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Your Region, Your Choice: Revitalising the English Regions

Presented to Parliament by the Deputy Prime Minister and First Secretary of State,
and the Secretary of State for Transport, Local Government and the Regions,
by Command of Her Majesty.
May 2002

Cm5511 £14.75

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Printed in Great Britain on material containing 75% post-consumer waste and 25% ECF pulp.

May 2002

Preface

by the Prime Minister, the Right Honourable Tony Blair MP

This White Paper is a great opportunity for the English regions.

It delivers on our Manifesto commitment to provide for directly elected regional assemblies in those regions that want them. It gives people living in the English regions the chance to have a greater say over the key issues that affect them as well as the power to devise tailored regional solutions to regional problems. And it builds on the success of devolution elsewhere in the UK – offering people more accountable, more streamlined, and more joined-up government.

This White Paper is about choice. No region will be forced to have an elected assembly. But where there is public support for one, we believe people should be given the chance to demonstrate this in a referendum.

We have already done a lot to decentralise decision-making to the English regions. Regional Development Agencies (RDAs) have been established to help strengthen the building blocks for economic growth in all regions, with a network of regional chambers to scrutinise them. We are also giving extra resources and greater freedom and flexibility to the RDAs, and – as we promised in our Manifesto – we will further strengthen the regional chambers and the Government Offices in all regions.

For some regions this may be enough. But other regions may want to go further than this and grasp the opportunities offered by an elected regional assembly.

These proposals will not mean creating more bureaucracy. In regions where people vote to have an elected regional assembly, we will move to wholly unitary local government to ensure that government remains streamlined.

Devolution has strengthened Britain because it has allowed the different parts of the UK to give expression to their diversity whilst celebrating the values that bind us together as a nation. We believe that devolution can offer the same benefits to the English regions.

But in the end, it is down to the people in each region to decide. It is your region and your choice.

Tony Blair

Tony Blair

Foreword

by the Right Honourable John Prescott MP, Deputy Prime Minister, and the Right Honourable Stephen Byers MP, Secretary of State for Transport, Local Government and the Regions

This White Paper signals a new era for the English regions. It sets out our plans to decentralise power and strengthen regional policy and gives effect to our Manifesto commitment for directly elected assemblies to go ahead in regions where people want them.

For decades, the needs and aspirations of the English regions were at best neglected and at worst ignored. The *laissez-faire* and 'Whitehall knows best' approaches of the past created both a widening regional economic divide and a regional democratic deficit. By 1997 we had all but abandoned regional policy and had one of the most centralised systems of government in the western world.

Right from the word go, this Government has taken a different approach, aiming to bring pride and prosperity back to all our regions. In our first term in office we completed the devolution of power to Scotland, Wales, and Northern Ireland. In England, we restored democratic city-wide government to London, set up nine Regional Development Agencies (RDAs) as economic powerhouses for sustainable growth, and helped establish a network of regional chambers in every region outside London.

This White Paper carries forward that regional renaissance and puts the regions firmly at the heart of our policies to build a modern and more prosperous society. By devolving power and revitalising the regions we bring decision-making closer to the people and make government more efficient, more effective and more accountable. Empowering our regions does not mean the break-up of England, just as devolution has not meant the break-up of the UK. It makes our nation stronger and more dynamic.

Our success as a nation depends on every region achieving its full potential. We therefore propose for all regions a package which includes freedoms and flexibility for the RDAs; a new enhanced role for the regional chambers; better regional planning; and a strengthening of the Government Offices and other regional bodies. Our aim is to improve service delivery and get all our regions firing on all cylinders.

But some regions may want to go further than this. We know that in some regions – the North East for instance – many people believe that only an elected regional assembly will allow the region to truly take control of its destiny and enable it to move up the economic and social prosperity ladder. We think that regions that want this opportunity should be given it. No region will be forced to have an elected assembly. However, if there is support for it, we intend to hold at least one regional referendum within this Parliament.

Building on the success of devolution elsewhere in the UK, we believe that elected regional assemblies will be able to reduce bureaucracy and provide a new regional level of public scrutiny and democratic accountability. By taking powers from Whitehall and Government quangos (not from local authorities), they will bring decision-making under closer democratic control – offering people in the region a distinct political voice and a real say over decisions which matter to them, on issues such as jobs, transport, housing, culture and the environment.

With the resources and powers to act, elected assemblies will be equipped to add value and make a difference. They will be able to set their own priorities and ensure that the strategies and programmes that they become responsible for can be fully integrated and so support each other. They will work in close partnership with local authorities and other regional partners (such as business, trade unions and the voluntary sector) and be directly accountable to the regional electorate rather than to Ministers and the UK Parliament.

This is a radical agenda to take us forward fully into the 21st century, where centralisation is a thing of the past. It responds to the desires many regions are already expressing and sets up a framework which can take other regions forward if they wish. Better Government, less bureaucracy and more democracy, and enhancing regional prosperity: proposals from a Government confident that it is the people within our regions who know what is best for their region.

John Prescott

Stephen Byers

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The English Regions

Overview

1. This White Paper sets out the Government's vision for prosperous and thriving English regions, including proposals for elected regional assemblies in those regions where people wish to have them. It is the first Government statement on elected regional government in England since the Green Paper *Devolution: The English Dimension* in 1976.

THE VALUE OF REGIONAL POLICY

2. The United Kingdom is a diverse country. That diversity is one of its great strengths. The Government has recognised that strength in the policies it has implemented since 1997. In particular, it has given the people of the UK a greater say in the way they are governed and in the delivery of policies. We have devolved decision-making from UK Ministers and Whitehall to Scotland, Wales, and Northern Ireland – each with different arrangements to match its circumstances – and we have created a city-wide strategic authority for London.

3. We recognise that decisions made at the regional level can take better account of the unique opportunities and challenges faced by an individual region. This can lead to improvements both for the region in question and the country as a whole. The Government's programme of constitutional reform is a dynamic ongoing process to ensure that functions are carried out at the appropriate level within the overall UK framework:

- central government, through the UK Parliament, dealing with issues which affect the unitary state of nations within the UK – including England alone – or with national standards;
- Scotland, Wales, and Northern Ireland, each with its own unique constitutional settlement;
- the English regions, to which we are offering new opportunities to deliver their economic potential and take control of strategic priorities and decisions which affect their region;
- elected local government dealing with local service delivery and acting as the community champion and advocate for local people; and
- front-line units and staff in primary care trusts, schools, and other areas which deliver services and work directly with citizens.

4. A key task of government is to ensure that all regions share in the nation's wealth and prosperity. We do this out of a belief in social justice, and also because our sustainable success as a country depends on all parts and all people of the UK achieving their full potential. Greater prosperity overall does not automatically lead to greater sharing of wealth across regions, cities, or communities. Even where poverty is decreasing, as it is in the UK, there can be areas of deprivation where people are excluded from the benefits of that economic growth. This is unfair and divisive. It also represents a huge waste of economic and human potential. It has therefore been crucial to get the UK's economic policies right in order to give nations, regions, and localities a stable base on which to develop their own strengths and priorities.

5. Experience in Scotland and Wales has shown how a tailored approach to economic regeneration can bring benefits: skills, jobs, prosperity. The Government is committed to revitalising the English regions. They contributed to establishing the UK as a great economic power as different regional strengths spurred our first industrial revolution. We must ensure that they can play their part in the knowledge-based economic revolution which is now taking place.

6. Chapter 1 of this White Paper sets out the Government's approach to regional policy. An effective regional policy is vital, both to tackle the historic regional disparities and to respond to the challenges of the modern knowledge economy. Central government has an important role to play in trying to increase growth across all regions. However, history suggests that a centralist policy is not the best answer; too much intervention in the regions is as damaging for the whole country

as too little interest in them. It is vital to give real economic power to the regions to enable them to improve regional prosperity.

DEVELOPING THE ENGLISH REGIONS

7. Chapter 2 sets out what the Government has done to develop the English regions, with proposals for strengthening them further. Taken together, these measures provide a framework for regional development:

- We have created **Regional Development Agencies** (RDAs) with significant powers, funding, and flexibility to allow them to develop and deliver tailored economic strategies to secure better and more sustainable economic performance for their region.
- We have encouraged and facilitated the creation of voluntary, multi-party **regional chambers** in all of the English regions, made up of local authority and other stakeholder representatives, to contribute to regional economic strategies and plans and scrutinise their delivery.
- We have improved the delivery of central government activity in the English regions and regional feedback into policy development by bringing more responsibilities into the ambit of **Government Offices for the Regions**, and by strengthening the capacity of these offices.

8. The Government is committed to policies which recognise regional differences as a strength for the nation and which are developed closer to the people they affect. This commitment has helped to foster a resurgence of activity, co-operation and partnership between key stakeholders in the region. They are now working together across a range of policy areas to lead the development of regional solutions founded in regional knowledge.

9. Government policy for the English regions since 1997 has sought to address the economic disparities between the regions in order to provide a strong foundation for all the regions to grow. The Regional Development Agencies have achieved measurable success, and we continue to rely on them to drive sustainable economic development in all the regions.

10. With the development agencies, regional chambers, Government Offices, and a growing number of other public bodies ('quangos') with some regional organisation, the English regions have already acquired their own economic, administrative, and quasi-governmental structures. But it is only through the regional chambers that there has been any corresponding development of regional accountability. As in Scotland and Wales, growing economic strength and a gradual increase in regional flexibility has led to renewed enthusiasm for people in the regions having a bigger say in the decisions which affect them. This enthusiasm varies between regions, but there are now campaign organisations seeking elected regional government in most of the English regions outside London.

11. The Government intends to continue the process of decentralisation to the English regions, strengthening both the regional chambers and the Government Offices to improve co-ordination of regional strategies and enhance the quality of regional decision-making. People in some regions may consider that this degree of political representation is sufficient. But others will want better democratic accountability within the region in order to increase the responsibilities which the region can expect to take on.

ELECTED ASSEMBLIES FOR THE REGIONS

12. This White Paper therefore introduces the opportunity for the English regions to take greater responsibility for their destiny. England now includes virtually the only regions within the European Union which don't have the choice of some form of democratic regional governance. We are therefore offering people living in England the chance to choose whether to establish an elected assembly for their region, to provide greater accountability for the decisions that affect them.

Elected regional assemblies: main aims

- Decentralising power from central government and bringing decision-making closer to the people.
- Giving regions the freedom and flexibility to meet their own priorities, within a national framework.
- Making government in the regions more accountable to people in the regions.
- Providing democratic representation in the regions and a new political voice.
- Improving delivery by ensuring better co-ordinated government at regional level.
- Giving regional stakeholders a clearer decision-making framework to engage with.
- Promoting sustainable development and improving quality of life.

13. Chapter 3 introduces these proposals. An elected assembly would ensure that regional functions are carried out more effectively and better reflect the needs of the region, improving the quality of life for people in its regions. Elected assemblies will have greater capacity to take effective action on improving the regional economy, and reflecting the region's particular priorities on planning, housing, transport, culture and other key regional issues such as employment. Assemblies' powers and functions to achieve this will include responsibility for joining up strategies for strengthening the region, ensuring that relevant stakeholders are engaged in developing and delivering these strategies, and a range of executive and influencing functions to help to implement regional policies. An elected assembly's key objectives will be set out in a small number of high-level targets, which it will agree with central government. More details of assemblies' responsibilities are set out in chapter 4, and chapters 5 to 7 explain how they will work.

14. Elected assemblies will be small and streamlined and will add value. The vast majority of assemblies' functions will be devolved from central government bodies, particularly those already operating at the regional level. Our aim is to strengthen democracy and deliver more efficient and flexible government in the regions. Regional assemblies will not represent additional bureaucracy, nor will they duplicate the work of either the UK Parliament or local authorities. Chapter 8 explains how regional assemblies will develop effective working relationships with other government institutions.

Giving people in the regions a chance to decide on their future

15. We promised in our Manifesto that 'provision should be made for directly elected regional government to go ahead in regions where people decided in a referendum to support it and where predominantly unitary local government is established.'

16. In order to give people real choice, a referendum will need to be won in any region before an elected assembly can be established there. The people of Scotland and Wales had such a choice, and the Government believes that the same mechanism should be adopted for the English regions. Referendums will be held when the Government believes there to be sufficient interest in the region concerned to warrant it. In some regions we do not currently envisage referendums being held for some time; the process of moving towards elected regional assemblies throughout England is likely to be a gradual one.

17. Elected assemblies are not another form of local government. They will have a different role and different priorities; almost all of their functions will be taken from central government, not from local level. Nonetheless, a regional assembly would add a third tier of elected government – region, county, district – below national level in some areas. This would be one tier too many. Thus, in any region where the Government decides that a referendum on an elected assembly should be held, there will first be a review of local government structures which will deliver proposals for a wholly unitary local government structure for the region – as there is in Scotland, Wales, and London – to be implemented if an elected assembly is established. Voters in the referendum will be aware of the implications for local government when choosing whether to have an elected regional assembly.

18. Chapter 9 explains how we plan to take this work forward, and sets out the process for submitting views on these proposals. The Government intends to take forward the approach to regional policy set out in this White Paper by continuing, over time, to decentralise responsibility for policy and delivery in the regions wherever this is appropriate. We will therefore build into policy development the new opportunities offered by the creation of elected regional assemblies, and there are likely to be further proposals for the decentralisation of responsibilities to assemblies as time goes on.

19. Subject to the views of Parliament, the Government expects regions that show sufficient interest to have the opportunity to hold a referendum during this Parliament. If the referendum results in a positive vote for an assembly, it could be up and running early in the next Parliament.

CHAPTER 1

Understanding the regional dimension

Chapter summary

- The English regions are all different. Their rich diversity – which includes substantial disparities between and within the regions – demands a diversity of responses at local, regional, and national levels.
- In a range of contexts, the regions themselves are best placed to determine the most effective actions to realise their potential.
- Improving the competitiveness of all our regions is important for delivering economic prosperity for the UK as a whole.
- Regional policy needs to take a sustainable, long-term view. Since 1997 we have given regions the chance to reach their own judgements about their needs and priorities, within a national framework.

THE ENGLISH REGIONS

1.1 England is the largest and by far the most populous part of the United Kingdom. There is a wide diversity to be found among its regions and communities: each part of the country has different economic, social and environmental conditions. Information on each of the English regions is set out in regional factsheets in annex A.

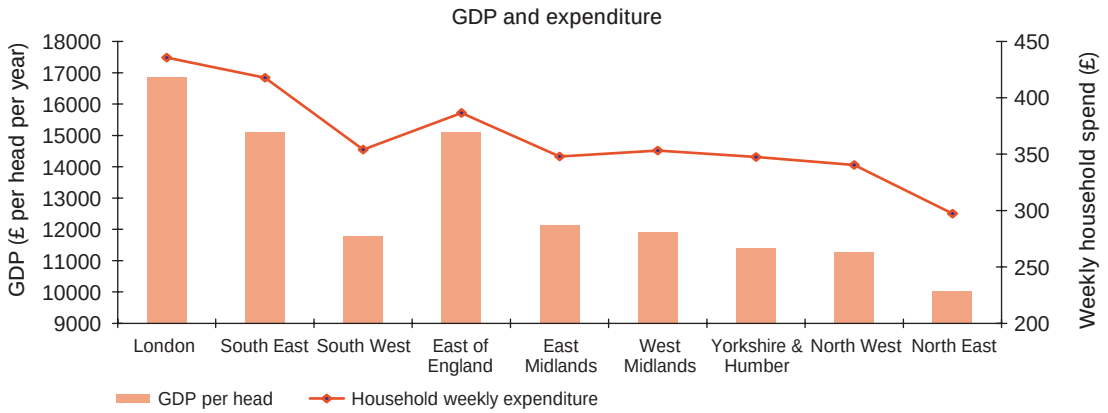
1.2 Regional differences contribute to regional identity and to a rich diversity across England. Some of these differences, both between and within regions, affect people's quality of life and health. Boxes 1.1 and 1.2 show some of the significant disparities between regions. The report *Productivity in the UK 3: The Regional Dimension* (produced by HM Treasury and DTI in November 2001) provides a wealth of information on regional economic disparities; this evidence underpins the Government's renewed approach to regional policy.

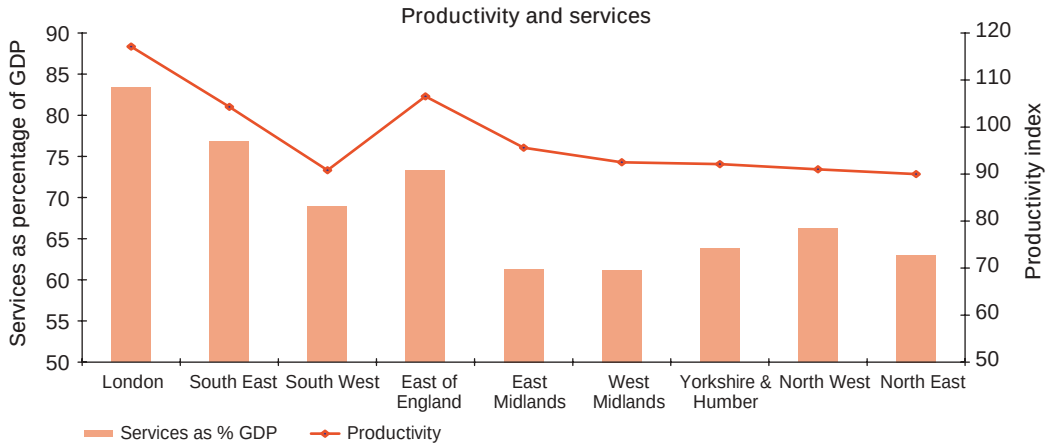
1.3 As an example, since 1989 the growth in GDP per head has been significantly lower in the North East and North West than in the South East and East of England. Some of the causes and results of different regional rates of growth are apparent. For instance, in the West Midlands, North East, Yorkshire and the Humber, and the East Midlands, the proportion of people of working age with no qualifications is more than one-and-a-half times that in the South East and South West: around 19 per cent in the first group, compared with around 12 per cent in the second. The proportion with degrees in London (25 per cent) is almost two-and-a-half times that of the North East (10.4 per cent). Other measures also show regional disparities: for example, the death rate from coronary heart disease among men aged under 65 is over one-and-a-half times higher in the North West (over 63 out of 100,000) than in the South East (around 39 out of 100,000).

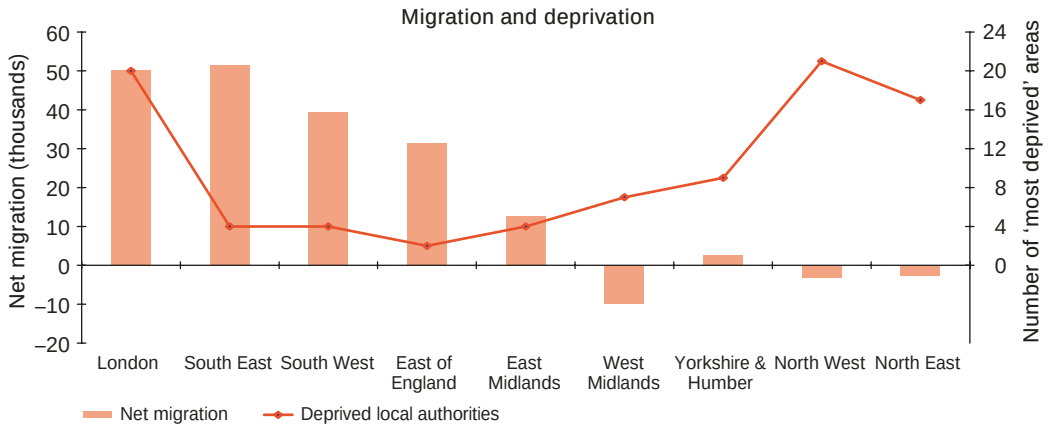
1.4 Such disparities have been described as a 'north-south divide', but this term is an over-simplification. On some economic measures, the real difference is between London, the South East and the East of England on the one hand, and the rest of England – including the South West – on the other; for other measures, regions such as the East Midlands and North West have shown signs of relative economic success. Moreover, while the North East fares poorly in terms of GDP per head,

the lower cost of living and the effects of the tax and benefit system means that the disparities in terms of disposable income are smaller. Meanwhile, examining performance at the local level shows that disparities within regions can be as marked – and as significant – as the differences between them.

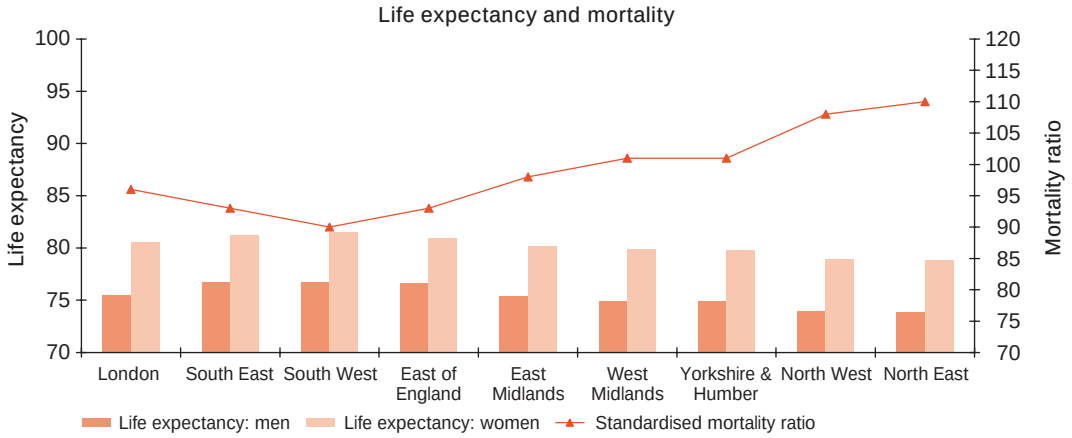
Box 1.1: Regional economic disparities in England

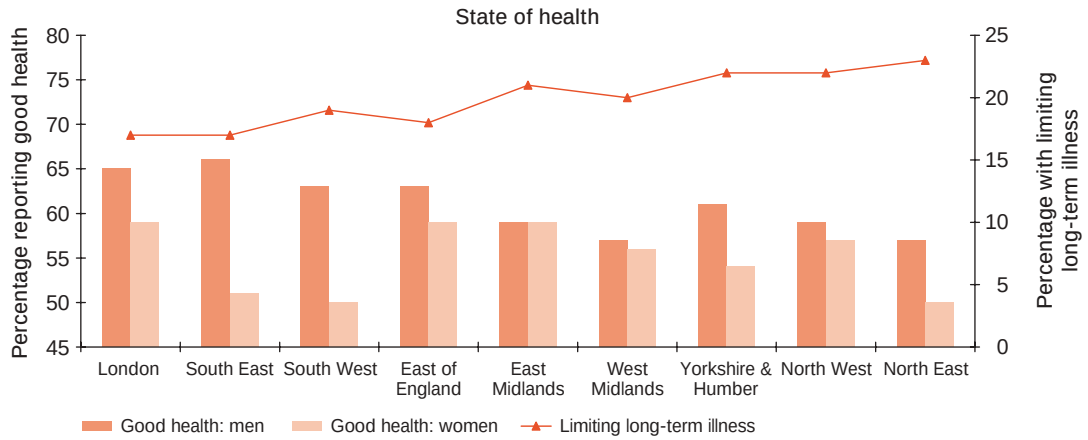






Box 1.2: Regional health inequalities in England





1.5 Regional disparities are not new. For instance, unemployment in the North East was more than double that in the South East throughout most of the twentieth century – although since 1997 employment has risen in virtually all regions (Box 1.5 on page 19 sets out employment on a regional basis since 1997). *Productivity in the UK 3: The Regional Dimension* demonstrates the scale of the problems now faced by some regions.

1.6 The diversity of the English regions demands a diversity of targeted responses. The regions themselves are often best placed to determine the most effective solutions to their needs. They need to have greater control over the key decisions that affect them and to be able to respond to the differing needs and desires of people in their regions. The Government is therefore offering each region the flexibility to choose effective solutions for strengthening its performance.

THE CONTEXT FOR REGIONAL POLICY

1.7 Regional policy was neglected during the 1980s and early 1990s: the scrapping of regional planning mechanisms, cuts in regional funding and downgrading of regional approaches have all contributed to the regional divide.

1.8 The Government is committed to an open, responsive democracy. We are working to revitalise and modernise the constitutional framework to ensure it reflects and serves the needs of our society today and to ensure that responsibilities are decentralised to the most effective level. A programme of radical reforms is already well under way. It includes:

- devolution to Scotland, Wales, and Northern Ireland;
- decentralising power in London;
- incorporating the Convention on Human Rights into our domestic law;
- reforming the House of Lords;
- modernising local government;
- reform to ensure that front-line professionals in primary care trusts, schools, police forces and all other parts of the public sector have the freedom and flexibility to deliver against national standards;
- action for our cities, towns and countryside to deliver the targets of the urban and rural White Papers (see Box 1.3).

Building on these achievements, we believe that there is a real case for further reforms to strengthen the English regions.

1.9 Strengthening regional governance contributes to the Government's wider objectives. It is vital to find the right delivery mechanisms for public services, bringing together those who can most effectively deliver the best results, and doing so at the most appropriate level – whether nationally, regionally or locally.

1.10 A preliminary Government review of literature and research undertaken in 2000 found that different approaches to regional policy have proved effective in different countries, but that there is no single template for successful regions. The approach we are taking in the UK is intended to complement the diversity of our different nations and regions. Annex E sets out the experience of decentralising responsibilities to the regional level in other countries in Europe and around the world.

THINKING REGIONALLY

1.11 Recognising the regional dimension of policies means responding to the needs of individual regions. It means thinking actively about how action in one locality impacts on others, and therefore how best to allocate resources and determine priorities regionally. It also means striking the right balance between providing the flexibility for regions to choose different approaches and providing solutions which work in the best interests of the country as a whole.

1.12 In the past five years there has been a growing recognition that there are issues, such as planning and economic development, for which some regional decision-making is necessary. This is because:

- a 'one size fits all' uniform national solution will not address the specific needs and opportunities of a region;
- local authorities and other local organisations may not be best placed to take effective action because, for example, key decisions fall outside their boundaries and their own decisions may have consequences for neighbouring areas;
- there needs to be better joining-up across and between linked policy areas, with better overall outcomes both for the region and for England as a whole.

1.13 Regional policy is not a quick fix but a long-term sustainable approach. From the 1997 White Paper *Building Partnerships for Prosperity* onwards, the Government has made it clear that successful approaches to the English regions have to be forward-looking. The Government's regional policy is based on two clear principles:

- We need to strengthen the building blocks for economic growth in all regions: enterprise, jobs, skills innovation, higher education, scientific excellence, and improving quality of life.
- Our approach must be bottom-up, not top-down. The role of central government should be to create the right conditions to enable regional and local initiatives to work.

1.14 We have increasingly taken the varied circumstances of the English regions into account in thinking about policy, allocating resources, and translating those approaches into action on the ground. However, vibrant and prosperous regions cannot be created by central government alone.

It is essential to give the regions the tools they need themselves to build on their strengths and tackle their weaknesses.

STRENGTHENING REGIONAL COMPETITIVENESS

1.15 Past policies have failed to resolve underlying weaknesses in some regions, and the least successful regions have been unable to capitalise on their own strengths. We cannot return to the failed approach to regional policy: trying from Whitehall to identify regional 'winners' or subsidise businesses which are failing. Nor can we go back to centralised planning which ended up stifling growth in successful regions without stimulating it in the unsuccessful ones. Both approaches have been tried; neither has been successful, which is one of the reasons why we still have regional disparities today. The Government also rejects the approach of indifference to regional disparities and distinctiveness, making regional problems worse through neglect. The regions need an active Government which responds to people's needs.

The national framework

1.16 The Government's central economic objective is to achieve high and stable levels of growth and employment throughout the UK. Our overall goal of creating an inclusive society means that all regions and communities should have the opportunity to share in the nation's prosperity. Improving the economic performance of the English regions and enabling them to reach their full potential will increase social justice and drive forward the UK economy as a whole. To achieve this goal, productivity and employment need to improve in every part of the country – including

Box 1.3: The urban and rural White Papers

Wherever people live, in towns and the country, they want jobs, homes, good public services, a safe and attractive environment, and opportunity. Urban and rural England cannot be viewed in isolation: they interact with and upon each other. The Government's two parallel White Papers, published in November 2000, share the common principle that people must come first and policy must be based on partnerships with local people.

Our Towns and Cities: the Future was the first Government statement of urban policy for over twenty years, and responded to the report of the Urban Task Force *(Towards an Urban Renaissance)*, published in June 1999. The White Paper looks to our towns, cities and suburbs to offer a high quality of life and opportunity for all. It reflects policies and programmes across central government for improving life in urban areas – including measures for regeneration, local government and planning – and it shows how together they create a framework for revitalising towns and cities.

The urban White Paper represents a commitment to a new, long-term partnership with local communities, regional and local bodies, and other key stakeholders. This is reflected in the development of local strategic partnerships, which we believe will provide the most effective way of taking forward key elements of our urban, rural, local government, and neighbourhood renewal policies in a co-ordinated and integrated way which meets the needs of local people. Effective local leadership and involving local residents in shaping the future of their communities are central to delivering the aims of the White Paper.

These same principles inform its sister publication, *Our Countryside: the Future – a fair deal for rural England*. It aims to improve the quality of life for people in the countryside – improving services, tackling poverty and social exclusion, aiding rural economies, protecting the countryside and its wildlife, and giving more choice and power to local people. These objectives are being achieved through a range of initiatives across government, including investment in better services and access to them, rejuvenating market towns, helping farmers to modernise and diversify, better protection of countryside landscapes and wildlife, enabling improved access to the countryside, promoting quality parish councils, and the rural-proofing of policies across government.

Both White Papers recognised the regional diversity and local distinctiveness of urban and rural places and the need for policies to reflect these differences.

some under-performing areas of those regions which have historically had the highest growth.

1.17 The success of regions depends in part on getting national policy right. In particular, it depends on economic stability and investment in key public services. The Government has put these fundamentals in place, securing sustainable economic growth whilst investing in services like health, education and transport.

1.18 The prosperity of the English regions and the prosperity of the nation as a whole are inseparable and mutually reinforcing. Successful management of the economy is vital for prosperity in the regions: wise and principled management of the economy as a whole, and national policies which tackle structural weaknesses in the economy. The Government has a strong record on both fronts, as set out in Box 1.4.

The regional approach

1.19 Another essential requirement for regional prosperity is regional and sub-regional economic policy which builds on the indigenous strengths in each region and locality. The best mechanisms for achieving this are also likely to:

- be based in the regions themselves;
- allow for regional flexibility;

Box 1.4: Underpinning regional economic development

Providing a stable macroeconomic environment is important in order to allow businesses and individuals to invest for the future through making long-term decisions with greater certainty and, consequently, at lower cost. To this end, the Government has:

- made the Bank of England independent to ensure that interest rate decisions are taken in the best long-term interests of the economy, not for short-term political considerations;
- adhered to prudent fiscal rules which lock in low inflation and cut government debt; and
- set a transparent framework for making fiscal policy decisions.

