



Nations and Regions: The Dynamics of Devolution

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Key issues

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1 Introduction

The outcome of the general election appears to have thrown up ambiguous implications for the governance of the English regions. The rising tide of regionalism we charted in previous reports has yet to reach the flood-mark. However, developments in the dying days of the election campaign (including the promise of a White Paper on English regional government) and subsequent changes, as a result of departmental restructuring, mean that the summer months have thrown up a number of important issues which are outlined below.

1.1 Two steps forward, one step back?

Post-general election reorganisation of the Government machine, and the inevitable ministerial reshuffle, has considerably altered the Whitehall geometry, dividing responsibility for regional policy between at least three departments. This prompted speculation after the June 7th election that by accident, design or simple oversight, the regional dimension — from strengthening of Regional Development Agencies (RDAs) and regional chambers (or 'assemblies' as they are generally now known) to re-drawing or streamlining parts of the Whitehall machine to address the English question — had been sidelined. But ministers insist this is not the case. They have promised a White Paper on regionalism later this year, or early 2002, given the RDAs new, challenging targets on creating more jobs and businesses and up-skilling the workforce, while allocating an extra £15 millions over three years to strengthen the eight 'assemblies'

In our last report (Monitoring the English Regions, Report No 3, May 2001) we noted that the issue of English regional government appeared to be edging towards the forefront of the agenda for a second Labour term, with key ministers and advisers in the former Department of the Environment Transport and the Regions (DETR) hinting that the Government would move fairly rapidly with referendums in Labour's second term to test the mood for limited political devolution in several regions. The government has promised a White Paper on regional government, which for the moment seems enough to keep the devolutionists happy. But the picture is blurred, with no sign, as yet, of legislation necessary for referendums and indications that the

tank' regarded as close to Downing Street, the Institute of Public Policy Research (IPPR), has called for the merging of RDA strategies with planning guidance for a more democratic structure to counter 'civic disengagement.' There are also faint stirrings of dissent on the backbenches. Several MPs, all former ministers, have expressed concern at the absence of any mention of regionalism in the Queen's Speech. Significantly, leaders of the eight RDAs are also showing signs of assertiveness as their new sponsoring ministry, the Department of Trade and Industry (DTI), moves to impose tougher guidelines on their activities.

1.2 The new climate:

Some observers noted a contrast between the pre-election rhetoric of several senior ministers and the reality of the new Whitehall structure after June 7th. The lead-up to the election was marked by Gordon Brown underlining his position as a regional ally of John Prescott, the Deputy Prime Minister. The Chancellor, though, had always placed devolution in the context of better regional governance — improved, and better co-ordinated delivery on the ground — rather than elected regional government, although he has on occasion linked this to a broader agenda of 'civic renewal'. Brown's caution was apparent at a heavily-trailed Labour rally in Wakefield, a week before the election, when he heralded a

... new approach to regional economic strategy that gives new resources matched with new responsibilities to the RDAs as we achieve our aim of balanced economic growth ... there has to be local and regional accountability.

No such caution from John Prescott at Wakefield when he flagged-up regional devolution, underlined his party's commitment to directly-elected regional government, and declared: 'We believe that strong English regions will strengthen local government and strengthen the UK - not weaken it.' (Prescott, 2001). But his still remains a lone voice in Cabinet for the time being; no other senior minister is prepared to push the case for political devolution in England quite so strongly, although both Stephen Byers and the Local Government and Regions Minister, Nick Raynsford, say they will address the issue. In a newspaper interview Mr Byers suggested legislation could be brought forward in the 2002 Queen's Speech:

What I want to do is have a White Paper, then for colleagues to agree there should be a slot in the Queen's Speech next year. I will be pushing for that. I do think it's right that if local people want to have a regional assembly we have got to be prepared to act on that. We are working on the White Paper, we will make good progress, and certainly the plan is to do it within the next six months (*The Journal* [Newcastle] 13th July 2001).

