

HERTFORDSHIRE COUNTY COUNCIL

CABINET

MONDAY 20 MAY 2002 AT 2.00 P.M.

Agenda Item No.

**Other Part I
Business**

A

**WHITE PAPER ON REGIONALISM *YOUR REGION, YOUR CHOICE:*
*REVITALISING THE ENGLISH REGIONS***

Report of the Chief Executive

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1. Purpose of the report

To advise the Cabinet of the proposals in the DTLR White Paper *Your Region, Your Choice: Revitalising the English Regions* which was published on 9 May 2002 and to consider the issues and implications of the White Paper for the County Council and the county's residents.

2. Summary of proposals in the White Paper

The aim of the proposals in the White Paper is to give the regions greater freedom to make their own judgements about the region's needs and priorities, within a national framework. Key points are as follows:

- The existing regional boundaries will remain for the foreseeable future, but changes may be considered in the longer term.
- Elected regional assemblies will be established in areas where there is strong public support for this.
- Following consultation with regional chambers, local authorities and other stakeholders in each region, the Secretary of State may decide to call a referendum to enable the electorate to decide whether an elected regional assembly and a specific model of unitary local government should be established.
- The decision to hold a referendum will be at the discretion of the Secretary of State. No indication is given of the way in which public support for an elected regional assembly will be assessed or the level of public support necessary to trigger a decision to hold a referendum.
- If a referendum is to be held, proposals to create unitary local government throughout the region will be developed by the Boundary Committee before the referendum.
- The government will issue guidance to the Boundary Committee on the criteria to be used in making proposals for unitary authorities.

- If the majority of those voting in a referendum support the introduction of an elected regional assembly, the proposals for unitary government in the region will then be implemented.
- If there is a “no” vote to the establishment of an elected regional assembly in a referendum, the existing structure of local government will remain unchanged and another referendum will not be held for at least five years.
- At present, the Government considers that the strongest public support for elected regional assemblies is in the northern regions, particularly the North East.
- Views on the White Paper are invited by the end of August 2002.

A more detailed summary of the proposals in the White Paper, chapter by chapter, is attached as an appendix to this report.

3. Issues and implications for Hertfordshire County Council

The Cabinet will need to decide whether it wishes to submit a formal response to the White Paper by the deadline of the end of August. In deciding whether or how it responds to the proposals in the White Paper, the Cabinet may wish to consider the following matters:

- i) the financial implications of establishing elected regional assemblies as detailed below;
- ii) the extent to which elected regional assemblies will draw their powers and functions down from central government rather than drawing them up from local government;
- iii) the extent to which there is likely to be public support for an elected regional assembly for the East of England;
- iv) the appropriateness of the existing regional boundary for the East of England, given Hertfordshire’s strong links with London and the issues it has in common with other counties in the South East region which neighbour London;
- v) the extent to which the East of England region has an identity and a common set of issues and problems which require a region-wide solution to resolve;
- vi) the appropriateness of establishing a unitary structure of local government in all regions which have an elected regional assembly and the effect of this uncertainty on the county council and ten district councils;
- vii) the extent to which an elected regional assembly is likely to strengthen local democracy and give local people greater influence over the key issues which affect their lives, or create an unnecessary tier of bureaucracy.

4. Financial implications

The additional running costs of each elected regional assembly are estimated to be £20 million per year. Most of this cost will be funded by central government in the form of a grant. However, the government will assume that council tax payers in the region will contribute an average of 5p a week (band D property) towards the running costs of the assembly. An assembly will also be able to set a higher precept on council tax to fund additional spending,

although such a power will initially be limited through arrangements comparable to the local authority capping regime.

It is suggested in the White Paper that it should be possible to achieve savings in the medium term from the establishment of a wholly unitary structure in regions with an elected assembly. However, based on the costs of the structural reorganisation of local government which occurred in the 1990s, it has been estimated that the additional transitional costs of establishing unitary government in all English regions would be almost £2 billion. There is no evidence that the transitional costs of restructuring local government have been recouped by subsequent savings in areas where unitary counties were created in the 1990s.

5. Conclusion

The introduction of an elected regional assembly in the East of England would result in the replacement of Hertfordshire County Council and ten District Councils by a much smaller number of unitary councils. In addition to the transitional financial costs noted above, changing from the existing two tier structure to a unitary structure of local government would generate large upheavals and discontinuities in service delivery.

A new unitary system of local government would only be introduced if a decision is made to hold a referendum and the majority of those voting in a referendum support the introduction of an elected assembly. A decision to call a referendum in the East of England will be entirely at the discretion of the Secretary of State, taking account of the views of the public across the region's six counties. Proposals for a unitary structure of local government in the East of England would have to be developed before the referendum takes place. It is likely that this would be a lengthy, difficult and disruptive process which would divert members' and officers' time and attention from service delivery. Members may recall the tensions and disruption caused by the last review of local government structures in 1992/93.