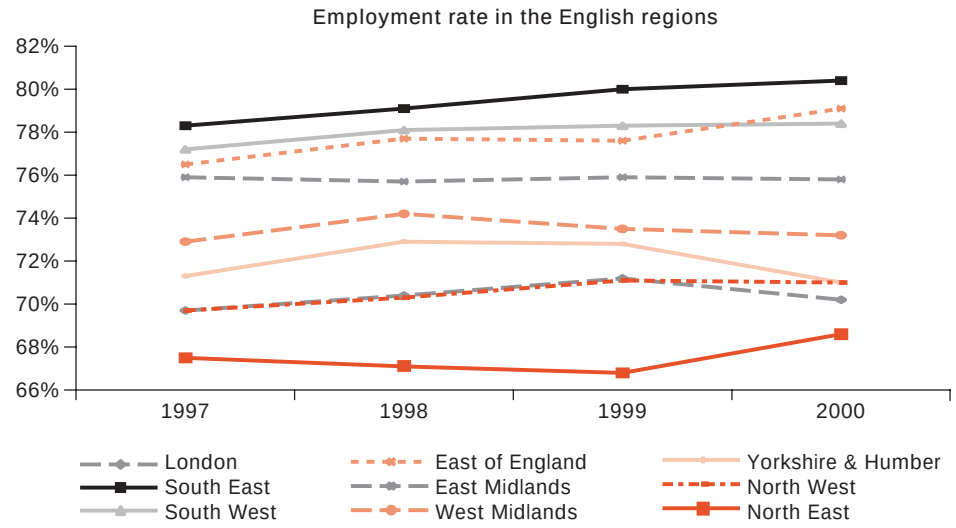
The Government has built on this foundation by making microeconomic reforms which provide opportunities to improve further the environment for productive and successful businesses to flourish and grow. Such action includes ensuring that markets function efficiently and tackling barriers to productivity. Examples of Government initiatives include:

- radical reform of the business tax system to encourage enterprise and investment, including the introduction of a generous capital gains tax business asset taper and a zero starting rate for corporation tax;
- a range of measures to support small businesses, including improving access to finance, reducing the administrative burden of VAT, taking forward the review of payroll administration and introducing the Small Business Service to address issues of importance for small firms;
- major reforms to the competition regime, including full independence for better resourced competition authorities and detailed investigations into specific markets;
- a range of measures to support enterprise, investment, and wealth creation in Britain's most disadvantaged communities, including a stamp duty exemption for all commercial property transactions in 2,000 qualifying wards and a new community investment tax credit;
- tax credits to encourage research and development by large companies and by small and medium-sized enterprises;
- new incentives in the labour market to ensure employment opportunities for all, such as the New Deal for employment and retraining;
- providing effective national support for training, such as the creation of local learning and skills councils to improve education and training for those aged 16 and over.

- provide a framework of accountability within the region;
- complement the national policies which create the conditions for sustained economic growth.

1.20 UK economic performance varies both between regions and within them. Pockets of wealth and poverty exist side by side in many parts of the country. The disparities between regions are set out earlier in this chapter, but there can be significant variations within regions too. For instance, although the north and east of the South West region are generally economically prosperous, the far south-west and other areas suffer from being less accessible from the rest of the country and an over-dependence on static or declining industries such as agriculture and fishing. As another example, prosperity in London is considerably more variable than in the neighbouring South East, with more than double the variation in employment rate: there is a 33.5 per cent variation between employment in the London boroughs of Newham (51.1 per cent) and Sutton (84.6 per cent), compared to a variation of 16.2 per cent in the South East (from a high of 86.5 per cent). London also has the highest long-term claimant count in the English regions and the second highest number of deprived areas,

Box 1.5: Employment in the English regions



coupled with the highest GDP per head and highest average weekly wage by some margin, and the highest level of productivity.

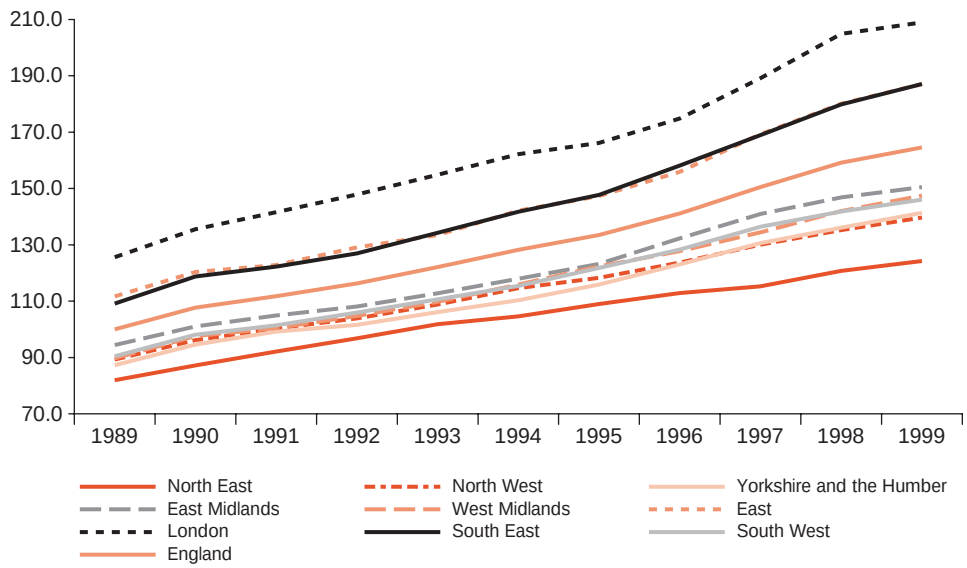
1.21 The factors underlying these differentials include imbalances in the provision of employment opportunities, skills, investment, innovation, enterprise, and competition. Labour mobility, particularly of low-skilled workers, also affects the ability of localities to respond to economic shocks, such as recession or large-scale redundancy. Professor Michael E Porter's work (Harvard Business School) on clusters and the nature of competitive advantage points to the importance of factors such as effective co-ordination at a local level, a coherent economic strategy, and the engagement of the private sector for the successful development of regions. His analysis of numerous international case studies points to the need to ensure that policies are tailored to suit specific local activity and that they involve all stakeholders. The English regions need sufficient flexibility and authority to address these challenges.

1.22 The proportion of the population of working age in employment has increased since 1997 in virtually all of the English regions. But there remain disparities between and within regions. (Box 1.5 shows the trends in the proportion of people employed in each region between 1997 and 2000, and also the variation in the employment rate within regions at the end of this period.) The 'welfare to work' agenda provides employment opportunities which will help to tackle poverty and social exclusion.

1.23 The 2001 White Paper on enterprise, skills and innovation *(Opportunity for All in a World of Change)* set out the Government's aim of increasing the trend rate of growth in all regions, with proposals for enabling people and businesses in every region to respond to change. Box 1.6 shows the trends in GDP per head for all the English regions from 1989 to 1999 (figures for GDP per head in 1999 are shown in Box 1.1). Raising the trend rate of growth by just 0.5 per cent for the worst performing regions would increase GDP in ten years by £20 billion. The *Productivity in the UK 3: The Regional Dimension* report estimated in November 2001 that, if all under-performing regions improved their productivity performance to at least that of the current average, the average person in the UK would be around £1,000 a year better off.

1.24 Our regional policy is about giving regions the freedoms to make their own judgements about the region's needs and priorities, within a national framework, and the flexibility to be able to take the necessary action to improve their performance for the benefit of all the people in the region – and for the country as a whole.

Box 1.6: Trends in GDP per head in the English regions



CHAPTER 2

Strengthening the English regions

Chapter summary

- The Government has pursued an active regional policy since 1997 – particularly through the Government Offices for the Regions, Regional Development Agencies and regional chambers.
- We are proposing to enhance the existing arrangements in all the English regions and will take further steps to ensure that regional variations in priorities are recognised.
- Regional Development Agencies are the drivers of economic performance in the regions. The Government is giving them extra resources and greater flexibility in allocating them.
- Regional chambers will be the regional planning bodies, help to integrate regional strategies, scrutinise the work of Regional Development Agencies, and work closely with Government Offices and other government-funded bodies in the region.
- The Government Offices will bring together key government bodies in their regions to ensure that work is joined up. They will be given extra responsibilities to strengthen regional decision-making.

DEVELOPING THE ENGLISH REGIONS

2.1 The Government believes that successful solutions to regional problems need to be rooted in the regions themselves. We have recognised the added value of the regional dimension and significantly strengthened the mechanisms for regional governance. A range of institutions and approaches has been developed since 1997 to give expression to the regional dimension, in particular:

- creating **Regional Development Agencies** (RDAs) to secure better and more sustainable economic performance for their region;
- facilitating the establishment of voluntary, multi-party and inclusive **regional chambers** to contribute to regional economic strategies and scrutinise their delivery;
- strengthening the capacity of the **Government Offices for the Regions** to better join up national policy and regional (and local) priorities.

2.2 The Government has developed these institutions in order to deliver better decision-making and implementation of policies in the English regions. We will continue to improve these regional arrangements. There is an immediate opportunity to improve the ways in which institutions work, including how they work together. But there is a limit to how far we can go in devolving power to regions which do not have the democratically elected regional assemblies described in the following chapters.

2.3 The Government is proposing to enhance existing arrangements in all the English regions. In particular, it is aiming to:

- improve the co-ordination of policies at the regional level, by strengthening the arrangements for regional institutions to work together;
- bring decision-making closer to those it affects, by giving regional bodies an enhanced role;

- recognise regional variations in priorities, thereby improving policy-making.

2.4 The Government believes that these improvements will make the delivery of programmes and policies more efficient and ultimately lead to better outcomes in all regions. They will also enhance capacity in the regions, on which an elected assembly will be able to build in those regions where people want one. Some regions – particularly in the north of England – may choose to have elected assemblies as soon as this opportunity is offered. But others will follow at a slower pace, and some may not choose to have elected assemblies for many years. The proposals set out in this chapter should provide those regions with more effective arrangements in the meantime.

ECONOMIC DEVELOPMENT IN THE REGIONS

2.5 On its election in 1997, the Government's top priorities included tackling economic under-performance in the regions, enhancing the skills base, promoting social and physical regeneration in the regions, and encouraging sustainable development. Following on from the success of their counterparts in Scotland and Wales, eight Regional Development Agencies (RDAs) were established in England in 1999 (with the London Development Agency being established in 2000 as one of the bodies for which the Greater London Authority is responsible). Their role is to take a strategic lead in driving improved economic performance in the English regions.

2.6 The Regional Development Agencies were established as partnership bodies. Their business-led Boards reflect regional interests – such as the voluntary sector, rural areas and tourism – and more than a third of the members of each Board are representatives of local government, with the choice reflecting a balance between type and size of authority as well as geographical and political spread. Regional Development Agencies also work closely with the Government Offices in their region on economic development and regeneration programmes (such as the New Deal for Communities) where – although individual initiatives are necessarily focused on local communities and specific neighbourhoods – some of the underpinning problems cross local authority boundaries and need to be addressed with broader sensibilities.

Box 2.1: Aims of Regional Development Agencies

Regional Development Agencies are business-led and are strategic drivers of regional economic development. Their aims are to:

- further the economic development and the regeneration of their area;
- promote business efficiency, investment and competitiveness in their area;
- promote employment in their area;
- enhance the development and application of skills relevant to employment in their area; and
- contribute to the achievement of sustainable development in the United Kingdom, where it is relevant to their area to do so.

2.7 Scotland and Wales have had development agencies since the 1970s, providing an increasingly coherent voice on economic development matters. As a result of devolution, the Welsh Development Agency, Scottish Enterprise and Highlands & Islands Enterprise are now the responsibility of the National Assembly for Wales and the Scottish Executive respectively, and both administrations are looking to build on their success. Invest Northern Ireland, which is working closely with the Northern Ireland Executive, now has a similar role. The achievements of these national development agencies have led to their retaining broad cross-party support since their inception. Regional Development Agencies were established in England only three years ago, and they face a real challenge in many of the regions if they are to match the performance of Scottish Enterprise, in particular. The challenge for the UK Government is to help the English regions achieve this kind of success.

Better regional competitiveness

2.8 Regional Development Agencies are already succeeding in supporting economic development

in their regions, guided by the regional economic strategies they have agreed with their partners. They are also effectively promoting regeneration, providing new office space, and bringing large numbers of derelict sites back into use – and have set up business parks and skill centres in order to help tackle some of the underlying regional economic disparities. Their engagement with local needs and ability to react quickly to economic developments was shown in their reaction to the foot and mouth disease emergency, where they were able to identify and quickly assist affected businesses in order to help rural economies recover. For example, the South West Regional Development Agency allocated £8.5 million to around 1,200 businesses, while the North West Development Agency has produced a rural recovery plan containing £62 million extra spending by 2007 to aid rural regeneration. Regional Development Agencies are concentrating effectively on the strengths of their regions by developing sectoral programmes to support those areas which their regional economic strategies have identified as being most important to regional prosperity.

2.9 The Government places great importance on the role of Regional Development Agencies. Their early success was recognised in the Government spending review in July 2000, when their funding was greatly increased. The agencies will continue to work with regional partners both to achieve long-term goals and to tackle short-term problems. They are also taking on Government Offices' responsibilities for Regional Selective Assistance, in order to provide more coherence with the regional economic agenda for the business community.

2.10 From April 2002 the Regional Development Agencies have been given the flexibility to allocate the extra resources from the 2000 spending review to what they have identified as priorities for their regions. In return they have agreed to deliver challenging targets in areas such as economic development, regeneration, and skills development. This will lead to more jobs, greater recycling of brownfield land, more training opportunities and more business start-ups. The Regional Development Agencies are now even better placed to act as the strategic drivers of economic development and regeneration in the English regions.

Better regional skills

2.11 Employment and skills are at the heart of regional economic development. The Government believes it is important for national, regional, and local partners to work together to improve employment opportunities and skills levels and thereby increase prosperity and competitiveness. Accordingly, Regional Development Agencies were asked to lead on Frameworks for Employment and Skills Action (FRESAs) and to produce a first Framework for each region by October 2002. The Frameworks are intended to provide a forum for planning and delivery which will involve all the main stakeholders at regional and local level. Their aim is to enhance the range of services that already exist by bringing together the work of different government agencies, businesses, the TUC, CBI and other key partners in each region, in a collaborative approach which helps to maintain the health of the local labour markets. This will mean less overlapping of services and fewer resources being wasted.

2.12 The first step is to develop a single plan based on coherent, valid, and accessible information and knowledge about labour markets and skills. This plan will focus on what needs to happen in the region in order to develop a healthy labour market which benefits employers and individuals alike. Government guidance emphasises that the Framework is as much a process as a product. The joint approach to analysis, consultation, communication and planning are at the heart of the process of developing the Frameworks and will be the areas in which they are likely to add the most value.

2.13 Local learning and skills councils (LSCs) are making a major contribution to the delivery of Regional Development Agencies' own regional skills strategies by securing a range of training provision which links directly to local and regional economic needs. The Regional Development Agencies and local LSCs are working closely together to identify skill needs and to develop an effective strategy for targeting specific action in key sectors, particularly in areas where there have

been problems with large-scale redundancy, retention and attracting inward investment. A range of collaborative approaches is also being developed which will further strengthen the links between Regional Development Agencies and local LSCs, including joint development of regional skills observatories.

REGIONAL CO-ORDINATION AND PARTNERSHIP

2.14 The Regional Development Agencies are public bodies which are directly accountable to Government Ministers and Parliament. But we recognise the importance of ensuring that broader regional interests are properly represented both in relation to regional economic strategies and on other cross-cutting regional issues, such as transport, land use planning, and improving quality of life. There were no existing region-wide bodies which could perform such a role. This is why the Government supported the establishment of voluntary, multi-party, regional chambers in parallel with the creation of Regional Development Agencies in each of the eight English regions outside London (as set out in Box 2.2). Members of the chambers are drawn from local authorities and the social, economic, and environmental sectors in the region; they are not directly elected. Their core funding is provided by local authorities in their region. All the regional chambers now style themselves 'assemblies'.

2.15 Increased funding and flexibility for the Regional Development Agencies has been matched with increased regional accountability through a strengthened scrutiny role for the chambers. In March 2001 a new three-year fund of £15 million for the chambers was announced by the Government. The fund enables the chambers to enhance their role in providing regional input to, and scrutinising, the plans and work of the Regional Development Agencies, and to develop their position as the strategic focal point for the regions. Box 2.3 includes some examples of chambers' activities being taken forward under the fund. The aim is to provide a stronger regional framework for representing the regions' views.

2.16 Where chambers work effectively they can play a valuable role in expressing the interests of the region as a whole and responding to the

Box 2.2: Regional Development Agencies and chambers

Region	*Regional Development Agency*	*Regional chamber*
East of England	East of England Development Agency	East of England Regional Assembly (EERA)
East Midlands	East Midlands Development Agency	East Midlands Regional Assembly (EMRA)
North East	One North East	North East Assembly (NEA)
North West	North West Development Agency	North West Regional Assembly (NWRA)
South East	South East England Development Agency	South East England Regional Assembly (SEERA)
South West	South West England Development Agency	South West Regional Assembly (SWRA)
West Midlands	Advantage West Midlands	West Midlands Regional Assembly (WRMA)
Yorkshire and the Humber	Yorkshire Forward	Yorkshire & Humberside Assembly (YHA)

needs of the region. The wide cross-section of representatives on the chambers has enabled them to build up effective working relationships at the regional level with a wide range of interests and stakeholders. The chambers have a meaningful role beyond scrutinising the work of their Regional Development Agencies.

Better regional planning

2.17 Five chambers – in the North East, North West, South East, South West, and Yorkshire and the Humber – are the recognised regional planning bodies; they produce draft regional planning guidance, which also includes regional transport strategies and regional waste strategies, to be approved and issued by the Government.

2.18 Planning is fundamental to the way our cities, towns, and villages look, the way they work and the way they relate to each other. Regionally-based policies are needed for issues such as planning the scale and distribution of new housing, planning for major inward investment sites and other aspects of the regional economic strategies, and for regional transport and waste facilities.

2.19 In December 2001, the Government published a Green Paper *(Planning: Delivering a Fundamental Change)*, setting out proposals for improving the planning system in England. Under these proposals, the new regional spatial strategy will have greater status than old-style regional planning guidance. The Green Paper proposes that the new regional spatial strategies will be statutory. The new-style development plans and local transport plans will be required to be in general conformity with the spatial strategy. The Government is also looking for significant improvements in the quality and inclusive nature of the regional input to match the importance we attach to effective regional strategic planning. Responsibility for issuing the regional spatial strategies will remain with the Government. The Green Paper proposed some criteria for improving the way that regional planning bodies work and invited views on how the current arrangements could be improved.

2.20 The consultation period ended on 18 March, and responses demonstrated support for an inclusive approach to the preparation of the new regional spatial strategies and, on that basis,

Box 2.3: Regional chambers' activities under the £15 million fund

South West

In 2001, SWRA held two 'select committees' to consider the South West Regional Development Agency's draft corporate plan. The hearings were held in public; evidence included written submissions from over 40 organisations and contributions from expert witnesses. SWRA's report made 23 recommendations for changes to the corporate plan, of which the majority were supported by the Regional Development Agency.

West Midlands

WMRA have a concordat with the West Midlands Local Government Association and Advantage West Midlands. One of the objectives of this concordat is to promote ethnic and faith diversity in the region. WMRA propose to set up forums to integrate equality and faith issues into their own work.

East of England

Affordable housing is a major issue in the east of England. EERA propose to appoint consultants to evaluate, with relevant partners, the current nature and scale of the problem and to come up with innovative approaches to affordable housing in the region.

Yorkshire and the Humber

YHA have established Yorkshire Futures, a regional intelligence-gathering initiative, with Yorkshire Forward, the public health observatories, the Government Office, and other partners in the region. The outcomes from this initiative will include co-ordinated regional and inter-regional monitoring, better informed regional policy, and common standards of data collection and interpretation.

Box 2.4: An integrated regional strategy

In 2000 the regional chamber in the East Midlands (the East Midlands Regional Assembly), in collaboration with a wide range of organisations and partners including the East Midlands Development Agency and the Government Office for the East Midlands, produced an 'integrated regional strategy'. This is based on the four themes of economic, social, environmental and spatial issues and is the guiding framework for achieving a more sustainable region and for achieving integration in all policy-making. As such, it forms the region's sustainable development framework. In developing the framework, the assembly secured agreement to a vision for the region and 18 sustainable development objectives as the basis for the development of all regional strategies and policies.

The framework has already secured a high level of compatibility between the region's economic strategy, prepared by the Regional Development Agency, and the draft spatial strategy which is prepared by the East Midlands Regional LGA. Both strategies were subjected to independent sustainable development appraisals using the sustainable development objectives of the integrated regional strategy.

a strengthened role in planning for all regional chambers. The Government believes that regional planning bodies which involve only local authorities are not sufficiently inclusive and does not propose to recognise them for purposes of the new regional spatial strategies. The chambers are well-placed to assume the role of regional planning body in all English regions outside London. The Government proposes in future to provide direct funding to the chambers for this function – rather than continuing to fund them through upper-tier local authorities. This will take effect as soon as Parliamentary time allows.

Better regional strategies

2.21 The significance of the regional dimension is also reflected in the wide range of strategies that exist at the regional and sub-regional level, prepared by a variety of regional organisations to different timetables. Some strategies are required by law to be produced in each region (such as regional planning guidance – and, in future, regional spatial strategies – and the regional economic strategies). Other strategies are not statutory requirements, although all regions have developed them; examples include regional sustainable development frameworks, regional housing statements, and regional cultural strategies. Information about the main strategies is set out in annex D. Individual regions will often have a number of further strategies or other plans in place in relation to their particular priorities; a profile of arrangements in the North East – including strategies on health improvement, rural issues, energy (now focusing on renewables), biodiversity, tourism, and sport – is shown in the annex as an example.

2.22 Regions have already made significant progress in joining up these strategies. For example, the East Midlands has an 'integrated regional strategy', produced by a partnership involving the regional chamber, the Government Office, the Regional Development Agency and others (see Box 2.4). But there is scope in most regions to take a further step towards integrating them. Central government will support this work; for example, in developing detailed proposals on regional spatial strategies we will consider whether more could be done to integrate them with other regional strategies. The Government will also encourage public bodies operating in the regions to improve joining up. However, it will be up to the regions themselves to decide exactly how to take this forward, and the Government will invite regional chambers to take a lead in establishing the best arrangements for their region.

2.23 The regional chambers are well placed to play a prominent part in the work on integrating strategies. They are already closely involved in work on a number of the strategies, including scrutiny of the regional economic strategy and work on regional planning guidance. The Government will encourage the chambers to improve their role in joining up regional strategies.

Box 2.5: A stronger role for the regional chambers

The chambers have a valuable role to play in the regions alongside the Regional Development Agencies and Government Offices. Their responsibilities are being strengthened to include in the future:

- continuing scrutiny of the relevant Regional Development Agency;
- co-ordination and integration of regional strategies;
- a formal role as the regional planning body;
- a new relationship with the Regional Directors of Government Offices and senior officers in other government-funded bodies in the region, who will be ready to discuss their work;
- input to the spending review process, through the relevant Government Office.

Through money awarded to them under the £15 million chambers fund, the regional chambers are developing their roles in relation to the regional sustainable development frameworks. These frameworks should underpin and thus help to join up all the other regional strategies.

Better joint working in the regions

2.24 Joining up regional strategies will require improved working relationships between regional stakeholders. There are a large number of bodies operating in the regions (annex C sets out as an example the range of bodies active in the North East). Whilst each of these organisations has its own specific role, there are often very important connections between their respective objectives. As just one example, the Regional Development Agencies have an objective to improve economic performance. This is closely linked to the objectives of the Learning & Skills Council (skills), Jobcentre Plus (employment), and bodies concerned with housing, transport, and regeneration. The Regional Development Agencies therefore play an important role in bringing together and co-ordinating the key economic players in the region. There are also a host of regional groupings of private, voluntary and public sector bodies (including regional cultural consortia and regional rural forums) which have found it useful to come together and tackle problems at a regional or sub-regional level.

2.25 The Government is proposing to strengthen the existing links which regional bodies have developed and to build on the existing role of regional chambers. We will support the chambers' work by promoting a constructive dialogue between the chambers and government-funded bodies in their region, building on existing good practice on a range of issues. These bodies will remain directly accountable to Ministers for their activities. They will, however, also be ready to discuss their work with the regional chambers if it has a regional dimension. For example:

- Regional Directors of the Government Offices will be ready to discuss their role in pulling together the work of other government-funded bodies operating in the region;
- they will also be ready to discuss the Government Office's work in implementing Government policies and programmes;
- similarly, representatives of other Government funded bodies in the region, such as the local learning and skills councils and regional arms of the Arts and Sports Councils, will be ready to discuss their work.

It will be for each chamber to decide how they want to organise themselves to work with these other bodies in the region, and the amount of their resource they wish to devote to this.

2.26 Different regions will already have developed different ways of working, and there are a number of effective approaches. The Government will not prescribe from the centre how different regions should co-ordinate their work. However, in addition to strengthening links with the chambers,

there is a natural role for the Government Offices in bringing together relevant public sector organisations which work at regional level. This proved effective in Burnley and Oldham in the wake of the disturbances in summer 2001, and was further demonstrated in the response to the foot and mouth disease epidemic. It is becoming increasingly important for government-funded bodies to play a part in providing strategic direction for the regions and fostering regional development, and the Government has sought to ensure that these organisations work constructively together. We therefore intend the Government Offices to provide a forum for other public sector bodies in a region to review their high-level strategies and improve read-across by identifying mutual aims and removing any inconsistencies or duplication between them. This should help to support the wider integration of regional strategies. The Government Departments to whom these regional bodies report will keep under review the extent to which they are involved in joint working at regional level and will provide further advice as necessary.

2.27 The growth of the number of players active in the regions has led to some concern about a lack of clarity on who does what. Some regions have addressed this by drawing up a concordat between the main players which clarifies roles and responsibilities. For example, the West Midlands has a regional concordat – agreed between the Regional Development Agency, chamber, Government Office, and the West Midlands Local Government Association – which provides a framework for regional working and the integration of regional strategies (see Box 2.3). We will invite all regions who do not have a concordat to consider comparable arrangements. Where needed, we will help them to do so in relation to involving government bodies.

STRENGTHENED GOVERNANCE IN THE REGIONS

2.28 The Government has given increased flexibility to the Regional Development Agencies to pursue regional objectives within the national context, and has enhanced the regional role in scrutinising these activities through the chambers. We have also developed the role of the Government Offices in the regions. They are still part of central government, accountable to Ministers, but they bring a regional focus and in-depth knowledge of their own region to the tasks which other Government Departments have delegated to them. The Government Offices work closely with regional partners and local people to maximise competitiveness and prosperity in the regions and to promote social inclusion.

2.29 The Government Offices now carry out activities on behalf of nine sponsor Departments, and the work of Departments' other regional networks has been integrated more closely with the work of the Government Offices. By the end

Box 2.6: **Location of permanent Civil Service staff in the English regions**

	1997	1998	1999	2000	2001
London	86,680	85,370	84,420	86,190	88,880
South East	62,160	57,090	56,610	56,630	55,670
South West	50,670	50,030	48,850	49,250	49,250
East of England	24,190	25,050	26,580	28,220	28,510
East Midlands	20,550	19,950	19,940	19,650	20,300
West Midlands	31,120	30,870	31,000	32,080	32,380
Yorkshire and the Humber	32,360	32,010	31,860	33,060	33,890
North West	54,930	53,450	52,340	54,940	54,720
North East	24,660	24,460	24,460	26,780	27,980
England total	387,320	378,280	376,060	386,800	391,580

Note: Figures given include non-industrial and industrial staff and are full-time equivalents. Source: Cabinet Office.

of this year 3,040 staff will be based in the Government Offices rather than working in Whitehall – an increase of nearly 600 since 1997.

2.30 In 1999 the Performance and Innovation Unit (PIU) conducted a study on how central government could provide better and more efficient delivery of policy and services to people and organisations at local and regional level in England. The study looked in detail at the challenge of achieving better integration of policies at regional and local level, in order to improve delivery of Government objectives. It examined the way that central government works with local authorities, local business and the voluntary sector, and focused on issues that cut across the responsibilities of different Government Departments. This study resulted in the 2000 report *Reaching Out: the role of central government at regional and local level*. The report concluded that what was needed was:

- better integration of central government initiatives;
- better ways of ensuring that government service delivery is fitted to local circumstances; and
- better understanding of the local and regional issues in the design of national policy.

Key elements of the Government's response to the PIU report are set out in Box 2.7.

2.31 The Government intends to further strengthen the role of the existing tier of regional governance by delegating more responsibilities to the Government Offices in the regions. The Government Offices will be given extra responsibilities, including:

- an enhanced role on crime reduction and drugs, involving the full integration into the Government Offices of the existing Home Office crime reduction teams and the Drugs Prevention Advisory Service teams;
- a new role in supporting the Home Office 'community cohesion' agenda;
- working closely with the Department of Health's regional public health teams which, from April 2002, have been co-located with the Government Offices;
- fully integrating the existing DCMS regional presence within each Government Office;

Box 2.7: A stronger role for Government Offices for the Regions

In response to the *Reaching Out* report, the Government strengthened the role of the Government Offices by giving them responsibilities for new programmes and policies to complement the work of the Regional Development Agencies and regional chambers.

Since the *Reaching Out* report:

- Government Offices have taken on new responsibilities in relation to the work of the former MAFF (now DEFRA).
- They have undertaken new work on neighbourhood renewal, local strategic partnerships and local government on behalf of DTLR.
- Government Offices co-ordinate the Connexions Service on behalf of DfES, and DfES advisors on school standards and adult skills now have a base in the Government Offices.
- Expanded support for SureStart and the Children's Fund is being established in the Government Offices.
- Government Offices also now work to support the local learning and skills councils, including providing intelligence on wider regional priorities and policy objectives, and support in developing and delivering EU-funded proposals.

The value of Government Offices' role as the Government's 'eyes and ears' in the regions has also been enhanced through greater use of their input to the design and implementation of policy and reviewing how programmes and initiatives are working in the region and locally.

- supporting the drive to get government, public services, citizens and business on-line to ensure that each region derives maximum benefit from the emerging knowledge economy;
- extra responsibilities in working with and monitoring the performance of the Regional Development Agencies.

2.32 These extra responsibilities will ensure that the Government Offices are well placed to reflect the regional dimension on a wider range of policy areas. It will also mean that they are better able to join up policies and programmes with related aims, for example on crime reduction and neighbourhood renewal. The Government will continue to look for further opportunities to integrate more closely other regional activities and networks within Government Office structures in order to improve co-ordination.

2.33 A review of emergency planning arrangements in England and Wales was commissioned following the fuel crisis and severe flooding in the autumn and winter of 2000. An extensive consultation process was undertaken with local authorities and other key stakeholders, the results of which have now been analysed. The Government intends to give an enhanced role for the Government Offices in a national framework for emergency planning. The Emergency Planning Review Implementation Project will explore in more detail what this role should be.