Briefly, confusion reigned after June 7th. As widely predicted, John Prescott's DETR was broken up (though not as thoroughly as many predicted) with environment going to the enlarged agriculture ministry, re-branded the Department of the Environment, Food and Rural Affairs (DEFRA) under Margaret Beckett, and responsibility for the RDAs moving to the Department of Trade and Industry (DTI) under Patricia Hewitt. A new Department of Transport, Local Government (DTLR) and the Regions emerged from the rump of the DETR under Stephen Byers. The latter retained responsibility for the constitutional side of regional policy, and planning (although, confusingly, no longer the environment and the much-vaunted 'sustainable' planning agenda) as well as a key role in writing a White Paper on the regions — which will be overseen by the Deputy Prime Minister John Prescott in his new life at the Cabinet Office. Mr Prescott also, significantly, chairs the nations and regions committee of the Cabinet (see section 6 below). But far from the dispersal of regional policy to three departments being part of a grand plan to derail the regional debate, all the signs point to a hasty re-organisation of two

Significantly, he added: 'The Government has a proud record over the past four years in terms of moving along the devolution agenda. We don't

targets in return for extra cash and the greater financial freedom they had been promised to determine priorities.

But privately, as we report later, there are some misgivings among the RDA chairmen about the freedom they will be allowed to assert. Finally, it is clear that the new geometry of Whitehall has led to a lively debate among senior civil servants themselves, one of whom, in a personal capacity, e-mailed one of the authors questioning not only the new departmental structure but also the blurred responsibility between Government Offices in the regions (GORs) on the one hand and RDAs and regional Chambers on the other. He wrote:

As and when the (elected) regional assemblies are brought in, there will be a strong case for considering whether more central functions should be devolved to the Assemblies/RDAs as they have been in Scotland, Wales and Greater London. Some of these functions will be transferred from the GORs, along with the people doing them, as happened in London, which is probably the closest existing model. However, the GORs will still have a function in acting as the representatives of central departments in the regions...and as monitors of the performance of the Assemblies and the RDAs...

2. Regional Structures

2.1 Government Offices

The main development affecting Government Offices (GOs) since the General Election concerns the shift in responsibility for them, along with the Regional Co-ordination Unit, to the new Office of the Deputy Prime Minister in the Cabinet Office. The Deputy Prime Minister outlined the new arrangements

The Minister of State in the Deputy Prime Minister's Office, Barbara Roche, supports me across the full range of my duties. She will, in particular, oversee the work of the Regional Co-ordination Unit and the Government Offices in the Regions, reporting to me on the development of their role and on the work of the regional network of the COI. She will lead on projects arising out of the work of the Social Exclusion Unit, be responsible for the work of the Business Co-ordination Unit, and will be sponsor Minister for a number of PIU projects. She will also be a member of a number of

Minister for the Civil Service. (Cabinet Office, Press Release CAB 131/01, 'Structure and responsibilities for office of Deputy Prime Minister and Cabinet Office', 11th July 2001).

2.2 Regional Development Agencies

Two major developments occurred in the post-election period as far as RDAs are concerned. As noted above, the Trade and Industry Secretary, Patricia Hewitt, announced new outcome targets for RDAs. At the same time, Ms Hewitt announced the reappointment of RDA chairs. There is evidence, moreover, that RDA chairs are pressing the government to give them more autonomy to tackle regional disparities, with arguments receiving support from a recently published study by the CBI.

2.2.1 *RDA outcome targets*

Regional outcome targets were originally announced by the Deputy Prime Minister and the Chancellor of the Exchequer in Middlesbrough on 9th March 2001 (see our report Number 3). (In the last Spending Review the Government announced extra resources and wide financial freedoms for RDAs in return for achieving the outcome targets.) Pronouncing the system of targets, to apply from April 2002, at a meeting of RDA Chairs on 10th July, Ms Hewitt added:

I am delighted that RDAs will now be working even more closely with DTI. Their top priority must be providing strategic leadership to promote economic development, enterprise and investment in their regions. Strong, sustainable economic development is based on the principle of opportunity for all. So a key part of the RDAs' role is ensuring that regeneration of our most disadvantaged communities is led by economic development, building people's skills and employability, promoting enterprise, and encouraging business growth and investment. (see DTI Press Release, P/2001/364, 'Hewitt announces plan for regional targets for new businesses, job opportunities, land use and skills', 10th July 2001).

Ms Hewitt also put forward a plan for RDAs to agree specific delivery 'milestones' for each of their regions, covering the creation and attraction of new businesses, increasing employment and educational opportunities, and the re-use of 'brownfield' ex-industrial land. The milestones will contribute to the achievement of the regional outcomes. Within this framework, each RDA will prepare a business plan, to come into effect in April 2002. Specific milestones will cover:

- business performance — RDAs will be asked to support the creation and attraction of an agreed number of new businesses in their area;
- employment opportunities — RDAs will be asked to support the creation or safeguarding of an agreed number of jobs in their area;
- education and skills — RDAs will be asked to enable an agreed number of people in their area to learn new skills; and,

-
- brownfield land — RDAs will be asked to remediate and/or recycle an agreed number of hectares of brownfield land in their area.

