Back to the local? Recalibrating the regional tier of governance in England

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ABSTRACT:

By contrast to the far-reaching devolution settlements elsewhere in the UK, political agreement on the governance of England outside London remains unsettled. There is cross party consensus on the need to ‘decentre down’ authority to regions and localities, but limited agreement on how this should be achieved. This paper explores the welter of initiatives adopted by the recent Labour Government that were ostensibly designed to make the meso level of governance more coherent, accountable and responsive to meeting territorial priorities. Second, it explores the current Conservative-Liberal Democrat Coalition’s programme of reforms that involves the elimination of Labour’s regional institutional architecture and is intended to restore powers to local government and communities and promote local authority co-operation around sub-regions. Labour’s reforms were ineffective in achieving any substantial transfer of authority away from Whitehall and, given the Coalition’s plans to cut public expenditure, the likelihood of any significant recalibration in central-local relations also appears improbable.

KEY WORDS: England, regions, political parties, decentralization, localism

Introduction

Over recent decades many European countries have witnessed the decentralisation of state functions in the form of both political devolution and administrative deconcentration. Such restructuring is viewed by commentators as a response to a variety of pressures including managing distinct national identities and cultures and economic diversity, relieving the political and bureaucratic burden associated with centralisation and changing political views on the contribution of decentralization to achieving economic and social policies (Labao et al., 2009; Keating, 2009; Rodriguez-Pose and Gill, 2005). In the UK this process is evident in the recent devolution settlements in Northern Ireland, Scotland and Wales and the creation of a strategic authority for London. By contrast in England, beyond the Capital, there has been no groundswell of public opinion in favour of the transfer of political powers to the eight administrative regions and, for the most part, it continues to be governed by the UK Government and Parliament in much the same manner as before (Curtice, 2010). Nonetheless, there has been growing recognition across the major political parties that the territorial system of government for England is in need of fundamental change (House of Commons Communities and Local Government Committee, 2009; House of Commons Justice Committee, 2009). The recent Labour Government espoused the need for a more decentralized, coordinated and collaborative approach to sub-national policy making and delivery (DCLG, 2006). In a similar vein the current Conservative-Liberal Democrat Coalition has declared its intention to ‘oversee a radical redistribution of power away from Westminster and Whitehall to councils, communities and homes across the nation. Wherever possible, we want people to call the shots over the decisions that affect their lives’ (HM Government, 2010a, p.7).

At first sight, this might be seen as clear evidence of a cross party consensus on the need to ‘decentre down’ authority to regions and localities (Pierre and Peters, 2000). Nonetheless, the shape that such reforms should take has been contested. While Labour ministers talked up the need to reduce central government regulation of local authorities, in practice their Government exerted considerable discipline over authorities through performance targets, inspection and financial controls (Davies, 2008; Wilson and Game, 2006). At the regional level the Labour Government pursued a twin track approach, ostensibly designed to make the regional tier of governance more coherent, accountable and responsive to meeting territorial priorities. The first - administrative decentralization - involved the establishment of Regional Development Agencies (RDAs) and indirectly elected Regional Assemblies (RAs) (later Local Authority Leaders’ Boards, LALBs) and an expansion in the role of the Government Offices (GOs) in the regions. The second - elected regional
government - was to complement institutional developments elsewhere in the UK and focused on the region as a fully democratic tier, but ended in 2004 following a substantial rejection of government proposals to create an Elected Regional Assembly in a referendum in the North East region. The absence of a coherent alternative triggered the search for a new ‘spatial-scalar fix’ among policy elites that would involve a recalibration of the relationship between the centre and sub-national government as a way of achieving greater accountability and policy efficiency and effectiveness (HM Treasury et al, 2007).

The election of the Conservative-Liberal Democrat Coalition Government in 2010 prompted a further round of reforms. It asserted that decision-making in such areas as economic development, housing, planning and transport at the regional level in England, beyond London, was unnecessary and lacked legitimacy. Moreover, it tapped into the ‘localist agenda’, which had surfaced in the context of public service reform and local government modernization, to assert that such issues would be better handled by local authorities in accordance with the needs and preferences of their local communities (Clark, 2010). LALBs and RDAs and their regional spatial and economic planning functions have been wound down while the GOs, which customarily acted as a bridgehead between national and sub-national government and provide a regional locus for Whitehall departments, were closed in early 2011. In place of RDAs, Local Enterprise Partnerships (LEPs), relating to sub-regions, have been established and, with the exception of nationally important projects, planning is to become a primarily local function.

After more than a decade of continual experimentation sub-national governance arrangements in England, therefore, remain in flux. Nonetheless, it can be asserted that collectively they mark a break with the past in the form of a strengthening in the machinery of sub-national governance and a shift in the locus of decision making away from Whitehall. Not only is governmental power retreating and the traditional functions of the state hollowed out, but closer links have been established between national, regional and local tiers of government (Ward and Jonas, 2004; Jessop, 2004; Brenner, 2003; Hooge and Marks, 2003; Rhodes, 1997). Other commentators, however, while acknowledging that the state may be in transition, discount claims that the Centre is losing ground (Goodwin and Grix, 2011; Cairney, 2009; Pearce and Ayres, 2009; Marinetto, 2003). As Bell and Hindmoor (2009, p.2) observe, ‘States are constantly choosing new policy goals and learning to pursue them in different ways. But while much has changed, the state remains a central actor in governance arrangements’. Indeed, rather than an endorsement of autonomous sub-national action through the decentralization of powers, competencies and resources, the trialling of different territorial state structures can be regarded as a highly political game in which the Centre has sought to extend its repertoire of control and influence at multiple scales. Claims that such developments represent a fundamental transformation in the territorial management of the State should, therefore, be treated with care (Marsh, 2008).

This article explores these differing perspectives through an examination of recent changes in the pattern of English sub-national government. It encompasses New Labour’s flirtation with elected regional government, its later reforms designed to provide for the greater involvement of local authorities in local and regional economic development and the current Coalition Government’s approach to devolving power to local government and communities. It utilizes documentary evidence and a series of semi-structured interviews with senior staff from key regional bodies in each region conducted in late 2009 and early 2010, which focused on the emerging institutional architecture in the different English regions and how the regional tier might be further reformed after the 2010 general election. In addition, the paper draws on semi-structured interviews undertaken with senior Whitehall officials responsible for regional working during early 2010 that centred on Whitehall’s motivation for regional reform and perceptions on the capacity of sub-regional actors to successfully implement them. The paper is in six sections; following this introduction we briefly examine New Labour’s record of reforms to government in the English regions during its first decade in office. Section three provides a ‘snap shot’ of how reforms introduced during Labour’s final term were applied in the regions. In the subsequent two sections we focus on the Conservative-Liberal Democrat’s programme for the reform of sub-national government and speculate on its potential implications. We conclude by reflecting on the unstable nature of intra-state relations in England and the dominance of the Centre.