BETTER POLICY-MAKING FOR THE REGIONS

2.34 A crucial part of regional policy is understanding the particular needs of individual regions and developing policies and programmes at national level that reflect those priorities. The Government is taking further steps to ensure that it is well placed to respond to each region's needs, including:

- development of better data on the state of each region, local authority, and ward;
- a stronger regional input into the spending review process, with each region submitting evidence on its key priorities to inform the spending review. This will be managed through the Government Office, taking account of views from the Regional Development Agency and regional chamber;
- including chambers in consultations on emerging national policies, building on current practice;
- further work, led by Government Offices, on adapting programmes to the needs of each region and local area. The Government Office in each region will also co-ordinate proposals (involving other bodies in the regions) for greater regional and local discretion in how programmes are to be implemented;
- an enhanced role for the Government Offices in the development of policy, including on their new areas of expertise;
- ensuring that regional awareness and devolution feature strongly in Civil Service training and development. We will also aim to increase the mobility of civil servants between Headquarters offices and regional offices (in particular the Government Offices), and we will encourage interchange between the Civil Service and organisations in the regions;
- encouraging Whitehall departments to consider the balance of their staff as between the centre and the regions in terms of effective policy design and implementation. In particular, departments will have to demonstrate the case for not locating new streams of work outside London and the South East;
- making sure that, as part of our emphasis on increasing diversity of appointments to public bodies, applicants are encouraged from all parts of the United Kingdom. In line with this, the Cabinet Office is running a series of regional seminars for women interested in serving on a public body.

2.35 Arrangements for monitoring the implementation of these proposals and their effectiveness are set out in chapter 9.

CHAPTER 3

A vision for regional democracy

Chapter summary

- The next step in our programme of constitutional change is to give people the opportunity to choose whether they want to have an elected assembly for their region.
- We will decentralise power to elected regional assemblies and bring decision-making closer to the people.
- Assemblies will add value by providing more effective and accountable regional decision-making.
- These proposals for decentralisation to the English regions build on experience of successful devolution to Scotland, Wales and Northern Ireland and of London-wide governance.

A FURTHER STEP FOR THE ENGLISH REGIONS

3.1 The development of the regional structures outlined in chapter 2 has brought many benefits to the English regions. It has promoted joint working. It has brought together key stakeholders and interests at the regional level. It has also provided a regional dimension to important issues such as economic development and sustainability, and built capacity to address them. There is thus already a considerable amount of work on regional policy in the regions, and growing capacity in the regions to think strategically about regional issues. Nonetheless, there are limits to this approach: greater devolution of power to a region must ultimately be matched by greater accountability in exercising that power.

3.2 England has a well-established history of elected local government, which represents and serves well the needs of our cities, towns, and rural areas. But there has been no equivalent democratic development at the regional level. Now, however, public interest in elected regional government has increased and campaign organisations have been established in a number of regions. The poll conducted for the BBC's 'Devolution Day' in March 2002 appears to indicate significant interest, with 63 per cent of respondents across England suggesting they are in favour of regional government.

3.3 The Government recognises the growing desire in some English regions for greater decentralisation and autonomy. We are now looking to consolidate and build upon existing arrangements. Elected regional assemblies can play an important part in further strengthening regional structures, and therefore further improving the performance of their regions. The Government has made it clear that it will take forward elected assemblies in regions where people vote for them in a referendum. We will therefore introduce legislation during this Parliament to give the people of each region the opportunity, over time, to opt for an elected regional assembly. Chapter 9 sets out our proposals for implementing these referendums, including the implications for local government.

HOW ELECTED REGIONAL ASSEMBLIES COULD ADD VALUE

3.4 The Government believes that elected assemblies could make a real difference in the regions. The role of elected assemblies will be to make regional governance more **effective**, and more **accountable** to the regional electorate. In

many respects the two go hand in hand: the Government believes that greater accountability will itself lead to a more effective decision-making process. In turn, giving an elected assembly the strategic lead on regional issues will help to improve regional performance. Each elected assembly will be responsible for promoting economic prosperity, social welfare, and public health and well-being.

Improved effectiveness

3.5 An elected assembly would improve efficiency and deliver better regional outcomes:

- an assembly will be a single streamlined body, focused on the region's priorities, which is better able to reflect the interests of the region;
- it would be able to draw on regional knowledge and resources to improve regional performance and competitiveness;
- it would join up – and where appropriate rationalise – the large number of strategies and partnerships which have developed at regional level, making more coherent decisions and co-ordinating efforts for more efficient and effective results;
- it would therefore be able to strengthen the region's economic capability, by enabling the regional economic strategy to be more closely integrated with wider objectives and to take account of the specific needs of the region;
- it would have more flexibility to decide how to allocate resources at a regional level;
- it would have a stronger mandate and thus a better basis from which to implement innovative solutions – elected regional assemblies are about democracy, not bureaucracy.

3.6 Elected assemblies will have a strategic focus with real power and resources to influence delivery of the regional strategies they develop. They will have a different role from local government and will undertake different functions – although they will sometimes need to work closely with local authorities. The general approach to regional assemblies' functions has been to take power from central government bodies and quangos, not from local government. More detailed information about the specific functions for which assemblies will be responsible is set out in chapter 4 and annex F. The way in which assemblies will work is covered in chapters 5 to 7, and their interactions with other governmental bodies is in chapter 8.

Improved accountability

3.7 Increasingly, people want decisions which have a regional dimension to be taken by people from the region and not by Ministers and officials in Whitehall or by public bodies that are not accountable to the region. The proposals set out in chapter 2 go some way towards achieving these goals by decentralising more responsibilities to regional institutions and encouraging better co-ordination at regional level. A regional assembly, however, would provide greater accountability:

- it would be directly elected by, and thus directly accountable to, people in the region;
- it would have responsibility for setting priorities, allocating funding, and making decisions about some of the regional issues which are currently carried out centrally;
- it would be responsible for some of the institutions in that region which are at present agencies of central government;
- it would therefore be able to provide for stronger scrutiny of the policies for which it is responsible, and for greater openness about that scrutiny and its results;
- it would be a voice for the region, communicating its views to the UK Government on domestic and European policies which have an impact on the region.

3.8 Elected regional assemblies will need to be inclusive bodies whose policies reflect the interests of communities of all kinds, across all parts of the region, and encourage participation. Assemblies should value their region's diversity and seek to make it an asset in their pursuit of regional development. The expertise of different

stakeholders will make a valuable contribution to an assembly's work. By bringing together and involving different stakeholder groups – including the business community, social and environmental partners, and elected representatives from other tiers of governance – within the region, an elected assembly could also provide a valuable opportunity to create a stronger sense of common identity and belonging within the region. Chapter 7 sets out more detailed options for involving stakeholders.

BUILDING ON SUCCESS

3.9 It is important to learn from and build on the progress made so far. The starting point for England is not the same as it was for Scotland and Wales before devolution. The four component parts of the United Kingdom have their own histories and distinct national identities. The English regions are different, not least in respect of their administrative structures, size and population. The Government recognises – and, indeed, wants to encourage – the diversity of the English regions, and these proposals reflect that.

3.10 We want all parts of the UK to benefit from applying the principles of decentralisation in a way that best suits their needs. As around 84 per cent of the population of the UK lives in England, devolution to an English 'Parliament' or national assembly would have relatively little practical effect or benefit. It would not bring people in the English regions any closer to the decision-making process.

3.11 Experience in London will be valuable both for central government in developing proposals for elected assemblies in the other English regions and, in due course, for regional assemblies themselves. However, London – as a 'city region', and the UK's capital – is unique. It has some significant differences from the other English regions, which need to be reflected in ensuring that English regional assemblies have the most effective package of responsibilities and mechanisms to deliver their objectives.

3.12 Our proposals to strengthen the English regions make sense in the context of our policy for the rest of the UK. They also make sense within a wider European context. The UK has for several centuries operated on the basis of a centralised constitution. This contrasts with the framework of most other European states, particularly in the post-war period during which regional tiers of government have played an increasingly important role. Indeed, the English regions outside London – home for some 40 million people – are now virtually the only regions in Europe which do not enjoy some form of regional democracy or some form of regional representation. Countries like Germany, Spain, and Italy have given their regions the opportunity to develop coherent strategic approaches which have strengthened regional and national performance.

3.13 Annex E sets out the experience of other countries which have a regional tier of government, building on studies carried out by the (then) Department of the Environment, Transport and the Regions and by the Constitution Unit at University College London. The examples include countries such as Spain where regional assemblies have a wide range of levels of responsibility – a system known as 'variable geometry', comparable to the model emerging across the UK.

CHAPTER 4

The functions of elected regional assemblies

Chapter summary

- Elected assemblies will improve the quality of life for people in their regions, particularly by improving regional economic performance.
- Assemblies will be given the lead role in developing strategies to achieve this. They will drive the implementation of their strategies, monitor progress and revise strategies when appropriate.
- Assemblies will be given a range of powers to help them to deliver these strategies. These will include executive functions such as responsibility for resources and influence to promote results that will benefit the region.
- Specific responsibilities include economic development and regeneration, spatial development, housing, transport, skills, and culture.
- Regional Development Agencies will be accountable to their elected assembly, which will appoint the Chair and Board members.

4.1 This chapter explains what elected regional assemblies will do and how they can improve the quality of life for people in the regions they serve.

4.2 Elected assemblies will have responsibility for issues such as investment in regeneration, improving housing and public transport, and developing tourism. Their powers and functions will largely be drawn from central government bodies such as the Government Offices and a number of other public bodies which are already operating in the regions. Functions are generally not being taken from local government, which will continue to focus on local service delivery and community leadership.

4.3 Where voters choose to have an elected assembly this will mean that, for the first time, decisions affecting the region will be taken by a body that is directly accountable to the regional electorate rather than to Ministers and the UK Parliament.

4.4 These powers and functions are also designed to introduce a more effective and efficient tier of regional governance. The Government will address this by:

- giving assemblies important functions in key areas such as economic development, spatial planning and housing, and the flexibility they need to develop innovative solutions. This means that they will have the powers they need to drive improvements in their regions;
- ensuring that elected assemblies are streamlined and add value. They will not duplicate functions being carried out elsewhere. Where appropriate, staff and resources will be transferred from existing organisations (see chapter 9).

4.5 This package of assembly functions reflects the way in which these functions are currently organised. However, the Government is keen to further decentralise responsibility for policy and delivery where this will improve regional outcomes. As a consequence, it is likely that there will be ongoing developments in regional governance and organisational changes in the

way some functions are delivered. The Government will therefore build into policy development the new opportunities offered by the creation of elected regional assemblies. There are likely to be further proposals for the decentralisation of responsibilities to assemblies as time goes on.

TAKING A STRATEGIC LEAD FOR THE REGION

4.6 Chapters 2 and 3 set out the Government's view that a regional tier of governance can improve decision-making on a range of issues, including important aspects of economic development and related issues such as spatial planning, housing and transport. Decisions made at the regional level are better able to address issues which relate to the circumstances of an individual region. In this way they can improve the quality of life for people in their region and for the nation as a whole.

4.7 An elected assembly will set out its key objectives in a small number of high-level targets, which it will agree with central government. For example, an assembly will be expected to agree a target for improving its region's economic performance. Assemblies will be expected to monitor their performance against these targets, and produce an annual report for the regional electorate on their progress. (Details of the Government's proposals on finance and targets are set out in chapter 5.)

4.8 An assembly will spell out its proposals for meeting its targets, and its detailed plans in its areas of responsibility, through its regional strategies. Together they will explain how an assembly will go about improving the quality of life in the region – for example, by improving the economy, investing in housing, and giving people the opportunity to make the most of their leisure time through cultural and sporting activities (see Box 4.1). The Government believes that an elected regional assembly will be in a position to produce more effective regional strategies, and thereby improve regional decision-making and deliver better results.

4.9 A vital part of this strategic work will be to develop a more coherent, or 'joined-up', approach. There are strong linkages between many of the issues currently considered at the regional level. These linkages are often two-way. For example, a region's needs in respect of housing and transport infrastructure depend partly on its strategy for economic development, but its economic strategy also needs to take account of priorities arising from its housing, transport, and spatial strategies.

4.10 Whilst there is already a requirement for some regional strategies to take account of strategies on related issues, and some good practice in the regions on which to build, there is often scope for further integration and rationalisation of the separate strategies. There is also considerable scope to consider further the different priorities in different aspects of regional development, and to make choices about the balance between them. As the single body with an overall lead on these areas, an elected regional assembly will be ideally positioned to pull together different strands of activity, to establish an effective balance between competing priorities, and to find innovative ways forward. Assemblies will also have the flexibility to deploy resources in the most effective way to deliver their strategies.

4.11 Elected assemblies will therefore be under a duty to ensure that separate regional strategies are consistent with one another. Assemblies will also be encouraged to produce an 'overarching' strategy to set out their vision for the region and their key priorities on the range of issues for which they have responsibility.

4.12 The overarching regional strategy will be an important tool for considering the relationships between different issues and establishing a coherent plan of action in which the decisions on issues such as economic development, housing, planning, and transport are consistent and mutually reinforcing. The overarching strategy will act as the sustainable development framework for the region, replacing the voluntary frameworks currently produced by a partnership including the Government Office, Regional Development

Box 4.1: Regional strategies for an elected assembly

An elected assembly will be responsible for regional strategies dealing with the following issues:

- *sustainable development* – which will set out how their approach in the region works within the context of the Government's commitment to pursue policies that encompass economic, social, and environmental objectives and achieve stable and sustainable growth, and how regional activities will contribute to the achievement of sustainable development in the UK and support action at local level;
- *economic development* – which will address issues such as attracting inward investment, improving productivity and the conditions for enterprise, and ensuring that all parts of the region benefit from economic growth;
- *skills and employment* – which will set out how an assembly and its partners will improve the skills of the workforce and ensure that everybody has access to job opportunities;
- *spatial planning* – which will address the broad location of major development proposals, integrate demands for land use across the region, outline specific regional or sub-regional policies, and provide a basis for hard strategic choices;
- *transport* – which will spell out plans to address congestion, improve public transport and road links, and ensure that the transport system supports sustainable economic growth;
- *waste* – which will set targets and indicators for regional waste management capacity and disposal, including for the recycling and recovery of waste, in order to promote sustainable waste management, waste minimisation and alternatives to landfill;
- *housing* – which will deal with all aspects of the housing market and social housing in the region, covering privately-owned housing as well as social housing provided by local authorities and registered social landlords;
- *health improvement* – setting out a long-term public health strategy, which assemblies will agree with the relevant Regional Directors of Public Health;
- *culture (including tourism)* – which will explain how an assembly plans to improve access to cultural and sporting facilities, and develop the tourist industry; and
- *biodiversity* – which will provide a strategic framework for the work undertaken by regional and local biodiversity partnerships in conserving biological diversity and the sustainable use of biological resources.

These strategies will replace the strategies currently being produced for each region, of which details are given in annex D.

Agency, and regional chamber. It will also be the vehicle for looking at other 'cross-cutting' issues such as health improvement, crime reduction, and social inclusion. Assemblies will be under a duty to promote the health of the population of their region.

4.13 The Government places particular importance on the regional vision being a shared goal. This means involving the people in the region in drawing up both the overarching regional strategy and the assembly's proposals on specific issues. The Government specifically expects elected assemblies to work in partnership with business, trade unions, the voluntary and community sectors, local authorities and other key partners in the public sector to steer the formulation of the overarching strategy and its implementation. The strategy should also be subject to widespread discussion in the region at large. Individual strategies will continue to be subject to consultation as they are now. The Government will issue guidance to assemblies on how best to engage its key partners and ensure that its arrangements for consultation and participation are streamlined and effective.

Proposals on the wider issue of engaging stakeholders in the work of elected assemblies are set out in chapter 7.

4.14 As well as making sure that their own strategies are consistent, assemblies will be in a good position to ensure that regional strategies and those developed at local level are compatible. This will require effective two-way communication and co-operation between elected assemblies and the different bodies working at local level within the region, including local authorities, local strategic partnerships, and other local service deliverers.

DELIVERING REGIONAL STRATEGIES

4.15 The process of developing strategies is not an end in itself. The role of an elected assembly will be to improve the quality of life for the people in its region. This means ensuring that its strategies are *implemented*. The Government is proposing to give assemblies a range of functions, or levers, to help it deliver its strategies. These fall into two categories.

4.16 Firstly, elected assemblies will have a set of executive functions, such as responsibility for resources. These are most appropriate where the assembly assumes complete responsibility for a given issue (as it will, for example, on regional economic development). Examples include:

- *responsibility* for the Regional Development Agency;
- *financial resources* for a range of functions such as housing, tourism and regeneration (chapter 5 provides more detail of assemblies' funding mechanisms and financial procedures);
- *oversight* of a number of bodies, such as the regional cultural consortium;
- various *obligations* on partner organisations (local housing authorities, for example). These will ensure that they assist the elected assembly in delivering its strategies.

4.17 In addition, elected assemblies will have a significant influencing role. The proposals are designed to give assemblies influence on issues that have a regional dimension, but where it is important that this is balanced with national and local needs. Its influencing role will include:

- *scrutiny* of the impact of higher education on economic development;
- *advising* the Government on the allocation of local transport funding;
- *requesting* call-in of strategic planning applications;
- being *consulted* by other bodies, such the Learning & Skills Council (both local and national), and securing a commitment from them to assist the elected assembly in the effective delivery of its strategies;
- making *appointments* to other bodies, such as the boards of local learning and skills councils;
- *co-ordinating activity* in the region by bringing relevant actors together – for example, to further links between business and education to increase employment opportunities and improve economic performance.

4.18 This range of functions will mean that elected assemblies – working with their key partners in other government organisations, business, and voluntary and community groups – will be in a position to drive the implementation of their strategies. A breakdown of the main responsibilities currently envisaged for elected regional assemblies on specific functions is set out below. Annex F provides details of the existing arrangements for each functional area.

FUNCTIONS

Economic development

4.19 Improving the economic performance of its region will be at the heart of an elected assembly's objectives. This is reflected in the range and importance of its functions in this area.

Regional Development Agencies

4.20 As set out in chapter 2, the Regional Development Agencies have responsibility for developing strategies for the economic

development and regeneration of the English regions. The Government has enhanced the agencies' role by giving them extra resources and greater flexibility in allocating these within their regions.

4.21 These proposals will not diminish the role of the Regional Development Agencies. Indeed, they further strengthen the capacity of regions with elected assemblies to improve their sustainable economic performance, by ensuring that their economic development strategy is integrated with their strategies on related issues such as skills, planning, housing, and transport.

4.22 The Regional Development Agencies will become directly accountable to the relevant elected assembly. In practical terms this will mean that:

- the assembly will be responsible for ensuring that the Regional Development Agency properly exercises its functions. The agency will retain its present day-to-day operational independence, and its Board will continue to be directly responsible for ensuring the implementation of its agreed targets and corporate plan;
- as in London, the development agency will develop the regional economic strategy, which will then be published by the assembly subject to any modifications it directs the Regional Development Agency to make. The assembly and the agency will be required to have regard to any Government guidance on preparing the strategy;
- the elected assembly will appoint the Chair and Board members of the Regional Development Agency. It would be required to ensure that the Chair and half the Board have had current or recent experience of running a business – thus ensuring that business will be at the heart of the decision-making process for regional economic development.

4.23 Central government will retain powers to ensure that elected assemblies and their Regional Development Agencies continue to address national priorities. For example, the assembly will consult the Government on the draft regional economic strategy and on individual Board appointments. The Government will also be able to require changes to the strategy, if it considers that the strategy is inconsistent with national policies or is likely to have a detrimental effect on areas outside the region.

4.24 An elected assembly will provide funding to the Regional Development Agency from its block grant. It will be up to each assembly to decide the precise arrangements it puts in place for both funding and targets; the Government believes that Regional Development Agencies are most effective where they have the maximum flexibility in allocating their resources.

Business support

4.25 The Small Business Service (SBS) is a national executive agency that promotes the interests of small business and provides a range of business support services under the 'Business Link' brand. Local services are provided through Business Link operators who deliver services in 45 areas throughout England. The SBS has a team of staff in each region who are co-located with the Regional Development Agencies and who work closely with them.

4.26 Business support will play an important part in helping an elected assembly to deliver economic improvements. The Government is therefore proposing that regional assemblies and Regional Development Agencies will be consulted by the SBS in the preparation of its three-year strategy and its annual business plan to help ensure that the services organised by the SBS meet the needs of all English regions. The SBS will be required to have regard to an assembly's economic strategy. Where and when a Business Link contract is re-tendered the SBS will consult the assemblies on the criteria to be used and the bids received. Assemblies will also play a role in monitoring the performance of Business Link contractors in their regions. In addition, assemblies will work closely with the SBS on other relevant activities to support small and medium-sized enterprises, for example the SMART programme to support investments in new technology.

4.27 The Government will ensure that elected assemblies continue to be involved in the development of business support as policy develops (including being consulted on bids to the Higher Education Innovation Fund, which funds work by higher education to support business).

Training and skills

4.28 Developing the skills of the workforce plays a vital role in economic development. So improving the skills base and equipping people to take up the opportunities being created in a region will be an important component of delivering an elected assembly's objectives.

4.29 Elected assemblies will assume responsibility for drawing up and organising Frameworks for Regional Employment and Skills Action (FRESAs), which will set out the key priorities of the region in respect of skills development and improving employment opportunities. The proposals will also ensure that elected regional assemblies will play an important role in other aspects of the skills agenda. Specifically this will mean that:

- the assembly will appoint two members to each of the Boards of the local learning and skills councils (LSCs) in its region, one of whom will have a business background, and will be consulted on other appointments;
- the national LSC will be under a statutory duty to consult assemblies on its guidance to the local LSCs;
- local LSCs will be obliged to have regard to assembly strategies, including in drawing up their spending plans;
- local LSCs will be under a statutory duty to consult the relevant assembly on their local plans; and
- assemblies will be consulted on bids to the Higher Education Innovation Fund (see paragraph 4.27).

European programmes

4.30 Some regions receive significant support through a range of European programmes that address economic development, skills improvement and rural issues.

4.31 The general approach to EU structural funds in England – regional delivery within a clear national framework – will continue. However, the assembly will take over the role currently performed by Government Offices on structural funds (including the European Regional Development Fund, the European Social Fund and rural programmes) for any structural fund expenditure for future programming periods. This would mean that the assembly will chair the programme monitoring committee, play a key role in drawing up the single programme documents, and lead in negotiations on these programme documents with the European Commission.

Planning

4.32 An effective planning system is vital to our quality of life. England is one of the most crowded countries in the world. Only 8 per cent of the land surface is urbanised, but over 90 per cent of our population lives in urban areas. We need good planning to deliver sustainable solutions to development, and a better living and working environment for everyone. Effective planning can promote economic prosperity by delivering land for development in the right place and at the right time. It can encourage urban regeneration by ensuring that new development is channelled towards existing town centres rather than adding to urban sprawl. It can also lead to conservation of greenfield land and re-use of urban brownfield sites.

4.33 Chapter 2 sets out the new approach to regional planning proposed in the Green Paper *Planning: Delivering a Fundamental Change*. Regional planning policy provides a context within which local authority development plans, local transport plans, and other relevant plans and strategies can be prepared. An elected assembly can help to improve the approach to regional planning by bringing together responsibility for many of these regional priorities and taking a balanced view.

4.34 Elected regional assemblies will:

- be responsible for preparing regional spatial strategies, taking over this role from the existing regional planning bodies;
- take over responsibility for *issuing* the spatial strategies (which will remain the responsibility of the Secretary of State in regions without an elected assembly);
- have the power to request the Secretary of State to call in for his or her determination strategic planning applications which were not consistent with the regional spatial strategy. This will give assemblies greater leverage to deliver the priorities set out in their strategy.

Housing

4.35 Housing has a major influence on everyone's quality of life. The Government has put substantial additional resources into housing. The most effective use is made of these resources when they are used to support a coherent plan of action embracing related issues like transport, regeneration, health and crime. It is therefore important to ensure that strong links are made at regional level between housing and other relevant strategies.

4.36 An elected regional assembly will take a strategic lead on housing issues, thereby assuming the role currently undertaken by the Government Office and the strategic and resource allocation roles of the local office of the Housing Corporation. Specifically, an elected regional assembly will:

- prepare and publish a regional housing strategy. Together with the regional spatial strategy, this will consider issues like the location of new housing, the need for new social housing, tackling areas of low demand, and investment in existing stock; and
- allocate support for housing capital investment between councils (to improve their own housing stock, to support new build by housing associations, and to renew private stock) and housing associations (largely for new build social housing).

Transport

4.37 Good transport is essential for sustainable economic success, a better environment, and an enhanced quality of life. Improving public transport is also vital in reducing social exclusion. The Government wants villages, towns and cities to be places where business thrives and people have access to the services they need. To achieve this, transport needs to be integrated with policy on economic development, planning, and housing.

4.38 Elected regional assemblies will be responsible for a regional transport strategy. They will also be given some important tools to help them to deliver this strategy, including:

- responsibility for advising central government on the allocation of funding for local transport, including the consistency of local bids with regional policies and priorities;
- powers to make proposals to the Highways Agency and the Strategic Rail Authority (SRA) for schemes of regional importance;
- responsibility for allocating Rail Passenger Partnership grants (currently the responsibility of the SRA); and
- being consulted by national organisations (such as the Highways Agency and the SRA) when they have proposals that affect the region.

Arts, tourism and sports

4.39 Cultural activities, including tourism and sport, all make an important contribution to the quality of life of people in the regions. Tourism and cultural businesses themselves are also major components of economic development with direct links to other functional areas such as regeneration, spatial planning and transport.

4.40 An elected assembly will fund, sponsor, and lead the regional cultural consortium. The cultural consortium will draw up a regional cultural strategy – encompassing tourism, arts and sport – for agreement with, and publication by, the assembly.

4.41 The Government recently completed a review of the Arts Council, which established a new system for funding the arts in England. This system is guided by the following principles:

- it is simple;
- it is efficient;
- it is coherent;
- it will allow us for the first time to deliver national policies on the arts.

This structure will deliver funding for the arts in a less bureaucratic way and cut administration costs by around 25 per cent. It will enhance regional input to arts policy in all regions: the new regional offices of the Arts Council (regional arts councils) will be responsible for spending a significantly greater proportion of funding than the 40 per cent under the previous system.

4.42 These new arrangements will take time to bed down but should have done so before any region is in a position to establish an elected assembly. When an elected regional assembly is established, our guiding principle will be that accountability and funding for the arts and sports which are regional in character will be devolved to the assembly, in a way which protects strategic national priorities. In putting this into practice, the Government will take account of the experience of the new regional framework and any reviews of it.

4.43 In deciding the best arrangements to apply this principle to sport, the Government will take account of the current review of sport in England by the Performance and Innovation Unit and of the quinquennial review of Sport England.

4.44 The assembly will have a range of additional functions to help it implement its strategy:

- funding for the regional tourist programme;
- funding and sponsorship of non-national museums currently funded by the Government, and sponsorship and funding of the single regional agencies for museums, libraries, and archives;
- funding and sponsoring the upkeep of English Heritage sites (subject to the outcome of the quinquennial review); and
- subject to the agreement of the independent Lottery distributors, appointing members of the regional awards committees and becoming key consultees on Lottery distributors' strategic plans.

Public health

4.45 There are many economic, social, and environmental factors which impact upon public health and health inequalities. The priorities for public health and measures needed to tackle health inequalities vary from region to region.

4.46 The role of elected regional assemblies on public health will reflect that of the GLA in London. An assembly will:

- have a duty to promote the health of the population of the region. This will include scrutinising the assembly's own policies and strategies to ensure they have a positive impact on public health and the tackling of inequalities, in order to produce more joined-up and better health outcomes for the region;
- support the development and implementation of a health improvement strategy for the region, working with the relevant Regional Director of Public Health (who will be based in the Government Offices) and partner organisations; and
- appoint the Regional Director of Public Health as the assembly's health advisor in order to form a co-ordinated regional public health group and strengthen the public health function in the region.

4.47 Regional assembly responsibilities in the fields of housing, transport, and economic development have significant links with public health. It is important to ensure that all of these functions, including public health, are tackled in a joined-up manner to address problems and help drive improvements in public health outcomes and the narrowing of inequalities – particularly by

raising the profile of wider issues of concern to the region which impact on health but are not always obvious at a local level, such as high levels of unemployment or deprivation in the region, and transport-related issues.

4.48 These responsibilities will give assemblies a positive and proactive role in supporting the promotion of public health and equity across their regions. This role would closely link, and be consistent, with the activities of the Regional Directors of Public Health who will be working closely with the Government Offices and other regional partners.

Rural policy

4.49 The Government's aim is to sustain and enhance the distinctive environment, economy, and social fabric of the English countryside for the benefit of everyone. In order to ensure this aim is met, all major policies are assessed for their rural impact. It will be important to ensure that elected regional assemblies 'rural proof' their activities to fully take the rural dimension into account.

4.50 An elected assembly will:

- be responsible for delivering rural regeneration programmes (including the Market Towns Initiative);
- actively engage with the regional Rural Affairs Forum;
- be the lead partner in implementing the regional elements of the England Rural Development Programme, through involvement in the regional programming groups which monitor and influence delivery by the Rural Development Service (the specific details of this role might be expanded once proposals come forward for a successor programme in 2006); and.
- have a responsibility to ensure that countryside, landscape, recreation and rural issues are addressed in other regional strategies, for example through regional planning guidance and regional cultural strategies.

Environment

4.51 The Government's aim is to protect and improve the environment, and to integrate the environment with other policies across all levels of governance within the UK and in international fora. Effective protection of the environment requires activity on many wide-ranging fronts – for example, from acting to limit global environmental threats (such as climate change) to safeguarding individuals from the effects of poor air quality or toxic chemicals.

4.52 An elected assembly will:

- make appointments to the Environment Agency's regional committee;
- prepare and implement a regional strategy for biodiversity in conjunction with other relevant regional strategies;
- prepare and oversee the implementation of the waste element of the regional spatial strategy;
- be consulted by the Environment Agency, Countryside Agency, English Nature and other relevant public bodies on their strategies, and consult them in turn.

4.53 DEFRA has undertaken a major consultation on flood defence arrangements. That consultation canvasses opinions on a regional role in flood defence responsibilities, taking into account the proposed establishment of elected regional assemblies. The findings of this consultation exercise will be considered as part of the Government's ongoing process of decentralising relevant responsibilities to elected assemblies.

Crime reduction

4.54 A number of elected assembly responsibilities will have a bearing on other issues for which they have no executive role. Decisions on planning, transport, and health promotion, for example, can significantly affect crime reduction and drug misuse. It will be important for elected regional assemblies to have a full understanding

of the work of the local crime and disorder reduction partnerships (of which there are over 350 in England, led by the police and local authorities). Similarly, assembly responsibilities for health promotion will have an important connection with the work of the 149 drug action teams in England.

4.55 The Government remains committed to delivering the reduction both of crime and disorder, and of substance misuse, through the local partnerships and teams established for this purpose. However, it will be important to ensure proper coherence between this local activity and relevant regional strategies on issues like planning and transport. The Government will, therefore, make it a requirement for the local partnerships and teams to consult elected regional assemblies as they draw up their strategies and plans. There will also need to be good links between the regional assemblies and Government Offices to ensure that their different responsibilities are delivered in ways which maximise the benefits that both can bring to cross-cutting social issues such as crime reduction, drugs, and community cohesion.

Civil contingency planning

4.56 It would be appropriate for elected assemblies to take on the main co-ordination role in regional contingency planning, working closely with the Government Offices. This will be reflected in the work being undertaken in the Emergency Planning Review Implementation Project to define an enhanced role for the Government Offices in the regions without an elected assembly.