Each Development Agency will be asked to work strategically with other regional and local bodies to improve economic performance, and will agree additional milestones appropriate to circumstances in their region with the Government.

Manchester conurbation Alan Willett, chairman of the South East RDA (SEEDA) as well as chairman of the informal nine strong RDA group, said he was appalled by what he saw:

It's the scale...it was sobering. It suddenly puts the whole

is perpetuated by what the CBI identifies as ‘the confused structure of regional government, which is carried out by dozens of overlapping agencies and departments at national, regional and local level’. Whilst the recent financial flexibilities awarded to RDAs are viewed as a step in the right direction, the CBI wants a more radical shake-up of their remit,

The current proliferation of bodies at regional level leaves businesses confused about who is doing what. The RDAs' relationships with other bodies must be clear to avoid duplication and to enable RDAs to drive forward the economic and competitiveness agenda more effectively.

- precedence for regional economic strategies

Economic strategies produced by RDAs must be followed by bodies responsible for areas like transport, planning and skills — including Government Offices for the regions and regional Assemblies.

Yorkshire Forward was quick to welcome the CBI's call for greater freedom to be given to RDAs to deliver economic regeneration, saying it echoed its own efforts in securing greater powers. Its chairman Graham Hall said:

I welcome the report's findings which generally endorse and support the approach Yorkshire Forward has adopted. We are business-led in our approach and are working hard to ensure we have the support of businesses across the region in delivering the regional economic strategy. We look forward to working with the CBI in steering the continuing debate regarding our future role (Yorkshire Forward, Press Release, 8th August 2001).

2.3 Regional Chambers/Assemblies

2.3.1 *Central government funding for Regional Chambers*

The government announced that regional Chambers would receive £15 millions to help them to strengthen and expand their role in representing the interests of the regions. Nick Raynsford said the Government had had a very positive response from all the major regional players to the Government's consultation on strengthening the regions, which the Deputy Prime Minister and the Chancellor launched in Middlesbrough in March. He continued:

I am therefore announcing today the go-ahead for the new £15 million fund for regional chambers — £5 million this year, and in each of the next two years. This will help them 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. The aim is to provide a stronger framework for representing the regions' views, not to impose burdensome new procedures on the RDAs or others (DTLR, *News Release 328*, 'Extra funding to strengthen regional chambers', 17th July 2001)

Mr Raynsford said that in 2001-02, £500,000 would be available for each Chamber to develop its scrutiny role, with a further £1 million set aside for initiatives, supported by the Chambers collectively, on setting up the

new regime. While the Government envisaged that bids would normally be for the first year only, it had not ruled out the possibility of bids for two, or even three, years' worth of funding, if that is what the chambers wanted. The deadline for receiving bids had been extended to 29th July. Details for allocating the funding in the following two years will be settled in the light of further discussions with the chambers. The future of the funding, beyond the current three-year period, would be a matter for the next spending review.

Although the government emphasised the consultation process had

Development Agency considers an issue they do not do it in isolation to other areas of concern (EMRA Press Release, 'Assembly Strategy Launch Marks the Birth of a 'Joined-up Region', June 8th 2001)¹. The IRS bears some similarities to the proposals made in a recent report from the Institute for Public Policy Research (see Section 3.3).

Assemblies are also beginning to confront inter-regional issues. The South East Regional Assembly (SERA) agreed a response to the Mayor of London following his publication of an initial discussion document on the spatial development strategy for London. The response followed a debate by the Planning Committee on 23rd May and a meeting of the Joint Advisory Forum for London, the South East and East of England on 15 June, at which deputy mayor Nicky Gavron presented the London strategy. SERA's response was broadly positive, although sceptical about London's ability to meet the aspirations of accommodating both economic and population growth within its own boundaries. Key issues concerned transport interconnections, strategic development corridors and waste disposal, all of which are expected to require close dialogue between London and the South East Regional Assembly. Executive Committee members voiced concern that the Assembly would need to push hard to ensure that the South East is not disadvantaged by the Mayor's strong 'domestic' agenda. Nevertheless, the success of London, alongside New York

