regions Network
ESF	European Social Fund
GOR	Government Office for the Region
Haca	Homes and Communities Agency
IPA	Independent Performance Assessment
IPPR	Institute for Public Policy Research
Jessica	Joint European Support for Sustainable Investment in City Areas
LAA	Local Area Agreement
LAGBI	Local Authorities Business Grant Initiative
LGA	Local Government Association
LSC	Learning and Skills Council
MAA	Multi-Area Agreement
NAO	National Audit Office
NHPAU	National Housing Planning and Advice Unit
NLGN	New Local Government Network
NWDA	North West Development Agency
NWRA	North West Regional Assembly
ONE	One North East (RDA)
RDA	Regional Development Agency
RES	Regional Economic Strategy
RSS	Regional Spatial Strategy
SEEDA	South East England Development Agency
SEERA	South East England Regional Assembly
SNR	Review of Sub-National Economic Development and Regeneration
SWRDA	South West Regional Development Agency

Executive Summary

- Considerable progress has been made with the sub-national policymaking strand connected to the Sub-National Review. In July DCLG published its Regeneration Framework, which aims to clarify the Government's approach to regeneration in the coming years and set the direction for specific interventions. In particular, it marks a re-focusing of regeneration effort on strengthening local economies and tackling concentrations of worklessness, as well as supporting devolution, in common with other areas of policy.
- The most obvious connection is with the Empowerment agenda, which has been guided by Communities Secretary Hazel Blears. DCLG produced a long-awaited White Paper in July, which set out a number of proposals designed to revive democratic activity, as well as empower citizens to become more engaged in local services and the community. Aspects of the white paper as well as of the post SNR process have gone forward into the Community Empowerment, Housing and Economic Regeneration Bill for the 2008/09 Parliamentary session.
- CLG signed off Local Area Agreements with local authorities in June. The department also concluded negotiations with some of the groupings of urban authorities wishing to create Multi-Area Agreements, and seven were officially signed at a ceremony in July.
- The Select Committee of Modernisation of the House of Commons published its report into Regional Accountability which identified an accountability gap for Regional Development Agencies and other regional bodies and recommended the creation of regional select committees within Parliament. The Government accepted the recommendations of the committee and will present plans for the committees in the next Parliament.
- In order to reflect on the implications of the post SNR agenda, the House of Commons Business and Enterprise Committee has set up an inquiry into the future role and responsibilities of the RDAs, which will start from October 2008.
- The Regional Assemblies have continued to grapple with the revision of Regional Spatial Strategies and in particular the contentious issue of housing numbers. In general the Government has pushed for housing numbers to be increased in each Regional plan, in order to help meet its target of an additional 3 million houses by 2021.

- The Homes and Communities Agency (Haca) will be created and may be operational by December 2008, after the Housing and Regeneration Bill received royal assent in late July.
- In London, the new Mayor Boris Johnson has appointed his team, but almost immediately ran into problems as some key members were forced to resign. The Mayor has concentrated on scrutinising the role and spending of the London Development Agency (LDA) and the Greater London Authority, and a report published in July suggested changes to the LDA. A draft strategy on adaptation to climate change has also been produced. The Crossrail Bill finally gained royal assent in July.
- During the period there has been a wide-ranging debate within the Conservative Party on the future of RDAs. Initially it appeared that the policy was that RDAs would be abolished if the Party were elected, more latterly that they would be retained, reformed, and in particular stripped of their planning and housing powers, which the Conservatives believe are undemocratic and distant from ordinary people.
- The Conservative Party moved swiftly to distance itself from a report by think-tank Policy Exchange in August which apparently argued for Northern failing 'regeneration cities' such as Liverpool to be abandoned, and for government policy to relax restrictions on housebuilding so that more people could move to the South East. The report provoked a public debate and howls of indignation from many in the North.

Chronology of Key Events

30 June	All LAAs in England signed off by DCLG
9 July	Empowerment White Paper published by DCLG
10 July	Modernisation Select Committee Report into Regional Accountability is released
15 July	Seven MAAs are signed off by DCLG
17 July	Regeneration Framework released
22 July	Crossrail Act gains royal assent
22 July	The Housing and Regeneration Act, which includes provision for the creation of the Homes and Communities Agency, gains royal assent
5 August	Details are published by DCLG of the proposed Community Infrastructure Levy (CIL)
28 August	DCLG published consultation document on the implementation of the next round of LABGI

1. Main Developments

In contrast to the last monitoring period this one has seen a packed schedule of policy development at the national level, almost a year on from *The Governance of Britain* and the release of the Sub-national Review. Together these largely set the context for another period of reform to sub-national governance, regeneration and economic development policy. A third important strand was developed from summer 2007 onwards, under the wing of new Communities and Local Government Secretary Hazel Blears, focusing on 'empowerment' of individual citizens and community groups as a route to a 'renewal' and re-invigoration of representative democracy. The most public expression of this agenda was the Action Plan for Community Empowerment published by DCLG in autumn 2007.

The first of the policy statements to arrive was an Empowerment White Paper published by DCLG on 9th July 2008. *Communities in control: Real people, real power* focuses on passing power more than ever before to more people at a local level, and proposes a number of routes to achieving this.¹ As Blears notes in her foreword, the vision revolves around a belief that people and groups acting locally make the most effective and vibrant form of democracy:

This should be the hallmark of the modern state: devolved, decentralised, with power diffused throughout our society.

This is clearly set within concerns that have been widely voiced by Labour figures (and politicians of other parties) with low voter turnout and a general sense of dissatisfaction with representative democracy and politics more generally in the country. The white paper identifies *empowerment* as the key means through which to address these failings and deepen and strengthen participatory democracy, although in terms of concrete proposals it is perhaps let down by proposing something of a grab bag of aspirations and mechanisms which might support the agenda. On the plus side, the white paper does have a strong devolutionary flavour, which, when married to the proposals arising from the SNR, tends to suggest that Government is serious about shifting power outwards and downwards from the centre.

In terms of mechanisms which would lead to legislation, the white paper proposes:

- A new duty for local authorities to promote democracy, building on the duty to

involve that was introduced in the Government and Public Involvement in Health Act 2007;

- Extending the duty to involve to other agencies including RDAs, the Homes and Communities Agency, and Jobs Centre Plus
- A series of funding streams and initiatives that focus on fostering stronger community activity and organisations – particularly social enterprise – and their associated control of local assets and services;
- These include: £70m Community Builders Fund to boost the activities of ‘community anchor’ organisations; £7.5m Empowerment Fund for existing third sector organisations; an Asset Transfer Unit to extend community asset transfer activity; and a Social Enterprise Unit to boost this model within the housing, health and regeneration spheres.