CHAPTER 5

Funding of elected regional assemblies

Chapter summary

- Regional assemblies will be funded primarily by central government grant.
- Assemblies will have complete freedom to spend their grant as they judge best, subject to their helping to achieve in their region certain specific targets agreed with central government. Some additional funds will be available if an assembly meets or exceeds these targets.
- Assemblies will be able to raise additional funds from a precept on the council tax. Their precept will be expected to make a small contribution to the direct running costs of an assembly. But costs to council tax-payers will be subject to a capping regime to prevent excessive increases.
- Assemblies will have no power to alter non-domestic business rates.
- Regional assemblies will have powers to borrow money, subject to certain limits.

CENTRAL GOVERNMENT FUNDING OF REGIONAL ASSEMBLIES

5.1 Elected regional assemblies will be responsible for significant budgets, as well as having influence over the expenditure of a range of other public bodies (see paragraphs 4.16 and 4.17). Based on figures for 2001/02, and including European programmes, an elected assembly in the North East would be responsible for around £350 million a year (see Box 5.1), and an assembly in the North West would be responsible for around £730 million.

5.2 We estimate that a regional assembly in the North East would have an important say, through its influencing role as summarised in paragraph 4.17, on more than £500 million of public expenditure (based on figures for 2001/02). An assembly in the North West would have a say on around £1.3 billion. Coupled with its block grant, this would mean that an assembly in the North East would take, or be involved in, decisions on around £0.9 billion of public expenditure out of a total of £7.2 billion, excluding social security payments; the comparable figure for the North West is about £2.1 billion out of £18.6 billion.

5.3 The Government wants to give elected regional assemblies the maximum flexibility over how they spend the money allocated to them. It would constrain an assembly unduly if grants were to be ear-marked by central government for specific purposes. We therefore propose to give regional assemblies a single block grant with freedom to spend money as they judge best. In return, we will expect each assembly to help achieve in their region a small number – perhaps six to ten – of targets agreed with the Government. These targets will be relevant to an assembly's responsibilities and will leave it open to the assembly to establish how to achieve them. Some additional money will be available to reward elected assemblies which achieve or exceed the targets. Targets and rewards will be agreed between central government and each assembly, along the lines of existing local public service agreements.

5.4 The first elected regional assembly will not be established for some years and even then there may only be one in place initially. The Government does not therefore believe that any fundamental change is required, at least in the medium term, to

Box 5.1: Expenditure in 2001/02 on programmes for which a North East elected regional assembly would take responsibility

	Expenditure (£ million)
National programmes	
Regional Development Agency	173
Housing capital – local authorities	48
Housing capital – registered social landlords	23
Rail Passenger Partnership	1
Rural partnership	2
Arts, sport and tourism	12
English Heritage	1
Total national programmes	260
European programmes	89
Total	349

the way in which funds are allocated between the English regions once the first elected regional assembly has been established. We believe that fairness and consistency of treatment between the English regions can be most simply demonstrated if the level of resources for the region(s) with an assembly is determined on broadly the same basis as for other English regions.

5.5 Regional allocations of the main programmes which will go to an elected assembly are presently, or will soon be, formula-based. These allocation mechanisms are intended to be objective and fair. The smaller programmes are more often bid-based or discretionary, although fairness between regions is again an important factor in determining these allocations. In future, where a region has an elected assembly, its level of funding will continue to be determined in the same way. The only significant difference is the additional money available to reward regional assemblies which achieve or exceed the targets agreed with central government. This money will be genuinely additional and will not be taken from the money available to regions without an elected assembly. We also expect an elected regional assembly to make better use of available funds because, for example, it will be better placed to consider the appropriate balance between competing priorities.

REGIONS' ABILITY TO RAISE ADDITIONAL FUNDING

5.6 Besides the programme expenditure for which they will be responsible, regional assemblies will receive a general grant to meet most of their direct running costs. But we believe that people in any region with an elected assembly should make some contribution towards its running costs, whether or not an assembly raises additional money in the region for programme expenditure. The level of general grant will be set to take account of this contribution. We also believe that an assembly should be able to raise some extra money within the region if it believes that this is desirable – for example, to increase funding for economic development – and likely to be supported by the region's voters.

5.7 The simplest means for an elected assembly to raise money from people within its region is a precept on the council tax. This is the means by which the Greater London Authority can raise additional funds and by which various other public bodies, such as county councils and police authorities, are partly funded. An assembly will set the level of the precept, but the money will be collected by councils in the region as part of the existing arrangements for collecting council tax. As

is the case for London, an assembly will not be able to vary non-domestic rates or affect business taxes.

5.8 In setting the level of central government grant, we will expect council tax-payers in any region with an elected assembly to contribute the equivalent of around five pence per week for a Band D council tax-payer.

5.9 An elected assembly will also be allowed to set a higher precept within the region to fund additional spending if it considered this desirable. Regional assemblies will be accountable to their tax-payers and voters for the precept levels that they set and, as with council tax levels in local government, we would be reluctant to intervene in these decisions by placing a limit on an assembly's precept. However, we need to proceed cautiously, as it is council tax-payers who will bear the risk of high increases in the precept and they may be concerned if regional assemblies are given a completely unrestricted precepting power. We therefore propose initially to limit assembly precepts through arrangements comparable to the existing local authority capping regime. But we will keep this position under review as, over the next few years, we consider making further progress towards our ideal goal of ending the local government capping regime.

CAPITAL EXPENDITURE AND BORROWING

5.10 Regional assemblies' capital expenditure will generally be funded by central government grant. But there may be circumstances in which an assembly wishes to borrow to raise money for capital expenditure in addition to that provided by central government. We propose to give regional assemblies borrowing powers to fund capital expenditure where they can afford to finance it from their revenue budgets. We also propose to give them temporary borrowing powers for cash management purposes. Both sets of powers will supersede the existing borrowing powers of an assembly's Regional Development Agency. Assemblies could borrow from the Public Works Loans Board or from commercial lenders.

5.11 In principle, we believe that elected assemblies should decide on their own levels of capital spending to be supported by borrowing and should be accountable to voters for their decisions, subject to the levels of borrowing being prudent. We are therefore minded to apply to regional assemblies the local authority prudential regime that we are proposing for local government, including reserve powers to set lower prudential limits in certain circumstances (as described in *Strong Local Leadership – Quality Public Services*: Part II, chapter 4). At least initially, we envisage setting rather tighter limits than a new assembly, with no existing debt, would be subject to under a prudential regime. Such limits would be set to protect people in the region from excessive borrowing which could have long-term implications for council tax. The detail of these arrangements will be finalised in the light of experience in developing and implementing the local authority prudential regime. Before being finalised, any limits would be discussed with the regional assemblies concerned at the time.

THE COSTS AND BENEFITS OF REGIONAL ASSEMBLIES

5.12 The Government wants elected regional assemblies to be efficient bodies that add real value. For example:

- we have decided that assemblies should be as small as possible, consistent with their being representative and able to fulfil their functions;
- the policy responsibilities of assemblies are such that there should be significant scope for exploiting linkages and making efficiencies, in a way that is simply not possible when responsibilities are divided between numerous bodies;
- we will apply the principles of 'best value' to assemblies, building on the lessons learned from local government and tailoring requirements to the particular circumstances of assemblies.

Further information on the constitution of elected assemblies and the way in which they will work is set out in chapter 7.

5.13 A regional assembly will, however, have some running costs, which we estimate at around £25 million a year. Around £5 million of this sum represents the cost of staff who will transfer from existing public sector bodies and will work on specific assembly policy functions. The remainder includes members' and officers' remuneration, accommodation, general office expenses, and provision for future elections. We believe that, over time, these costs will be fully or partly offset by improvements in the efficiency and effectiveness with which assemblies carry out their functions, and other savings. For example, an assembly would cover most of its own additional running costs if, through more effective targeting of resources and efficiency improvements arising from scrutiny by assembly members, it increased value for money from its own programme expenditure by three to five per cent.

5.14 A regional assembly will also be able to influence directly a range of other public sector organisations in the region – such as, for instance, the local learning and skills councils – and to engage in a constructive dialogue with other public bodies and the private sector. (Annex B provides as an example a list of public agencies and other public bodies – 'quangos' – active in the North East.) So there is scope for an assembly to make a significant difference by, for instance, encouraging more joined-up working with other public bodies, suggesting changes that would help these other bodies focus more clearly on the region's priorities, and developing a framework that will facilitate and encourage private investment. We believe that an elected assembly is a public investment that can have a major impact on the region's productivity and prosperity.

5.15 The assessment of costs makes no allowance for cost savings that would arise from the establishment of a wholly unitary structure of local government in regions with an elected assembly (see chapter 9). We believe that there should be savings in the medium term from such a restructuring, albeit that there will also be up-front transitional costs. It is not practicable to make a more specific estimate of costs and savings in advance of the Boundary Committee making recommendations on the best unitary structure for a region with an elected assembly.

5.16 Of course, one of the main reasons why the Government wants to establish elected regional assemblies is our wish to increase democratic accountability over decisions taken at the regional level. It is clearly not possible to quantify the benefits of greater democracy.

SETTING AN ASSEMBLY'S BUDGET

5.17 Chapter 7 sets out information about the constitution and structure of an elected regional assembly. The assembly executive will be responsible for drawing up a proposed budget and presenting it to the full assembly for approval. It will then be for the full assembly to approve the budget, to amend it or to reject it and ask the executive to submit a significantly different budget. The Government does not propose to specify in detail the procedures an assembly must follow in order to set a budget, although it does intend to put in place minimum requirements as to the timetable, publicity and default arrangements that must apply. Whilst regional assemblies will raise a precept on the council tax, they will not be responsible for sending bills to council tax-payers. The minimum requirements we will specify will therefore be designed primarily to ensure that an assembly's budget-setting processes fit in with the timetable of the local authorities which will send out council tax bills.

ASSEMBLIES' OTHER FINANCIAL POWERS AND RESPONSIBILITIES

5.18 The Government also intends to:

- place certain requirements on elected assemblies to provide the Government with financial information on request; and
- require an assembly to appoint a chief finance officer.

CHAPTER 6

Boundaries and electoral system for regional assemblies

Chapter summary

- We propose to use the existing regional boundaries for elected assemblies.
- Assemblies will be able to organise their business on a sub-regional basis and to develop and maintain existing cross-boundary relationships, where these arrangements add value.
- Assemblies will decide where their headquarters should be located.
- We propose to adopt the Additional Member System form of proportional representation for assembly elections. Around two-thirds of an assembly's members will be elected under the first-past-the-post system, with the remainder elected from a single 'top-up' constituency for the region. The overall composition of an assembly should therefore be broadly proportional to the votes cast for each party.
- A party will need a minimum of five per cent of the vote before it can return a 'top-up' member.
- Elections will be held every four years.

REGIONAL ASSEMBLY BOUNDARIES

6.1 The Government proposes that the boundaries of elected regional assemblies should be as shown in the box on page 8. These are now the most widely accepted and used regional boundaries.

6.2 These regions:

- are the standard statistical regions used by the Office of National Statistics, and are used as the administrative boundaries by the Government Offices for the regions, Regional Development Agencies, and a number of other parts of central government. The Government believes that they should be used wherever possible by central government bodies that have a regional organisation. Where such bodies currently use different regional boundaries, the Government has a strong presumption in favour of moving to these boundaries when the organisation is next reviewed (see the *Modernising Government* White Paper, from 1999). They also form the constituencies for elections to the European Parliament, and the 2001 White Paper on House of Lords reform proposed that they should form the constituencies for which regional members of the reformed House might be elected;
- are a credible size to support a regional assembly. Although regions differ greatly in size in some other countries (for example, in Germany, Spain and Italy), regions significantly smaller than the Government Office regions would raise major questions about the distinction between regional and local government. On the other hand, regions based on these boundaries are large enough to take a strategic view between the national and local levels and to add real value without undermining the role of local government;

- have a reasonably high level of public recognition. For example, a survey carried out for *The Economist* in 1999 found that in six out of the eight Government Office regions outside London over three-quarters of respondents could name the administrative region in which they lived. Only in Yorkshire and the Humber (66 per cent) and the East of England (52 per cent) was the figure below this level. These levels of recognition are high bearing in mind that the organisations currently based on these regions are not ones that most people will encounter in their daily lives, and that no particular effort has been made to publicise their boundaries. Annex A contains more detailed information about each region;
- are increasingly being used by private sector bodies in order to provide better co-ordination with public sector partners. With only minor variations or amalgamations in a few cases, the Confederation of British Industry, chambers of commerce, Trades Union Congress, Friends of the Earth and Council for the Protection of Rural England, as well as many voluntary sector organisations, have based their regional structures on the Government Office boundaries.

6.3 It could be argued that there is an important difference between public recognition of a region and public acceptance or allegiance. The Government accepts this distinction, which is one reason why our policy is to establish regional assemblies only where there has been a positive vote for one in a referendum. But in terms of deciding the boundaries of the regions within which people will be able to vote, international evidence indicates that it is not necessary for a region to have a strong historic identity in order to create a modern political one. There are examples of regions created administratively in recent times which have developed and maintained a coherent identity and strategic framework – such as the French region of Rhône-Alpes and many of the German *Länder*.

6.4 More generally, the Government believes that a prolonged debate over the composition of individual regions is likely to generate a good deal of fervour, but with no obvious prospect that boundaries that are more widely acceptable or practicable would emerge at the end. So our current view is that the existing standard regional boundaries are the right ones.

6.5 The Government has not completely ruled out in the longer term the possibility of adopting boundaries for regional assemblies that do not follow the existing boundaries. For instance, a future government may, at some stage, want to change Government Office or Regional Development Agency boundaries for reasons not directly connected to elected regional assemblies. In those circumstances, it would clearly be necessary to keep actual or prospective regional assembly boundaries in line. We therefore intend to build on the existing mechanism for changing Regional Development Agency boundaries, so that in exceptional circumstances in the longer term regional assembly boundaries could be altered. In the short to medium term, we do not plan any changes.

6.6 Whatever the regional boundaries, the Government believes that regional assemblies should:

- work for their region as a whole, not just the dominant urban centres;
- take full account of their sub-regions and organise their activities sub-regionally when necessary or desirable (such as participating in relevant sub-regional partnerships);
- develop and maintain existing cross-boundary relationships where these add value.

The establishment of regional assemblies is entirely compatible with the continuation of local authority co-operation across regional boundaries.

LOCATION OF AN ELECTED ASSEMBLY WITHIN A REGION

6.7 It will be for an assembly to decide on the best way to meet its accommodation requirements, including the location of its headquarters and whether some of its proceedings should take place at different venues

across the region. However, an interim solution will be needed to ensure that an assembly can be up and running from the outset. The Government will therefore ensure that suitable accommodation is available initially. In doing so, we will consult the existing chamber in the region concerned to hear its views on the preferred location and will also take account of any suitable buildings in the region which might have spare capacity. Provided that it represents value for money, any initial accommodation will probably be subject to a short-term lease, so that an assembly can make its own decision.

THE ELECTORAL SYSTEM FOR REGIONAL ASSEMBLIES

6.8 The voting system for regional assembly elections must:

- promote inclusiveness, so that assemblies reflect the interests of the range of communities across all parts of their region;
- strike a balance between ensuring that voters have an identifiable constituency representative and encouraging assembly members to take a region-wide view of their responsibilities.

6.9 The Government believes that these two objectives would be best achieved using some form of proportional representation (PR):

- PR provides an assembly membership whose balance more closely reflects the share of votes cast. Voting patterns in England are such that in many – perhaps even most – regions a first-past-the-post system would lead to single-party dominance, with little realistic prospect of changes of control. Based on previous general election results, probably only an assembly in the South West would not give a single party a very clear working majority of members;
- in some regions – such as the North East – the largest party would generally be so dominant under a first-past-the-post system that, simply to give the other parties enough members to have a chance of constituting an effective opposition, the size of an assembly would need to be far larger than the Government believes is necessary or desirable;
- it encourages assembly members to take a region-wide view by avoiding representation in the assembly being linked to relatively small constituencies. It also means that regional assembly constituencies will not mirror parliamentary or local government constituencies and will thus avoid potential tensions;
- PR can facilitate diversity in the selection of candidates by political parties. For instance, some forms of PR include candidate lists which parties could use to achieve a better balance in the selection of their candidates across the region.

6.10 The Government's preference for some form of PR for regional assembly elections does not mean that PR is necessarily the right model for parliamentary or local government elections, both of which currently use first-past-the-post.

The Additional Member System

6.11 The Government proposes to adopt the Additional Member System (AMS) for regional assembly elections. This system is already used for elections to the Scottish Parliament, the National Assembly for Wales and the Greater London Assembly. It means that a regional assembly will have a majority of members representing individual constituencies and elected by the 'first-past-the-post' system, with a minority being elected from regional lists to ensure that the overall representation in an assembly is broadly representative of the votes cast. Each voter would have two votes: one for a constituency member and one for the 'top-up' regional list. The system is described in detail in annex G.

6.12 AMS has a number of advantages:

- it ensures that all voters have an identifiable constituency representative, and that counties and sub-regions which have a distinct identity within their region can elect at least one constituency member to represent their interests;

- but at the same time the relatively large constituencies and top-up members should avoid tensions between assembly members and MPs representing the same constituencies and encourage assemblies to take a region-wide view of their responsibilities;
- it gives voters a wider choice than most forms of PR, so that, for example, they can vote for a popular independent candidate in their constituency whilst still supporting their preferred party with their top-up vote;
- it is relatively simple to understand.

6.13 AMS is a flexible electoral system and there are a number of details which can make an important difference to how it works in practice. The Government proposes that:

- the proportion of top-up seats in any region will be around 33 to 35 per cent of all seats in the assembly. This is similar to the top-up proportion for the National Assembly for Wales, which is one-third of all seats. The Government intends to ask the Electoral Commission to advise on the boundaries of constituencies within regions which vote for an elected assembly. Until the exact number of seats in any assembly is known (see chapter 7), it is not possible to specify an exact percentage of top-up members for regional assemblies;
- constituencies will be based on existing local authority areas. In most cases, constituencies would comprise one or more unitary or district council areas, but for some of the largest local authorities, there would be two or (exceptionally) three constituencies;
- on grounds of simplicity and to produce the most proportional outcomes, there will be a single top-up constituency in each region, as in London;
- the top-up mechanism will have a minimum threshold for party representation in an assembly of five per cent of the vote, following the GLA precedent.

Other electoral matters

6.14 On other matters, the Government generally proposes to follow the precedent of elections to the GLA, including the holding of assembly elections every four years and qualification and disqualification provisions for people seeking election to, and being members of, a regional assembly. As with the GLA, there will be no bar on MPs, MEPs, councillors or peers standing for election to regional assemblies. Successful candidates will wish to consider whether they should resign from other positions to which they had been elected, but whether they should do so would be a matter for them and their party.

CHAPTER 7

The constitution of elected regional assemblies

Chapter summary

- Assemblies will have a leader and cabinet chosen by – and fully accountable to – the assembly. This will ensure a split between 'executive' and 'scrutiny' functions.
- Assemblies will have between 25 and 35 members (all of whom will be directly elected), with executives of up to six elected assembly members.
- Representatives of stakeholders and other unelected people with experience or expertise should be able to participate in all aspects of an assembly's work which do not directly involve decisions being taken. Views are sought on how such participation might be encouraged and on the extent to which the Government should stipulate basic principles or requirements applicable to all regions.

7.1 The Government wants elected regional assemblies to be:

- democratic;
- inclusive and representative;
- small and streamlined;
- effective and efficient;
- clear about the allocation of responsibilities between their different components.

7.2 We therefore propose to set out in legislation the basic framework that would apply to all elected assemblies, but to do so in a way that allows plenty of scope for variations between regions within that overall structure. We want to use this White Paper to consult further on options for involving regional stakeholders (business, trade unions, the voluntary sector and others) in the work of elected assemblies.

THE STRUCTURE OF ELECTED REGIONAL ASSEMBLIES

Assembly executives

7.3 The Government believes that there should be a split between the 'executive' and 'scrutiny' functions within an elected assembly. Such a split is straightforward for people to understand and promotes accountability. It characterises the Westminster and Scottish Parliaments, the Greater London Authority, and modernised structures for local authorities.

7.4 There is a wide range of models based on an executive/scrutiny split. The Government proposes to adopt a model for elected regional assemblies which has a leader and cabinet chosen by the full assembly. The leader and cabinet would comprise an executive of up to six members, who would be responsible for developing policies, gaining the full assembly's assent to them, and then implementing them. But the executive would remain accountable to the full assembly and could be replaced by it at any time by a simple majority vote. This model is similar to the devolution arrangements in Scotland, the way the system in Wales has worked in practice, and also the basic model for a 'leader and cabinet executive' in the new constitutions for local government.

Scrutiny functions

7.5 The Government proposes that each elected regional assembly should establish scrutiny committees, comparable to (but not duplicating the activities of) the overview and scrutiny

committees being set up under local authorities' new constitutions. We do not want to be prescriptive about the number of such committees and their precise functions. In some cases scrutiny could, for example, take the form of a post-event enquiry. Alternatively, a scrutiny committee could participate as a 'sounding board' or a source of ideas and other views as policy is developed.

7.6 We envisage scrutiny committees being an important means of holding an assembly executive to account and of probing specific policy areas in a way that would not be practicable in the full assembly. For this reason, members of an assembly executive would not be allowed to sit on scrutiny committees. There would also be a requirement that the party composition of committees would have to reflect the composition of the assembly itself.

Size of assemblies

7.7 The Government proposes that assemblies should have between 25 and 35 members. This variation would relate mainly to differences in population between regions. We believe that this range is the right one, notwithstanding arguments that regional assemblies in England should be of a size comparable with the National Assembly for Wales (60 members) or the Scottish Parliament (129 members):

- assemblies need to be focused, efficient bodies with a membership compatible with their functions. Regional assemblies will have a lesser range of functions than the devolved administrations and it is right that their size reflects this;
- assemblies need to be large enough to provide members for the executive whilst retaining sufficient 'backbench' members for effective scrutiny. The Government believes that 25 members is about the minimum needed for these purposes, but that more than about 35 members would be excessive;
- assemblies must also be representative of different political views and different parts of a region. Again, 25 members is about the minimum needed to secure a representative assembly using a proportional representation electoral system – but this does not mean that an assembly of, say, 50 members would be twice as representative;
- assemblies of 25–35 members will encourage the elected members to draw in unelected people with a different perspective or special expertise;
- this size would be consistent with the Greater London Authority, which has 25 elected members in its assembly.

Involvement of key stakeholders

7.8 The Government is very keen that key regional stakeholders and their representatives (including business, trade unions, voluntary organisations and environmental groups) should be involved within the structure of an elected assembly. Their involvement in the existing regional chambers has been increasingly successful. In moving to elected assemblies, we would not want to lose the benefits of this participation. Close working with key stakeholders should ensure that an assembly's policies are more soundly based and thus more likely to secure widespread support for their implementation. We also want to encourage the elected members to draw on the experience and skills of individuals in the region who may not have the time or inclination to stand for election themselves. It is partly for these reasons that we have set limits on the size of the elected membership of assemblies.

7.9 There are four main ways in which stakeholders might be involved directly in the work of regional assemblies:

- as full assembly members;
- on the executive;
- in scrutiny committees; or
- in some form of consultative/partnership forum or sounding board.

7.10 These are additional to other, less direct, ways of involving stakeholders such as business appointments to Regional Development Agencies

or specific requirements for assemblies to consult other bodies on, for example, draft strategies or budgets. These proposals do not preclude elected assemblies working closely with other bodies who are active in the region, including those at local level such as local authorities and local strategic partnerships.

7.11 The Government does not believe that appointed stakeholders should be full members of regional assemblies, with the same powers as elected members. This would undermine one of the main reasons for establishing elected assemblies: that bodies operating at the regional level should, as far as practicable, be democratically accountable to people in the region and their elected representatives. We do not believe that this objection would be addressed by creating assembly seats for different stakeholder groups (such as a seat for business, a seat for trade unions, a seat for environmental groups and so on). Even if the practical problems of defining 'stakeholder constituencies' could be resolved, these arrangements could never the address the argument of principle that democracy should be based on 'one person, one vote'.

7.12 For similar reasons, the Government does not believe that unelected stakeholder representatives should be eligible to sit on an assembly's executive. Members of an executive will, jointly and sometimes singly, be taking important decisions on behalf of the assembly. It would be possible to devise arrangements so that unelected people could sit on an executive and participate in assembly proceedings (for instance, speaking in debates and answering questions, but not voting). But this would mean that not all the people taking important decisions in an assembly would be ultimately accountable to the region's voters. The Government will encourage assembly executives to draw on relevant expertise wherever it makes sense to do so. But the leader and cabinet members must take responsibility for their decisions and be accountable for them to the assembly and the electorate.

7.13 The Government sees no issue of principle in unelected people participating in all aspects of an assembly's work which do not directly involve decision-making. This still leaves a large degree of scope for stakeholder involvement, over and above the involvement of stakeholders in specific policy areas or in developing an assembly's overarching regional strategy (see paragraph 4.11):

- people with specific expertise could be co-opted onto **scrutiny committees**, possibly with voting rights. This would be in line with existing local government practice and proposals for change in *Strong Local Leadership – Quality Public Services*. Even so, the number of elected members should exceed any unelected members on any scrutiny committee. As described earlier in this chapter, scrutiny could play a variety of roles, including helping in policy development;
- people with specific expertise could be co-opted by assembly executives onto policy development committees or as **policy advisers** on specific topics;
- there could be **consultative forums** or sounding boards of stakeholder representatives. There is no single model for this approach. For example, there could be one body covering the whole of an assembly's activities, several groups with each covering a specific policy area, or groups set up as necessary to deal with emerging issues. Lessons could be learnt from the arrangements put in place by other organisations, including those in Scotland, Wales, Northern Ireland and London (see Box 7.1), and the EU's Economic and Social Committee;
- an assembly could make **periodic statements**, setting out what it had done to improve, for example, business conditions in the region, on which assembly leaders could be questioned by business people and their representatives, trade unions, and others. This would be additional to the annual 'state of the region' report (see paragraph 7.18).

7.14 We realise that stakeholders' time is precious. The funding for regional assemblies will provide sufficient resources to allow assemblies to draw in stakeholders (see chapter 5). But we are

not inclined to be prescriptive in setting out which of these roles stakeholders should fill. Circumstances will vary between regions and change over time, and a prescriptive regime for all regimes is likely to be too inflexible and also to stifle innovation. On the other hand, we are conscious that stakeholders may be concerned that elected members of assemblies may not give sufficient attention to involving unelected people and that it could be desirable for the Government to set out some basic principles or requirements.

7.15 *We would like readers of this White Paper to give us their views on how to strike the right balance. What principles or requirements should be laid down by central government for all regional assemblies, or should assemblies be given a free hand? If there are to be basic principles or common requirements, should these be set out in legislation (which would be binding, but could be inflexible) or in statutory guidance (to which assemblies would only have to have regard, but which would be more flexible)?*

OTHER ASPECTS OF THE CONSTITUTION OF ASSEMBLIES

Involvement of under-represented groups

7.16 The first elections to the Scottish Parliament, National Assembly for Wales and GLA Assembly were a breakthrough for women's representation, with women comprising around 40 per cent of those elected in each case. The Government also wants to encourage women, people from ethnic minorities, people with disabilities and other traditionally under-represented groups to stand for election to regional assemblies, and to ensure that assemblies pay proper regard to the interests of such groups.

7.17 We propose to:

- apply the Sex Discrimination (Election Candidates) Act 2001 to regional assembly elections. This will ensure that a political party, should it wish to do so, could adopt positive measures that aim to reduce

Box 7.1: Involvement of stakeholders in Scotland, Wales, Northern Ireland and London

The Scottish Civic Forum – The Forum grew out of the Scottish Constitutional Convention and is a non-statutory, voluntary body. Its goal is to facilitate discussion on Scottish political issues, with the aim of increasing participation, finding new ways to open up dialogue, and creating a more open and broadly based political culture. Its membership comprises a wide cross-section of Scottish civic society. One of its roles is to encourage its members to respond to consultations by the Scottish Executive.

Partnership arrangements in Wales – The Government of Wales Act 1998 requires the National Assembly for Wales to have regard to the interests of local government, the voluntary sector and business in Wales. Partnership councils have been established for each of these sectors and provide a forum for them to give advice and make representations to the Assembly about matters affecting them. In the case of the voluntary sector and business, the partnership councils were established following consultation. Membership comprises Assembly Members of all parties and representatives from each sector.

The Northern Ireland Civic Forum – The Forum was provided for in the 1998 Belfast Agreement and established by statute for the purpose of obtaining its members' views on social, economic and cultural matters. It has 60 members, plus a chairperson, including representatives from the business, trade union, culture, education and voluntary/community sectors. The Forum is currently working on four major projects: anti-poverty, lifelong learning, towards a plural society and creating a more sustainable Northern Ireland.

The London Civic Forum – Like the Scottish Civic Forum, this is a non-statutory body. Its aim is to engage the capital's civic society in the new governance of London through democratic debate and effective consultation with the Mayor and the Greater London Assembly. Its membership includes private businesses, public services and institutions, and voluntary and community organisations (including those representing black and minority ethnic communities and faith communities).

inequality in the numbers of men and women elected as candidates of the party;

- apply s.71 of the Race Relations Act 1976. This would mean that a regional assembly must have due regard to the need to eliminate unlawful racial discrimination and to promote equality of opportunity and good relations between persons of different racial groups;
- place elected assemblies under a duty to exercise their general powers with due regard to the principle of equal opportunity for all (and to report annually on progress in fulfilling this duty), to eliminate unlawful discrimination, and to have regard to the need to promote equal opportunities for all persons irrespective of their race, gender, disability, age, sexual orientation or religion.

Openness, accountability and propriety

7.18 The Government believes it is very important that elected regional assemblies should be open, publicly accountable bodies. We therefore intend to:

- apply the Freedom of Information Act 2000 to assemblies, as it applies to most other public bodies;
- require elected assemblies to hold meetings in public, give public notice of meetings, keep records of meetings and other documents and allow people to inspect them;
- require elected assemblies to produce an annual 'state of the region' report. This would set out the assembly's assessment of performance against its targets in a way that facilitates scrutiny and debate, both within the assembly and more widely in the region.

7.19 These statutory provisions will provide a foundation on which regional assemblies can build themselves as open, inclusive bodies. We want elected assemblies to keep people informed of their work, without imposing statutory requirements which could stifle innovation. But the Government will take powers to issue guidance which an assembly would be required to take into account.

7.20. If assembly executives are to work effectively with other bodies, particularly central government, some material will need to be treated as confidential, at least until such time as the executive comes forward with proposals for the assembly to consider. We will put in place suitable arrangements aimed at ensuring that information provided to an assembly executive in confidence by central government or other bodies is not disclosed without the consent of the organisation which gave it, or unless disclosure is required by law.

7.21 The Government also wants elected regional assemblies to be subject to high standards of conduct. We therefore propose that:

- elected assemblies should be subject to the same code of conduct regime that already applies to local authorities;
- the monitoring officer of each assembly should establish and maintain a register of assembly members' interests;
- participation in assembly proceedings should be prohibited unless relevant interests are disclosed;
- although assemblies will have little involvement in direct service delivery, they should be subject to the overview of the Local Government Ombudsman;
- regional assemblies should be empowered to make payments to people who have suffered from their maladministration.

E-government and e-democracy

7.22 We have set a clear target that all central and local government services to the citizen and to business should be e-enabled by 2005. This will involve the transformation of access to government services so that they match people's needs rather than government structures. In setting up the framework for elected regional assemblies, we will ensure that they are e-enabled from the outset and learn from best practice developed in local and central government.