**English regionalism: Labour’s legacy**

During opposition in the 1990s, there were increasing demands within the Labour Party for regional government. This was driven by the presence of entrenched economic disparities between regions, the centralising of local government powers and as a reaction to the creation of an unelected tier of regional
administration (John and Whitehead, 1997). In its first term Labour re-established a limited form of London-wide government. However, in the eight English regions beyond the Capital reforms rested on bolstering Whitehall’s regional coordinating role in policy implementation through the Government Regional Offices (GOs). Business-led Regional Development Agencies (RDAs) were also appointed to prepare and deliver Regional Economic Strategies (RESs), though their discretion over the use of resources remained circumscribed by national targets and accountabilities. Support was also given to establish unelected Regional Chambers (later renamed Assemblies), comprising representatives from local authorities and other economic and social interests, to provide a semblance of regional democracy. They were to scrutinize the RDAs and, subsequently, become responsible for drafting Regional Spatial Strategies (RSSs) which, in the absence of a national spatial strategy, the abolition of county structure plans and the slow emergence of local plans, provided a degree of continuity for local decision making. This institutional ‘troika’ was expected to work together and also interact with the extensive group of central government Non Departmental Public Bodies (NDPBs) and Agencies with a regional presence, local authorities, sub-regional partnerships and business and community bodies that constituted the system of governance in the English regions (Pearce and Mawson, 2009).

In 2002 the Government brought forward proposals to strengthen the regional tier and, subject to public support expressed in referendums, opened the way for elected regional bodies with limited administrative powers. Nonetheless, there remained a lack of consensus within New Labour about what purpose regional government would serve. John Prescott, then Deputy Prime Minister, was one of the Labour Party’s longest-standing advocates of regional government but, though assisted by Nick Raynsford and several other Labour MPs, he lacked Cabinet support. Ministers wished to avoid reopening questions on devolution which, they maintained, had been settled by the agreements in Northern Ireland, Scotland and Wales (McLean, 2005). Moreover, though the fledging regional institutions had gained some additional powers, budgets and influence, Whitehall departments were able to use their sizeable regional presence to maintain control over decision-making and resources and were reluctant to have this eroded by an elected regional tier. The Blair Government also insisted that those regions progressing towards elected assemblies should have only a single tier of local government below the regional level, rather than the two-tier system of counties and districts that exists in most parts of England outside the larger cities (Jeffery, 2006). Not unexpectedly, the Government’s ambitions attracted limited support in local government quarters and following the referendum in the North East plans for elected regional bodies were abandoned (Rallings and Thrasher, 2006). Nonetheless, England remained the ‘missing middle’ in the UK’s devolution settlement and the referendum result spawned a search for alternative solutions (Hazell, 2006).

For some, the referendum result pointed to a need to strengthen local government as a way of restructuring the relationship between the centre and sub-national tiers. The Conservative Party had reversed Labour’s dominance of local government achieved in 1997 and shadow ministers asserted that given the lack of accountability of the Assemblies and RDAs, their powers should be transferred to local government (Potton et al., 2009). Moreover, encouraged by a series of studies that questioned the ‘economic dividend of regionalism’ (Morgan, 2006) and the effectiveness of regional structures (Audit Commission, 2007; Pearce and Ayres, 2007), groups of large urban authorities, led by the Core Cities Group, began to mobilize around ‘city-regions’ as the principal territorial reference points for sub-national economic governance. Not only were city-regions purported to be centres of economic growth, they also possessed political legitimacy through elected local councils (Harding et al, 2006; HM Treasury et al., 2006; ODPM, 2006; New Local Government Network 2005). Though the ‘new city regionalism’ shared the inherent lines of weakness that characterized the ‘new regionalism’ (Harrison, 2007), the agenda attracted support in Westminster and Whitehall and the 2006 Local Government White Paper endorsed the principle through the mechanism of ‘Multi Area Agreements’ (MAAs) (DCLG, 2006).

More significant in the debate, however, were pressures from the Treasury, under Gordon Brown, which was concerned that spatial disparities in productivity were impeding national economic growth. While John Prescott had campaigned for the democratization of the regional tier, the Treasury’s reform motives were economic. Consequently, as part of the 2007 Comprehensive Spending Review, Brown announced that a Review of Sub-national Economic Development and Regeneration (SNR) policies and administration would be undertaken. It would identify ways to improve the effectiveness and efficiency of existing sub-national
structures in England to assist the Government deliver its regional economic growth, regeneration and neighbourhood renewal objectives.

Work on the SNR was led by the Financial Secretary at the Treasury and immediately following Blair and Prescott’s resignations and Brown’s appointment as Prime Minister, the SNR was published (HM Treasury et al., 2007). As the champion of regional government Prescott’s departure was especially significant in easing the SNR process. The Review offered a comprehensive account of current institutional arrangements and a set of reforms to ‘de-clutter’ the sub-national tier. Local authorities should be encouraged to promote economic development by pooling resources through sub-regional working and prepare local economic assessments. Assemblies should be abolished and RDAs made responsible for preparing, in consultation with local authorities, new ‘Single Regional Strategies’ (SRSs), including targets for economic development, housing and reductions in carbon use. The Agencies should also be given a clear focus on increasing economic growth.

DBERR and DCLG’s paper, ‘Prosperous Places’ (2008) provided further details of the reforms and invited views on key aspects. Some of the SNR’s analysis, conclusions and recommendation had been diluted by political wrangling and discussions within Whitehall over both the policy objectives of the reforms and administrative arrangements (Ayres and Stafford, 2009). Nonetheless, the consultation maintained the stress placed on institutional reforms as a way of delivering economic growth. Among the some five-hundred responses to the consultation there was strong backing for SRSs to secure closer alignment between economic and spatial planning and provide a means of identifying regional priorities and for greater sub-regional cooperation between local authorities, especially in economic development. Equally, local authorities welcomed proposals for RDAs to delegate much of their budgets to councils. Widespread dismay, however, was expressed about the transfer of the regional planning function to RDAs, which was perceived to reflect the Treasury/Department for Business, Enterprise and Regulatory Reform’s (DBERR) priorities rather than the broader sustainable development agenda being pursued by the Department for Communities and Local Government (DCLG).