As the Centre for Local Economic Strategies (CLES) have recently argued in an article on the white paper², one of the unresolved tensions within this is that it remains highly uncertain whether even a successful boost to participatory democracy causes a re-invigoration of representative democracy. Potentially, it might even weaken representative forms. A further criticism is that there remain major disparities – economic, health, etc – between places, which are likely to be fundamental drivers on the geography of democratic participation, and which will hinder the effectiveness of a one size fits all approach to empowerment.

The white paper should be viewed in conjunction with another major policy statement by CLG, The Regeneration Framework, which was released the following week, and has been opened up to consultation until October 2008.³ This appears to be a way of addressing the relative absence – within the Sub-national review of economic development and *regeneration* – of much thinking on the future of ‘regeneration’. Hence, the framework sets out to clarify the Government’s philosophy and approach to regeneration and consult on proposals to ‘shape the way that regeneration is carried out in future in England’. When launched in final form in 2009 it might shape the form and approach of regeneration in coming years. The Framework is clear about the outcomes it wants to prioritise:

- Improved economic performance in deprived areas;

¹ DCLG, *Communities in control: real people, real power*, London: DCLG

² McInroy, N, ‘Power to the people! Thoughts on the new empowerment White Paper “Communities in Control: Real People, Real Power”’, *apse direct news*, at www.apse.org.uk/news/directnews-jul-aug08.htm

³ DCLG, *Transforming places; changing lives: A framework for regeneration*, London: DCLG

- Improved rates of work and enterprise in deprived areas;
- The creation of 'sustainable places where people want to live and can work, and businesses want to invest'.

The obvious point to note is the consistency of these headline aims with the current post-SNR agenda. The SNR placed great emphasis on prioritising economic development, along with a concern for reform to structures so that it is done at the correct scale. The Framework builds on this and marks a strong intention that regeneration at the local level will be refocused on improving the health of economies at the scale that determines life outcomes for deprived communities. Repeated emphasis is placed on ensuring that regeneration investment tackles 'the underlying economic challenges that hold back deprived areas, in particular supporting people to get a job and get on in the labour market.'⁴ This appears to be grounded in an analysis that suggests a move away from 'holistic' approaches to social regeneration, towards an approach predicated on the belief that it is fundamentally the state of the local economy and individual histories of worklessness that are the determinants of deprivation. It is something of an admission that regeneration has failed to address persistent areas of worklessness, yet in a significant continuity with the past the Framework as a whole relies on supply-side levers, which could also be viewed with some scepticism. Again, this approach is consistent with the post-CSR07 reorientation of regeneration funding towards tackling worklessness in the most deprived areas (clearly expressed in the creation of the Working Neighbourhoods Fund). The third priority indicates that there is still a commitment to the thinking that lay behind the *Sustainable Communities Plan* of 2003.

It would certainly appear that this policy steer is already having tangible effects. In June DCLG signed off Local area agreements with each of the councils in England. Local authorities had the freedom to select up to 35 targets from a set of 198 national indicators. More than three-quarters, or 115 out of 150, chose a target to reduce the number of 16 to 18 year olds who are not in education, employment or training, in other words placing considerable emphasis on addressing worklessness in young adults.⁵

There is a restatement of the commitment to devolve power along by now familiar lines:

⁴ Ibid, p 1

decisions about where to invest should be made as locally as possible, so this framework proposes an approach to prioritisation that starts with communities and their councils, and provides an approach, co-ordinated by Regional Development Agencies, to *align investment behind local and regional regeneration priorities* – making programmes fit places, not places fit programmes;⁶

Again, this comes as no surprise given previous statements made since the SNR.

Although the finalised Framework will not be published until early 2009, the test of the seriousness of this process of policy development outlined above can be judged by the contents of the draft Community Empowerment, Housing and Economic Regeneration Bill which is in the Draft Legislative Programme for 2008/09. As the title of the bill indicates, it pulls together the strands of empowerment, SNR, as well as reforms to the housing system in addition to those in the Housing and Regeneration Bill still passing through Parliament. The main elements of the Bill are as follows:

- Empowering communities and individuals by involving them in the design and delivery of local public services and other measures designed to promote local democracy and larger numbers of active citizens, possibly including giving individuals a right of response from their local authority to local petitions;
- Extending the powers of the new social housing regulator, to apply to local authority landlords (subject to the new regulator being established by the Housing and Regeneration Bill currently being considered by Parliament);
- Implementing recommendations from the review of sub-national economic development and regeneration to streamline regional governance, integrate Regional Economic and Spatial Strategies and make Regional Development Agencies statutory planning bodies;
- Strengthening the role of local authorities in promoting and delivering economic development. This will include a new statutory duty on local authorities to assess local economic conditions, and supporting greater collaboration between local authorities in this area, including the potential to develop statutory partnership. These are both subject to consultation;
- Implementing recommendations from Lord Sharman's report to give the Audit Commission a power to appoint an auditor to certain local government

⁵ The targets chosen by each LAA can be found at www.localpriorities.communities.gov.uk

⁶ Ibid, p 1., emphasis in original

entities, and to issue a public interest report about those entities if appropriate;

- Improving the operation of construction contracts.⁷

Again one can see the devolutionary implications of many of these legislative items, in particular the effort to strengthen the role of local authorities in promoting economic development, the possibility of statutory cross-border collaboration, as well as the various *empowerment* mechanisms. Subject to parliamentary approval (and it is worth noting Conservative opposition in particular to the RDA reforms, see Sections 4 and 5), this legislative package goes a considerable way towards creating a new, decentralised approach that could allow English sub-national institutions and actors to get on with their putative 'place shaping' role.

⁷ Taken from www.direct.gov.uk/en/Governmentcitizensandrights/UKgovernment/Parliament/DG_076367

2. Regional Structures

2.1 Report of the Modernisation Select Committee on Regional Committees

After hearings early in the year, the Select Committee on Modernisation of the House of Commons published its report in July. The Committee recommended the creation of regional select committees as well as grand committees within the House of Commons in order to provide regular and robust scrutiny, of RDAs in particular, because of their central role in each region. The Committee's enquiry arose from the concern, expressed in *The Governance of Britain*, that there was an 'accountability gap' at the regional level. The Committee acknowledged that there were conflicting views on this, but it concluded that:

...there is clear evidence of an accountability gap at regional level. Although RDAs and other agencies have a central line of accountability to Ministers, who are in turn accountable to Parliament, many of their activities in the regions are not subject to regular, robust scrutiny. More should be done to monitor the delivery of services in the regions, to complement national lines of accountability...The accountability gap is twofold, arising from a lack of accountability within the regions as well as to Parliament.⁸

The Committee therefore clearly felt that there was a need for enhanced scrutiny arrangements both within regions and to parliament.

We conclude that the most effective way to strengthen regional accountability to Parliament is to establish a system of regional grand and select committees. Select committees provide a focus and a consistency of effort that would not be present if regional accountability were purely dealt with in grand committees, which are primarily forums for debate. There should be one grand and one select committee for each of the administrative regions in England with the exception of London.⁹

The arrangements for London will inevitably be different because of the office of the Mayor of London and the London Assembly.