7.23 The Government is developing an e-democracy policy for consultation that could

have a significant impact on the way regional and local government consults and involves citizens in policy and decision-making. The policy is likely to outline two interdependent tracks: electronic voting and electronic participation. The electronic participation track will look at ways in which information and communication technology could be used to enhance opportunities for government at all levels to seek the views, knowledge, and experience of people in order to improve policy and decision-making. Electronic voting is intended to provide more convenient ways of taking part in local, regional, and national elections.

Payment of members

7.24 The Government believes that members of an assembly executive and the chair of an assembly will have full-time posts and should be paid accordingly. Other members of a regional assembly will also have an important role, which is likely to require them to work for perhaps three days a week on assembly business. In order to recompense them for this work, and to attract good quality people who may otherwise be unable or unwilling to stand for election, we propose that these assembly members should receive a salary of around two-thirds of that for the executive members and assembly chair. The Senior Salaries Review Body will be invited to consider what initial salaries would be appropriate and to make recommendations.

7.25 Once set, salaries and any allowances would be a matter for each assembly. An assembly would be required to publish full details of all payments to members and to explain any changes. As noted in paragraph 6.14, MPs, MEPs and councillors could be elected to a regional assembly, but the Government will take powers to ensure that, in such cases, the individual was paid at a lower rate as an assembly member than someone who did not hold another elected office.

Staffing of assemblies

7.26 The Government estimates that a regional assembly will have around 200 members of staff, excluding staff working for the Regional Development Agency. Some of these posts will be inherited from other bodies – such as the Government Office for the region – which currently carry out functions which will transfer to an elected assembly. (Chapter 9 sets out the basic approach which we intend to take to transfers of staff in such cases.) In addition, some staff will be needed to service an assembly – for example, to provide secretarial and administrative support to assembly members and committees – and to deal with finance, communications, legal and other support services. Each assembly will have a chief executive and senior officers, including a chief finance officer and a monitoring officer.

7.27 Staff will be appointed on merit and will serve all the members of the assembly. Selection procedures will be politically impartial. There will not be a formal separation between, for example, staff serving the full assembly and scrutiny committees on the one hand and those serving the assembly's executive on the other. However, assemblies will need to avoid potential conflicts of interest for officers and make practical arrangements to separate staff servicing the full assembly and scrutiny committees from those working directly to the executive. For instance, it would not be desirable or practical if staff working for the executive in drawing up and implementing a strategy were also advising the relevant scrutiny committee when it was investigating the executive's development or management of the strategy.

7.28 The Government also intends to restrict the use of political advisers by parties in regional assemblies, along the lines of existing local government practice. The effect would be that any assembly could have no more than three such posts and that a majority group could not use its position to take all three posts.

CHAPTER 8

Working relationships for effective English regions

Chapter summary

- Our proposals for the eight English regions complement those in place for Scotland, Wales, Northern Ireland and London.
- Responsibility for policy areas of national importance will not be given to regional assemblies.
- Local authorities will remain the community champion and the chief service deliverer in their area.
- We will encourage regional assemblies to take account of the potential impacts of their actions on other regions and nations within the UK and to establish effective cross-regional working arrangements.
- Most English regions already have good connections with the European Union, which could be strengthened further following the establishment of elected assemblies.

8.1 The Government is committed to finding the right delivery mechanisms for public services, bringing together those who can most effectively deliver the best results, and doing so at the most appropriate level. These principles underpin our approach to enabling the most effective working relationships between regional assemblies and central government, local authorities, partner organisations at all levels, and regions without elected assemblies.

IMPLICATIONS FOR ENGLAND AND THE UK

8.2 Following the example of devolution to Scotland, Wales, and Northern Ireland, the Government's aim is to strengthen England by empowering its regions – removing the democratic deficit in the regions, joining up policy-making and improving economic performance in a sustainable way. The creation of elected assemblies in the English regions does not mean the break-up of England, just as devolution has not meant the break-up of the United Kingdom as a unitary state of nations.

8.3 With the introduction of elected regional assemblies there will be a continued need to provide a coherent England-wide view and to deal with cross-regional issues.

8.4 The Government's proposals for elected regional assemblies are designed specifically to address the needs of the English regions. Similarly, the package of responsibilities for the Greater London Authority (GLA) was designed to meet the specific needs of London which, because it is a single conurbation and the UK's capital city, are significantly different to those of the English regions. (Details of the GLA's powers and functions are set out in annex H.) While there may be a case to review the GLA's powers in due course, it is not appropriate to do so until there has been some years' experience of the GLA and of elected regional assemblies in operation. The GLA itself has been operating for only two years,

and the Government believes it is too early to revisit its arrangements.

Within the regions

8.5 Regional assemblies will generally not remove responsibilities from local authorities. Local government will remain the community champion and more involved in service delivery, while regional government leads in the development of the strategic vision for the region. It will be important for improved performance at the regional level to support and build on the strengthened capacity of local government – as envisaged by the recent White Paper *Strong Local Leadership – Quality Public Services* – and to develop working relationships with the local strategic partnerships in the region. Elected assemblies will need to work with local authorities and other bodies delivering public services in the region.

8.6 However, the prospect of establishing a new regional assembly will have some major implications for governance in a region, not least for local government and the way it works. Chapter 9 details the process proposed for moving towards a referendum on an elected regional assembly, including reviewing the structure of local government within the region.

8.7 The regional chambers were designated by the Secretary of State by directions to the Regional Development Agencies under section 8(1) of the Regional Development Agencies Act 1998. Where a region votes, in a referendum, for an elected assembly, the Secretary of State will revoke the designation of the chamber for that region immediately before the assembly is formally established. No region will have both an elected assembly and a regional chamber designated under the 1998 Act. Chapter 7 sets out the Government's proposals for engaging stakeholders in the work of elected regional assemblies.

Cross-regional working

8.8 Some of the issues that an elected assembly will be responsible for will, occasionally, have implications for other – usually neighbouring – regions. It will be important that regional strategies do not in any way have unforeseen or unwanted ramifications for other regions. Moreover, on many issues regions will be able to achieve more by working together. This will apply whether or not a neighbouring region also has an elected assembly; where it does not, the assembly will need to ensure it is involving all of the bodies in the other region likely to have an interest.

8.9 We will encourage elected assemblies to consult widely where their plans are likely to have implications for other regions. Some regional assemblies in England may also need to consider the impact of their activities on Scotland, Wales or Northern Ireland, and establish appropriate relationships with the devolved administrations and other relevant Scottish or Welsh bodies. The Secretary of State will have reserve powers to intervene if he or she considers that an assembly's strategies or actions are likely to have a detrimental impact on another region, Scotland, Wales, or the UK as a whole.

Central government and elected regional assemblies

8.10 Where an elected assembly is established in a region, there will be a clear transfer of responsibility for a range of policy functions from central government and its agencies to the assembly. This will reduce the size of the Government Office and other government-funded bodies in the region. But the Government Office will continue to have a role, both on policy areas not transferred to the assembly and as the primary means by which central government will work in partnership with the assembly. In London, for example, the Government Office is now a key player in the Government's relationship with the Greater London Authority.

The English regions and Parliament

8.11 There will be no change in the responsibilities which Parliament and central government have for UK-wide matters (including defence, foreign policy, relations with international bodies, and taxation). In addition, responsibility for many policy areas of England-wide importance (such as the National Health Service and schools)

will remain on an England-wide basis, and Parliament will continue to have responsibility for these matters. Parliament will continue to be responsible for legislation for the English regions.

8.12 The Government re-established the Regional Affairs Standing Committee in 2001 following a 23 year gap. The Committee provides a forum for MPs to debate issues relating to the English regions. It has already met three times, and the Government welcomes its contribution. We expect the Committee to have a continuing role in considering and debating the development of the Government's policy, up to and beyond the creation of the first elected regional assemblies.

8.13 Parliamentary select committees are also able to scrutinise the Government's policy for the English regions. Clearly, the Transport, Local Government and Regions Committee has a key interest in regional policy, but it is also relevant to the work of a number of other Departmental select committees. (For instance, the sub-committee of the Treasury Select Committee announced in March 2002 its intention to take evidence on regional spending, including the factors behind regional disparities in economic performance.) When reporting on their inquiries, select committees might also consider recommending issues which would benefit from debate within the Regional Affairs Standing Committee; the Government and the House could find such recommendations useful. The Government will be happy to work with Parliament to build on these arrangements if Parliament wishes to do so.

8.14 The November 2001 White Paper *The House of Lords: Completing the Reform* set out options for the nations and regions of the United Kingdom to be represented in the reformed House of Lords. The Government is currently considering responses to its proposals. It intends to introduce legislation thereafter, incorporating decisions on the issues raised in the consultation.

8.15 While regional members of a reformed House of Lords may well want to work closely with an elected assembly if one is established in their region, they will be independent of the assembly and not answerable to it.

THE EUROPEAN DIMENSION TO ENGLISH REGIONAL GOVERNANCE

General relationships within Europe

8.16 While relations with the European Union (EU) are a matter for the UK Government, there are important relationships to be built and maintained at a regional level. Individual local authorities and regional bodies such as Regional Development Agencies have realised that, to make an impact in Brussels, they need to work together at a regional level to gain critical mass. The efforts of the UK's devolved administrations have demonstrated the benefits of such co-ordinated action. The UK's movement to regional constituencies for the European Parliament in 1999 further strengthened the connection between the EU and the regions, with MEPs now speaking for their entire region rather than just a small part of it.

8.17 Most regions now have strong connections with MEPs, the European institutions and regions in the EU and accession countries. All the English regions have some form of representation in Brussels: most have amalgamated their sub-regional offices to form single regional representations, controlled and financed by a consortium of local authorities, educational bodies and others. The Government is keen to encourage regions to expand and enhance their relationships with the European institutions and other European regions, where that can add value.

8.18 EU policies and legislation will have a considerable effect on many of the matters for which elected regional assemblies will be responsible. Influence within the EU begins well before the process of formal negotiations between member states and operates through many more channels than the formal EU and inter-governmental processes. Assemblies will be able to play their part in the less formal discussions with the institutions of the EU and interests within other member states. The Government's response to the European Commission's Governance White Paper (see Box 8.1) dealt with these issues more fully.

European Structural Funds

8.19 The relationship between regions and the EU has been heavily influenced by the desire to obtain Structural Funds assistance. Structural Funds have been the catalyst for strengthened links between the regions and the EU, and are one of the most visible signs on the ground of the benefits of EU membership. Information on the role of elected regional assemblies in overseeing any structural fund expenditure for future programming periods is set out in chapter 4.

The Committee of the Regions

8.20 The Committee of the Regions is consulted by the European Commission and the Council of Ministers on matters likely to have repercussions at the local or regional level. Its representatives are drawn from sub-national tiers of government in each EU member state.

8.21 England currently has 16 of the UK's 24 seats on the Committee of the Regions, and a corresponding 16 of the UK's 24 alternate seats. At present, the Greater London Authority and each English regional chamber propose one member and one alternate for nomination to the Committee through the Local Government Association (LGA), and the LGA make proposals for the remaining English seats.

8.22 These arrangements recognise the need for both the regional and local tiers to have a voice in

Box 8.1: Changes to the European Union

Reforming European governance

Reform of the system of 'governance' within the EU is now under consideration. The European Commission produced a White Paper in July 2001, which covers many aspects of this issue and sets out a list of priority changes that can be made without amending the EU's treaties.

The Commission included the issue of the role that regions and other spheres of sub-national government can play in the EU system of governance. As such, the views of all such organisations will be welcome contributions to the debate. The White Paper acknowledged, however, that the principal responsibility for involving the regional and local level in EU policy would remain with national administrations.

The Government welcomes the consultation exercise and the recognition in the White Paper that Member States' individual constitutional arrangements must be respected. The DTLR is already in consultation with local government through the 'Central Local Partnership'. The Government has agreed a formal response to the European Commission on its White Paper as the UK contribution to the consultation process, which ended on 31 March 2002. This is available on the Government's Europe website (www.europe.gov.uk).

The Future of Europe debate and European Convention

At the Nice European Council in December 2000, EU Member States agreed to start a wide-ranging debate about the 'Future of Europe', before taking decisions in the next Intergovernmental Conference (IGC) about which changes to the EU treaties will be required. The Government welcomes this debate and will be playing a full part: its contributions will be available on the Government's Europe website (as above). The outcome of this process should be a more democratic, accountable, and efficient EU in which nation states achieve more together than they can do alone. The Heads at Laeken (December 2001) agreed that the EU-level 'Future of Europe' debate should be conducted through a Convention; this started work in Brussels on 28 February 2002. The work of the Convention is public, and can be followed on its dedicated website (http://european-convention.eu.int).

The Future of Europe debate covers a wide range of international issues, including the key objectives of the EU, the need to connect the EU better to the needs of citizens, the division of competences within the Union and underlying 'delivery deficit'. Many of these issues will be of interest to different levels of government within the United Kingdom. To this end, the Government welcomes the inclusion of local and regional spheres of government in the Convention. The Committee of the Regions (see paragraphs 8.20 – 8.22) will have six representatives (and six alternate representatives) in the Convention. These will be drawn primarily from Europe's constitutional regions, and from local government organisations.

the Committee of the Regions. The Government intends that in those regions that choose an elected assembly, the assembly will take the role for its region currently exercised by the regional chamber. We will consult on the detail of the nomination process in advance of nominations for the committee to be instituted in 2006.

Beyond the EU

8.23 Covering the whole Council of Europe is the much wider Congress of Local and Regional Authorities in Europe (CLRAE), which consists of two chambers: one representing local authorities and one representing regional authorities in each Council of Europe member state. English members of the 2000–2002 CLRAE regional and local chambers were nominated by the LGA.

8.24 The procedure for the 2002–2004 CLRAE has been amended in recognition of the increasing importance of regional stakeholders in England. Before finalising nominations to the CLRAE regional chamber, the LGA will now consult regional interests – for this purpose represented by the English regional chambers and the Greater London Authority – on their proposals for such nominations.

CHAPTER 9

Process for implementation

Chapter summary

- A 'yes' vote will be needed in a referendum before an elected assembly is established in any region.
- The timing of referendums will vary between regions. Following consultation with all eight English regions (outside London), the Government will decide which should hold a referendum first. It is possible that a referendum may take place initially in only one, two, or three regions.
- Subject to Parliamentary approval of the necessary legislation, the first referendum(s) should take place during this Parliament. Referendums could take place in other regions later.
- Where a regional assembly is established, the Government believes that the local government structure in that region should become 100 per cent unitary.
- Where the Government decides that a referendum should be held in a region, the Boundary Committee for England will be asked to review the local government structure and recommend the most effective wholly unitary arrangements in that region, before the referendum is held, so that voters know the implication of a yes vote.
- Local government restructuring will go ahead where a region votes for an elected assembly, but not where a region votes against.

REFERENDUMS

9.1 The Government's Manifesto said that provision should be made for directly elected regional government to go ahead in regions where people decided in a referendum to support it. That is how we determined whether there was popular support for a Scottish Parliament, a National Assembly for Wales, and a Greater London Authority.

9.2 However, the Government recognises that at present interest in elected regional assemblies varies considerably across England. At this stage, interest in holding a referendum appears to be strongest in the three northern regions, with the North East demonstrating the greatest support. It would not make sense to hold referendums in regions that clearly had no appetite for them. So it is possible that a referendum may take place initially in only one, two, or three regions.

9.3 Given the differences in interest between regions at this stage, we do not propose to require referendums to be held at the same time in all eight English regions outside London. Instead, we will decide when regions should hold a referendum primarily by assessing the level of public interest in each region. A subsidiary factor will be the need to avoid unnecessarily distracting local government with unitary reviews where there is only limited demand for a referendum (see paragraphs 9.5 – 9.11).

9.4 In reaching a decision, we will explicitly seek the views of the regional chamber, local authorities, and other key stakeholders in the

region. We will also take account of letters and other representations from members of the public. For the regions that did not hold one initially, referendums could take place later, again depending on the Government's assessment of the relevant factors and following further consultation. The key features of a referendum are set out in Box 9.1.

LOCAL GOVERNMENT IMPLICATIONS

9.5 Besides giving people in each region the opportunity to decide in a referendum whether they want an elected regional assembly, the Manifesto said that regional assemblies would be provided for 'where predominantly unitary local government is established'. Although an elected

Box 9.1: Key features of a referendum on an elected regional assembly

The Government intends to bring forward, when Parliamentary time allows, a Bill to provide for referendums on elected regional assemblies. Among other things, the legislation will:

- provide that those who may vote in a referendum are electors entitled to vote at local government elections in the region;
- provide for the setting of the date of the first and subsequent referendums;
- set out the question to be asked at any referendum;
- stipulate that, where a region has held a referendum resulting in a 'no' vote, a second or subsequent referendum cannot be held for at least another five years;
- provide for local government reviews before referendums (see paragraphs 9.8 – 9.11).

Referendums will come within the scope of the Political Parties, Elections and Referendums Act 2000. Among other things this will mean that:

- the independent Electoral Commission will be required to publish a statement of its views as to the intelligibility of the referendum question;
- the Commission will also be responsible for appointing the Chief Counting Officer for the referendum, who will then appoint counting officers for the local authorities in the region. These officers will be responsible for conducting the referendum;
- 'permitted participants' (political parties, campaign groups and other similar bodies) in the referendum must register with the Electoral Commission. The Commission will be able to decide to designate a group to represent the 'yes' campaign and a group to represent the 'no' campaign at any referendum. If it does so, these groups will be entitled to financial support and other assistance (such as the distribution of a referendum address free of charge and the use of rooms free of charge for public meetings);
- the Secretary of State may, after consulting the Electoral Commission, make an order capping the amount that a permitted participant in a referendum can spend;
- expenditure by other bodies and individuals at a referendum will also be regulated;
- there will be statutory stages in the run-up to a referendum vote, including a period for permitted participants to register with the Commission and the campaign period itself. In total, the Government envisages a 'referendum period' of around 10–12 weeks;
- there will be restrictions on the promotional material which central and local government can issue in the 28 day campaign period before the referendum date.

The Government intends that referendums should be capable of being held either by all-postal voting or by a traditional ballot, and to use electronic counting of votes. In time, we would also envisage referendums being held by electronic voting.

regional assembly would to some extent simply apply direct democratic accountability to central government activities in the regions, it would still comprise a third elected tier – region, county, district – below national government, and the Government recognises the concern that this would be one tier too many. There are good arguments for establishing regional assemblies in a way that does not add an extra tier of government:

- elected regional assemblies will need to work closely with the local authorities in their region. Moving to a single tier of local government in such circumstances will simplify relationships for both local authorities and regional assemblies. This should lead to more effective local and regional government and facilitate effective partnerships between the two tiers;
- similarly, the creation of regional assemblies will mean that many existing public and private sector bodies will have to enter into a new series of relationships. Moving to a single tier of local government in such circumstances will avoid creating extra complexity for them;
- voters are not always clear at present about what activities are carried out by which tier of local government (see Box 9.2). To add a further tier would confuse matters still further. Moving to a single tier of local government in such circumstances should reduce this confusion: the local authority will deliver local services and act as the community champion and advocate for local people, whilst the regional assembly will set strategic priorities.

9.6 These problems will be less acute in regions where most people already live in unitary local authority areas. But if there were two tiers of local government plus an elected assembly in the same region, an undesirable degree of complexity would be bound to remain. We have therefore concluded that in any region where an elected assembly is established, there should be an associated move to a wholly unitary local government structure. There are clear precedents for such a structure. Almost half the population of England outside London already lives in unitary areas – as shown in Box 9.3 – and London, Scotland and Wales also have wholly unitary structures of local government.

9.7 Where a move to wholly unitary local government is being considered or implemented, we believe that it is very important that the local authorities concerned continue to focus on service delivery. Other local authorities certainly should not be distracted. Whilst the existing powers for the Electoral Commission and the Boundary Committee for England to undertake local government structure reviews will remain in place, we have no intention of

Box 9.2: Responsibilities of local government in the English regions

County councils lead on:

- education;
- strategic planning;
- traffic, transport, and highways;
- fire service;
- consumer protection;
- refuse disposal;
- smallholdings;
- social services;
- libraries.

Non-metropolitan district councils lead on:

- local planning;
- housing;
- building regulations;
- leisure and recreation;
- environmental health;
- refuse collections;
- cemeteries and crematoria.

Metropolitan districts and other single-tier authorities have all the responsibilities above, except that responsibility for the fire service is exercised by joint bodies.

initiating an England-wide review of local government structure. The process we are proposing will only affect two-tier authorities in regions where there is to be a referendum on establishing an elected assembly. Existing unitary authorities in such regions and existing shire districts and counties elsewhere will not be affected.

REFERENDUMS AND LOCAL GOVERNMENT REVIEWS

9.8 Whilst the referendum in any region would be on the merits of an elected regional assembly, we believe that it is important that voters in existing two-tier areas should know the implications for their local authorities before deciding how to vote. We therefore propose to take powers so that, in regions where we decide that a referendum should be held, the Boundary Committee would first conduct a review of local government structure – to a timetable specified by the Government, after consultation with the Committee – in those parts of the region which still have two tiers.

9.9 The Committee would make recommendations to Ministers that would deliver the best 100 per cent unitary structure in the region if it were to have an elected regional assembly. The Committee would not review the existing unitary local authorities, whose status and boundaries would not change. As it can do for structure reviews under existing legislation, the Government would issue guidance to the Committee. But, within the context of the Government's request for recommendations for a wholly unitary structure, the Committee's statutory duty would be to make proposals that appeared to it to be desirable, having regard to the need 'to reflect the identities and interests of local communities and to secure effective and convenient local government'. (These are the criteria that already apply to local government structure reviews.)

9.10 The Government would consider the Committee's recommendations and, if necessary, ask it for further advice on specific points. The Government would then set the date of the referendum and subsequently publish a short, definitive statement of its proposals. This would include the changes to local government structure that the Government proposed to recommend to Parliament for approval if the region voted for an elected regional assembly in the referendum. Voters in the region would then be aware of the

Box 9.3: Organisation of local government in the regions

As the table below shows, the distribution of local authorities differs significantly by region. In particular, four of the regions include the six main conurbations outside London, which are now made up entirely of unitary authorities. So, for example, Merseyside and Greater Manchester between them account for 4 million of the North West's 6.9 million population, and the Leeds/Bradford and Sheffield conurbations account for 3.4 million of the 5 million population of Yorkshire and the Humber. The other four regions only include unitary authorities created as a result of local government reorganisation in the mid-1990s, and have two tiers of local government outside the unitary towns and cities with populations of around 100,000 or more.

Region	Percentage of population in unitary areas	Unitary authorities as a proportion of all authorities
London	*100%*	*33/33 (100%)*
Yorkshire and the Humber	89%	14/22 (64%)
North East	68%	10/25 (40%)
North West	67%	19/46 (41%)
West Midlands	60%	10/38 (26%)
South West	38%	9/51 (18%)
South East	25%	12/74 (16%)
East Midlands	20%	4/45 (9%)
East of England	12%	4/54 (7%)

implications for local government when deciding whether to have an elected regional assembly.

9.11 If there was a 'yes' vote, the local government reorganisation would be taken forward in parallel with the creation of the regional assembly. There would be no requirement that the reorganisation had to be completed before an assembly could be established. However, we would expect the order setting out the new structure for a region to have been approved by Parliament before the region's assembly was established. If the referendum resulted in a 'no' vote, the local government restructuring proposals would not go ahead.

LEGISLATION

9.12 We intend to introduce a Bill to provide for referendums and associated local government reviews when Parliamentary time allows, so that the first assembly referendum(s) can be held during this Parliament. Once at least one region has voted for an elected assembly, we intend, again when Parliamentary time allows, to introduce a further Bill providing for the establishment of elected regional assemblies. This Bill would allow elected assemblies to be set up in each of the English regions outside Greater London and would make provision for their detailed powers, duties and constitution along the lines set out in this White Paper. In the region(s) that had already voted 'yes' in a referendum, elections would then be held within months of the Bill becoming law. In practice, this means that the first regional assembly could be up and running early in the next Parliament.

9.13 In other regions, no elected assembly could be set up until a region had voted for one in a referendum, following the sequence set out in Box 9.4. As noted in paragraph 9.4, referendums in these regions would take place some time after the initial referendum(s), depending on the Government's assessment of the relevant factors.

TRANSFERS OF STAFF AND RESOURCES

9.14 Where a function is transferred to an elected regional assembly and the staff involved in the delivery of that function are transferred with it, the transfers will be on the same basis as if the Transfer of Undertakings (Protection of Employment) regulations (TUPE) applied and in accordance with the Cabinet Office statement of practice on *Staff Transfers in the Public Sector*, which was published in January 2000.

9.15 Where there is a reorganisation of local government as a result of a vote in a referendum to set up an elected regional assembly, the Government would make appropriate orders to transfer the functions of the existing county and dirstrict councils to a new unitary authority and make appropriate provision for the staff affected by the transfer.

9.16 We will keep organisations, staff, and trades unions likely to be affected informed of developments and will consult them on detailed proposals in due course.

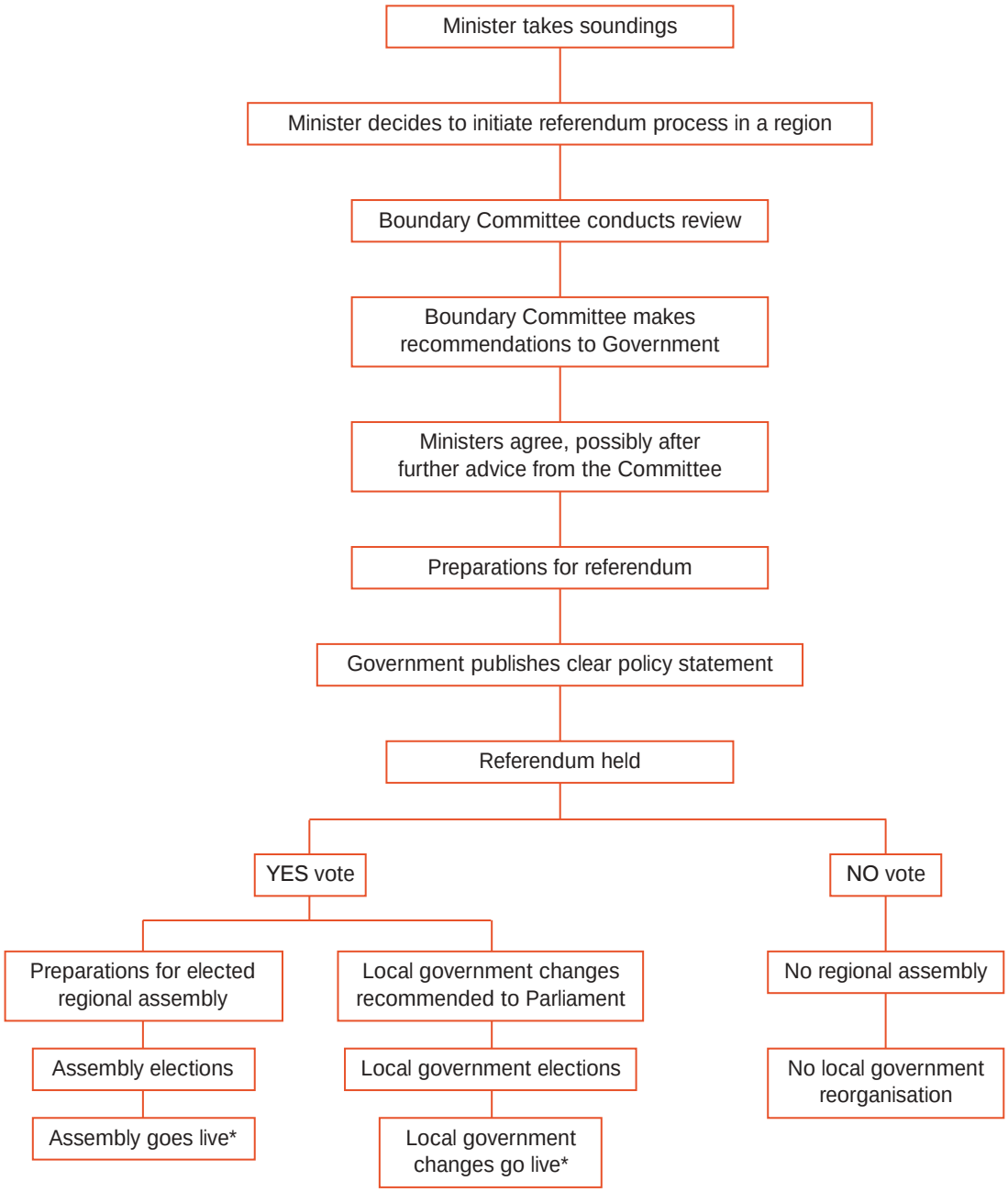
DEVELOPING AND EVALUATING PROGRESS

9.17 In developing proposals for regional governance in England, this White Paper has sought to draw upon available research and evidence concerning the potential form, and impact, of elected regional assemblies. Reviews have been undertaken of international experience (see annex E) and the plethora of regional research, commentary, and advocacy papers which were partially reported in the 2000 report on *Regional Government in England*. Further details of research concerning regional governance structures can be found in annex J, along with details of other relevant publications.

9.18 Strengthening the regions and taking forward the work on elected regional assemblies requires a joined-up approach across government and collective consideration of the major policy issues. As such, the Cabinet Committee on the Nations and Regions, chaired by the Deputy Prime Minister, will review progress and co-ordinate the proposals set out in this White Paper.

9.19 We will monitor and evaluate the effectiveness and impact of the policies set out in this White Paper as part of our overall commitment to ensuring that policies are kept

Box 9.4: The expected procedure for establishing an elected regional assembly



**The 'go live' dates for the assembly and the new local government structures need not be the same date and, in practice, almost certainly will not be.*

under review and are evidence-based. DTLR's medium/long term regional research programme includes provision for an overall evaluation of the impact and effectiveness of the operation of elected regional assemblies established in the future; in the short/medium term, we will monitor the activities of regional chambers, including an evaluation of the regional chambers fund and a review of the chambers' scrutiny of the regional development agencies. We will also keep under review the need for other research into the processes, and impacts, of regional governance more widely. Collectively, this research will assist the Government and others to better understand the implications of these policies and the processes by which they are implemented.

9.20 We will provide further information about the timetable for future action, including the monitoring and evaluation proposed, on the DTLR website by the end of the year. This will include details of current and planned research and evaluation relevant to the development of elected regional assemblies.

WHAT HAPPENS NEXT

9.21 It would be useful to receive views on the proposal on stakeholder involvement in elected regional assemblies set out in paragraph 7.15 by the end of August 2002. We would also be interested in any other views you may have on the proposals set out in this White Paper. Please let us know if you wish your response to remain confidential.

9.22 Views should be sent to:

Regional Policy Unit (White Paper)
Department for Transport, Local Government and the Regions
Zone 1/A4
Eland House
Bressenden Place
London SW1E 5DU.

Responses can also be emailed to regions.whitepaper@dtlr.gov.uk

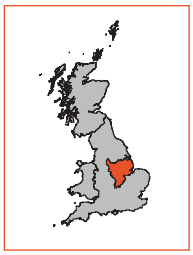
9.23 The Government will begin to assess the English regions against the criteria set out in paragraph 9.3 as soon as is practicable. We want to give people in each region the chance to decide on their future, not to impose uniform solutions from the centre. Establishing elected assemblies in the English regions is a process rather than a single event. These are the first steps towards elected regional assemblies; we expect momentum to build up over the next few years.