In 2008 the Government performed a volte-face and confirmed that RDAs and new local authority Leaders’ Boards in each region would be made ‘Responsible Regional Authorities’, jointly charged with drafting, implementing and monitoring the delivery of the SRSs (DCLG and DBERR, 2008). Unlike the Regional Assemblies, which were seen to lack respect, credibility and be too cumbersome, the new boards would be streamlined and manageable, with sufficient authority to act on behalf of all the local authorities in the respective regions to make strategic, long-term decisions and engage effectively with their regions’ RDAs (DCLG and DBIS, 2009). This about turn provided some relief to RDA executives who were nervous about taking responsibility for regional planning. Moreover, it underlined that the Treasury had neither understood the implications of and nor did it anticipate the opposition of local authorities to the spatial planning aspects of its proposed reforms. As a DCLG official observed, ‘Treasury wanted RDAs to take the lead on the SRS, including the spatial element, but that changed when we realised that local government were not going to put up with a Quango telling them what to do’.

The key changes emanating from the SNR were included in the 2009 Local Democracy, Economic Development and Construction Act. The centre-piece was confirmation of responsibilities for developing SRSs, including non-statutory implementation plans. In addition, a requirement was placed on upper-tier authorities to undertake economic assessments to provide the evidence base for the strategies. A green light was also given for authorities wishing to both develop voluntary MAAs with statutory duties and create statutory city-regions in the form of ‘Economic Prosperity Boards’. These would enable groups of local authorities to act collectively to promote economic development and regeneration and combine with the functions of Integrated Transport Authorities.

A further strand in New Labour’s reforms arose from proposals to enhance regional leadership and increase regional accountability to Westminster. First, alongside publication of the SNR, the Government announced the appointment of nine regional ministerial portfolio holders to represent and act for Government as policy leaders in each region. Their role was potentially enhanced in October 2008 by the creation of a Council of Regional Ministers to examine the wider issues affecting the regions and to ensure that these were appropriately acted upon and brought to the attention of the newly established National Economic Council - a cross-departmental ministerial forum charged with framing and coordinating the appropriate policy response
to the economic recession. At the same time the Government established a Regional Economic Council to provide a forum for stakeholders, including RDAs, local authorities, businesses and trade unions and ministers, to come together to discuss the issues facing their regional economies.

Second, following Government proposals in ‘The Governance of Britain’ (HM Government, 2007), the House of Commons agreed to create eight regional select committees to examine regional strategies and the work of regional bodies (House of Commons Select Committee on Modernisation of the House of Commons, 2008). A further eight regional grand committees, including all MPs from each region, were also established as places for debate on regional matters and for questions to be asked of regional ministers. Seen as experimental, they began sitting in spring 2009. Nonetheless, the committees possessed limited resources and because neither of the main opposition parties chose to appoint members meetings were not always quorate. Figure 1 shows the extent of the regional institutional architecture in the context of national and sub-national government structures towards the end of Labour’s period in office.

**INSERT FIGURE 1 ABOUT HERE**

**Implementing the Sub-National Review**

**Local government’s response**

Politicians and officials at the sub-national level faced considerable uncertainties about how the reforms originating from the SNR should be implemented. Nevertheless, all regions possessed local authority groupings, either separate from or operating under the umbrella of Assemblies and, though different arrangements emerged, local government in all regions came together to establish new Leaders’ Boards. In the North West a new body - ‘4NW' - representing local government and business and third sector interests in the region, was established in July 2008 following early dissolution of the Assembly. The North East, South East and Yorkshire and Humber Assemblies were abolished in April 2009 and the remainder closed in spring 2010, soon before the General Election.

Backings for the reforms varied between regions, reflecting political balance, local government arrangements and the priority attached by local authorities to promoting economic development at regional and sub-regional levels. However, reflecting the Conservative dominance of local government, especially in southern England, local authority leaders generally responded with acquiescence rather than enthusiasm. For some Conservative councillors the word ‘region’ remained associated with John Prescott and made them determined to eliminate it from their activities. As a Whitehall official in the Government Office Network observed, ‘The political settlement post SNR is unravelling because local authorities are awaiting a Conservative government which, in their view, will change things for the better’. Conversely, some local Conservative politicians acknowledged the potential benefits of the reforms in terms of giving local government greater control, influence, place shaping powers and achieving economies of scale in delivery.

According to a South West official the creation of the new Leaders’ Board representing a number of local authority ‘big hitters’ made it ‘less easy to ignore than the dismantled Regional Assembly’. An East Midlands official also noted the potential benefits but drew attention to the difficulties of securing agreement among local authorities;

‘The SNR offers local authorities more discretion over structures and being pragmatic they will get what they can out of the reforms. But it’s not been properly thought out and has been politically damaging in the region, which has required difficult discussions between authorities to get agreement. It’s been a fraught process and the [Leaders’] Board is probably too large. These problems should have been foreseen and DCLG has done a good job to sort them out’.

Rather than focusing on the SNR a West Midland regional official highlighted the need for reform in the context of the deep-seated economic problems facing the region that demand a collective response from both public and private sectors,

‘We want to use the SRS to build a coalition of big business and public agencies - Job Centre Plus, the NHS, Homes and Communities Agency. Frankly, the SNR is no longer the trigger, but if we don’t use the SRS and the recession to address the fundamental issues facing the region, then we’re never going to get
the regional economy on the right track. We cannot go on working in the way we have done, the challenges are so great’.