In deciding how it should respond to the proposals in the White Paper, the Cabinet may wish to establish a cross-party panel of members to consider the issues and implications for the County Council and its citizens in more detail.

The Cabinet may also wish to seek the views of all members of the County Council at the County Council meeting on 21 May 2002.

Appendix – summary of proposals in the White Paper *Your Region, Your Choice: Revitalising the English Regions*

Chapter 1 – understanding the regional dimension

This provides contextual information about the nine English regions (including London). It provides data on the economic position, health of citizens and employment rates in each of the regions. It concludes that the government's regional policy is about giving regions the freedoms to make their own judgements about the region's needs and priorities, within a national framework.

Chapter 2 – strengthening the English regions

This chapter describes ways in which the roles of Regional Development Agencies (known as East of England Development Agency in this region), Regional Chambers (known as East of England Regional Assembly in this region) and Government Offices (known as GO East in this region) are to be strengthened in all the regions.

Details are as follows:

- all RDAs to produce Frameworks for Employment and Skills Action by October 2002
- links between RDAs and Learning and Skills Councils to be developed, including the joint development of regional skills observatories
- regional chambers to assume the role of regional planning body in all regions outside of London – chambers to be directly funded to carry out this function (rather than funded through upper tier authorities)
- chambers to be encouraged to improve their role in joining up regional strategies
- a constructive dialogue between chambers and government-funded bodies to be promoted
- Government Offices to bring together relevant public sector organisations which work at the regional level
- central government to invite all regions to have a concordat which clarifies the roles of different bodies
- Home Office crime reduction teams and Drug Prevention Advisory Service Teams to be integrated into Government Offices
- Government Offices to have a new role in supporting the Home Office “community cohesion” agenda
- Government Offices to work closely with Department of Health regional public health teams now co-located
- Department of Culture, Media and Sport regional presence to be fully integrated within each Government Office
- Government Offices to support the implementation of e-government
- Government Offices to have extra responsibilities to work with and monitor the performance of RDAs
- Government Offices to have an enhanced role in relation to emergency planning
- national policy-making to be more responsive to each region's needs (using better data on each region's needs)

- Government Offices to ensure stronger regional input into the spending review process
- Government Offices to lead work on adapting programmes to the needs of each region and local area
- increased mobility of civil servants between HQ, regional offices and other regional organisations.

Chapter 3 – a vision for regional democracy

This advises of the intention to give people the opportunity to choose whether they want to have an elected assembly for their region. This will “decentralise power to elected regional assemblies and bring decision-making closer to the people”. It will also “provide more effective and accountable regional decision-making”.

Chapter 4 – the functions of elected regional assemblies

The intention is that the powers and functions of elected assemblies 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” and that “functions are generally not being taken from local government, which will continue to focus on local service delivery and community leadership”.

The initial functions of elected assemblies will be as follows:

- to agree objectives and high-level targets with central government and report annually to the electorate on progress.
- to produce regional strategies for sustainable development, economic development, skills and employment, spatial planning, transport, waste, housing, health improvement, culture and biodiversity. These new strategies will replace all existing strategies produced by regional bodies. Assemblies will be expected to develop a “joined up” approach to the production of strategies and will be encouraged to produce an “overarching” strategy setting out the vision for the region and key priorities.
- to improve the economic performance of the region – RDAs will be directly accountable to the assembly. This means that the assembly will appoint the RDA Chair and Board and will agree and publish the RDA’s regional economic strategy.
- to develop closer links with the Small Business Service and Business Link contractors in the region.
- to take over responsibility from RDAs for producing Frameworks for Regional Employment and Skills Action and to develop closer links with Learning & Skills Councils in the region. This will include appointing two members to each LSC Board and being consulted on LSC plans.
- to take over responsibility from Government Offices for any European structural fund expenditure for future programming periods.
- to prepare and issue regional spatial strategies and have the power to request that the Secretary of State calls in strategic planning applications not consistent with the regional spatial strategy.
- to take over Government Office and Housing Corporation functions in relation to housing. Assemblies will prepare and publish a regional housing strategy and allocate support for housing capital investment between councils.