9.24 Elected assemblies are a great opportunity for the English regions. People will have an important choice to make. Strong regions matter to the Government – and should matter to everyone in the UK. It is up to each region how they choose to develop and use their strengths. But only elected regional assemblies can offer the chance to deliver more efficient, inclusive, democratic government through:

- decentralisation to the region (with joined-up decisions being taken in the region rather than in Whitehall, based on real knowledge of regional circumstances and priorities);
- a new participative role for stakeholders within the region (involving more people with relevant expertise and interests to benefit the whole region and the range of communities within it); *and*
- greater accountability through democratic representation of the region (with assemblies, answerable to regional people, developing a respected voice for the region).

ANNEX A

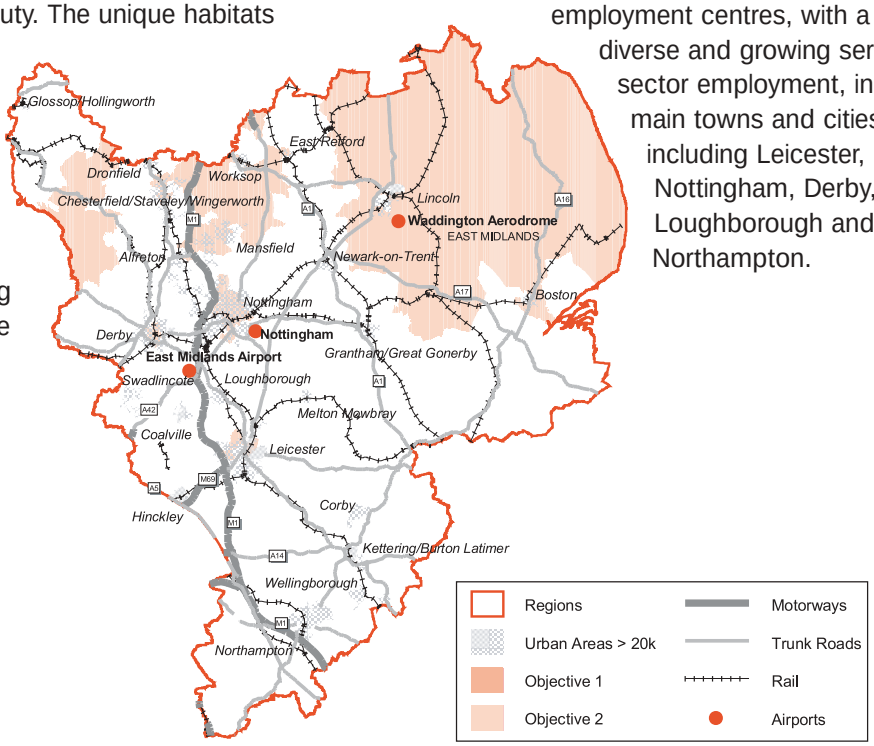
Regional factsheets (for the English regions outside London)



EAST MIDLANDS

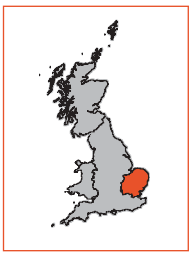
The East Midlands is the third largest English region in terms of land area, yet the smallest in terms of population. It is over 90 per cent rural, incorporating the Peak District National Park and the Lincolnshire Wolds, designated an Area of Outstanding Natural Beauty. The unique habitats of the Wash are protected as wetlands of international importance (Ramsar sites) and include many Sites of Special Scientific Interest. A National Forest is being created in the west of the region. The region's built heritage includes the magnificent Lincoln Cathedral and many stately homes such as Hardwick Hall, Chatsworth and Belvoir Castle.

The region's economy is diverse, with declining manufacturing industries in the former coalfield areas of the north of the region, heavy dependence on agriculture and food processing in Lincolnshire and other rural areas, and core employment centres, with a diverse and growing service sector employment, in the main towns and cities – including Leicester, Nottingham, Derby, Loughborough and Northampton.



Area (square kilometres)	Population	GDP per head (£)	Number of deprived areas	Local authorities	Parliamentary constituencies	Members of the European Parliament
15,627	4,191,200	12,146	4	5 counties with 36 shire districts; 4 unitary councils	44	6

Notes for all regional data in Annex A:
Population figures are taken from *Regional Trends* 36 (Office of National Statistics, 2001).
GDP per head figures are from 1999.
Deprived area figures throughout this annex are taken from a total of the 88 most deprived local authorities in England (see Box B1 on page 78).

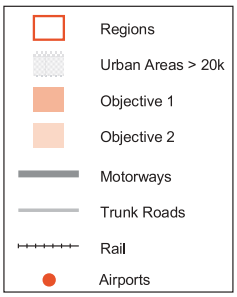


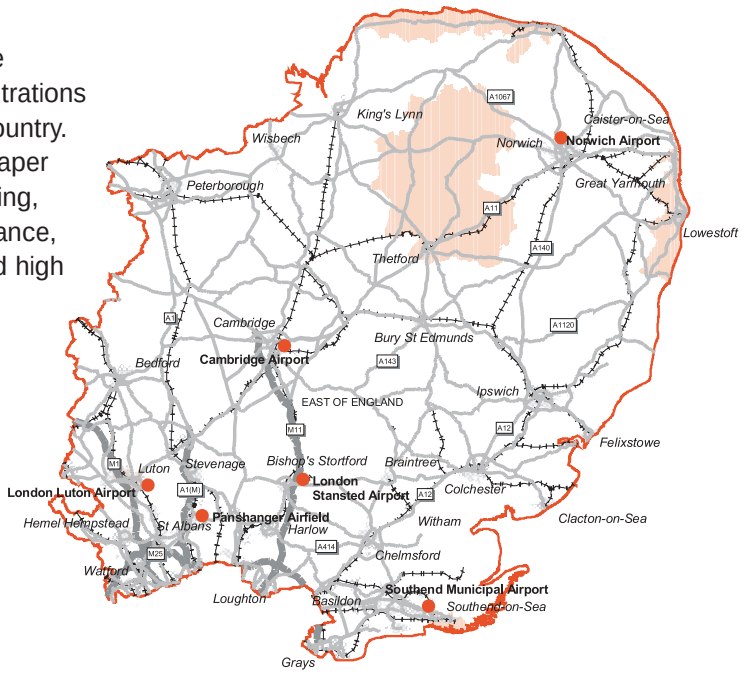
EAST OF ENGLAND

The East of England encompasses a wide range of attractions, from stretches of protected heritage coastline in Suffolk and Norfolk through the Norfolk Broads to the Dedham Vale and Chilterns Area of Outstanding Natural Beauty. The region has 700 Sites of Special Scientific Interest and 39 National Nature Reserves, as well as Community Forests in Bedfordshire, Hertfordshire and Essex and the Fens in East Anglia. The region also has a number of attractive villages, market towns, and distinctive historic cities such as Norwich and the university city of Cambridge.

The East of England region has a diverse economy, with one of the largest concentrations of new and growing businesses in the country. Industries such as vehicles, paper and paper products, footwear, food and drink, printing, electrical engineering, banking and insurance, hotels and catering, pharmaceuticals and high technology, biotechnology and the film industry all have a significant role. Aerospace and defence engineering (which at one time were particularly important to the economies of Hertfordshire and Essex) are of declining importance due to the decline of the defence industry.

The largest concentrations of manufacturing employment in the region are in Luton, Dunstable, Basildon and Southend-on-Sea. Motor vehicle manufacturing is significant in both Bedfordshire and Essex. There is a significant concentration of businesses engaged in R&D, hi-tech manufacturing and computer aided design in Cambridgeshire, primarily on the UK's leading science parks in and around Cambridge





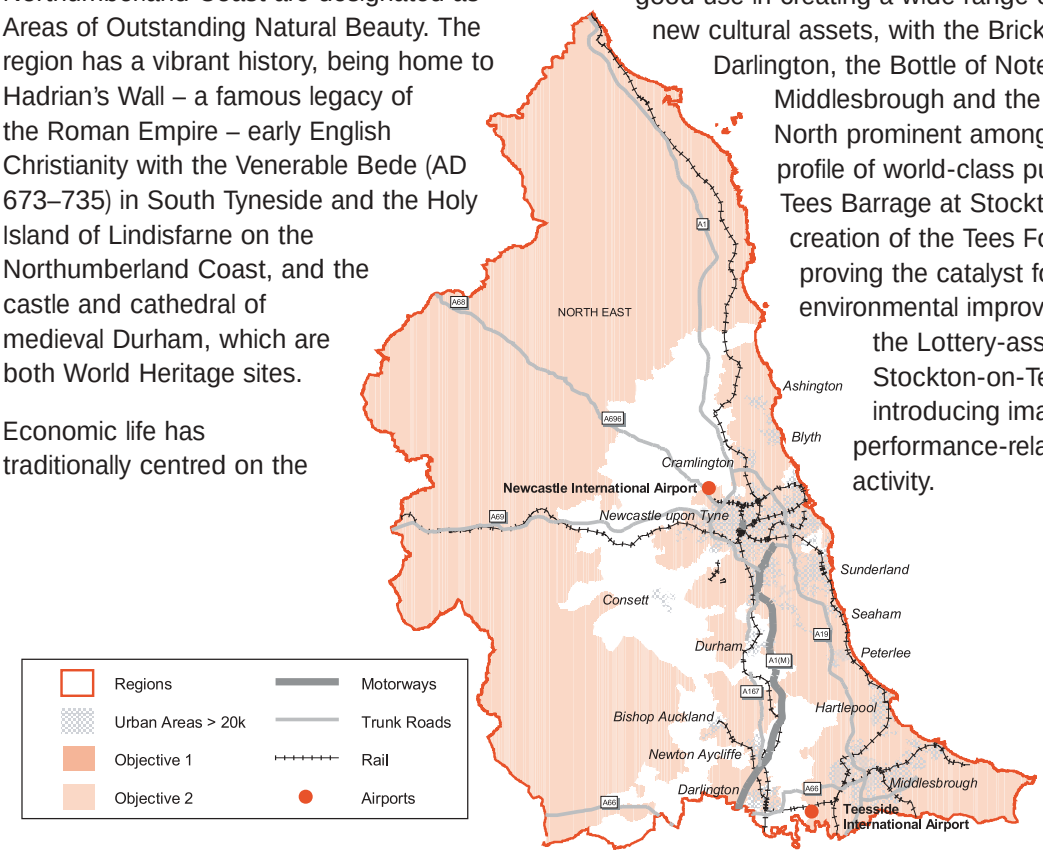
Area (square kilometres)	Population	GDP per head (£)	Number of deprived areas	Local authorities	Parliamentary constituencies	Members of the European Parliament
19,120	5,418,900	15,094	2	6 counties with 28 shire districts; 20 unitary councils	55	8

NORTH EAST

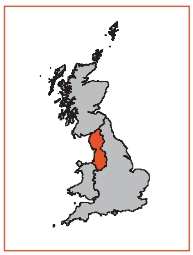
The North East is the smallest of the English regions in terms of both land area and population. Over half of the region is rural, incorporating two National Parks – Northumberland and part of the Yorkshire Moors – and the Border Forest Park. The North Pennines and the Northumberland Coast are designated as Areas of Outstanding Natural Beauty. The region has a vibrant history, being home to Hadrian's Wall – a famous legacy of the Roman Empire – early English Christianity with the Venerable Bede (AD 673–735) in South Tyneside and the Holy Island of Lindisfarne on the Northumberland Coast, and the castle and cathedral of medieval Durham, which are both World Heritage sites.

Economic life has traditionally centred on the estuaries of the three main rivers, based on coal, steel and shipbuilding. Manufacturing is still an important element in the regional economy, though it is now far more diverse, covering areas such as micro-electronics, biotechnology and the automotive industry, as well as a growing service sector.

The region's legacy of innovation, engineering, architectural and design skills have been put to good use in creating a wide range of exciting new cultural assets, with the Brick Train at Darlington, the Bottle of Notes in Middlesbrough and the Angel of the North prominent among a growing profile of world-class public art. The Tees Barrage at Stockton and the creation of the Tees Forest is proving the catalyst for sports and environmental improvements, and the Lottery-assisted Arc in Stockton-on-Tees is introducing imaginative performance-related arts activity.



Area (square kilometres)	Population	GDP per head (£)	Number of deprived areas	Local authorities	Parliamentary constituencies	Members of the European Parliament
8,592	2,581,300	10,024	17	2 counties with 18 shire districts; 10 unitary councils	30	4

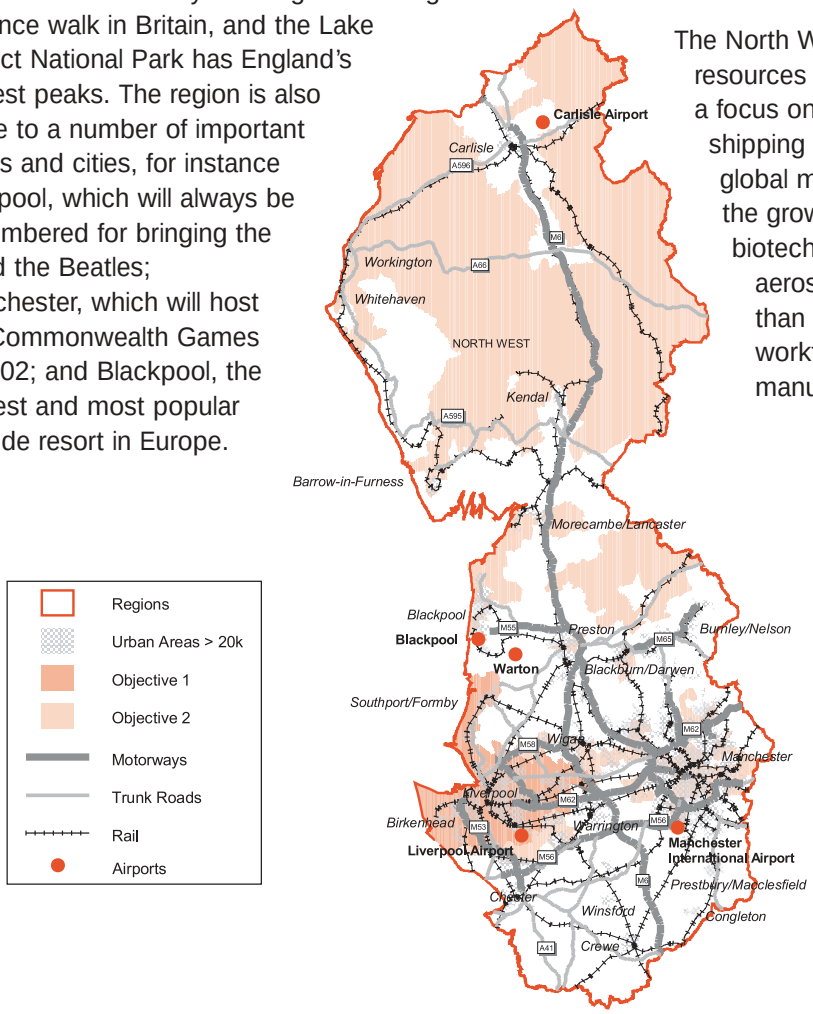


NORTH WEST

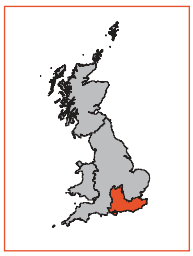
The North West contains some of Britain's most unspoilt countryside, making the region attractive to walkers. The Pennine Way is regarded by many as the greatest long-distance walk in Britain, and the Lake District National Park has England's highest peaks. The region is also home to a number of important towns and cities, for instance Liverpool, which will always be remembered for bringing the world the Beatles; Manchester, which will host the Commonwealth Games in 2002; and Blackpool, the biggest and most popular seaside resort in Europe.

The North West is the largest production centre for film and television outside London and the region's connection with cinema dates back as far as 1896, when one of the earliest known moving pictures, *Lumieres*, was shot in Liverpool. Today the region is probably better known for bringing the world *Coronation Street*.

The North West had rich natural resources and trade links which led to a focus on industries like textiles, shipping and engineering. But shifting global markets have contributed to the growth of new sectors such as biotechnology, chemicals, aerospace and ICT. Today, fewer than one quarter of the region's workforce is employed in manufacturing.

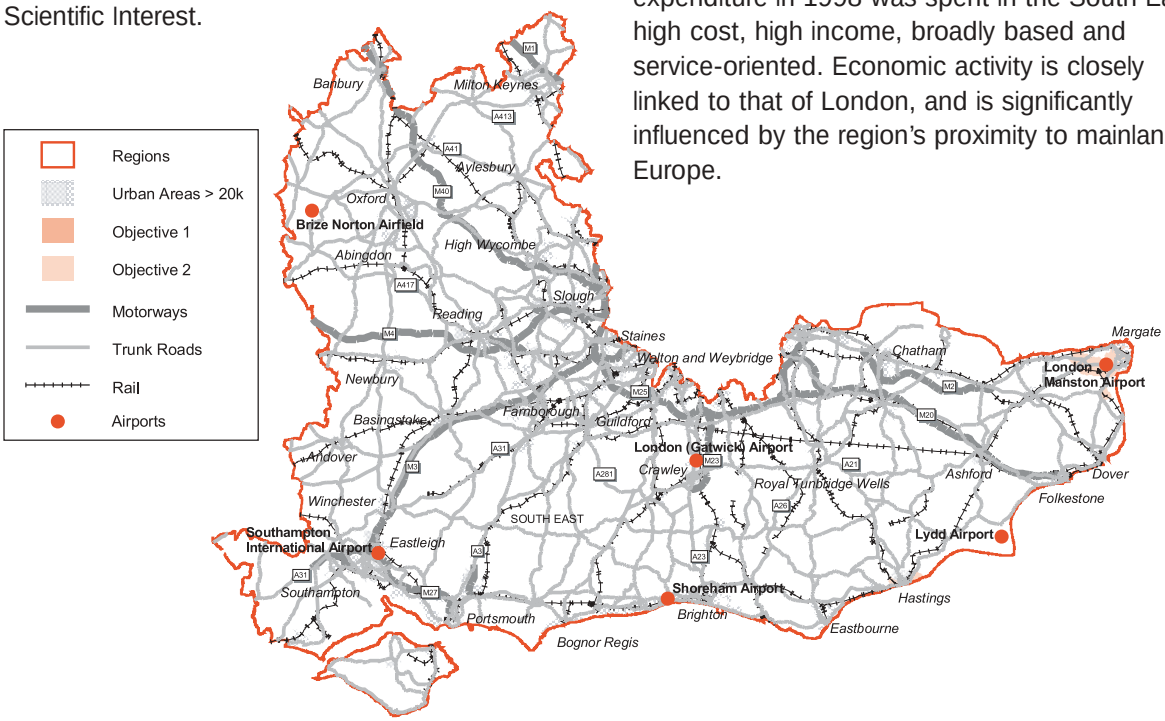


Area (square kilometres)	Population	GDP per head (£)	Number of deprived areas	Local authorities	Parliamentary constituencies	Members of the European Parliament
8,851	6,880,500	11,273	21	3 counties with 39 shire districts; 19 unitary councils	76	10



SOUTH EAST

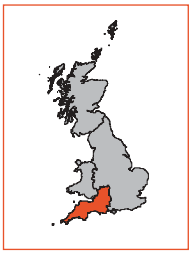
The South East region stretches in an arc around London from Thanet in the south-east to the New Forest in the south-west and Aylesbury Vale and Milton Keynes in the north. The landscape and natural habitat of 40 per cent of the region's area is protected. 6,500 square kilometres are designated as Areas of Outstanding Natural Beauty – a third of the English total. The New Forest and South Downs have been proposed for National Park status. Almost a tenth of the region is woodland and there are 675 Sites of Special Scientific Interest.



The region has a strong cultural heritage. Long-established and internationally famed events such as the Glyndebourne Festival Opera and the Chichester Theatre Festival stand alongside the largest number of specially designated museum collections of any region. The region has a renowned architectural heritage, from Canterbury Cathedral to the spires of Oxford.

Economically the region is strong, accounting for more than 15 per cent of UK GDP – the largest share of any of the English regions – and providing 3.7 million jobs. The South East economy is advanced (a quarter of all UK R&D expenditure in 1998 was spent in the South East), high cost, high income, broadly based and service-oriented. Economic activity is closely linked to that of London, and is significantly influenced by the region's proximity to mainland Europe.

Area (square kilometres)	Population	GDP per head (£)	Number of deprived areas	Local authorities	Parliamentary constituencies	Members of the European Parliament
19,096	8,077,600	15,098	4	7 counties with 55 shire districts; 12 unitary councils	83	11

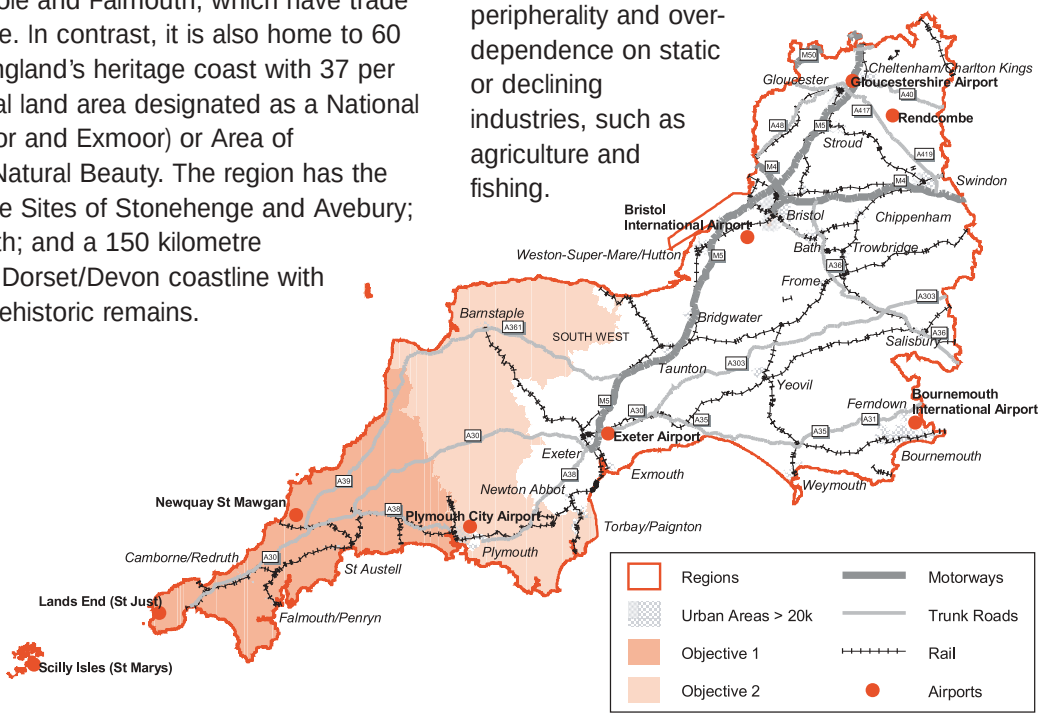


SOUTH WEST

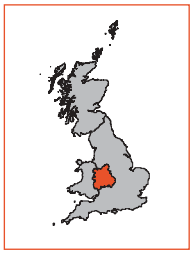
The South West has the largest land area and the lowest population density of any English region. More than four-fifths of the total land area of the region is agricultural and just under a tenth urban or suburban, making the region predominantly rural in character. Over half the population live in rural areas or towns of less than 20,000 people.

The South West is a region of considerable diversity. It has the busy commercial centres of Bristol and Swindon and the ports of Bristol, Plymouth, Poole and Falmouth, which have trade links to Europe. In contrast, it is also home to 60 per cent of England's heritage coast with 37 per cent of its total land area designated as a National Park (Dartmoor and Exmoor) or Area of Outstanding Natural Beauty. The region has the World Heritage Sites of Stonehenge and Avebury; the city of Bath; and a 150 kilometre stretch of the Dorset/Devon coastline with a wealth of prehistoric remains.

The region's economy is very varied. Although traditionally associated with tourism, agriculture and fishing, food, drink and tobacco and the aerospace and defence sectors, recent years have seen a substantial growth in the financial and business services sectors, in the multimedia industry, and in the electronic and high tech industries. The M4/M5 corridor provides a base for global manufacturing companies such as Airbus, Rolls Royce, Honda and Smiths Industries, as well as major producers in telecommunications and electronics such as Orange and Hewlett Packard. The north and east of the region are generally economically prosperous, whereas the far south-west and less accessible rural areas suffer from peripherality and over-dependence on static or declining industries, such as agriculture and fishing.



Area (square kilometres)	Population	GDP per head (£)	Number of deprived areas	Local authorities	Parliamentary constituencies	Members of the European Parliament
23,289	4,935,700	11,782	4	6 counties with 36 districts; 9 unitary councils	51	7

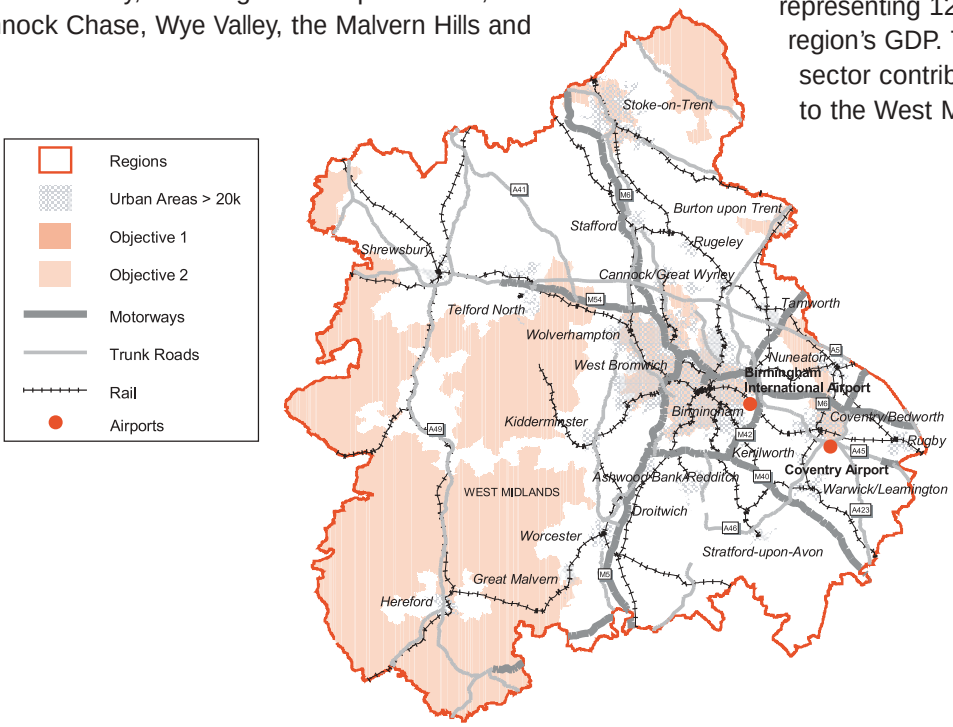


WEST MIDLANDS

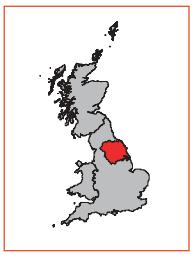
Just over half of the total population of the West Midlands live in large conurbations. The main population centre is based around Birmingham which, with a population of just over 1 million people, lies at the heart of a conurbation covering the Black Country, Solihull and Coventry. The other main population centre is Stoke-on-Trent, with a population of 250,000.

The region has many Areas of Outstanding National Beauty, including the Shropshire Hills, Cannock Chase, Wye Valley, the Malvern Hills and the Cotswolds, with the Peak District National Park touching the north-east of the region.

Historically the urban areas of the West Midlands have been internationally famous for manufacturing a wide variety of products. Restructuring of these industries has reduced the number of people working in the sector, but it still accounts for 29 per cent of the region's GDP and 27 per cent of the region's employment. The financial and business services sector is the next largest at 18 per cent, with the wholesale and retail sector continuing to grow, now representing 12 per cent of the region's GDP. The agricultural sector contributes 1.5 per cent to the West Midlands economy.



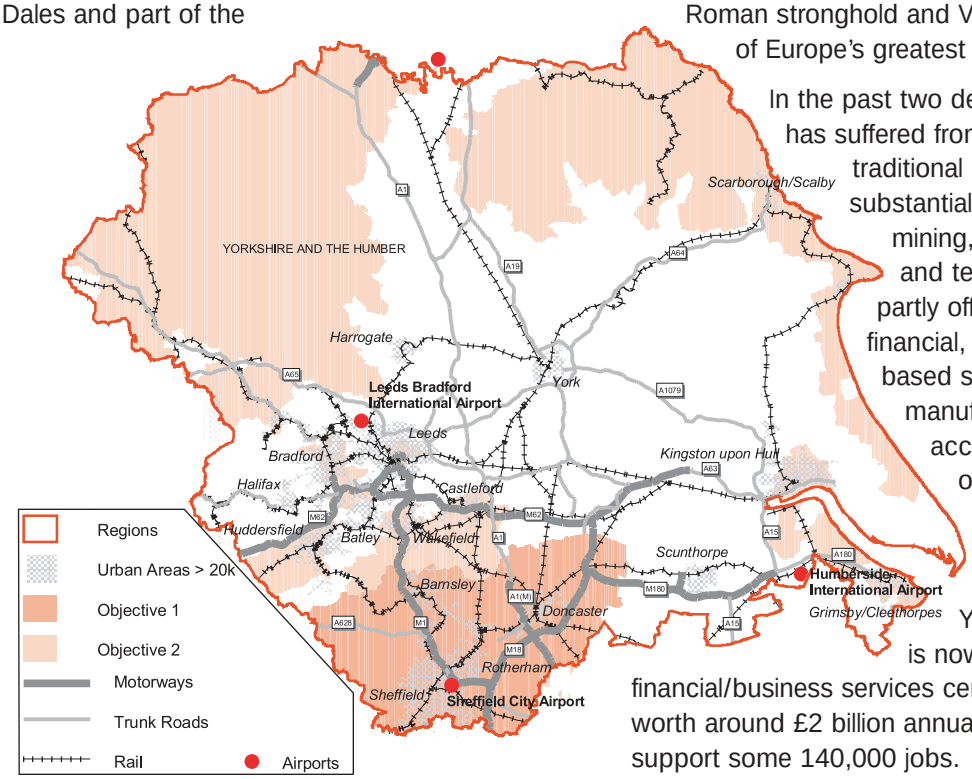
Area (square kilometres)	Population	GDP per head (£)	Number of deprived areas	Local authorities	Parliamentary constituencies	Members of the European Parliament
13,004	5,335,600	11,900	7	4 counties with 25 shire districts; 10 unitary councils	59	8



YORKSHIRE AND THE HUMBER

The region is made up of most of the historic county of Yorkshire plus north and north-east Lincolnshire. North Yorkshire and the Humber are primarily rural, with a cluster of services and heavy industries around the Humber ports, whilst south and west Yorkshire are mainly urban.