In terms of what the committees should look like, and how they operate, the report recommends:

⁸ Select Committee on Modernisation of the House of Commons, *Regional Accountability*, Third Report of Session 2007-08, p 9

⁹ *Ibid.* p 19

- A small membership of up to ten, reflecting the political composition of the House (which is likely to entail that some members will have to be nominated from outside the region);
- Each committee would meet mostly within the region, and have the ability to travel around;
- Regular liaison with departmental select committees (DSCs) and with local authorities to develop knowledge and reduce duplication;
- Less frequent meetings than DSCs, and one of the RSC chairmen should sit on the Liaison Committee
- Up to two regional grand committee meetings in each session, either in Westminster or the relevant region. Regional Ministers may be questioned in these meetings.

The Government, in its response to the Committee's report in July, stated that it agreed with the central proposals for regional select committees, and accepted that they were a workable option.¹⁰ It clearly acknowledges that the accountability of RDAs and other regional bodies needs to be improved, and that the Parliamentary mechanisms should be clear and complement the mechanisms being developed to strengthen accountability within regions. It indicated that the committees would be supplemented by occasional meetings of grand committees organised on a regional basis. It promises that detailed proposals will be put before Parliament in autumn 2008, including the standing order changes necessary to the creation of the select committees. It also agreed with the Committee that select committees should be set up on a temporary basis, and their operation may be reviewed after two years.

2.2 Regional Development Agencies

The Department for Business Enterprise and Regulatory Reform (Dber) published year end (2007/08) outputs for all the RDAs. These showed that all the RDAs met their targets for employment creation, employment support, business support and regeneration and skills, with the exception of the London Development Agency (LDA) which failed to meet its target for business creation.¹¹

At the end of June, the House of Commons Business and Enterprise Committee launched an inquiry into the future role and responsibilities of RDAs. This was largely

¹⁰ Office of the Leader of the House of Commons, *Regional Accountability: The Government's Response to the Report of the Modernisation Committees third report of session 2007-08*,

¹¹ Available at: www.berr.gov.uk/regional/regional-dev-agencies/rda-performance/page46979.html

prompted by the need to consider the implications of the proposals within the Sub-national Review which, as the Committee notes, 'have the potential to significantly change the landscape of public bodies' involvement in economic development and regeneration issues'.¹²

The inquiry will focus on the following areas:

- the need for a level of economic development/ business/ regeneration policy delivery between central and local government;
- the effectiveness of RDAs and their role in adding value;
- RDA expertise;
- the extent of, and need for, their overseas activities;
- the consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;
- the accountability of RDAs; and
- how RDA performance has been measured in the past and will be measured in future.

The inquiry is likely to commence in October 2008.

2.3 Regional Assemblies and Housing

Housing numbers have once again become a hot topic. The period has seen the publication of final Regional Spatial Strategies (RSS) or (in other regions) further iterations of the draft, with the most controversial aspect being housing numbers and the lack of supporting infrastructure.

The final East of England Plan, the revision to the Regional Spatial Strategy, was published on 12 May, the first of the regions to have its RSS reviewed and officially signed off by Secretary of State for Communities and Local Government Hazel Blears.¹³ During the period of consultation the Government raised the regional target for new homes to 2021 from 478,000 to 508,000.

Far more controversial has been ongoing wrangling over housing numbers in the South East. The South East England Regional Assembly (SEERA) directly confronted the Government over the figures contained in the draft RSS. The Government has not yet published its changes to the South East Plan, but inspectors

¹² See www.parliament.uk/parliamentary_committees/berr/becpn48.cfm

recommended a target of 32,000 homes a year, while DCLG's National Housing and Planning Advice Unit has argued that up to 45,152 homes are built each year until 2026. SEERA has long been highly critical of these targets on environmental grounds and argues that the infrastructure is not in place to cope with the target. They used the release of a report by Christine Whitehead at the London School of Economics to criticise the current proposed levels. SEERA chairman Keith Mitchell said that 'We have independent evidence now that simply forcing through higher levels of house building just will not work'.¹⁴ However, the report itself was rather measured, and argued that although increasing housing supply would ensure more people can be housed, it does little to address the affordability problem.¹⁵ It also argued that building larger housing units and improving the existing stock might do more to rejuvenate the market. The assembly's preferred option is to continue building at current rates – with a third of new housing to be 'affordable' – to avoid stretching the region's infrastructure beyond breaking point.

Also in May, the consultation period on the second phase revision of the West Midlands RSS was extended by six months from 30 June to 8 December – the process is being overseen by WMRA and GOWM. The extension is prompted by the appointment by GOWM of consultants Nathaniel Lichfield and Partners (NLP) to consider options for higher housing targets for the region, after this was ordered by DCLG minister Baroness Andrews. GOWM have made clear that these numbers will not be open to wider consultation, the final report from NLP is expected in October and the RSS will then see its examination in public (EiP) in spring 2009.

Towards the end of the month, Yorkshire and Humber's RSS was signed off with an annual housebuilding target of 22,260 homes. This was a very large step up from the YHRA draft strategy which had proposed 16,120 homes per year between 2011 and 2016, and 19,120 homes between 2016 and 2021. The final RSS therefore has a target of 400, 680 homes in total, yet this figure could change again as the assembly will conduct a partial review based on advice from the NHPAU. The YHRA has indicated that it accepts the figures even though they are a 'major challenge' and there are concerns about higher building around the region. The development is focused on Hull, Leeds, Sheffield and Bradford, as well as smaller towns such as

¹³ Available at: www.go-east.gov.uk/goeast/planning/regional_planning

¹⁴ South East England Regional Assembly, 'Higher housing targets will not improve affordability - new study shows', 15 May 2008, at: www.southeast-ra.gov.uk/releases.php?news_id=24

¹⁵ Whitehead, C. Housing and Affordability in the South East, available at www.southeast-ra.gov.uk/documents/housing/christine_whitehead-housing_and_affordability_in_se.pdf

Barnsley and Halifax.¹⁶ It is perhaps the relative focus on urban areas, and relative lack of development pressures in such Northern regions which make the housing targets less controversial and politically fraught than in the South.

In the North West, a partial review of the RSS is being conducted, in which the NWRA is putting forward options for setting annual building targets for the period 2007 to 2032. In March the Government proposed increasing the target from 22,392 in the draft RSS to 23,111. The NWRA is discussing five options, ranging from that latter figure to a high rate of 32,000 homes a year, which would represent an increase of 38 per cent over the target in the draft RSS.

2.4 Other regionalised agencies

The Homes and Communities Agency (Haca) is likely to be launched in December 2008 after the Housing and Regeneration Bill received royal assent on the 23 July.