The bypasses had been a recommendation of a Government sponsored multi-modal transport study, aimed at assisting the regeneration of Hastings, a run-down seaside town. The bypass proposal had been incorporated into broader planning priorities for the area and adopted by the Assembly (which is responsible for Regional Planning Guidance), the RDA and local authorities. Environmental campaigners welcomed the announcement (see "Greens' win battle of Hastings bypasses", *Financial Times*, 13th July 2001). However, the Regional Assembly 'expressed fears for the successful regeneration of Hastings and the South Coast' and questioned 'the Government's commitment to the delivery of urban renaissance in the region's coastal towns' (South East England Regional Assembly, News Release 'Regional Assembly expresses fears for south coast regeneration after government rejects Hastings bypasses recommendations', 12th

The Arts Council announced its revised proposals on 16th July (Arts Council of England, Press Release, 'Arts Council unveils blueprint for new arts funding organisation', 16th July 2001), stating:

The reforms will reduce costs substantially, leading to savings of between £8 million and £10 million a year from the £36 million operating costs. Savings will be redirected to the arts.

The new organisation will have nine powerful regional offices. Each region will have a council with increased decision making powers. Working in partnership with local authorities and other regional agencies, the regional offices will play a leadership role regionally and will have responsibility for all regularly funded arts organisations and for direct contact with artists in their area. More funding will be decided regionally than is now the case.

The organisation will have a national strategic office, with a staff of between 70 to 80 people. The national office will provide national co-ordination, overview and national leadership in the arts. It will work exclusively at a national level.

Cross-organisation services, such as IT and finance, will be grouped and may be based outside London. The chairs of the regional councils will sit on the national council of the new organisation. Local authority and regional government representation on the regional councils will be strengthened

The proposals are set out in detail in a prospectus (see ACE 2001). The RABs are now working with the new proposals, notwithstanding their remaining misgivings.

3 Regional Politics and Policies

3.1 White Paper on Regional Government

The proposed White Paper on regional government is likely to occupy the attention of those interested in the future of the English regions in the coming months. It seems clear the Government does not intend to be rushed into the production of the White Paper and the timetable already appears to be slipping, with publication unlikely before 2002. The parameters of the proposals likely to be contained in the Paper remain unclear. At a meeting of the Regional Policy Forum (RPF) in the House of Commons on July 9th 2001, Nick Raynsford, the minister with initial responsibility for drafting the White Paper, suggested that 2-3 months work would need to be done before a White Paper could begin to be drafted. He spoke also of the need to draw upon the lessons of the existing devolved administrations and European examples in designing institutions fit for the English regions. In terms of the powers and

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address disenchantment with politics, he replied that traditional political parties were not the best means of recruiting the talented into public service (source: authors' notes). A more pertinent point might also be that few regions are over-endowed with captains of hi-tech industry, let alone ones prepared to become part-time politicians. Bankers and venture capitalists, on the other hand, are conspicuous by their virtual absence.

3.3 A new planning regime?

The report calls for the merging of Regional Economic Strategies, Regional Planning Guidance and Regional Sustainable Development Frameworks into a single document, so that economic, social and environmental objectives are considered in parallel rather than separately. The report goes further to argue:

...balancing economic social and environmental objectives is essentially a political process, not a bureaucratic one. Greater freedom to set priorities should be accompanied by stronger democratic accountability at the regional level. The Government should look at further options to strengthen democratic accountability at the regional level, including directly elected regional assemblies (Hewitt, C 2001: 2-3).

3.4 *Regional campaigns*

amended to recognise the claims of Cornwall to a distinct identity. The Convention chair, the Rt. Rev Michael Langrish, Bishop of Exeter said: 'For those who fear another tier of bureaucracy, the reality is it already exists. However, it is not directly accountable to those it is there to serve' (quoted in *Local Government Chronicle*, 25th May 2001).

A common feature of the West Midlands and South West Constitutional Convention meetings was, in both cases, a large presence for the UK Independence Party (UKIP), a phenomenon not encountered in the northern English regions. In both cases UKIP members rehearsed identical arguments — namely, that the demand for English regional government is part of a European plot to undermine national identity. The presence of a high profile European Commission representative at the SWCC's Exeter meeting provided a focus for these arguments there.

The **North West Constitutional Convention** is continuing to hold consultative meetings around the region. A meeting in Liverpool on 20th July was addressed by Louise Ellman, MP (Lab), Cllr Les Byrom (Con) and Liverpool city council leader Mike Storey (Lib Dem).