The region encompasses three National Parks (the North York Moors, most of the Yorkshire Dales and part of the Peak District), collectively accounting for a fifth of its total land area. There are two Areas of Outstanding Natural Beauty in the region (the Howardian Hills and Nidderdale), and three sections of Heritage Coast: the Spurn peninsula, Flamborough Head, and part of the north Yorkshire and Cleveland coast. The region is also home to four wetlands of international importance (Ramsar sites): the Humber Flats Marshes and Coast; the Lower Derwent Valley; Derwent Ings; and Malham Tarn. There are a total of 365 Sites of Special Scientific Interest and also 10 National and 33 Local Nature Reserves. The city of York – Roman stronghold and Viking capital – is one of Europe's greatest mediaeval cities.



In the past two decades the region has suffered from the decline of traditional industries with substantial job losses in coal mining, steel, engineering and textiles. This has been partly offset by growth in financial, legal and telephone-based services. However, manufacturing still accounts for over a fifth of employment. Diversity is a strength, particularly in west Yorkshire, and Leeds is now England's second financial/business services centre. Tourism is worth around £2 billion annually, and estimated to support some 140,000 jobs.

Area (square kilometres)	Population	GDP per head (£)	Number of deprived areas	Local authorities	Parliamentary constituencies	Members of the European Parliament
15,400	5,047,000	11,404	9	1 county with 9 shire districts; 14 unitary councils	56	7

ANNEX B

Regional comparisons

Box B1: Regional economic disparities in England

Region	*London*	South East	East of England	East Midlands	West Midlands	South West	Yorkshire and the Humber	North West	North East
GDP per head (£)[1]	*16,859*	15,098	11,782	15,094	12,146	11,900	11,404	11,273	10,024
GDP in £ million[1]	*122,816*	121,956	58,151	81,793	50,906	63,495	57,554	77,562	25,875
Average gross weekly wage (£)[2]	*529.80*	434.20	379.10	412.70	371.40	385.90	373.70	385.70	365.80
Household weekly expenditure[3]	*435.70*	417.80	354.10	386.60	347.90	353.20	347.50	340.40	297.20
Employment rate (percentage)[4]	*70.2*	80.4	78.4	79.1	75.8	73.2	73.9	71.0	68.6
Variation in employment rate within region[4]	*33.5*	16.2	20.1	17.1	23.8	25.5	16.6	25.3	20.0
Number of deprived areas[5]	*20*	4	4	2	4	7	9	21	17
Net migration (thousands of people)[6]	*50.2*	51.6	39.4	31.5	12.7	-10.0	2.6	-3.3	-2.7
Productivity[7] (all England = 100)	*117.1*	104.3	106.5	95.6	92.5	90.8	92.1	91.0	90.0
Industrial production as percentage of GDP[8]	*16.6*	22.4	28.6	25.1	36.7	37.4	34.6	32.8	36.2
Services as percentage of GDP[9]	*83.4*	76.8	68.9	73.3	61.3	61.2	63.8	66.2	63.0

Notes:

1. 1999 figures.
2. At April 2001: Office for National Statistics, *Regional Economic Indicators*, November 2001.
3. 1998-2001; combined data from the 1998-99, 1999-2000 and 2000-1 surveys; expenditure rounded to the nearest 10 pence. Source: *Social Trends*.
4. Data relate to the period March 2000 to February 2001. Source: National Statistics.
5. i.e. from a total of the 88 most deprived local authorities in England: DETR, 2000.
6. Office for National Statistics, *Regional Trends 36 – 2001 Edition*. Figures derived from 1999 data for inter-regional and international migration.
7. i.e. GDP per filled job, 1999. Source: www.statistics.gov.uk/themes/economy/Articles/NationalAccounts/productivity.asp
8. As defined in National Accounts plus construction. Office for National Statistics, *Regional Trends 36 – 2001 Edition*.
9. Includes adjustment for financial services. Office for National Statistics, *Regional Trends 36 – 2001 Edition*.

These data are currently collected separately. The Government is developing a set of regional indicators based on better data about the state of each region.

Box B2: Regional health inequalities in England

Region	*London*	South East	East of England	East Midlands	West Midlands	South West	Yorkshire and the Humber	North West	North East
Standardised mortality ratio (UK = 100)[1]	96	93	90	93	98	101	101	108	110
Life expectancy of men[2]	75.5	76.7	76.7	76.6	75.4	74.9	74.9	74.0	73.9
Life expectancy of women[2]	80.6	81.2	81.5	81.0	80.2	79.9	79.8	79.0	78.8
Infant mortality rate[3]	6	4.8	4.6	4.6	6.1	6.9	6.2	6.6	5.5
% of people who reported limiting long-standing illness[4]	17	17	19	18	21	20	22	22	23
% of males aged 16+ who reported 'good' state of general health[5]	65	66	63	63	59	57	61	59	57
% of females aged 16+ who reported 'good' state of general health[5]	59	51	50	59	59	56	54	57	50
Cigarette smoking among males aged 16 or over[6]	11	9	8	9	9	11	11	11	13
Cigarette smoking among females aged 16 or over[6]	7	6	7	5	7	6	6	10	10
Alcohol consumption among males aged 16 or over[7]	18	18	18	14	20	21	24	27	23
Alcohol consumption among females aged 16 or over[7]	6	7	8	6	7	9	7	11	8

Notes:

1. Figures for 1997: Office for National Statistics, 1999
2. Figures in years, covering life expectancy at birth for the period 1998–2000. Source: Office for National Statistics.
3. Figures for 1999: deaths of infants under 1 year per 1,000 live births. Source: Office for National Statistics, *Regional Trends 36 – 2001 Edition*.
4. 'Long-standing illness' is measured by asking respondents if they have a long-standing illness, disability or infirmity. Long-standing means anything that has troubled the respondent over a period of time or that is likely to affect the respondent over time. A limiting long-standing illness/infirmity is one which limits the respondent's activity in any way. Figures for 1996-7. Source: Office for National Statistics, *General Household Survey*.
5. Figures for 1998-9. Office for National Statistics, *Regional Trends 36 – 2001 Edition*.
6. Percentage smoking 20 or more cigarettes per day. Source as above.
7. Percentage who drank more than 8 units of alcohol on the heaviest drinking day of the previous week in 1998-9. Source as above.
8. Percentage who drank more than 6 units of alcohol on the heaviest drinking day of the previous week in 1998-9. Source as above.

ANNEX C

Public bodies active in the North East

1. Apart from the Government Office there can be up to four main types of government presence in a region, not all of which will be associated with a spending programme:

- central government agencies with local or regional offices (such as the Driver and Vehicle Licensing Agency);
- national public bodies ('quangos') with local or regional offices (such as English Nature or the Prescription Pricing Authority);
- regional public bodies operating or structured on a regional basis (such as Culture North East);
- local organisations located in a region (such as the Berwick Harbour Commission).

2. Many of these organisations are accountable to central government; many senior appointments are made by Government Ministers. In addition to these are central government programmes operating locally within a region (such as Health Action Zones). These should not be confused with the larger number of regional and local partnerships also present in each region, but with which there may be some overlap.

3. An indicative list of the public bodies active in the North East is set out in Box C1.

Box C1: Public bodies active in the North East

Central government Departments and agencies with regional or local offices

Appeals Service

Child Support Agency

Court Service

Crown Prosecution Service

Driver and Vehicle Licensing Agency

Driving Standards Agency

Drug Prevention and Advisory Service

Employment Tribunals Service

Forestry Commission

Government News Network

Highways Agency

HM Customs and Excise

HM Land Registry

Inland Revenue

Insolvency Service

Jobcentre Plus

Meteorological Office Weather Centres

NHS Executive

Pensions Service

Rural Development Service

Rural Payments Agency

Small Business Service

Social Services Inspectorate

Trade Partners UK

UK Immigration Service

UK Passport Agency

Utilities regulators

Valuation Office Agency

Vehicle Inspectorate

Veterans Agency

National public bodies ('quangos') with regional or local offices

Advisory, Conciliation and Arbitration Service

Arts Council of England

Community Fund

Countryside Agency

Environment Agency

English Heritage

English Nature

English Partnerships

Health & Safety Executive

Housing Corporation

Independent Television Commission

Learning and Skills Council

Legal Services Commission

Medical Research Council

New Opportunities Fund

Prescription Pricing Authority

Probation Service

Public Health Laboratory Service Board

Radiocommunications Agency

Sport England

Strategic Rail Authority

Youth Justice Board for England and Wales

Regional public bodies

Culture North East (regional cultural consortium)

One North East (Regional Development Agency)

Sub-regional or local organisations located in the region

Berwick Harbour Commission

Blyth Harbour Commission

Connexions Service

Port of Sunderland Authority

Primary care trusts

ANNEX D

Existing regional strategies

The strategies currently prepared on a regional basis by groupings of regional organisations (often including the regional development agency, regional chamber, and/or Government Office for the region) are set out below. The diagram on page 83 shows the range of separate strategies which are currently produced in the North East. Changes proposed to regional planning guidance in the 2001 Green Paper on planning (*Planning: Delivering a Fundamental Change*) are set out in chapter 2.

REGIONAL SUSTAINABLE DEVELOPMENT FRAMEWORKS

- Arrangements for preparation determined in the region. Should involve the Regional Development Agency, local government, regional round table, regional chamber, business networks, the voluntary sector and other public services.
- Should be endorsed by the regional chamber.
- Frameworks in place by end 2000. For region to decide when they will be updated.
- The Government encourages frameworks to:
  - define a high level vision for moving towards sustainable development in the region, considering the key social, economic, environmental and resource issues and the inter-relationship between them;
  - define sustainable development objectives for the region, and set priorities with the help of regional indicators and targets;
  - provide a regional vehicle for meeting the national target for increasing production of renewable energy;
  - establish a process of monitoring and review, taking account of the role envisaged for the framework;
  - support and draw from existing work including community strategies.

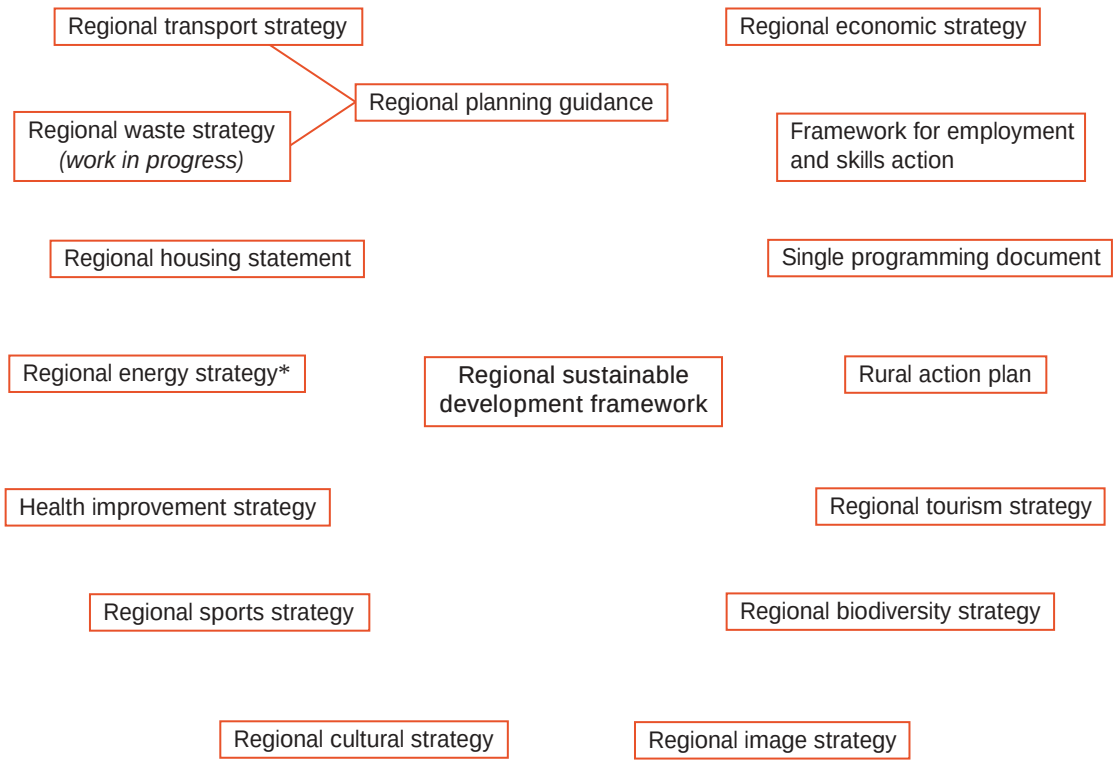
REGIONAL PLANNING GUIDANCE

- Prepared by regional planning bodies and issued by the Secretary of State. In five regions the regional chambers already have the role of the regional planning body. In the others, the regional planning body is a forum of local planning authorities.
- No fixed or review cycle.
- Subject to non-statutory public examination before publication by Secretary of State.
- Covers a 15–20 year period.
- Local planning authorities required to have regard to regional planning guidance in preparing structure plans or Part I of unitary development plans.
- Provides a regional spatial strategy, including a regional transport strategy, within which local authority development plans and local transport plans can be prepared.
- Identifies the scale and distribution of provision for new housing and priorities for the environment, transport, infrastructure, economic development, agriculture, minerals, and waste treatment and disposal.

REGIONAL TRANSPORT STRATEGIES

- Prepared by regional planning bodies as part of regional planning guidance.
- Review in 2003 and every five years thereafter.
- Covers a 15–20 year period with a particular focus on the immediate five-year regional transport priorities.
- Sets out regional priorities for transport investment and management, across all modes, to support the regional strategy, including the role of trunk roads and local highway authority roads of regional or sub-regional significance.

Box D1: Strategies in the North East



** Initially developed as a strategy for sector development and implementing the rational use of energy in the region. Subsequent work has focused on renewable energy.*

- Provides a strategic steer on the role and future development of railways, airports and ports in the region, consistent with national policy.
- Gives guidance on measures to increase transport choice, including the better integration of rail and bus services.
- Details public transport accessibility criteria for regionally or sub-regionally significant levels or types of development, to be set out in development plans and local transport plans, to guide the location of new development and the provision of new transport services or infrastructure.
- Provides advice on the approach to be taken to standards for the provision of off-street car parking.
- Provides guidance on the strategic context for demand management measures such as road-user charging and levies on private non-residential car parking.

REGIONAL WASTE STRATEGIES

- Prepared by regional planning bodies as part of regional planning guidance.
- Regional planning guidance should:
  - set regional waste management capacity and disposal targets, including for the recycling and recovery of waste, to promote sustainable waste management, waste minimisation and alternatives to landfill;

  - set indicators for the measurement of progress against these targets, which can be regularly monitored;
  - specify the number and capacity of the different types of waste management facilities required and identify their broad locations in the region;
  - assess the need for any facilities to deal with special/hazardous waste in the region.
- The Government advises regional planning bodies to convene Regional Technical Advisory Boards (RTABs) to research and advise on waste issues in the region. The RTABs should include representatives from the waste planning authority, representatives from the different sectors of the waste management industry, the Government Office for the region, the Environment Agency and other statutory consultees. Following publication of the RTAB's advice by the regional planning body, wide-ranging consultation should take place before the regional waste strategy is finalised.

REGIONAL ECONOMIC STRATEGIES

- Statutory requirement. Prepared by the Regional Development Agency. Scrutinised by the regional chamber.
- First strategies produced in October 1999 – to be reviewed every three years.
- The Regional Development Agency involves any specified key stakeholders in the development of the strategy.
- The strategies should provide:
  - a regional framework for economic development, skills and regeneration which will ensure better strategic focus for and co-ordination of activity in the region – whether by the agency or by other regional, sub-regional or local organisations;
  - a framework for the delivery of national and European programmes which may also influence the development of Government policy;
  - the basis for detailed action plans for the agency's own work, setting the wider aims and objectives for its annual corporate plan.

FRAMEWORKS FOR EMPLOYMENT AND SKILLS ACTION

- Replace regional skills action plans.
- Prepared by a regional employment forum led by the Regional Development Agency and including the Learning & Skills Council, Employment Service, and Government Office.
- First frameworks due by October 2002.
- Aims to ensure a more strategic approach to the labour market at a regional level, bringing together plans on employment and skills and integrating them with economic development. These should set out:
  - targets: quantitative and qualitative (such as employment rate, diversity, non-traditional working hours);
  - role to be played by each agency in promoting employment and skills regionally and locally;
  - how they intend to gather, share, analyse, disseminate and act upon formal and informal intelligence on both local and global issues;
  - emergency planning: how they intend to deal with long and short-term emergencies, such as sectoral change and decline, recruitment difficulties and redundancies;
  - how they intend to provide a co-ordinated, coherent and transparent service, which includes help with recruitment, skills development and other business development issues.

REGIONAL HOUSING STATEMENTS

- Statements are produced annually.
- Originally prepared jointly by the Government Offices and the field offices of the Housing Corporation, but increasingly now prepared by regional housing fora.
- The main purposes of the statement are to:
  - provide a regional context for local authorities in drawing up their own housing strategies;
  - encourage authorities to develop more strategic approaches, particularly in co-operating with neighbouring authorities and related services;
  - provide a link with other regional and cross-authority strategies and planning processes;
  - identify the regional priorities for housing investment to be funded from the Housing Corporation's Approved Development Programme, through housing associations and other registered social landlords.

REGIONAL CULTURAL STRATEGIES

- First strategies published in 2001.
- Prepared by regional cultural consortia, established to champion the cultural and creative interests in the region and develop a common cultural strategy.
- The consortia advise and inform central government, National Lottery distributors, local government and regional bodies such as the Regional Development Agencies.
- Nominations for membership are made by the regional arts, museums, heritage, tourism and sporting public bodies, library and archive interests, the Regional Development Agency, the regional chamber, and local government. Other interests may be invited to join a consortium.

ANNEX E

Regional arrangements in other countries

Country	Nature of regions
Austria	9 *Länder*.
Belgium	3 language communities: *Française; Flamande; Germanophone;* and 3 regions: Flandre; Wallonie; and Bruxelles capital region.
Canada	10 provinces and 3 territories.
Finland	Autonomous region of Åland. (Finland does not otherwise have regional government.)
France	22 *conseils regionaux*.
Germany	16 *Länder*.
Italy	20 *regioni* (5 special regions; 15 ordinary regions).
Netherlands	12 provinces.
Poland	16 *voivodships*.
Portugal	2 autonomous regions. (Mainland Portugal has not implemented regional government.)
Spain	17 *communidades autonomics*.

AUSTRIA	
Tiers of government.	A federal state with three tiers of government: *Bund* (federal level); *Länder* (regions); and *Gemeinden* (local government).
Population range of regions	Smallest: Vorarlberg 350,000 Largest: Wien (Vienna) 1.6 million
Historical formation	From 1918, following the collapse of the Austro-Hungarian Empire, a federal state was created in Austria. The *Länder* were officially granted powers and duties within the 1920 constitution. Most *Länder* have a historical identity that can be traced back to the Middle Ages.
Democratic form	The responsibilities of the *Länder* are enshrined within the national constitution (Article 15). Each *Land* has its own constitution, parliament *(Landtag)* and executive. Members are directly elected via the Additional Member System. Each *Land* parliament elects a head of government and a cabinet. The national second chamber *(Bundesrat)* consists of *Land* MPs elected by the *Landtag.* However, the *Bundesrat* has only limited powers, principally a power of temporary veto against draft legislation proposed by the National Assembly *(Nationalrat)*.
Autonomy	Austrian *Länder* are weaker than in many federal systems. The federal government retains the dominant role in the division of powers and functions, has sole legislative powers in respect of key functions, and has sole responsibility for public finance. *Länder* have legislative powers within a number of fields and tax-raising powers for purposes not already covered by taxation within federal legislation. The distribution of competencies amongst tiers of government is set down within the national constitution. *Länder* have a general power of competence, in which matters not explicitly the responsibility of the state remains within the sphere of competence of the *Länder*. *Länder* have power of veto against legislation proposed on them from other levels and a supervisory role in respect of the activities of municipalities.
Functions	There is an overlap of functions and financial responsibilities between the three tiers of government. Those of the *Länder* are: • Complete *Länder* competencies in both legislation and administration (i.e. functions not assigned to the federal level) are: environmental protection; building laws; land use planning; aspects of agriculture and youth welfare; theatres; sport and tourism. • Federal legislation but *Länder* administration: citizenship; traffic legislation; social welfare housing; urban redevelopment. • Federal legislation to establish general principles, with *Länder* responsible for detailed legislation and administration: basic social welfare; hospitals; land reform; regional/local aspects of electricity system; primary and secondary school building and maintenance. The *Länder's* main direct expenditures are on education, housing (construction), health and hospitals.
Sources of finance	Shared taxes 45% Exclusive taxes 2% Transfers (grants etc.) 48% Other 4%
Control of total public expenditure	26%

BELGIUM	
Tiers of government	Under a system of 'co-operative federalism' Belgium government tiers comprise: central government *(Gouvernement Federal)*, a regional level of three language 'communities' (Flemish, French and German-speaking) and three regions (Flanders (Flemish), Wallonia (French), and Brussels capital region), with two-tier local government consisting of provinces and municipalities.
Population range of regions	Smallest: 950,000 Brussels capital region Largest: 5.9 million Flemish region
Historical formation	Belgium has a cultural history of regionalism due to the existence of three distinct linguistic communities. However, it was not until 1993 that a new federal constitution was formally adopted. The system of co-operative federalism was designed to accommodate these communities.
Democratic form	Belgium has two types of regional structures: a composite upper level of decentralised government of three language communities (Flemish, French, and German), and three economic regions (Brussels city, Flanders, Walloone). Regions have separate institutions, with equal legal status and exclusive areas of competence. The Flemish community and region has one government and parliament whereas the French community and Walloon region have separate parliaments and governments. The German-speaking community has powers in relation to its municipalities but regional matters are dealt with by the Walloon region. The capital region of Brussels is jointly overseen by the French and Flemish communities. Elections to community and regional parliaments are held every five years, using the list system; these elections coincide with European elections.
Autonomy	Belgium's autonomy has a 'double structure' where there is no hierarchy between federal and sub-national levels of government. Therefore, federal law cannot override sub-national law.
Functions	The communities exercise power in 'personal' matters (languages, culture, education, media, health & welfare). The regions have territorial & economic powers such as town and country planning, urbanisation, environment, housing, employment, public works, transport, foreign trade, agriculture and energy. They also supervise the local provinces and municipalities. The communities and regions also have full powers in the field of international relations relating to policy areas for which they are responsible.
Sources of finance	Belgium's constitution gives limited tax-raising powers to all levels of sub-national government. Regions and communities rely heavily on these taxes, some of which are shared with the federal government, as well as having autonomous tax-raising powers. Under the current system it is a statutory requirement that resources be transferred to these authorities on a sufficient scale to enable them to perform their functions effectively, with each region autonomously deciding the amount of the fund.

CANADA	
Tiers of government	A federal state with three tiers of government: federal government (central state); provincial/territorial governments (regions); and municipal governments (local authorities). Two-tier local government (with county governments in additional to municipal governments) exists in some provinces.
Population range of regions	Smallest territory: Nunavet 28,000 Smallest province: Prince Edward Island 139,000 Largest province: Ontario 11.9 million
Historical formation	Canada has been a federation since inception in 1867 by an act of the UK Parliament, in order to accommodate English-speaking and French-speaking communities, as well as different economic interests. Initially there were four provinces but this has increased to ten over a period of about 80 years. Generally speaking, Canada has decentralised over the years, with provinces accumulating a greater range of competencies.
Democratic form	Elections have to take place within a five-year time scale, using the first-past-the-post system. Provincial assemblies are unicameral with executives drawn from the legislature.
Autonomy	Canada has a federal constitution which provides a high level of autonomy to the provinces. The federal government retains a formal capacity to 'reserve' or 'disallow' provincial legislation; this has not been used for 50 years.
Functions	Enshrined within the Constitution Act. However, provinces have a greater range of competencies than territories. Provincial functions: prisons; social security; health; education; civil law; justice; courts; police; births; marriages; deaths; incorporating companies; management and sale of public land; management of natural resources on land; alcohol sales. Concurrent competencies: agriculture and immigration. Territories: do not have competency over amending their constitutions, management and sale of public lands, borrowing money solely on credit. Power to incorporate companies is restricted.
Sources of finance	Income tax is shared with federal government. Provinces raise their own taxes (which varies between province). Provinces also receive funding through federal transfers. There are three main transfers – the Canada Health & Social Transfer (CHST), the Equalization programme, and Territorial Formula Financing (TFF) – and several smaller transfer programmes. In 2001–2002 provinces and territories received a total of 46.5 billion Canadian dollars. These transfers are based on fiscal capacity of province and aims to equalise fiscal imbalance and to create comparable levels of public services across the provinces and territories.
Control of total public expenditure	41%

FINLAND	
Tiers of government	A unitary state with two tiers of government: the central state government and 452 kunta municipalities. There is no tier of regional government, although there is an historical autonomous region of Åland. Finland is divided into 19 regions for strategic planning purposes.
Population range of regions	Smallest: Åland 25,700 Largest: Uusimaa 1.3 million
Historical formation	The 1919 Constitution made provisions for a level of directly elected county councils though these never came into effect. Following the Regional Development Act 1994, (a response, in part, to the requirements of the EU Structural Funds), 19 appointed Regional Councils were created. The Åland autonomous region was granted autonomy in 1921; the Government of Åland is the only directly-elected regional assembly within Finland.
Democratic form	Åland: Parliament is called the *Lagting*, which appoints Åland's government, the *Landskapsstyrelse*. The *Lagting* consists of 30 members whom are elected every four years by citizens of Åland. To ensure the interests of Åland are represented at the national level, a representative sits within the central state government.
Autonomy	Åland: *Lagting* has the duty to adopt the budget of Åland and possesses the right to pass laws in education, culture and preservation of ancient monuments, health and medical services, promotion of industry, internal communications, municipal administration, the police service, the postal service, radio and television. In this sphere, Åland functions in a similar way to an independent state; however, laws passed by the *Lagting* are subject to approval by the president of Finland, who retains the power of veto.
Functions	Education, culture, health services, economic development, communications, police.
Sources of finance	The state of Finland collects taxes, duties and charges from the region of Åland, and in return the *Lagting* receives 0.45% of the state budget (except state loans). The *Lagting* has freedom to decide on what to allocate this money.
Control of total public expenditure	0.45%

FRANCE	
Tiers of government	Four tiers of government: central state; 22 *régions*[1]; 96 *départements* (upper tier local government); and almost 37,000 *communes* (lower tier local government).
Population range of regions	Smallest: Corsica 300,000 Largest: Ile-de-France 10.9 million
Historical formation	Since 1956, France has been divided into 22 administrative regions for state planning and statistical purposes. Decentralisation laws passed in 1982 imposed *conseils regionaux* (regional councils), which are directly elected, although the first elections were not held until 1986. Regional boundaries have been purposely designed in an artificial manner so as not to reflect traditional identities.
Democratic form	French regions each have their own *conseil régional* and executive. Members are directly elected every six years by party list PR (based on *département* jurisdictions). The president of the region is chosen by the assembly and s/he appoints an executive. Under a system of accumulated mandates *(cumul des mandats)* a regional councillor can also simultaneously hold posts at local, national or European level.
Autonomy	The autonomy of the *conseils regionaux* is limited. They have few services of their own and rely upon *départements, communes* and central government to put policies into practice. However, regions have no power over the *départements* and *communes*. Sub-national government is arranged on the basis of clear lines of responsibilities and functions (*blocs de compétences*). French regions have limited tax-varying powers in which they are free to set the rate – with certain limitations – on those taxes under the control of the regions (motor vehicle registration tax; regional tax on property transfer duty). Regions do not have legislative powers. Each region has a *Préfet*, who is the direct representative of the Prime Minister within the region. The post is taken by the *Préfet* of the *département* which contains the regional capital, and their role is to co-ordinate activity between tiers and ensure the co-operation of local and regional authorities in meeting national aims. They can play a highly influential role.
Functions	Symmetrical across regions and limited primarily to strategic functions including regional economic development and planning, transport planning, tourism, environment/ conservation, housing strategy, and vocational training. Regions have a power of general competence.
Sources of finance	Own taxes 48% Block grant 9% Tied grant 19% Borrowing 20% Other 4%
Control of total public expenditure	2%

[1] These figures refer to 'Metropolitan France' which excludes overseas territories.

GERMANY	
Tiers of government	Federal country with four tiers of government: *Bund* (central government); *Länder* (regions); *Kreise* (counties); *Gemeinden* (local authorities).
Population range of regions	Smallest: Bremen 700,000 Largest: Nordrhein-Westfalen 16.7 million
Historical formation	In 1948, 11 directly elected *Länder* were decreed by the *Bund*. These were based on a combination of historical regional boundaries (such as Bavaria) and artificial creations. Five *Länder* from the former East Germany were incorporated in 1990.
Democratic form	*Länder* have their own constitutions, parliament and executive. Members are directly elected via the Additional Member System. Germany's second chamber *(Bundesrat)* consists entirely of *Land* Ministers and has power of veto over the first chamber *(Bundestag)*.
Autonomy	A federal system in which the existence of the regions is constitutionally protected. *Länder* have primary legislative powers (although, in practice, they have limited freedom to use them and the *Bund* retains the right to legislate in most areas of *Land* competence). *Länder* also have their own judicial system. *Länder* have the power to raise taxes for specific regional competencies (which varies between regions); however, this represents a small proportion of their income.
Functions	Largely symmetrical across *Länder*. They are directly responsible for: education, culture, local law, public safety and order. Work jointly with federal government to provide adult education, regional economic development, agriculture, and coastal protection. Share responsibilities with municipalities and districts for the delivery of a wide variety of mandatory and discretionary services.
Sources of finance	Taxes 77.1% (obtained through shared nationally controlled taxes, received automatically by the *Länder*). Grants 20.6% User fees and charges 2.1%
Control of total public expenditure	38%

ITALY	
Tiers of government	Four tiers of government: central state; *regioni* (regions); and two tiers of local government: provinces (upper tier); and communes (lower tier).
Population range of regions	Smallest: Valle d'Aosta 115,000 Largest: Campania 5.8 million
Historical formation	Five 'special statute regions' were decreed in 1948 reflecting (in part) demands for separatism following the centralist era and the existence of linguistic minorities. A further 15 'ordinary statute' regions were established in 1970. There are moves towards a form of federalism in Italy, following the 1998 Bassanini laws which introduced wide ranging reforms and a devolution of tasks from the central state to the regions and local authorities[2].
Democratic form	The functions of *regioni* are set down within the national Constitution and, in the case of special regions, are enshrined within specific legislation. The assembly ('regional council') is directly elected every five years by a list system, based on provinces. The executive body *(Giunta regionale)* is elected by members of the regional council.
Autonomy	In practice, Italian regions are relatively weak. They have nominal power to legislate in their (limited) areas of competence, though this is often circumscribed by detailed central legislation. *Regioni* do not have tax-raising powers, although the more powerful special regions receive a share of central government's VAT and income tax revenues. The relationship between central state and sub-national government in Italy is expressed through a 'star' system. Theoretically the state is central with regions, provinces and communes linked on an equal and reciprocal basis; however, there is a shift occurring whereby provinces and communes are subordinate to regions, especially so within the special regions. The current weakness of the Italian regions (which is changing through the Bassanini laws) is highlighted by the presence of a centrally appointed 'prefect' to monitor the legality of the assemblies' activities.
Functions	Ordinary regions: The most important function is the health sector; others include social welfare, training, vocational education, town planning, public housing, economic development, tourism and cultural activities, agriculture, forestry, mining, regional public transport, public works, environment, and implementation of European Union regulations and policies. Special regions have a broader range of functions which are enshrined in specific legislation with constitutional guarantees.
Sources of finance	Ordinary regions: Block grant 13% Tied grant 82% Borrowing 5% Special regions: Block grants/taxes 55% Tied grant 39% Borrowing 6%
Control of total public expenditure	20%

[2] The reforms were implemented in 2000 and have required regions, provinces and communes to regulate and manage the following: economic development; territory; environment and infrastructures; services to people and community; and regional and local policing. The current allocations of expenditure to sub-national government are being assessed in relation to these additional responsibilities.