In the same month, Haca agreed an accord for how they would work with councils to support regeneration and housing provision. The Joint Protocol on Delivering Housing and Regeneration is an agreement between Haca, DCLG and the Local Government Association (LGA) that Haca and councils will work closely with RDAs to prepare Integrated Regional Strategies (IRSs).¹⁷ This seems principally intended to reassure councils that they will have a substantial role, and followed an agreement made in June between the LGA and RDAs that integrated economic and spatial strategies would require approval from councils within the region before being submitted to ministers. It also appears likely that Haca will have regional offices whose strategies are aligned with those of the RDA and councils. In reality this represents a very complex process of alignment of strategies, but in a nutshell:

The HCA and councils will work closely with RDAs in developing Integrated Regional Strategies. Councils will have a key role in shaping and agreeing the IRS. The HCA's regional office will work collaboratively with the RDA in ensuring that the HCA's regional priorities are reflected in the IRS, and are aligned with those of the RDA and councils. The HCA and the RDA will then work together to deliver those regional ambitions, with the RDA leading on economic-led regeneration and the HCA on housing-led regeneration...The formal framework for HCA's local engagement will be through the Local Area Agreement process with the HCA, which will have a strong regional presence, becoming a named partner and required to have

¹⁶ Lee, B. 'Green light for Yorkshire spatial strategy plans', *Planning Resource*, 22 May 2008

¹⁷ The Protocol can be found at: www.lga.gov.uk/lga/core/page.do?pageld=795000

regard to local targets. Where significant resources of the agency are involved, investment would be managed through a single local delivery plan reflecting the priorities in the LAA or MAA.¹⁸

It is clear that those involved hope that the new 'super agency' will have sufficient clout and critical mass of expertise – in co-ordinating the delivery of infrastructure for example – that it will simplify, for councils, the process of delivering new housing. This, of course, remains to be seen.

2.5 Greater London

Within a week of his election as Mayor Boris Johnson appointed senior members of his team to run the London conurbation. Many were significant figures in Conservative local government circles especially with experience in the London boroughs. Richard Barnes, twice Leader of Hillingdon Council and, since 2000, London Assembly member for Hillingdon and Ealing, was appointed to the statutory post of Deputy Mayor. Sir Simon Milton stepped down as leader of Westminster City Council to become Johnson's senior adviser on planning, though he retained his role as chairman of the Local Government Association for a short, interim period. Also from Westminster, where he served as deputy leader, Kit Malthouse took up the post of deputy mayor responsible for policing, while Ian Clements resigned as leader of Bexley following his appointment to deputy mayor with responsibility for government relations. Other prominent appointments included Ray Lewis as deputy mayor for young people, and Tim Parker as the first deputy mayor of London: effectively second in command to Johnson. The latter two appointments began to unravel fairly speedily. In July Lewis resigned his new post following allegations about financial impropriety and his role as a magistrate. This was followed about a month later by the resignation of Parker on the grounds that he did not think his position as an adviser justified his full time and exclusive commitment to the GLA. He was originally expected to take over the chair of the Transport for London board in September, but the Mayor changed this decision and in the end decided to chair the board himself on the grounds that the Chair should be somebody who has been elected. Parker is staying on as a member of the TfL board. These two resignations plus the resignation in June of James McGrath Johnson's deputy chief of staff suggested a rather uncertain start at the heart of London government, but the resignations were unrelated to each other. The key issues centred on reforming the London Development Agency (LDA), initiatives relating to the environment and regeneration

¹⁸ Haca and LGA, *Joint Protocol for Delivering Housing and Regeneration*.

of London, and measures to ensure an Olympic legacy for London post 2012.

The role and spending of the LDA had been an issue in the election campaign for Mayor. And within a week of his election Johnson asked the chairman and chief executive of the agency to leave their posts. At the same time he established a 'forensic audit panel' to examine financial management in the LDA and the Greater London Authority. The interim findings of the panel were produced in June and questioned the effectiveness of the LDA's evaluation and monitoring procedures for grant funded projects and the effectiveness of the organisation's board. The full report was published on 15 July and criticised the LDA's 'wide ranging' regeneration role. It recommended that the LDA should confine itself to a strategic function and that responsibility for the delivery of regeneration projects be handed to the boroughs, the third sector and the private sector. The Report concluded that the former LDA board was 'ineffective'¹⁹. The report was followed by an announcement that the LDA was to be re-organised with the loss of 173 jobs from a total workforce of 649. At the same time it was announced that the LDA had cut two of its seven group directorships. A new 13 member board was also appointed drawing in figures from politics, regeneration and business including Conservative, Liberal Democrat and TUC representatives. Further re-structuring of the LDA took place following the decision to absorb the Mayor's advisory body – Design for London – into the LDA's infrastructure and development directorate to form a new land and infrastructure directorate: possibly an early indication that design and regeneration matters are to be closely linked.

On the environment front a key development was the production at the end of August of a draft strategy from the Mayor's office outlining measures to assist Londoners' adaptation to the effects of climate change. Global warming is expected to give London and its surrounding area more frequent heat waves, droughts and flash floods from rising sea levels and downpours. The latter is a particular worry as it is estimated that about 15% of London is at high risk from flooding due to global warming - an area including 1.25 million people and almost half a million properties as well as 400 schools, 75 underground and railway stations, and 10 hospitals. According to the Guardian what is at stake is an estimated £160bn worth of assets, not just in London, but along the Thames estuary, where large housing

¹⁹ Greater London Authority, *Report of the Mayor's Forensic Audit Panel*, 15 July 2008, www.london.gov.uk/mayor/value-for-money/docs/final-report-08-08.pdf

developments, many under the Thames Gateway scheme, are planned.²⁰ The adaptation strategy is a legal requirement under the recent Greater London Authority Act. In dealing with threats of increased flooding, heat waves and droughts, it calls for reduced leakage from water mains, compulsory water metering, increased use of rainwater harvesting and grey water recycling in new buildings, greater awareness of flood risks, and more tree planting and retention of existing trees as part of a City-wide urban greening programme. One aim of the latter would be to use green spaces and trees to absorb and retain rain water. The adaptation strategy is due to be finalised in 2009.

Environmental and regeneration considerations were also evident in a number of further measures introduced by the Mayor. These included a £60 million, ring-fenced, funding programme for bringing empty homes back into use. Under this scheme, which will be drawn from the 2008-2011 regional housing pot of £331m, local authorities are invited to bid to the London Development Agency for the funding. The fund is expected to be used to help bring long-term abandoned properties and listed buildings at risk back into use as affordable housing. The Greater London Authority will also commission an audit of London's dilapidated and abandoned buildings later this year.²¹ The Mayor also proposed that as part of the new London planning framework developers will be required to enter into legally binding agreements to provide affordable small shops in major London retail schemes. This initiative aimed at helping small businesses followed the publication of Johnson's proposed changes to the London Plan which include a commitment to ensure a diverse and dynamic retail sector across the capital.²² These and other changes to the Plan are currently out for consultation and if accepted would form the basis for future planning decisions.