4 **Media**

Sir Robin Biggam, Chairman of the Independent Television Commission (ITC), said that the ITC is disappointed by ITV's failure to embrace the need for new and different commitments to regional services. While agreeing with much of ITV's overall submission to the Government on the White Paper on Communications, he would sum up ITV's comments on regionality in two words, 'Trust Us', while avoiding making any firm commitments to regional resources and services.

Speaking at an ITC dinner in Manchester Sir Robin said:

The history of commercial broadcasting in the UK is based on the overall economic benefits accruing to a public service

Sir Robin added that it was part of the role of the ITC to ensure that broadcasting reflects the richness and diversity of the UK. The public service broadcasters — BBC, ITV and Channel 4 — have a special responsibility and duty to make a firm and binding commitment to Government in return for the commitment from Government to endorse their position as Public Service Broadcasters

5 Public attitudes and identity

Nothing to report

6 Relations with Westminster and Whitehall

6.1 Whitehall restructuring and the regions

As noted in Section 1 shortly after the General Election the Prime Minister made a number of major changes to the machinery of government, which have implications for the governance of the English regions (10 Downing Street, Press Release, 'Delivering effective Government', 8th June 2001). Among the relevant changes were:

An Office of the Deputy Prime Minister

sponsorship of the construction industry, which had hitherto rested with the DETR.

6.2 *Ministerial appointments*

Notwithstanding the changes just outlined, the DTLR remains the key department for the regions. The Prime Minister announced the complete ministerial line-up for the DTLR on 12th June (DTLR *News Release 281*, 'Department for Transport, Local Government and the Regions has new Ministers', 12th June):

- The Rt Hon **Stephen Byers** is the Secretary of State in the DTLR.
- **John Spellar** MP is the Minister for Transport. He is supported by **David Jamieson** MP, who becomes Parliamentary Under Secretary of State with responsibility for railways, roads, road safety, transport in

Cabinet Office will have special responsibility for Government Offices and the Regional Co-ordination Unit.

6.3 *Parliamentary debates on the regions*

The Queen's Speech debate provided an opportunity for a number of ex-ministers to raise the regional question. Among them was the former deputy Chief Whip, **Graham Allen** (Nottingham North), who addressed the question of declining voter turnout

What we need is a fitness programme to restore democracy to good health. That means that the present position, in which a muscle-bound Executive or Government kick sand in the face of the six-stone weakling called Parliament, local government and regional governance, must be restored to some sort of balance. Responsibility for that now rests with Government (House of Commons *Hansard*, 22nd June 2001, Col 359).

Joyce Quin (Gateshead East and Washington West) a former Minister of State said:

I want to say a few words about devolution as it relates to England. I speak from the viewpoint of my constituency and my part of England. I welcome the fact that enshrined in the manifesto on which my hon. Friends and I fought the election is an on-going commitment to make provision for directly elected regional government in regions where people support the idea in a referendum. I welcome also the fact that the manifesto for my part of the country, which was launched by my right hon. Friend the Member for North-West Durham (Ms Armstrong), now the Parliamentary Secretary to the Treasury, said that proposals for consultation on regional government would be made early in this Parliament. I hope and expect that that will be the case (House of Commons *Hansard*, 20th June 2001, Col 83).

David Clelland (Tyne Bridge) a former Government whip added:

I much regret the absence of any reference in the Queen's Speech to devolution, save for the curious statement:

"My Government maintains its commitment to devolution in Scotland and Wales."

I was not aware that there was any doubt about the Government's maintaining their commitment to devolution in Scotland and Wales. Why is it necessary to leave out any reference to England? That is a mystery that I hope will be cleared up soon. Is there any significance in the fact that no references are made to the Government's commitment to London or Northern Ireland? The inclusion of that sentence in the Gracious Speech leaves many questions unanswered.

It is the case, of course, that the Gracious Speech does not contain the entirety of the Government's intentions over the whole Parliament or even the whole Session, as my right hon. Friend the Prime Minister pointed out. Other speeches will be forthcoming and, as Her Majesty put it:

"Other measures will be laid before you."

However, some of us believe that there is now some urgency

Mr. Raynsford: My hon. Friend makes an extremely valid point. The Government have a proud record over the past four years of developing a devolution agenda and extending to the people of the United Kingdom greater opportunities to play an effective role in the government of their nations and regions. We do not see that as a process that has ended; we shall continue to explore options to improve the quality of our democracy and extend opportunities along the lines indicated by my hon. Friend. Of course, we are concerned with value, rather than just cost.