NETHERLANDS	
Tiers of government	A decentralised unitary state with three levels of government: the central state; 12 provinces (regional level); and 572 municipalities *(gemeenten)*.
Population range of regions	Smallest: Flevoland 330,000 Largest: Zuid-Holland 3.4 million
Historical formation	Historically, the provinces are the component parts of the Dutch state. The Constitution of 1848 and the Provinces Act 1850 enshrined provinces as the middle tier of government in the Netherlands.
Democratic form	Elections take place every four years using the list system, whereby the number of seats in an assembly corresponds to the distribution of votes in the entire constituency.
Autonomy	The provinces do not have tax-raising powers. They are entitled to levy a surcharge on both the motor vehicle tax and the television licence fee; central government fixes annually the upper limits for the surcharges. Regions do not have legislative powers.
Functions	Traffic, public transport, welfare services, town and country planning, environmental protection. Provinces are also responsible for supervising the municipalities through their budgets, distributing funds and resources.
Sources of finance	Budgets are controlled by central government. 81% of revenue comes from central government with the rest being made up from local taxation.
Control of total public expenditure	2%

POLAND	
Tiers of government	Four tiers of government: the central state; and what are deemed three tiers of local government: 16 *voivodships* (regions); 373 *powiaty* (upper tier local government); and 2,500 *gmina* (lower tier).
Population range of regions	Smallest: Mazovia 5.07m Largest: Lubuskie 1.02m
Historial formation	Poland introduced reforms of its 'local' government system within an Act of Parliament in 1998 and replaced the existing structure of 49 provinces with two new tiers: a new regional tier of government of 16 *voivodships*; and an upper tier of local government *(powiaty)*. Self-government had been introduced at the *gmina* level in 1990. The reforms were intended, in large part, to enable greater devolution of powers from the centre, greater capacity to respond to regional economic development needs, and better strategic planning and delivery of services.
Democratic form	Each *voivodship* has its own directly elected parliament *(sejmiks)*, who elect a head of government *(marshal)* and who have responsibility for scrutinising the 'governing board' (executive). The executive is made up of five members elected by the *sejmik* (but whose members may be drawn from outside the *sejmik*). Members of the *sejmik* are elected using a list system for a period of four years.
Autonomy	*Voivodships* appear to be a largely strategic tier of local government. Their functions are set down within national legislation, and they have no supervisory role over *powiaty* (counties) or *gminas* (municipalities).They do not have either legislative or tax-raising powers. Each *voivodship* has a centrally appointed *voivode* who, as a representative of the Prime Minister, oversees the work of the *voivodship* and ensures compliance with national policy priorities.
Functions	The principles underpinning the distribution of responsibilities between tiers of government are set down within legislation (although there are overlapping competencies). The functions of *voivodships* focus on regional development, with specific emphasis upon three key areas: economic development; sustainable development and planning; and strategic public services such as higher education, specialised health services and cultural activities.

PORTUGAL	
Tiers of government	Portugal does not have regional government on the mainland. It is a unitary state with three levels of government: central government; a regional level comprising two autonomous regions and eighteen administrative districts (central government outposts); and the local level comprising municipalities and parishes.
Population range of regions	Autonomous regions: Azores: 236,706 and Madeira: 253,045
Historial formation	Two different forms: two autonomous regions of Azores and Madeira, and 18 administrative (regional) districts, the latter being decentralised arms of central government. (Note: 1998 referendum for self-governing regions was rejected by the Portuguese population. In 1999 regional development agencies were created; although these are not directly elected they form more than just a level of decentralised regional administration, as they have been developed from the grass roots up and involve many local partnerships.)
Democratic form	The two autonomous regions have political self-determination and are directly elected, with legislative and executive powers on regional issues within the limit of the constitution.
Autonomy	As noted, mainland regions are purely decentralised administrative units. The regions of the Azores and Madeira have a high level of autonomy.
Functions	The autonomous regions have legislative powers and structure the services which are of concern to the regions. They have their own flags, stamps and anthems.

SPAIN	
Tiers of government	Regionalised unitary state (quasi federal) with three levels of devolved government: 17 regions (autonomous communities), provinces and municipalities.
Population range of regions	Smallest region: Navarra 540,000 Largest region: Andalousia 7.3 million
Historical formation	The 1978 constitution, principally in response to pressure from historic regions, allowed for three routes to regional autonomy, which distinguished 'fast track' and 'slow track' regions. Originally intended mainly for the historic regions of Catalonia and the Basque Country, it led to the creation of 17 elected autonomous regions, partly as a result of 'autonomy fever'. Some regions can claim a long-standing historical identity (such as Catalonia) whilst others cannot (Cantabria, for instance).
Democratic form	The regions are highly asymmetrical. Each region has its own state of autonomy with its own regional institutions: president, executive, parliament, public service and high court of justice. The regional assemblies are directly elected by regional list PR and vary in size from 33 to 135 members. The president is elected by the regional assembly.
Autonomy	The level of autonomy differs between the 'historic' regions and others, although there has been a degree of convergence in recent years. The historic regions (notably the Basque Country and Navarra) have almost complete financial autonomy, their own police service, health and education systems. Other regions have more modest degrees of autonomy. The constitution allows for variable competencies both across different regions and within the same region over time. Competencies are established through bilateral negotiation with the centre.
Functions	Functions differ between the historic regions and others. All regions have exclusive responsibility for education, health, urban planning, public works, agriculture, culture, and social services. Shared powers include supervision of local government, transport policy, and environmental protection. A number of the historic regions have their own police forces, civil law provision in some fields (such as inheritance), and special tax systems which amount to almost complete financial autonomy (as above).
Sources of finance	Average across all regions: Ceded taxes 10% Block grant 35% Tied grant 45% Borrowing 9% Other 1%
Control of total public expenditure	36.28%

ANNEX F

Current functional arrangements

1. This annex sets out the current arrangements for implementing the functions which it is proposed should be carried out by elected regional assemblies. These functions are described in chapter 4.

REGIONAL DEVELOPMENT AGENCIES AND THE SMALL BUSINESS SERVICE

2. Regional Development Agencies (RDAs) are accountable to Ministers and Parliament, but they are also required to consult their regional chamber on all of the main aspects of their work. In particular, a Regional Development Agency must consult the regional chamber on preparing and implementing its regional economic strategy, developing its corporate and action plans and on any other major activities in which it becomes involved. This has provided a degree of regional accountability for Regional Development Agencies' activities. The agencies' regional economic strategies have considerable read across to Small Business Service (SBS)/ Business Link activities.

3. The SBS is an executive agency that promotes the interests of small businesses, including a range of business support services provided under the 'Business Link' brand. Local services are provided through a network of Business Link operators who deliver services in 45 areas throughout England and provide small firms with information, advice, and access to experts on issues relating to running a business. The SBS has a Director and a team of staff in each of the nine English regions; SBS regional units are co-located with the Regional Development Agencies and work closely with them. Partnership between the two is strong and continues to develop.

TRAINING AND SKILLS

4. Responsibility for post-16 education and skills rests with the Learning & Skills Council (LSC), which the Government set up in April 2001. Services are run on a sub-regional basis by 47 local learning and skills councils.

5. At national level, the LSC is responsible for articulating an agenda for action on workforce development, working with key partners – which include the Department for Education & Skills, sector skills organisations, the Higher Education Funding Council, the Employment Service and the Small Business Service.

6. The objectives of local LSCs are to:

- promote employability by equipping individuals with skills in demand in the labour market;
- help employees develop their workforce;
- ensure targeted support for the most disadvantaged;
- ensure equality of opportunity;
- secure the entitlement of all 16–19 year olds to stay in learning;
- maximise participation, making progress towards the national learning targets for 2002 and beyond.

7. The local LSCs and Regional Development Agencies already work closely together. Regional Development Agencies have produced skills and employment action plans in liaison with local LSCs, and local LSCs are required to consult the Regional Development Agencies (and have regard to the regional economic strategy) in drawing up their plans.

EUROPEAN PROGRAMMES

8. EU Structural Fund programmes provide significant extra resources for many poorer performing areas across the UK. Over £7 billion (€11 billion) will be delivered to the English regions through Objective 1, 2 and 3 programmes between 2000 and 2006 to assist with training, business support, economic development and regeneration activities.

9. Programmes are delivered regionally, in ways that meet regional needs defined by regional partners, but within a clear national framework. Each regional programme was written and negotiated by a partnership, chaired by the Government Office. Implementation is overseen by the same partnership, with administration undertaken by the Government Office working with the Regional Development Agency on the strategic direction of the programmes.

10. The resources available to the English regions through Structural Funds may reduce from 2006, when it is likely that support will be spread more thinly across the EU, with a large proportion diverted to accession states.

PLANNING

11. Traditionally, the Secretary of State has issued regional planning guidance and has called in a small number of cases which raise issues of national or regional importance. Regional planning bodies prepare draft regional planning guidance, which the Secretary of State can amend before publication.

12. Regional planning guidance provides a spatial strategy within which local authority development plans and local transport plans could be prepared. At the local level, local authorities prepare development plans and take planning development control decisions in the first instance. These plans must have regard to the regional planning guidance.

13. In December 2001, a Green Paper (*Planning: Delivering a Fundamental Change*) was published, which sets out the Government's proposals for improving the planning system. The main aspects of this are:

- replacing regional planning guidance with new regional spatial strategies;
- giving the spatial strategies statutory status;
- making the content of the regional spatial strategies more focused;
- local development frameworks should be consistent with the regional spatial strategy, unless there is more recent national policy;
- the spatial strategy will outline specific regional or sub-regional policies;
- regional spatial strategies should be integrated more fully with other regional strategies;
- promoting the preparation of sub-regional strategies, where necessary;
- abolishing county structure plans in two-tier areas.

Chapter 2 sets out the immediate changes which are proposed for regional planning.

HOUSING

14. The Housing Corporation funds and regulates social landlords in England – including housing associations, trusts, co-operatives and companies. It conducts much of its work through four regional offices.

15. Regional housing statements are produced by Government Offices and the Housing Corporation regional offices, in partnership with local authorities and other agencies with an interest in housing issues. Regional housing statements provide an opportunity for key players in each region to consider and formulate policy responses to regional and sub-regional housing market variations.

TRANSPORT

16. Regional transport strategies are currently prepared by regional planning bodies as part of regional planning guidance. The regional transport strategy covers a 15–20 year period with a particular focus on the immediate five-year regional transport priorities. Local transport plans cover a five-year period and should have regard to the regional strategy.

17. The Highways Agency has responsibility for operating the bulk of the strategic road network in England – consisting of most motorways and the entire trunk road network – although in London, Transport for London manages many of the roads. The Strategic Rail Authority (SRA) is the strategic, planning and co-ordinating body for the rail industry in Britain.

18. In London, Transport for London is responsible for delivering the Mayor's transport strategy. Full details of arrangements in London are set out in annex H.

ARTS, TOURISM AND SPORTS

19. The Arts Council of England (ACE) formerly developed awareness and support for the arts and distributed Government and Lottery funds to artists and arts organisations, both directly and through the ten Regional Arts Boards (RABs). The ACE and the RABs amalgamated on 1 April 2002 to form a single national arts body with nine regional councils.

20. Regional cultural consortia were set up in the eight English regions outside London in 1999. A major part of their remit is to draw up regional cultural strategies to promote and develop cultural activities and the cultural economy in the regions. The consortia work closely with Regional Development Agencies and other regional and local partners to deliver their cultural strategies.

21. All but one of the ten regional tourist boards are private companies limited by guarantee, which serve their membership by promoting and developing tourism and advising tourism businesses in each region. With the exception of the London Tourist Board (which received public funding via the Greater London Authority), the regional tourist boards are currently partly funded via the English Tourism Council, the strategic national body for tourism in England. These public funds are used for strategic projects which address regional needs and priorities while contributing to the Government's national tourism strategy.

22. Sport England is responsible for fostering and supporting the development of sport and physical recreation, the provision of sporting facilities in England and distributing Lottery funding. It works through nine regional offices. Each region also has a regional sports board, independent of Sport England, part of whose remit is to draw up regional sports strategies.

PUBLIC HEALTH

23. The structure of the NHS is currently undergoing change. From 2002, a regional public health group joined each of the Government Offices, led by a Regional Director of Public Health. Amongst other issues, the group will develop an integrated approach to tackling the wider determinants of health and well-being, and will be accountable for health protection across the region.

RURAL POLICY

24. The Government's Rural White Paper (*Our Countryside: The Future*) set out its vision for the countryside as:

- a **living** countryside, with thriving rural communities and access to high quality public services;
- a **working** countryside with a diverse economy giving high and stable levels of employment;
- a **protected** countryside in which the environment is sustained and enhanced, and which all can enjoy;
- a **vibrant** countryside which can shape its own future and with its voice heard by government at all levels.

25. Most agriculture policy and expenditure is controlled at an England-wide level and much of the policy is determined by EU legislation through the common agricultural policy (CAP). This policy is delivered through the Rural Payments Agency, the only exception being the England Rural Development Programme which is a part-CAP funded programme. This is delivered through the regional offices of the Rural Development Service.

26. The Rural Affairs Forum in each region brings together all aspects of rural opinion in each English region outside London. Each region is also represented on the Rural Affairs Forum for England, which ensures that rural concerns are represented at the heart of government.

ENVIRONMENT

27. Environmental protection is an enormously wide-ranging field. Whilst most environmental regulation derives from the EU, work is carried out at all levels: global, national, regional and local. The majority of Government policies are implemented through the Environment Agency, the Drinking Water Inspectorate, the Health & Safety Executive, the Countryside Agency, English Nature, and other public bodies on a national basis. For biodiversity and nature conservation, much of the legislation arises from international conventions and EU law, and most wildlife conservation activity is carried out by English Nature.

CRIME REDUCTION AND CIVIL CONTINGENCY PLANNING

28. The Crime & Disorder Reduction Act 1998 established partnerships between the police, local authorities, the probation service, health authorities, the voluntary sector, and local residents and businesses. There are over 350 partnerships across England, working to reduce crime and disorder in their areas by establishing the levels of crime and disorder problems in their area – consulting widely with people in the area – and devising a strategy containing measures to tackle the priority problems. The second round of strategies were due to be completed by April 2002. Each Government Office has a crime reduction team which works with the local partnerships in the region.

29. There is an important regional dimension to emergency service and civil contingency planning, with many issues running across current local or police authority borders. In early 2001, the Home Office appointed regional co-ordinators to tackle the issues arising from the inner city disturbances earlier in the year. The Government Offices are also taking on a role to co-ordinate the support to, delivery of advice for, and performance management role for Drug Action Teams.

ANNEX G

The Additional Member System of proportional representation

1. Under the Additional Member System, people have two votes. The first can be used to vote for one member to represent their voting area, using the first-past-the-post system that is used at parliamentary and local government elections. Those elected by this means are known as 'constituency' members.

2. The second vote can be cast for a political party and will count towards choosing the assembly's additional, or 'top-up', members. The names of these candidates will be listed against their party's name (known as the party list). The additional seats in an assembly will be allocated to ensure that the overall distribution of seats, constituency and additional, reflects the proportion of party list votes cast. The additional members will be identified by:

- counting the number of votes cast for each party list in the region;
- calculating the number of constituency seats won by each party in the region;
- dividing the number of each party's party list votes by the number of constituency seats won by that party *plus one*. The party with the highest number of votes after that calculation gains the first top-up member;
- repeating the calculation for each of the remaining top-up members, but in each case dividing the party list vote by the number of constituency seats won, *plus one, plus any additional member seats allocated in previous rounds*.

3. The table below illustrates how the additional members would be identified. It assumes that an assembly would have 30 members, comprising 20 constituency members and 10 additional members. After the first-past-the-post votes for the constituency members have been counted, Party A has 10 assembly members, Party B has 7, Party C has 3 and Party D has none.

Box F1: How the Additional Member System works

Additional Member	Party A	Party B	Party C	Party D	RESULT
Party list vote	1, 201,000	950,000	710,000	187,000	
1st seat	÷ 11 = 109,182	÷ 8 = 118,750	÷ 4 = 177,500	÷ 1 = 187,000	Party D
2nd seat	÷ 11 = 109,182	÷ 8 = 118,750	÷ 4 = 177,500	÷ 2 = 93,500	Party C
3rd seat	÷ 11 = 109,182	÷ 8 = 118,750	÷ 5 =142,000	÷ 2 = 93,500	Party C
4th seat	÷ 11 = 109,182	÷ 8 = 118,750	÷ 6 = 118,333	÷ 2 = 93,500	Party B
5th seat	÷ 11 = 109,182	÷ 9 = 105,556	÷ 6 = 118,333	÷ 2 = 93,500	Party C
6th seat	÷ 11 = 109,182	÷ 9 = 105,556	÷ 7 = 101,429	÷ 2 = 93,500	Party A
7th seat	÷ 12 = 100,083	÷ 9 = 105,556	÷ 7 = 101,429	÷ 2 = 93,500	Party B
8th seat	÷ 12 = 100,083	÷ 10 = 95,000	÷ 7 = 101,429	÷ 2 = 93,500	Party C
9th seat	÷ 12 = 100,083	÷ 10 = 95,000	÷ 8 = 88,750	÷ 2 = 93,500	Party A
10th seat	÷ 13 = 92,385	÷ 10 = 95,000	÷ 8 = 88,750	÷ 2 = 93,500	Party B

The allocation of the 10 additional seats results in the overall assembly having the following party composition: Party A with 12 seats, Party B with 10 seats, Party C with 7 seats and Party D with 1 seat.

ANNEX H

Powers and functions of the Greater London Authority

1. The Mayor presents mandatory strategies on:

- air quality;
- ambient noise;
- biodiversity;
- culture;
- London Development Agency;
- spatial development;
- transport; and
- waste management;

as well as any others which he desires. These must be 'consistent with national policies', and consultation must take place.

2. The Mayor exercises his main responsibilities through four functional bodies:

- Transport for London;
- the London Development Agency;
- the Metropolitan Police Authority;
- the London Fire and Emergency Planning Authority.

TRANSPORT

3. The Mayor:

- sets the structure and level of public transport fares in London;
- has a say in how the commuter railways are run;
- has powers to fund new transport services, and to invest in new transport systems.

4. The Mayor has wide powers of direction over Transport for London (TfL), sets TfL's budget (subject to the approval of the Assembly) and appoints its board. TfL is responsible for delivering the Mayor's Transport Strategy through:

- managing London Buses, Croydon Tramlink, and the Docklands Light Railway;
- managing the Underground, once control is passed from central government;
- managing a network of major roads – the Transport for London Road Network (TLRN);
- regulating taxis and (in due course) minicabs;
- running London River Services, and promoting the safe use of the Thames for passenger and freight movement;
- helping to co-ordinate the Dial-a-Ride and Taxicard schemes for door-to-door services for transport users with mobility problems;
- having responsibility for traffic lights across London.

POLICING

5. The boundaries of the Metropolitan Police Authority (MPA) are in line with the 32 London boroughs. The City of London continues to have a separate police force.

6. The MPA:

- is responsible for maintaining an efficient and effective police force;
- is responsible for securing best value in the delivery of policing services;
- publishes an annual policing plan (drafted by the Commissioner) after consulting local communities about policing priorities;
- sets policing targets, and monitors performance regularly against those targets;
- has a role in the appointment, discipline and removal of senior officers;
- is responsible for the police budget.

FIRE AND EMERGENCY PLANNING

7. For fire, the London Fire and Emergency Planning Authority (LFEPA):

- sets the strategy for the provision of fire services;
- ensures the fire brigade can meet all normal requirements efficiently;
- ensures members of the fire brigade are properly trained and equipped;
- ensures effective arrangements are in place to receive fire calls and deal with them promptly;
- ensures arrangements for advice and guidance on fire prevention are made.

8. For emergency planning, the LFEPA is responsible for:

- assisting the boroughs with all aspects of planning for emergencies on request;
- the preparation, review, revision and testing of off-site emergency plans for industrial sites in London;
- the preparation and updating of arrangements for the distribution of information to the public in the event of a radiological incident in London;
- the preparation and updating of emergency plans for 350 kilometres of pipelines.

ECONOMIC DEVELOPMENT AND REGENERATION

9. The London Development Agency (LDA) was established in July 2000 to promote economic development and regeneration. It is responsible for formulating and delivering the Mayor's economic development and regeneration strategy for London.

10. The LDA's statutory purposes are to:

- further the economic development and regeneration of London;
- promote business efficiency, investment and competitiveness in London;
- promote employment in London;
- enhance and develop the skills of local people;
- contribute to sustainable development.

PLANNING

11. The main responsibilities of the Mayor are to:

- produce a spatial development strategy (SDS) for the capital, a new form of planning instrument with statutory force within the planning system;
- ensure that, as they are revised, London boroughs' unitary development plans (UDPs) conform generally with the SDS;
- be consulted on planning applications of genuine strategic importance and, in the last resort, be able to direct boroughs to refuse planning permission on strategic grounds;
- monitor and collect information on the implementation of the SDS;
- represent London's planning interests in the wider South East.

CULTURE

12. A Cultural Strategy Group for London (CSGL) has been established to take a leading role in the shaping of a cultural agenda for the capital. The Group will:

- draft a cultural strategy for London, which shall be recommended to the Mayor;
- commission research, host seminars and undertake other activities to facilitate the development of that strategy;
- advise on and co-ordinate the consultation process for that strategy;
- monitor delivery of that strategy, once agreed;
- support a limited programme of activities across London, in partnership with a number of agencies;
- work pro-actively to strengthen partnerships across the cultural sector in London, and to develop a co-ordinated approach to funding and support of the cultural sector;

- work proactively to foster partnerships with other sectors and to influence the other strategies and work areas of the GLA.

13. The Mayor:

- produces a strategy for the development of culture in London;
- represents London's cultural interests at the regional, national and international levels;
- is able to propose and endorse major events for which London might bid, such as the Olympic Games;
- develops the creative industries' contribution to the London economy;
- appoints the Chair and members of the CSGL;
- helps make appointments to the boards of some key cultural organisations in the capital;
- has management responsibility for Trafalgar Square and Parliament Square;
- develops a clear policy for the development of tourism in London;
- promotes London as a tourist destination in its own right and, overseas, as a gateway to the rest of the United Kingdom;
- co-ordinates and runs a range of programmes and initiatives in London consistent with national strategies.

ENVIRONMENT

14. The Mayor has a duty to:

- develop an air quality strategy for the capital, backed by the power to direct boroughs in the exercise of their powers and responsibilities in respect of air quality management;
- develop a biodiversity strategy to protect and enhance London's flora and fauna;
- publish a municipal waste management strategy, covering issues such as minimisation, recovery, treatment, disposal and recycling of waste, with the power to direct local waste collection authorities and waste disposal authorities to ensure the strategy is delivered;
- develop an ambient noise strategy for the capital, which will inform the exercise of mayoral functions where they contribute to noise levels in the capital;
- produce a four-yearly report on the state of London's environment, including information on the quality of air, water and land in the capital, on energy use and London's contribution to meeting climate change targets, on ground water levels and on traffic levels and emissions. It is expected that the first report will be published in 2003.

HEALTH

15. The GLA has a duty to promote the health of Londoners and to take into account the effect of its policies on the health of Londoners. The Mayor does not have any direct policy powers but:

- has set up an independent London Health Commission to drive forward health improvement in priority areas across London and to advise on health impacts of strategy proposals. This followed the publication of the London health strategy;
- is taking into account the effects of the GLA's strategies on health.

16. The Assembly's role is to:

- work with the Mayor to improve the health of Londoners;
- be able to investigate specific health issues if it wishes;
- with the Mayor, oversee the adoption of health impact assessment across London.

ANNEX I

Glossary

Best value – The best value regime requires local authorities to secure continuous improvements in the quality and efficiency of the services for which they are responsible.

Central Local Partnership – In November 1997, the Government and the newly formed Local Government Association (LGA) signed a 'Framework for Partnership' in order to ensure that local decision-making:

- reflects both national priorities and the views of local communities;
- becomes less constrained in matters of detail by central government; and
- is more responsive and accountable to local people.

The Framework provided the basis for an effective and practical Central Local Partnership (CLP).

Children's Fund – Funds services to identify children and young people who are showing early signs of difficulty and provide them and their families with the support they need to get back on track. The aim is to prevent children falling into drug abuse, truancy, exclusion, unemployment and crime, as well as raising aspirations and preventing underachievement.

Connexions – A personal adviser service to support 13–19 year olds to stay in education or undertake training. The initiative aims to raise levels of educational achievement and help prevent adverse outcomes such as truancy and crime.

Council of Europe – The Council of Europe has 43 member states, and its activities cover all major issues facing European society other than defence. Its work programme includes the following fields of activity: human rights; media; legal co-operation; social and economic questions; health; education; culture; heritage; sport; youth; local democracy and transfrontier co-operations; the environment; and regional planning.

England Rural Development Programme – Provides a range of European Community supported measures to help deliver national policy objectives for sustainable rural development in England. Under the Programme, £1.6 billion will be available to farmers over the next seven years for environmental protection and improvement and rural development.

European Social Fund (ESF) – Funds training, human resources and equal opportunities schemes to promote employability of people in both Objective 1 and 3 areas (see below). In Objective 2 areas ESF may be used to complement ERDF activities.

EU Structural Funds – The European Union's main instruments for supporting social and economic restructuring across the Union, including the ESF.

European Regional Development Fund (ERDF) – Aims to improve economic prosperity and social inclusion by investing in projects to promote development and encourage the diversification of industry into other sectors in areas lagging behind. This fund is available in Objective 1 and 2 areas (see below).

Federal state – A state which has a constitutional sharing of powers and coexisting sovereignties. The regional tier exists in its own right and cannot be abolished or restructured unilaterally by the federal or central government. (See also *unitary state*.)

Housing Corporation – The Housing Corporation is responsible for investing public money in housing associations, and for protecting that investment and ensuring it provides decent homes and services for residents.

Housing Investment Programme (HIP) – Mechanism by which capital resources are allocated to local authorities for investment in their own housing stock (if any), the renewal of private

sector stock, and the funding of new social housing – largely through housing associations. The HIP is part of the 'single capital pot' for local authority expenditure.

Learning and Skills Council – Responsible for funding and planning education and training for over 16-year-olds in England. It operates through 47 sub-regional offices ('local learning and skills councils') and a national office in Coventry.

Local development plans – Local authorities' development plans set out each authority's policies and proposals for the development and use of land in their area. The development plan guides and informs day to day decisions as to whether or not planning permission should be granted, under the system of development control.

Local strategic partnerships (LSPs) – Local strategic partnerships draw the key service providers in a local area into a single partnership with which the community is actively engaged, giving communities a greater say in the running and delivery of public services.

Market Towns Initiative – Government funding for the Countryside Agency and the Regional Development Agencies to support market town regeneration.

National Strategy for Neighbourhood Renewal – Government initiative aimed at narrowing the gap between the most deprived neighbourhoods and the rest of the country on education, jobs, crime, health, and housing. Managed within central government by the Neighbourhood Renewal Unit.

New Deal for Communities – a programme to renew 39 of the most deprived neighbourhoods in England. It is a pathfinder for the National Strategy for Neighbourhood Renewal, tackling crime, health, unemployment, educational under-achievement, and housing and the physical environment.

Objective 1, 2 and 3 and 5b programmes – These refer to the EU Structural Funds (see above). A region may have access to one or more of the four structural funds, depending on whether it has Objective 1, 2 or 3 status:

- areas eligible for funding under Objective 1 are those that have less than 75 per cent of the EU average GDP;
- Objective 2 programmes aim to support the economic and social conversion of areas facing structural difficulties, and areas qualify under four strands – industrial, rural, urban and fisheries;
- Objective 3 programmes aim to develop labour markets and human resources;
- Objective 5b programmes aim to assist the economic diversification of fragile rural areas.
- In addition to the priority Objective areas, around five per cent of the Structural Fund budget will fund five Community Initiatives, for which the UK will receive around £916 million for these during 2000–2006.

Public Service Agreements – Departmental Public Service Agreements (PSAs) link the allocation of public expenditure to published targets with the aim of delivering modern, responsive public services. Local public service agreements are a package of performance targets, easing of red tape, and financial incentives designed to help local authorities deliver measurable improvements in services.

Rail Passenger Partnership grants – a scheme administered by the Strategic Rail Authority designed to support projects which, although deemed not commercially viable, aim to promote transport integration and encourage modal shift from road to rail.

Regional cultural consortia – A regional cultural consortium has been established in each of the English regions outside London to bring together representatives from regional agencies working in the arts, heritage, museums, tourism, libraries, sport and archives, and from local government, as well as others, including individuals from the creative industries.

Regional Selective Assistance – a Government grant scheme which aims to help establish or modernise new businesses in Assisted Areas (those areas of Great Britain where regional aid may be granted under European Community law) in order to secure employment opportunities and increase regional competitiveness and prosperity. The scheme has recently been devolved to the Regional Development Agencies.

Small Business Service (SBS) was established in England as a 'next steps' agency of the DTI in April 2000. It is run through 45 regional Business Links. The SBS acts as a voice for small business at the heart of government, co-ordinates the delivery of Government support programmes for small businesses, and helps small firms deal with regulation and ensure that their interests are properly considered in future regulation.

The Smart scheme comes within the umbrella of the Small Business Service. It is a grants scheme which has been running since 1986 providing grants to help individuals and small and medium-sized enterprises make better use of technology and to develop technologically innovative products and processes.

Strategic Rail Authority (SRA) – the SRA formally came into being on 1 February 2001, following the passage of the Transport Act 2000. Its responsibilities cover the three sectors of passenger, freight and infrastructure. The SRA's key role is to promote and develop the rail network and encourage integration. As well as providing overall strategic direction for Britain's railways, the SRA has responsibility for consumer protection, administering freight grants and steering forward investment projects aimed at opening up bottlenecks and expanding network capacity. It is also responsible for letting and managing passenger rail franchises.

SureStart – an initiative designed to improve the life chances of children by improving their health and social development and ensuring that they are ready to learn when they get to school, so breaking the cycle of disadvantage.

Sustainable development – sustainable development is about ensuring a better quality of life for everyone, now and for generations to come. It means recognising that our economy, environment and social well-being are interdependent.

Two-tier local government – a system in which responsibilities for local functions and services are divided between two separate district and county councils. Scotland and Wales have only unitary local government.

Unitary local government – a system of single tier 'all-purpose' councils which are each responsible for all local authority functions in an area. In England this includes unitary district councils, metropolitan district councils and London borough councils.

Unitary state – A state with only local level government below the national level. Regional structures may exist for administrative purposes, which are controlled by the central state. (See also *federal state*.)

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WEB LINKS

You can find out more about the Government's approach to regional policy and the way that government is organised in the regions at: http://www.regions.dtlr.gov.uk