A London presence was also evident at the Beijing Olympics especially at the closing ceremony where London had 8 minutes to present itself to the world. This it did by showcasing a London bus, a bus queue, rain and David Beckham. The contrast with the Chinese extravaganza of highly synchronized and spectacular performers could not have been greater. Back in City hall and in relation to the 2012 Olympics the issues of legacy and costing dominated the agenda. Following a promise by the Mayor to set up a working group to produce clear proposals on the future of Olympic

²⁰ David Adam, 'Johnson unveils secret weapon in war on climate change – the roof garden', *The Guardian*, 30th August 2008, p.3.

²¹ Ben Cook, 'Boris allocates £60m for derelict London homes', *Regen.net*, 8 July 2008

sporting venues after 2012, the Government and the London authorities announced the creation of a 'public-private Olympic legacy regeneration vehicle'. This would replace the London Development Agency's legacy directorate. What is envisaged is an arms' length public-private partnership as the main focus for delivery of the legacy programme. Its aim would be to work with the private sector and others to secure investment and development in the area and it could take the form of an urban regeneration company, an urban development corporation or a local asset-backed vehicle. Such a proposal requires approval from ministers, the boroughs and the Greater London Authority. It is hoped that the vehicle would be running before the legacy masterplan is published in mid-2009.²³ The issue of Olympic costing has also crept back on to the agenda as a consequence of the down turn in the economy and the property market and the increase in inflation. The impact of inflation on infrastructure schemes including the Olympics is certain to lead to an increase in costs and a consequent pressure on budgets. For example, civil engineering costs have risen 12% in the year to the second quarter of 2008. The decline in the property market and general business activity seem likely to hit the private sector contribution to the games and possibly the potential for selling some of the facilities after 2012.

Finally the rather slow development of one of London's major infrastructural regeneration schemes, Crossrail, reached a critical point in July when the royal assent was given to the enabling bill. The scheme, now ready to proceed, is claimed to be Europe's largest civil engineering project. It is estimated by the Department for Transport that Crossrail should create 30,000 jobs and will add up to 10 per cent extra capacity to the London transport network. This scheme and others in the pipeline such as the Olympics will ensure that the large proportion of public funded UK infrastructure and regeneration investment will continue to be concentrated in Greater London and the South East throughout the next decade.

2.6 City-Regions

The selective, bottom-up development of policy frameworks and governance arrangements for city- and sub-regions reached an important landmark stage in July when the first seven Multi-Area Agreements (MAAs) were formally signed off by Government. The launch ceremony was attended by Ministers representing all of the key departments that have been involved in developing MAAs and clarifying Whitehall's commitments to them - Communities and Local Government, Innovation,

²² Susanna Gillman, 'Johnson moves to boost small shops', *Planning Resource*, 31 July 2008

²³ Tamar Wilner, 'New 2012 legacy body planned', *Regeneration and Renewal*, 13 June 2008

Universities and Skills, Environment, Food and Rural Affairs, Transport, and Work and Pensions.

The areas covered by the first wave of MAAs are Tyne and Wear, the Tees Valley, the Leeds city-region, Greater Manchester, South Yorkshire, Urban South Hampshire, and Bournemouth, Dorset and Poole. The particular themes upon which approved MAAs are concentrating vary according to the local partners involved, their perceptions and evidence of the key economic and regeneration challenges their areas face and the extent to which they have been successful in convincing Government departments about the need to approach them in a more flexible, differentiated way. Nonetheless a number of key themes have emerged from the first wave agreements that cut across more than one MAA - employment, skills and education, transport, housing, physical regeneration and sustainable growth. Areas that are still working towards an MAA or are known to be interested in doing so include the Birmingham, Coventry and Black Country City Region, the Fylde Coast, Pennine Lancashire, Regional Cities East, Hull and the Humber, and the Gatwick Diamond.²⁴

Initial feedback from the partnerships that have concluded MAA agreements suggests that there is significant commitment within the upper echelons of Whitehall to using the MAA mechanism to devolve decision-making responsibilities to city- and sub-regional scales and to provide greater freedom of manoeuvre to key Government-supported agencies operating at the sub-national scale. The key test will come when those agencies are required to work differently and more collaboratively in order to deliver upon their MAA commitments.

A further test of the city-regional 'movement' is also developing largely independent of the MAA framework. Greater Manchester, along with the Tees Valley, is generally seen as being 'ahead of the game' in city-regional working. This is reflected in the fact that it has been able to get agreement on one of the larger and more complex MAAs and in the steady evolution of city-regional governance arrangements and executive bodies. One key element in Greater Manchester's approach has been transport connectivity within and beyond the city-region. A key strand of activity, here, is the extension of the Metrolink (tram) system, which received a boost in May when the Department of Transport gave the green light to a partial extension of the

²⁴ For further details, see the New Local Government Network's MAA Forum web-pages at

network. As noted in earlier reports, however, the biggest demonstration of the city-region's ambitions in the transport field is a large Transport Innovation Fund (TIF) investment bid which has been broadly welcomed within the Department for Transport but, as things currently stand, is dependent upon the 10 Greater Manchester authorities accepting the need to move towards a congestion charging scheme if they are to unlock further departmental investment. Achieving political consensus on the scheme has proven to be sufficiently intractable that plans were announced in July for a popular referendum on the congestion charge proposals across Greater Manchester in December. A 'yes' vote in seven of the ten local authority areas is required if the scheme is to go ahead.

In many ways, the referendum represents a bigger challenge to the future of 'city-regionalism' in England than the MAA process. The fact that it has been called at all demonstrates the difficulties that even the most pro-active city-regional partnerships face in achieving consensus on critical, strategic choices. The only recent precedent, in Edinburgh in 2005, produced a No vote by a considerable margin. If the Manchester referendum produces a 'no' vote— it will inevitably have an impact upon the coherence and confidence of the Greater Manchester partnership. It will also leave the Department for Transport with the difficult choice of whether to support the package of public transport improvements within the TIF bid in the absence of any guarantee that it will lead to the development of a second, major congestion charging scheme in urban England.

3. Party Positions on Regional Issues

In by far the most strongly-worded attack on RDAs so far, Conservative leader David Cameron said at a conference in May that the RDAs had been a 'disaster', and that a Conservative government would abolish some RDAs and strip others of their transport and planning roles. He said, in a speech on May 13, that:

The whole experiment with regional assemblies has been a complete mistake. The halfway house we've now got, where RDAs are being given planning powers, is a disaster too. There's a very strong case, at least in parts of the country, that the RDAs should go altogether. Do we really need a south-east development agency?²⁵

It seems that this reflects a crystallisation of criticisms from Conservative quarters in recent years that economically successful areas don't need RDAs and are therefore a bureaucratic excess. *Public Servant* magazine also quoted shadow Communities Secretary Eric Pickles as saying that:

RDAs are unaccountable and unelected and they will be abolished – there is no doubt about that. Bodies with real power have to be accountable to the people, not just government. Local authorities will be encouraged to share sovereignty [with local people] on development issues.²⁶

In June shadow local government minister Stephen Jackson told the British Chambers of Commerce (BCC) that all the RDAs would go, not just in the South-East. While on the one hand the Conservatives seem increasingly certain that they will abolish RDAs, they also share the sense of uncertainty, evident in recent evidence provided to the Modernisation Select Committee, about what exactly is wrong with RDAs. Are they remote from the people and unaccountable, with recent moves to make them the single source of regional strategies a step too far? If so, would adding layers of accountability not make them more bureaucratic and unwieldy? If, alternatively, RDAs were made more streamlined and business-led as originally envisaged, would the corollary not inevitably be less accountability?