Compared with other regions the North West was already well placed to respond to the government’s reforms. Before the SNR had been published leading members of the region’s Assembly had gained the agreement of Hazel Blears, then Secretary of State for DCLG, to streamline the Assembly, which was seen by local councils to lack authority as a decision-making body. Putting in place a Leaders’ Board that combined representatives from the region’s five ‘sub-regions’ proved relatively straightforward. A regional official observed,

‘We’ve maintained the Assembly model but have streamlined it. What makes the North West board work is that the local authority members are no longer political representatives, as they were on the Assembly, but representatives of their sub-regions. There has always been a tendency in Whitehall to focus on the needs of Greater Manchester and, to a lesser extent, Merseyside …. What we’re trying to get over to local authorities is that, apart from the big cities and the Lake District, the North West is largely unknown in Whitehall …. The regional body is an antidote to that thinking and is intended to help all parts of the region to get what it can’.

In the North East several factors eased the process of rallying local authorities and selecting a Leaders’ Board. These included a preponderance of Labour controlled local authorities, the presence of a strong regional identity, a widely shared focus on the economic challenges for the region and a legacy of regional working. Moreover, local government reorganisation in the region in 2009 around twelve single purpose authorities, involving the replacement of thirteen districts by two new unitary authorities for Durham and Northumberland, facilitated the process. Similarly, selecting board representation from the twenty-two local authorities in Yorkshire and the Humber proved relatively straightforward with the Leaders’ Board comprising representatives from the region’s four embryonic functional sub-regions/city-regions. By and large elites in the three northern regions were judged to have been more active because of a perception that the SNR reforms offered pathways to improve the economy of a part of the country that had lagged behind much of the rest of England. An official from the Department for Business, Innovation and Skills (DBIS - formally DBERR until June 2009) commented that ‘in the north people have just got on and done it because the economy matters more and they can see sense in some of what the SNR had to offer on that’.

This was in marked contrast to the construction of the ‘streamlined arrangements’ demanded by DCLG of the seventy-four authorities serving the South East. As John et al (2005) observed, a preoccupation with short run economic interests and also the weak identity of the citizens in the South East with their region had militated against a strong political voice. Indeed, the SNR prompted an intense debate among South East council leaders about whether they wished to work together. A South East England Council’s group (SEEC) was established in 2009 with a remit to be a ‘light touch’ body. However, the ambivalence of local authorities to jointly deal with strategic issues remained. In the Eastern region debates around the formation of the Leaders’ Board were less febrile, although they reflected the difficulties of brokering agreement between fifty-two councils. One of the outcomes of the SNR was, therefore, to expose the role of local politics in shaping the outcome of rescaling processes, especially the difficulties of getting local government to speak with one voice and resolving tensions between counties and districts.

*Dealing between regional Leaders’ Boards and RDAs*

Variable progress was made to determine the ‘bicameral’ responsibilities and relations between the respective Leaders’ Boards and RDAs. Inevitably, doubts were expressed about the capacity of these twin authorities, with their very different cultures, to work jointly to provide regional leadership. A Treasury official commented, ‘the jury’s still out on whether local authorities will work effectively amongst themselves, let alone with the RDAs’. Likewise, a 4NW official acknowledged that,

‘The danger early on was that the RDA saw the SRS as a revamp of the RES, but we said no. It took some months to get agreement on the scope of the strategy and its preparation. The Agency considered that it didn’t need to work through the Leaders’ Board, while the board assumed that the RDA could be largely excluded. It was hard work to persuade the parties that the SRS is a shared agenda’.

A Yorkshire and Humber official also acknowledged that,
‘The model of joint responsibility involving the RDA and local government is incredibly difficult in practice. There are cultural differences. It’s fragile. There may be a will but the perspectives are different’.

Similarly a West Midlands official offered this warning.

‘Local authorities are irritated that RDAs should have say over planning, housing, transport. But [central] Government is also protective of RDAs and local authorities are seen as responsible for service delivery, not about having a strategic role in economic development. It requires culture change’.

In advance of the 2010 General Election local authority support for regional working became increasingly brittle. Furthermore, in the face of possible abolition by an incoming Conservative government, RDAs adopted a common position of being opaque in terms of what they were prepared to contribute to SRSs. In the view of one official, ‘They’re already trading away planning and housing, preferring to emphasize their contribution to the new industry, new jobs agenda (NINJA)’. Indeed, all regional bodies were operating in an environment of uncertainty. A South West official described the region as being ‘in limbo’, waiting to see the outcome of the election and a more definitive steer from government as to whether the SRS would survive in its present form.

**Single Regional Strategies**

There was widespread agreement among regional officials that the principles for preparing SRSs were clear, though they brought together elements of two strategies with very different pedigrees. As an East of England official observed, ‘Accountability for preparing the regional strategy involving both RDA and local authorities is a fudge. A fundamental and unresolved issue is whether the SRS is the RSS+ or RES+, it cannot be both’. A further source of concern was that the statutory element of the strategies might be of such generality that they would fail to provide the strategic advice necessary to guide investment priorities and sub-regional working. Conversely, doubts were expressed that because the strategies would be subject to Examinations in Public, where commitments to delivery would be tested, the outcome could be a very complex and lengthy process.

SRSs were held to offer the opportunity to link regional priorities with future resource allocations - a ‘golden thread’ between policy, resources and outcomes. They would incorporate implementation plans, ‘which will demonstrate how and by whom it is intended that the Regional Strategy will be delivered. In turn, this will need to be followed through in the strategies and delivery plans of the organisations concerned’ (DBIS, 2009, p.17). Despite such reassurance there was uncertainty about whether the strategies would gain traction over the budgets of key public bodies. Quangos might wish to use SRSs to legitimize their own actions, but the reality was that they were dependent upon Whitehall for funding, which is designed predominantly along departmental lines for the purposes of budget allocation, accountability and career development. The danger was that such fragmentation would be replicated at the local level (Parker *et al.*, 2010). A Whitehall official in the Government Office Network described the pitfalls of such arrangements,

‘What the SNR doesn’t do is address what investment there’s going to be for delivery of the SRS. So it’s not agreed funding commitments with agencies like the Highways Agency or health services. It’s all fine saying that you have a SRS but without commitment and buy in from the big delivery and infrastructure bodies you have a real problem’.

Similarly, a regional official confirmed,

‘The theory is that the SRS should steer regional agencies to deliver priorities. But Whitehall still lacks spatial awareness and is nervous about any financial commitments. That’s why the [SRS] delivery plan is non statutory. It would involve establishing regional budgets. The use of national funding and resources will become even tighter over the next few years and [public] bodies will seek to hold onto funds. Of course, it hasn’t been tried yet but delivery is still doubtful’.