- to produce a regional transport strategy, advise central government on the allocation of funding for local transport, make proposals to the Highways Agency and Strategic Rail Authority for schemes of regional importance, take over responsibility from the Strategic Rail Authority for the allocation of Rail Passenger Partnership grants and act as the regional consultee in relation to national proposals affecting the region.
- to fund, sponsor and lead the regional cultural consortium, agree and publish the regional cultural strategy produced by the regional cultural consortium, fund the regional tourist programme, fund and sponsor non-national museums currently funded by central government, sponsor and fund the single regional agencies for museums, libraries and archives, fund and sponsor the upkeep of English Heritage sites and appoint members of regional Lottery award committees.
- a duty to promote the health of the population of the region.
- to deliver rural regeneration programmes, engage with the regional Rural Affairs Forum, be the lead agency in delivering regional aspects of the England Rural Development Programme and ensure rural issues are addressed in other strategies
- make appointments to the Environment Agency's regional committee and prepare and implement a regional biodiversity strategy (responsibilities in relation to flood defence may also be devolved to elected assemblies).
- to be consulted by local crime reduction partnerships and drug action teams to ensure coherence between local action and the regional strategy.
- to take on the main co-ordination role in regional contingency planning.

Other functions may be given to elected assemblies over time.

Chapter 5 – funding of elected regional assemblies

Funding currently controlled by other regional bodies (e.g. RDAs, Housing Corporation, Rail Passenger Partnership, Rural Partnership, Arts, Sport and Tourism, English Heritage) will be paid to elected assemblies in the form of a single block grant, with freedom to spend the money as the assembly sees fit. Formula-based regional allocations will be used and it is intended to ensure “fairness and consistency” between regions which have an elected assembly and regions which do not. However, additional funding will be paid to reward assemblies which achieve or exceed the targets agreed with central government.

The estimated running costs of an elected assembly are around £25m (including £5m to meet the costs of staff transferred from other agencies). A government grant will cover most of these costs but assemblies will have the power to raise money by means of a precept on council tax. The government will assume that council tax payers will contribute an average of 5p a week (band D property) towards the running costs of the assembly. Assemblies may also increase council tax to fund regional priorities where this is supported by the electorate.

Elected assemblies will have borrowing powers in relation to capital expenditure.

It is expected that savings will be achieved by introducing unitary local government throughout regions which have elected assemblies.

Chapter 6 – boundaries and electoral system for regional assemblies

The existing regional boundaries will remain, but there may be changes in the longer term.

Elected assembly members will be elected using a system of proportional representation. The majority of members will represent individual constituencies and will be elected under a first-past-the-post system. A minority (up to 35%) will be elected from regional lists to ensure overall representation is broadly representative of the votes cast.

Elections will be held every 4 years. MPs, MEPs, peers and councillors may stand.

Chapter 7 – the constitution of elected regional assemblies

Assemblies will have between 25 and 35 elected members. They will appoint a leader and cabinet of up to six members. Other members will have a scrutiny function. Other key stakeholders will be able to participate in the assembly's work. Views are sought on how this could be done.

The Chair and executive members will have full-time posts and will be paid accordingly. Other members will receive two thirds of the full-time salary.

Around 200 staff will be employed by each assembly, including staff transferred from other agencies.

Chapter 8 – working relationships for effective English regions

Elected assemblies will be encouraged to take account of the potential impact of their actions on other regions and nations within the UK and to establish effective cross-regional working arrangements. It is expected that connections with the European Union will be strengthened.

Chapter 9 – process for implementation

A “yes” vote will be needed in a referendum before an elected assembly is established in any region. Following consultation with all eight English regions, the government will decide which should hold a referendum first. It is anticipated that up to three referendums could take place in this parliament.

The decision to call a referendum will be at the discretion of the Secretary of State, based primarily on an assessment of the level of public interest in each region (at this stage, the government considers that interest is strongest in the three northern regions, particularly the North East). 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”. The views of the regional chamber, local authorities and other key stakeholders will be sought. Account will also be taken of letters and other representations from the public.

Where there is a “no” vote, another election will not be held for a minimum of five years. There will be a 10-12 week campaign period before a referendum. There will

be a restriction on central and local government promotional material in the last 28 days of the campaign period.

Before a referendum takes place, the Boundary Committee will draw up proposals for 100% unitary local government in the region. Existing unitary authorities within the region and existing two tier authorities in regions not holding a referendum will remain unchanged. The government will issue guidance to the committee on the criteria to be used. The existing duty on the Committee to make proposals which 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” will remain.

The electorate will be made aware of the implications for the local government structure in their area before the referendum takes place. If there is a “yes” vote, the Committee’s proposals for local government will be implemented. If there is a “no” vote, the local government structure will remain unchanged.

The government intends to introduce legislation to provide for referendums in this parliament. If there is a yes vote, further legislation to establish elected regional assemblies will be introduced, so that elected assemblies could be in existence early in the next parliament.

Staff transfers to elected assemblies and to new unitary councils would be on the same basis as if TUPE applied.

Views on the White Paper are invited by the end of August 2002.