It seems that this tension even within Tory (and their allies') thinking is far from resolved. For example, later, in July, shadow business secretary Alan Duncan told the think-tank Policy Exchange that RDAs were:

²⁵ Public Servant Daily, *Get rid of RDAs, says Cameron*, 13 May, 2008

²⁶ Ibid.

wasteful, politicised and increasingly distant from business...[under a Tory government the RDAs would be] a very different beast...We need to force them to do what they should have always been: business-led bodies with a natural interest in stimulating and nurturing the growth of the local enterprise culture.²⁷

This version of Tory policy would envisage the reform of RDAs, immediately reversing the most recent transfer of regional planning powers to RDAs – which the Conservatives claim to oppose on principle – and enforcing a more enduring separation of government functions from business functions, with as yet-undefined accountability arrangements. Yet the BCC and Federation of Small Businesses support the RDAs (with some reservations) judging that they are better placed to support business than local authorities, which was one of the shifts promoted by last year's SNR.

Probably central to developing Tory policy is Doug Richard's report into business support which was published in May. Richard recommended the removal of business support functions from RDAs to a single organisation (a suggestion endorsed by Duncan). The report was uncompromising in its criticisms of RDAs and indeed regionalisation per se:

the devolution of power from Whitehall [to the regional level] has, paradoxically, made services more remote from the people. This paradox is highlighted in the case of advice for small business. The current Government devolved the nationally-organised Business Link system to the RDAs, which had the effect of amalgamating locally-based Business Links into regional activities. There seems to have been no particular rationale for this except the blind support for regionalisation.²⁸

More generally, Richard claimed that over a third of RDAs' budgets was spent on administration rather than going directly to businesses. Related to this, Conservatives have also attacked the waste and duplication created by the RDAs' overseas offices which aim to attract inward investment, and on this point the Party suggests it would transfer these responsibilities back to UK Trade and Investment.

Adding to the potential confusion over the Conservative line, Cameron more recently has made what seemed to be a cast iron guarantee that RDAs would be retained on

²⁷ Quoted in Hayman, A., *Conservatives split over whether to axe RDAs, Regeneration and Renewal*, 11 July 2008

²⁸ Richard, D., *Small Business and Government: The Richard Report*, available at:

the day that he dismissed the Policy Exchange report (see Section 4) as 'insane':

He also committed the party to retaining regional development agencies, one of the main dynamos of government funding for regeneration, in areas where they were working.²⁹

That same week shadow enterprise and small business minister Mark Prisk played down the suggestion that the shadow cabinet was divided on the issue, saying that the disagreements and mixed messages were evidence of 'careful consideration' being given to the matter. He told *Regeneration and Renewal* magazine that the Party would outline its plans for RDAs in a policy statement before Christmas, focusing on ways to 'deliver greater local involvement in economic development and new forms of business support',³⁰ and again indicated that a Tory government would remove planning powers from RDAs.

www.conservatives.com/pdf/document-richardreport-2008.pdf

²⁹ Wainwright, M., 'Cameron rubbishes 'barmy' report on failing north', *The Guardian*, 14 August 2008

³⁰ Hayman, A. 'Tories to set out RDA plans later this year', *Regeneration and Renewal*, 15 August 2008

4. Public Attitudes, Identity and Research

The publication in July of think tank Policy Exchange's final report in a series of three, *Cities Unlimited*, caused a storm of protest, particularly from those involved in promoting cities, and regional media, in the North of England. The think tank, which is widely thought to be close to the Conservative Party, was rapidly dismissed by David Cameron, who repeatedly described the report as 'barmy'. Much of the indignation was sparked by the way the report was presented by Policy Exchange in its press release, which talked of the need for Northerners to move south and for the failing cities of the North to be effectively abandoned.

In fact, the report itself is considerably more measured. It builds on the first report *Cities Limited* which argued that regeneration spending has failed to reverse the decline of many northern cities, and represented poor value for money as it has done little to address the lack of long term economic sustainability of many northern places. They continue to argue strongly that many northern conurbations and port towns have largely lost their economic *raison d'être* and suggest that:

there is no realistic prospect that our regeneration towns and cities can converge with London and the South East. There is, however, a very real prospect of encouraging significant numbers of people to move from those towns to London and the South East.³¹

They observe the success of the global city of London, and the concentration of the knowledge economy in high-skilled service sector towns within the Greater South East; while at the same time many northern cities remain physically isolated and too large in terms of their suburbs compared to their jobs base. They argue that spatial policy should accept the 'reality' of this economic geography and liberalise the control of land use, allowing greater housebuilding within London and the 'dramatic' expansion of Oxford and Cambridge and other successful towns where there are strong growth pressures. This would arguably facilitate internal migration from North to South, allowing for greater social mobility, while at the same time prompting industry to respond to price signals and relocate to where land is cheaper in the North. It was the image of a wholesale migration of people to the South East, and the accompanying overcrowding and environmental degradation that may result, that provoked the most heated reactions to the report, obscuring one of the more important arguments made by the authors that a genuine devolutionary framework

³¹ Leunig, T. and Swaffield, J., *Cities Unlimited: Making urban regeneration work*, Policy Exchange, p 5

and a re-empowerment of local government might allow northern cities the opportunities to rediscover a *raison d'être* and stimulate further rounds of economic growth:

Devolution has many advantages. It leads to diversity, and diversity creates evidence as to what works and what does not... It would be for local authorities to assess the opportunities, devise a plan for their area and implement it. They would be answerable not to central government, but to local people.³²

The implication, perhaps mischievous given the background of the recent Government efforts to promote 'Empowerment' is that greater accountability of local authorities to their electorates would stimulate better local policy and economic outcomes.

³² Ibid, p 6

5. Regions in Parliament

The Planning Bill received its second reading in the House of Lords on the 15 July 2008.

5.1 Parliamentary debates

There is some evidence that Regional Development Agencies have assumed the position of lightning conductor for low-level attacks on the regional tier in Parliament, in a similar way to how the Opposition traditionally sniped at Regional Assemblies. For example, Liberal Democrat Jenny Willott asked on July 15 if any RDA staff had been prosecuted for fraud, to which Pat McFadden replied that no members of staff had been prosecuted for defrauding or attempting to defraud the RDAs since their establishment in 1999.³³ Other questions, from Bob Spink (UKIP) and David Drew (Lab/Co-op), asked more specifically about the effectiveness of various aspects of RDAs' work and strategic direction.