Whitehall’s dalliance with regional budgets had been reflected in Regional Funding Allocations (HM Treasury *et al.*, 2005; 2008). Nevertheless, this tentative experiment to ring-fence and potentially pool regional budgets failed to galvanize sufficient support across Whitehall departments, raising further questions about the ability to link regional priorities to investment. A Whitehall official remarked,
“A rational and sensible approach would say ‘we [departments] have limited money, let’s pool it and look for added value from it’, but it doesn’t work in the current economic climate. The problem is that Treasury and Gus O’Donnell [Cabinet Secretary] recognize this, but departments’ knee jerk reaction is that you must be kidding. They’ll retrench and hold on to their cash rather than share and pool’.

Regions and sub-regions

Government guidance on the content of SRSs spelt out the need for the strategies to identify sub-regions, which would benefit from specific policies and actions that reflect the economic geography of the region and functional relationships between areas not captured by existing local administrative boundaries (DCLG and DBIS, 2009). This reflected a growing weight of opinion in favour of the devolution of powers to sub-regions on the ground that a ‘place based’ approach that focused on functionally defined areas, rather than administrative units, offered a more effective reference point for the co-ordination of public policies and resources, especially in driving economic development (New Local Government Network, 2009). As a DCLG official commented ‘if you’re looking at GVA [Gross Value Added] then you invest in the conurbations where you get the best returns and one should not be constrained by administrative boundaries’. The encouragement given by the Labour Government for local authorities to cooperate, along with other partners, was reflected in the presence of sixteen Multi-Area Agreements and City Region partnerships representing 40% of England’s population (DBIS, 2009). Over time it was suggested that such units could exercise considerable control through a ‘whole area’ approach to public expenditure including transport, economic development, culture and skills training (Marshall et al., 2006). Indeed, ‘it is possible to envisage a situation in which, ultimately, a network of cities with strategic powers to determine planning and investment might render the existing regional governance structures largely obsolete’ (House of Commons Communities and Local Government Committee, 2007, p.4).

The contribution of city-regions, however, has been disputed (Harrison, 2010). Unlike local authorities it can be asserted that sub-regional structures are insufficiently visible and accountable to citizens and replicate the limits of the ‘new regionalism’. Hazell (2006, p.49), for example, questions the status of these new territorial forms. City-regions are ‘the construct of geographers and urban planners rather than politicians. They provide the basis for prescribing networks and policy coordination rather than new political institutions’. Similarly, Ward (2006, Ev 90) suggests that ‘The city region is an essentially economic notion of geographical solidarity … The failure of elected regional assemblies means that we are left with no significant means of enabling people to think they have a stake in regional governance, so we have seen a retreat to an economic model’. Pike and Tomaney (2008, p.12) have also drawn attention to the uneven nature of the process that ‘risks reinforcing asymmetries and inequalities amongst sub-national institutional actors and their geographies’. A North West official remarked,

‘The Government’s focus is on the major city regions, which are seen as key parts of the national economic engine. It’s also much easier here - Greater Manchester and Merseyside - where there are policy units serving these territories. But this is naive because the areas with the fastest [economic] growth are often well beyond the big cities. But county areas often don’t aspire to intervene or have staff capacity; there are difficulties in two-tier areas [counties and districts] and they don’t yet work as sub-regions’.

A Whitehall official expressed even greater caution,

‘It feels like the city-region pilots [Manchester and Leeds] were prizes in themselves. I’ve not seen much activity or vision from them …. At the moment MAAs and city-regions are underdeveloped. Our problem is how we get local leadership to sign up and work together. If, at some point, these areas are actually going to be charged with making decisions and spending money then they’re going to have to be more robust. So it’s about getting the governance right’.

We were also cautioned that previous efforts to encourage local authorities to voluntarily cede powers to joint bodies had often proved fragile. A South East regional official observed ruefully, ‘For me sub-regions have only ever worked where there is consensus around the need for action on a particular issue and commitment in terms of money’.
Post SNR a clear set of sub-regional structures did emerge in the Yorkshire and the Humber region, though the level of political support and resources devoted to these arrangements varied. An official ventured,

‘If we can get ourselves reorganized sub-regionally we may not need the regional tier, but for the moment we’re playing that game. The fact is that we need to sort ourselves out economically and that may override parochial interests’.

In the North East region, too, the outlines of sub-regional structures were also present. Tyne and Wear authorities established a ‘city-region’, geared to making the economy of the area more competitive and inclusive and sought Durham and Northumberland’s involvement as a way of strengthening the case for formal city-region status. Nevertheless, as a North East civil servant remarked,

‘At the same time it weakens the case because of competing interests, especially the emergence of two new unitaries in the form of Durham and Northumberland. The implication is that tough decisions are best taken at regional level. My experience is that they [local authorities] find it difficult to reach agreement on priorities’.

Similar doubts were expressed by officials in the Eastern region. The region lacked MAAs but possessed several sub-regional partnerships, including those serving Regional Cities East and the Thames Gateway and South Midlands growth areas. Nonetheless, such partnerships were judged to be of variable strength.

‘It’s easier in some areas than others and is particularly difficult around London. Add to that [those] difficulties of working in predominantly two tier areas. Politicians may be used to such arrangements, but voters are confused’.

This view was echoed in the South West where local authorities were described as having ‘variable competencies’, with some ‘doing good things’, while others were ‘struggling to get their act together and will lose out because they can’t play the game’. In the Midland regions, too, there was a patchwork of sub-regional partnerships: Birmingham, Coventry and the Black Country and the Leicester/Leicestershire MAAs. Birmingham had been mooted for ‘city region’ status but according to a DCLG official, ‘they couldn’t get their act together, which halted the process somewhat’. The proliferation of city-region scale initiatives certainly reflected a desire to establish institutional arrangements more in step with functional geographies. Conversely, they could also be regarded as the latest makeshift outcome in successive attempts to reshape the spatial institutional hierarchy in response to market and government failure (Lord, 2009; Goodwin, et al., 2005).

Regional ministers

According to regional officials the contribution of regional ministers in providing regional leadership was dependent upon the personal qualities of the individuals, the length of time they had remained in post, the range of their other government duties and the support they were able to garner from public agencies, including local authorities. Some described ‘their’ ministers as enthusiastic, hands on in engaging with regional stakeholders, including business interests and the key economic agencies and championing local interests in encouraging a regional perspective in Whitehall. Equally, doubts were expressed about their capacity to fill the gap in elected regional leadership and also the level of support needed to assist regional ministers. As a regional official noted,

‘We have a good minister, but what can he do to join up? How can he manage relations with Quangos? He has no powers. He chairs an economic council in the region but, despite the best of intentions, what difference has it made? We have lots of the same people sitting around yet another table’.