RDAs were also the subject of discussion during debate over the Planning Bill in July. This served as a useful indicator of current Conservative position on RDAs. As Jacqui Lait put it:

The Minister made a fair fist of explaining why the proposals were incorporated into the Bill late in the Committee stage. However, we do not like in any way, shape or form the policy of the remote regional assemblies passing their responsibility for planning to regional development agencies in due course. The Housing and Regeneration Bill, which is nearly an Act, hands over responsibility for housing to the RDAs, and we object to that, too. We do not think that the proposals in this Bill are appropriate because they begin the handover. The ethos of the Bill is one of the Government taking away accountability from the planning system as far as they possibly can. Removing accountability from even the remote regional assemblies by handing responsibility to unelected and unaccountable regional development agencies is entirely wrong.³⁴

³³ Commons Hansard, 15 July 2008: Col 280W

³⁴ Commons Hansard, 25 July 2008: Col 404

6. Regeneration and Location Policy

July saw the publication, by the Department for Communities and Local Government, of the *Transforming places, changing lives* consultation paper. The press release that accompanied publication suggested that the paper's aim was to set out and invite comment on the Department's emerging view of regeneration priorities with a view to achieving:

- A renewed focus on helping people to reach their potential, bringing together economic, social and physical regeneration under a shared vision to meet the needs of communities.
- A focus on outcomes rather than outputs - to ensure that regeneration activities are measured by the outcomes they achieve, rather than the processes they follow.
- A stronger focus on promoting work through regeneration - focusing on tackling the underlying economic causes of decline, ensuring that places can reach their potential by moving communities and individuals from dependence to independence.
- Increased investment from the private sector, by defining clear regeneration priorities and geographies, raising confidence, and making places more attractive to make long term investment commitments.
- Better co-ordination between housing policy and tackling worklessness so that housing associations and local authorities can help more to tackle worklessness in social housing.
- New and improved partnership working between local authorities, Regional Development Agencies, and the new Homes and Communities Agency so that homes are connected to jobs.

It was also confirmed that Prof. Michael Parkinson, of Liverpool John Moores University, had been commissioned to produce a report on *The Impact of the Credit Crunch on Regeneration* through a process that will run in parallel to the consultation. As noted in Section 1, however, the paper should also be interpreted as an attempt by the Department to clarify how its activities fit within the broadly decentralist approach signalled in the SNR, in a context in which:

- Many of the national regeneration programmes that it and its predecessor departments have traditionally sponsored have been or are being wound down;

- Others, such as the Housing Market Renewal programme, are being regionalised or 'quangoised' (particularly through the creation of the Homes and Communities Agency), and;
- Those that survive increasingly focus more narrowly upon worklessness and business development than the more comprehensive approaches to area renewal and regeneration that have been seen in the past.

Read in this light, the consultation signals the end of the period in which the Department has driven regeneration policy. It heralds the beginning of an era in which local authorities (individually or in city- and sub-regional groupings) and national and regional quangos assume the bulk of responsibility for defining and delivering regeneration policies and programmes and influencing the priorities of a range of Government departments that impact upon them. The role of CLG within this new regime, it seems, will be to oil the wheels of the complex cross-local authority and inter-governmental partnerships and bargaining processes that are emerging as a result of the SNR and to monitor the extent to which they 'deliver' for the poorest neighbourhoods. This is reflected in the list of questions to consultees, which largely concentrate on whether the analysis is right but say little about what the Department, as opposed to other actors in the regeneration field, might do differently as a result of the consultation exercise, which closes at the end of October.

7. EU Issues

Nothing to report.

8. Finance

In early August DCLG released details of the proposed Community Infrastructure Levy which will be introduced in 2009. This is the first policy information to be published on the Levy, which local authorities will be entitled, but not required, to charge in order to lever funding from developers towards the provision of local infrastructure. The government argues that this system will be more transparent and gives greater certainty to developers than the current arrangements.³⁵

On the 28 August local government minister John Healey issued a consultation paper on LABGI, the system of incentives to local government for growing their economies.³⁶ Funds awarded to councils under LABGI could total £150 million over the two years from 2009-10, in a scheme that Government claims will now be much simpler to operate, although as in the past it will be based on rewarding authorities in proportion to increases in their business property valuations. However, one major change is that payment will be given to groups of authorities organised into sub-regions, and money will then be shared between individual authorities on a population basis. This angered some districts as they saw it as marginalising their economic development activities.³⁷ The consultation paper suggests that authorities might come together according to existing NUTS2 designation, but also calls for councils to decide on what sub-region they are in 'to best reflect the economic challenges in their communities'. This is probably the key area on which DCLG is consulting, and authorities have until 20 November 2008 to reply.

³⁵ DCLG, *The Community Infrastructure Levy*, London: DCLG available at

www.communities.gov.uk/publications/planningandbuilding/communityinfrastructurelevy

³⁶ DCLG, *Reforming the Local Authorities Business Grant Initiative: Consultation Paper*, available at

www.communities.gov.uk/publications/localgovernment/reforminglabgiconsultation

³⁷ Drillsma-Millgrom, D., 'LABGI scheme forces sub-regional regroup', *Local Government Chronicle*, 4 September 2008

9. Local Government

The Boundary Commission is currently conducting structural reviews for the consideration of changes to create unitary authorities in Norfolk, Suffolk and Devon.³⁸ In July it published draft proposals which recommended a single authority model for Devon, subsuming the city of Exeter. Exeter City Council has vowed to oppose this, as it aspires to see the creation of a city-based unitary authority and a unitary authority for the rest of the current county; but Exeter's chief executive welcomed an alternative suggestion of a unitary for Exeter and Exmouth.³⁹ The proposals for the two East Anglian areas proved equally controversial – the Commission's proposal is that a single Norfolk Unitary would incorporate Lowestoft, which would also remove the current eight Norfolk councils.⁴⁰ This has not surprisingly caused disgruntlement in Suffolk.

³⁸ See www.electoralcommission.org.uk/boundary-reviews

³⁹ See www.lgcplus.com/News/2008/07/exter_to_fight_boundary_proposals.html

⁴⁰ See www.lgcplus.com/News/2008/07/boroughs_blast_norfolk_shakeup.html

10. Conclusion

As the current triennium of devolution reports comes to an end, it is useful to look beyond the most recent monitoring period and reflect more broadly upon the very significant changes in approach to formal and informal spatial development and regeneration policies and sub-national institutional reforms that have taken place since the people of the North East region said 'no' to an elected regional assembly four years ago and stopped the faltering progress towards democratic regionalism dead in its tracks. When the Manchester team first took over responsibility for producing devolution monitoring reports for England, we argued that 'devolution', as the term is usually understood – that is to say, the 'downward' transfer of powers and responsibilities to one or more directly-elected bodies – had all but disappeared from the agenda in England but that processes of regionalisation and decentralisation remained important and were still evolving. We identified some significant tensions between one ideal-typical approach to regionalisation/decentralisation in England which would relieve Government of its traditional responsibility for micro-economic management and its spatial implications and effectively vacate the field to sub-national organisations and interests, and another which sees sub-national policy and institutional reform as a prerequisite for striking a better balance between the spatial development aspirations of national government and the sub-national capacity needed to deliver related outcomes more effectively. In light of this, we felt it was especially important to keep abreast of:

- Change in the forms that the 'creeping regionalisation' which had characterized the early period after the North East referendum took and in their broad consequences
- Progress in subjecting sub-national decision-making to a greater degree of political scrutiny
- The way in which the variety of reviews commissioned by Government in advance of the 2007 Comprehensive Spending Review were received and what sort of impact they had upon the policy agenda and processes of institutional reform
- How challenges to regionalization, including the continued evolution of the 'city-region agenda', were translated into concrete form and with what effect, and

- The extent to which ‘place blind’ policies and expenditure decisions became further politicized and how their ostensibly incidental impacts upon spatial development patterns were understood and perceived.

Just over two years on, it continues to be difficult to see, in practical terms, what Government as a whole is trying to achieve in terms of sub-national development, and especially how the long term aspiration of the Public Service Agreement on Regional Economic Performance – to reduce the persistent gap in economic performance between England’s ‘core’ regions (London, South East, East of England) and the rest – is being pursued and by whom. Looking forward, as the effects of the credit crunch start to bite and it becomes clearer whether the current economic slowdown turns into what Chancellor Alistair Darling is on record as fearing will be the most severe recession since the 1930s, it may be that the market, ironically, will come to the Government’s rescue on this front, at least for a while. Certainly if the geography of the current economic downturn follows the pattern of the early 1990s, London and the super-region that surrounds it will suffer the most acute effects, and for a longer period, which would mean that, on key economic indicators, the performance gap between England’s core southern regions and the rest will decline in the short term. That particular historical precedent also suggests, however, that the London super-region will recover more quickly once economic conditions improve. Should that be the case once more, the likelihood is that the package of measures that were put in place by the 2007 Comprehensive Spending Review to manage and promote growth in the capital and its vast hinterland will combine with more favourable market conditions to ensure that the regional performance gap begins to grow once more. This would leave a future Government to face the same dilemmas about the economic, social and environmental sustainability of a national economy that is fundamentally reliant upon a single growth ‘engine’ that recent Labour administrations have attempted to grapple with.

What implications follow for the way English ‘devolution’ might evolve and be monitored in the next few years? It is clear from the busy period of activity described in this report that two lines of development, in particular, are entering a new and more important phase. The first is regionalisation, which continues to gather pace under the current Government, not least through the pivotal role offered to Regional Development Agencies which continue to be the principal, and seemingly most trusted, institutional players in the field of sub-national development. A new round of

consultations with each of the English regions on regional funding allocations has also begun, suggesting that HM Treasury continues to welcome views on how regional priorities can be pursued more effectively through the reprofiling of budgets, within current allocations, across the full range of expenditure areas. Just how capable RDAs and Government Offices in the regions are of setting out a position that is representative and consensual whilst at the same time faces some key choices about priorities, however, remains to be seen. Similarly, it will be interesting to hear from Treasury officials quite what impact regional voices will have on expenditure choices, given that this is something they have struggled to differentiate from a variety of other, traditionally stronger inputs into public expenditure decisions in previous regional consultation exercises.

Indeed, the whole issue of regional institutional effectiveness and accountability looks set to remain a key issue for debate. As initiatives such as regional Ministers and enhanced Parliamentary scrutiny of regional business (through the creation of no less than 16 new House of Commons Committees), plus regular questions about the effectiveness of RDAs, show, there continues to be considerable anxiety about the performance and accountability of regional bodies. This may provide sufficient justification for a future Conservative administration to abolish RDAs, selectively or in their entirety, although the inconsistency of the messages that continue to emerge from party spokespeople on this issue makes it just one possible outcome of any change in the political complexion of national government.

The second line of development – decentralisation - is less politically contentious, given that all the major political parties are currently proclaiming their trust in localism, subsidiarity and citizen engagement. It could also prove more important in the longer term. As noted in earlier monitoring reports, the decentralist thrust of the SNR along with other major statements on local government is gradually putting in place a new policy regime in which local authorities and their partners, individually or in sub- or city-regional groupings, are being obliged and encouraged to accept greater responsibility for 'place shaping', particularly with respect to economic development, even whilst the national and European programmes and resources that once sustained them are rapidly being scaled back. The signing off the first seven Multi-Area Agreements (reported in Section 2.6) provides a fascinating glimpse into a potential future in which programmes for economic development and regeneration are subject to somewhat opaque bargaining processes between sub- and city-regional partners, Government departments and NDPBs such as RDAs, the Homes

and Communities Agency and Learning and Skills Councils. If the MAA 'movement' continues to gather momentum, the successes that emerge from this more fluid policy regime will be characterised less by the efficient delivery of 'national' programmes in areas of defined 'need' and more by the ability of bottom-up 'coalitions of the willing' to demonstrate their areas' potential through the astute use of evidence, their powers of persuasion and their ability to develop adequate delivery capacity. Whether these three pre-conditions for successful adaptation to a new, less predictable policy environment can be satisfied without further administrative reform is something that remains to be seen. What seems certain, however, is that decentralisation will produce greater competition between areas for scarce public resources and, in turn, demand that Whitehall departments manage their relationships with sub-national bodies in radically different ways.

The third line of development – what might be called partial, benign centralism - is currently relatively invisible and depoliticised. As we have suggested consistently in monitoring reports over the last two years, post-SNR processes of administrative regionalisation and decentralisation nominally apply England-wide. But in the case of the London super-region they are combined with a very different approach to city-regional governance in and for the capital and a more active role for national departments and the resources they control within London and across its wider area of influence. To the extent that key messages about the management of economic growth from a series of reports on transport (Eddington), planning and housing (Barker) and skills (Leitch) have been taken on board by Government, we have argued, they are being applied most consistently in the capital and the broader London super-region. Quite how long this will prove politically sustainable is perhaps the biggest open question for the future.

The future interaction between the three main political 'drivers' that will define the shape and consequences of the English alternative to devolution – regionalisation, decentralisation, and partial, benign centralism – remains unpredictable. For that very reason, it opens up a fascinating field of study for all those who have an interest in institutional reform, territorial management, democratic accountability and spatial economic change. It is important that this space remains well occupied in the forthcoming period if we are going to have robust answers to the question 'whatever happened to devolution in England'.