In several regions it was also claimed that an overlap existed between the Regional Economic Forums or their equivalents - chaired by regional ministers and based in the GOs - and the responsible regional authorities, which caused unnecessary confusion. Indeed, in one case it was suggested that the minister was seeking to employ his regional responsibilities to develop his own personal profile, by setting up working groups, which other participants would prefer wound down. Equally, elsewhere it was stressed that the regional economic forums were merely ‘window dressing’.

Regionalism in retreat
Despite a failure to establish elected regional bodies, devotees of regional government were able to draw solace from several evaluations, which highlighted that over a relatively short time effective working relationships between Assemblies, GOs and RDAs had become a largely ‘taken for granted’ feature of sub-national governance (Mawson, 2007; Sandford, 2005). Individually, the 320 local councils outside London were judged unable to deal with such strategic issues such as economic development, planning and transport and had insufficient clout to respond to major demographic, economic and environmental challenges. Equally, important Whitehall spending departments remained ‘spatially blind’ to the geographical implications of their decisions and actions (Pike and Tomaney, 2008). In these circumstances, the regional tier emerged as an efficient and effective locus for the coordination and integration of sub-national spatial and investment priorities.

At the same time, while Labour’s regionalism ‘may make sense in terms of administrative co-ordination, in much of England most people do not possess a strong sense of regional identity (Bond and McCrone, 2004). Furthermore despite successive reforms, accountability structures, policy and funding streams remained firmly under Whitehall control (Ayres and Stafford, 2009). The GOs principal task was to meet programme targets set by sponsor departments, RDAs remained mainly accountable to ministers, while the new SRSs would require the ministerial approval. Moreover, while the SNR’s intent was to streamline, Labour was accused of adopting a permissive approach, which acknowledged the potential contribution of various spatial units but overlooked the inter-relationships between these entities (Harding and Rees, 2009).

By the 2010 general election both major opposition parties were committed to annulling much of Labour’s regional institutional legacy. The Conservative Party had long opposed the transfer of powers to the regions on the grounds that it weakened both parliamentary sovereignty and local government and had achieved little in reducing regional economic inequalities. Similarly, the Liberal Democrats favoured greater localism through a bolstering of existing local authority structures, including responsibility for economic development, and scrapping the GOs and regional ministers.

A Green Paper, ‘Control shift: Returning power to local communities’ (Conservative Party, 2009a) set out the Party’s agenda for the ‘new localism’, including proposed reforms at the regional level:

- Abolishing all regional planning and housing powers exercised by regional government and transferring them to local government;
- Stripping the RDAs of their powers over planning; and
- Giving local authorities the power to establish their own local enterprise partnerships to take over development functions from RDAs.

In response to local authority concerns, especially from Conservative district councils, the Party was committed to revoking the imposition of housing targets on individual local authorities through regional plans. They would be replaced with ‘compelling incentives’ for authorities to release land for development so ‘that existing communities will genuinely benefit when they decide to develop’ (Conservative Party, 2009b, p.20). So too RDAs would be reformed, though not necessarily abolished. The Agencies’ ‘business growth’ remit would be retained but RDAs would evolve into Local Enterprise Partnerships, bringing together business leaders and councillors, with lines of accountability to the local authorities they serve (Spelman, 2009).

These proposals represented a different vision of sub-national arrangements from that of Labour. In one respect, however, the parties did not appear too far apart since both acknowledge the need for some form of institutional arrangements between the national and local tiers to drive sub-regional collaboration across functional economic areas. After all, the Labour Government had presided over the creation of Multi Area Agreements and the Conservative shadow local government minister, Bob Neill, spelled out a commitment to build on existing sub-regional partnership arrangements by granting local authorities,

‘the power to come together to establish new enterprise partnerships that truly reflect natural economic divisions, and to take over from their RDAs the responsibility for economic development within those areas’ (Neill 2009, p.59).
None of the political parties, however, were willing to create elected sub-regional authorities, which would require a further round of local government reorganization.

A key question in our interviews with regional officials and civil servants was to examine which aspects of Labour’s sub-national institutional architecture might survive a government determined to dismantle key regional institutions. No one view prevailed. Some acknowledged that because, for many Conservatives, the ‘region’ had become a ‘totemic issue’ there was every prospect that RDAs would be abolished and SRSs abandoned. Others, however, offered a more nuanced view, asserting that the door was not closed on ‘bottom-up’ regionalism (Fenwick et al., 2009).

‘Shadow ministers are out and about in their regions, trying to find out what’s happening, what works and doesn’t work. They’re placing a lot of weight on the views of local authorities about what structures they might wish to see. But they do seem clear about their planning [reform] proposals’ (North East official).

Until the election Conservative policy was judged to be unsettled. Indeed, divisions of opinion were evident within the Conservative family, both within regions and between regional leaders and shadow ministers, who frequently strayed from the party line. For example, a South West local government official signalled that local authority responses to the proposition that RDAs be abolished would be driven by pragmatic judgements that reflect parochial interests.

‘Conservative councillors aren’t banging on the table saying get rid of RDAs, but they’re not arguing to the contrary. I suspect that those authorities that got a good deal from the RDAs will be more inclined to support them’.

In several regions deliberations over post-election structures reflected familiar tensions between counties and districts, with some councillors favouring a return to an era of predominantly two-tier working and structure plans and counties playing a strategic role. Conversely we were advised that other councillors, especially those with experience of regional working, while philosophically unsympathetic to regions, acknowledged the need to collaborate to tackle cross-cutting strategic issues, provide a degree of spatial coordination and exert influence in Whitehall. A North West regional official observed,

‘I think it separates between those more visionary politicians, who recognize that they cannot rely on either Whitehall or their own authorities to look after their [areas’] interests and that they need a buffer at the intermediate level capable of taking unpopular decisions and those Conservatives who take the view they will do whatever David Cameron tells them. That, in itself, causes frictions’.

As a Yorkshire and Humber official also confirmed that, “the ‘R’ word may go but Conservatives recognize that they can’t leave it to individual local authorities. So they’ll have to find some way of addressing the issue”.

Anxieties were also expressed about Conservative Party proposals to abolish regional housing allocations and place reliance on financial inducements to encourage individual local authorities to release land for housing. A West Midland regional official acknowledged that, given the absence of sufficient resources for supporting infrastructure and the potentially adverse environmental impacts, local hostility to the imposition of Whitehall housing targets via regional strategies was not unreasonable. Nonetheless, she held that,

‘the [Conservative] bottom-up approach won’t work. In the West Midlands we need to focus new housing in the conurbation. The lack of a regional perspective would lead to the balkanization of housing policy. The vacuum would have to be filled by some new local government group or left to the Government Office to hoover up’.

While sub-national actors jockeyed for position in advance of the election, we were also advised of a potential change in approach in Whitehall leading to a ratcheting up of centralization. In its response to the financial crisis it was asserted that central government had become less amenable to localities ‘muddling through’ at the expense of the national interest. As this Whitehall official stressed,

“The other stuff that’s changed from the SNR is that there is a bigger interest from central government about national growth. At the time of the SNR [the Labour] government said ‘we do the macro and you do the meso and micro level stuff’. Now central government is saying that we have an interest in growth at the sub-national level and if localities cannot get their act together then government is keen to get
involved as it’s so important to the national economy. So, government is less reluctant to let go in one respect” (Government Office Network official).

Back to the local?

A year after the 2010 election the Conservative-Liberal Democrat Government’s programme to reform the sub-national tier was well advanced. The Government Offices in the regions, the RDAs, and the local authority led regional Leaders’ Boards had or were in the process of being abolished and regional economic and spatial strategies abandoned. Reflecting a growing weight of opinion in favour of the decentralisation of powers to ‘bodies that represent real economic geographies’ (HM Government, 2010b, p.11), thirty-three Local Enterprise Partnerships (LEPs) had been established, in part to replace the RDAs. They were to provide a fresh approach to partnerships between business and local government and lead the ‘improved coordination of public and private investment in transport, housing, skills, regeneration and other areas of economic development’ (HM Treasury, 2010a, p.31). Some RDA managed programmes, however, including support for business innovation, inward investment, skills, European funding and regeneration were transferred to Whitehall departments and their agencies. Planning was also undergoing reform, with local communities being given the opportunity to adopt new neighbourhood level plans alongside the local plans prepared by England’s metropolitan and shire districts and unitary authorities.

Over all, the Government’s ambition, set out in the 2010 Localism Bill, was ‘to achieve a substantial and lasting shift in power away from central government and towards local people’ (DCLG, 2011, p.2). According to the Communities Secretary, Eric Pickles, ‘Our purpose is to make a radical redistribution of power and funding from government to local people to deliver what they want for their communities, transforming public services….. We will decentralise power as far as possible, turning government upside down and inside out’ (DCLG, 2010, p.1). It would be wise, however, to distinguish between the language of decentralization used by Coalition ministers and their actions and potential outcomes. Past experience, for example, suggests that all too often a government commitment to decentralize is soon reversed as Whitehall departments reassert their dominance. Moreover, in the Coalition’s case, though the devolution of power to communities has been advocated as a way of promoting autonomous local action and recalibrating the way services are delivered, its overriding objective has been to assist in reducing the public sector deficit by way of substantial public spending cuts to both the central and local state. As Taylor-Gooby and Stoker (2011, p.6) observe, ‘On current projections public expenditure in the United Kingdom appears likely to fall below that in the United States by 2014 or 2015. This is simply unprecedented and, if fully implemented, indicates a radical new departure in British policy directions’. The planned reductions in public expenditure (2001/11 - 2014/15) have been set at 25% across Departments, with the exceptions of health and international aid. Central government contributions to local government will also fall by a quarter and because local councils are dependent on the centre for 80% of their revenues the cuts will be keenly felt locally (HM Treasury, 2010b). The multiple funding streams administered by the plethora of government bodies also involved in local provision are also threatened. The Coalition has promised a review of local-government finance, which could see central controls being eroded but, as Cox (2010) observes, rather than a genuine commitment to localism ministers are ‘handing down the axe’ and leaving councils to make cuts dictated by central government policy.

A key strand in Coalition thinking is that in addition to devolving power to local government it should also be transferred to individuals and communities, though how these different strategies for public service reform are to be managed is unexplained (NLGN, 2010). Indeed, according to Jackson and Smith (2010) ‘whilst there is much in the [Localism] Bill about decentralising to local communities, the powers allocated to local government are less clear. If anything, the Bill appears to marginalise the enabling, facilitation and advisory role of local authorities within place’. This is evident in the proposed new neighbourhood planning regime that seeks to redefine planning by placing parish councils or new ‘Neighbourhood Forums’ at the centre of the planning task. As Jones and Stewart (2010) observed there remain considerable uncertainties: which communities are to be involved, how representative will they be, how will their geographical or organisational boundaries be designated, how will they be accountable to the community, as well as financial control and probity arrangements. Moreover, despite its decision to revoke regional spatial strategies, the Government has acknowledged the need for some form of collaboration between adjoining local authorities on strategic cross-boundary planning issue through a ‘duty to cooperate’. However, its approach is permissive
and concerns have been expressed about whether leaving local planning authorities and their partners to decide when and how to work together and what outcomes they should seek will be sufficient to achieve the co-ordination necessary to address often controversial strategic issues (House of Commons Communities and Local Government Committee, 2011).

Unease has also surrounded the formation of LEPs, which are not elected and are expected to fund their own day-to-day running costs. As the bargaining around LEP boundaries in 2010 between central government, local authorities and business interests also revealed, parochialism remains a potent ingredient and dilemmas around allocating limited resources to competing initiatives across administrative boundaries will not easily be resolved. There is also the risk of significant geographical variations and unproductive forms of place-based competition and increased inequality (Rodriguez-Pose, 2009). Consequently, it is uncertain whether LEPs will deliver increased economic growth. Furthermore, while business interests cannot be presumed to take precedence over the democratically expressed wishes of local communities, ‘LEPs will need to have clear powers to influence and determine local authority policy or risk becoming nothing more than talking shops’ (House of Commons Business, Innovation and Skills Committee, 2010, p.45). Moreover, it is by no means certain that all the relevant government departments had become fully committed to the new local partnerships.

Conclusions
At the beginning of this article we posed the question of whether developments in sub-national government in England since 1997 constitute a shift in the territorial organisation of the state. As this account demonstrates all the major political parties are outwardly committed to reversing the trend of centralization, but there is a world of difference between pushing down responsibility to lower tier institutions and securing an orderly parallel shift in authority and resources. Under Labour’s stewardship central-local government relations were characterised as ‘top-down’ with an emphasis on results and outputs. At the regional level a process of administrative ‘deconcentration’ was pursued through a loose mosaic of regional institutions that crystallized around the preparation and delivery of numerous regional strategies and assisted in providing greater policy coherence. Nevertheless, though Labour advocated regional devolution as a democratic opportunity, in practice the regional institutional architecture was seen, at least in Whitehall, as primarily a mechanism for delivering centrally determined goals and standards.

The announcement of the Review of Sub-national Economic Development and Regeneration in 2007 appeared to mark a gear change. It seemed to offer the prospect of a comprehensive reassessment of regional working and renewed efforts to boost the competitiveness of the economically weaker regions and to improve the delivery of public services through decentralizing and securing closer co-ordination between different tiers of government. However, the opportunity was missed. The SNR failed to acknowledge that many of the limitations on regional working capacity originated in Whitehall and that central government’s extensive regional administration was not accountable regionally. Second, if fully implemented, the effect of the SNR would have been to reduce further the level of democratic legitimacy in regional decision-making. Third, the Treasury underestimated the difficulties in unifying the RDAs’ economic and the local authorities’ spatial planning strategies. Fourth, the Review was censured for seeking to manipulate the planning system in favour of the Treasury’s agenda to enhance national competitiveness. Finally, it ignored the need to actively reverse the longstanding inequalities in economic growth rates between regions, which were obscured by the long economic boom that ended in 2007. As for Labour’s appointment of regional ministers and regional select committees, their activities were barely visible.

Despite these difficulties the opportunities afforded by the SNR reforms were welcomed in some parts of the country, especially the economically less favoured northern regions. Notably, the SNR stressed increasing the range of options for sub-regional collaboration between local authorities around economic development policies including MAAs and city-regions, leading to suggestion that sub-regional working could eventually supersede regional governance structures. Nonetheless, there were significant differences in the take up of such arrangements between and within regions and it was unclear how the potentially conflicting models of sub-national and sub-regional cooperation would be managed. More fundamentally, uncertainties remained about the willingness of local authorities to voluntarily put aside local interests and provide a collective voice on issues with a strategic dimension.
As the 2010 General Election approached the prospect of a Conservative government led to a loosening of the post SNR settlement in the view of many local authorities. Especially in southern England there was growing hostility among local Conservative politicians to Labour’s legacy of centrally orchestrated regionalism. But, while the ‘localism’ agenda emerged as a flagship policy for David Cameron, Conservative views on local government have fluctuated historically and support for further empowering councils among Conservative MPs remained slim (Kenny and Lodge, 2009). Nonetheless, the Coalition embarked on a programme of rapid reform that extolled the virtues of localism and decentralization. This was predicated on the view that central government and other unelected bodies had gained disproportionate influence over local priorities and decisions, people should have more choice and control over public services and public spending had reached unaffordable levels.

A sanguine assessment suggests that if fully implemented the Coalition’s programme would amount to a substantial and lasting shift in power away from Whitehall to localities. Such claims, however, should be treated with caution. First, decentralisation is being pursued alongside a government target to reduce the scale of the state and to eliminate the public sector budget deficit over a four year period. Local authorities in England are dependent on central government grants for a large proportion of their revenue when compared to many other European countries and face substantial cuts in funding. In circumstances where fiscal centralism dominates, talk of decentralisation or localism may appear disingenuous. Second, while the abandonment of ‘top down’ approaches and the adoption of greater local diversity may be welcomed, ministers will still be expected to ensure a degree of equity in service provision. Third, for the first time since 1947 England lacks a strategic planning policy layer and the assumption that groups of local authorities will have the political will and resources to jointly tackle strategic, cross boundary issues is questionable. Fourth, the Government anticipates decentralising powers to both local authorities and local communities but the relationship between these two approaches is unclear. Finally, while the Government has promoted itself as a champion of localism, it may have underestimated Whitehall’s strong centralist instincts, which are replicated to a greater or lesser extent across many, if not all, government departments and their agencies.

In summary, the debate about territorial rescaling of political authority in England shows no sign of abating. Rescaling, especially to the regional level, has become common elsewhere in Western Europe (Marks et al., 2008) and since Labour’s regionalism could be regarded as experimental, it is not unexpected that the relationships between and roles of different territorial levels would ebb and flow in response to competing claims for democracy and equity. In this context, the determination and speed with which the Coalition Government implemented its ‘post regionalist’ agenda is remarkable. Nonetheless, while promising decentralization and localism it can be censured for presiding over the creation of a ‘pot-pourri’ of institutional arrangements but without any major shift in intergovernmental relations. Whitehall continues to retain control over key policy decisions and resources at the sub-national level and local authorities strikingly lack the constitutional protection and the level of financial autonomy enjoyed by many of their Continental counterparts. It is disturbing that so little political consensus exists on the principles that should shape sub-national government structures in England. Politicians are entitled to conceptualize territorial structures through partisan lenses, but they should not ignore the costs of disruption, threatened or real, and the potential contradictions and uncertainties arising from constant recalibration.

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Note

The empirical evidence for this article draws on two sets of interviews. The first was conducted during autumn 2009 and early 2010 with senior officials from each region, including Regional Assemblies, Government Offices and Regional Development Agencies. The second was undertaken between January-February 2010 with Whitehall civil servants in HM Treasury, Government Office Network and the Departments for Business Innovation and Skills (DBIS), Communities and Local Government (DCLG) and Transport (DfT). All interviews were undertaken under Chatham House Rules.

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Newman, 2005; Ward and Jonas, 2005; Jessop, 2004; Brenner, 2003). Other commentators, however, while acknowledging that the state may be in transition, discount claims that the Centre is losing ground (Cairney, 2009; Pearce and Ayres, 2009). As Bell and Hindmoor (2010)


Figure 1: Governance structures in England post the Sub-National Review of Economic Development & Regeneration