[...]

Mr. Peter Mandelson (Hartlepool): Does my right hon. Friend agree that a reasonable timetable would be a White Paper this autumn, followed by legislation in the 2002-03 Session, with a view to regional assembly elections taking place in regions that want them in 2004, ending

We very much hope that this will be carried forward. There have been many tests of local opinion, especially in the North East. There was a very striking vote in the famous constituency of Sedgefield which showed that 70 per cent of the voters there wanted some form of regional assembly in the area planning its development (House of Lords *Hansard*, 21st June 2001: Col: 75).

The **Bishop of Bristol** added his weight to the calls for regional government:

There is a need for a locally rooted elected assembly that can reflect the aspirations of the people of the region and the strategies that will make it a more effective place. Some may ask why Bishops are interested in regional democracy. In part, it is because a number of us are involved in it and believe that it is profoundly important for our society. That interest also stems from what we believe about the dignity and worth of human beings (House of Lords *Hansard*, 21st June 2001, Col: 82).

Lord Waddington provided a dissenting voice:

The right reverend Prelate the Bishop of Bristol talked about bringing decision-making closer to the people. For the most part, when power is devolved, not to existing local authorities but to regional bodies, it will not mean giving power to local people but taking it from them. For most of England it will not bring government closer to the people but precisely the reverse (House of Lords *Hansard*, 21st June 2001, Col 244).

7 EU issues

A recent report for Advantage West Midlands raises doubts over the viability of the 'direct development scheme' that allows Regional Development Agencies (RDAs) to buy up land for development. Replacing the banned Partnership Investment Programme (PIP), the report claimed that more than half the projects currently backed by public money, under PIP, would not qualify for the new funding system. This, it concludes, could threaten the delivery of RDA economic strategies since they are partly based on assumptions made about the amount of land they would bring into use through PIP. As such, RDAs may 'experience severe difficulties in reaching their strategic targets under the new guidelines' (*Regeneration & Renewal*, 20th

greater importance than the regional debate. Some regard this as an academic distraction, while others see 'city regions' — more akin to the former metropolitan counties — as more achievable than regional government. Interestingly, however, Gerry Stoker, chair of the private sector lobby group, the New Local Government Network, and one associated with the argument that mayors and regional assemblies are incompatible, has recently argued that they than co-exist (Stoker, 2001).

Nick Raynsford, has the task of balancing both debates, steering a steady course between cities (and mayors) and regions (and political devolution). But while addressing the latter is clearly an issue he can put on hold until publication of a White Paper, the former is clearly more immediate. 'I would be surprised if, by the end of this parliament, there are not a number of elected mayors in place,' he says (quoted in *The Guardian*, Analysis, July 6th 2001). This is the minister who successfully drove through ballots on councils estates in which hundreds of thousands of tenants, against expectations, voted to transfer ownership of their homes to housing associations and other new social landlords. The first ballots went against him. Then the tide reversed. He sees similar parallels on the mayoral front and has made clear that he can intervene to force reluctant councils to hold referendums if they try to stall. This he might have to do because, so far, no big city has yet volunteered to hold a referendum.

Indeed Albert Bore, leader of Birmingham City Council, fears (Ds, 7 0 T 3

Mayor of London argued that as the engine of the UK economy, the capital must be allowed to keep more of the £20 billions it generates for the UK annually — and between £4 and £6 billions would be an immediate goal to help improve transport, provide more affordable housing, and fund more police officers. Noting calculations from the Centre for Economics and Business Research that for every £1 spent by the Government in London the capital's taxpayers pay between £1.25 and £1.50, Tony Travers, head of the Greater London group at the London School of Economics, said the time may soon come when Londoners have to fight rather harder to get proper control of their own destiny. Writing in the *Evening Standard* (June 27th 2001), he said:

Taxation policy could be repatriated from the imperial government in Whitehall. Unless the capital is given more freedom — this argument applies also to the English regions — there could be a real risk to the integrity of our system of government. Evidence abounds that controlling everything from the core of central government cannot work.

Inevitably, Livingstone's statement provoked an outcry in some quarters of the English regions and in Scotland and Wales. The Campaign for the English Regions, for instance, noted that he had floated a new fiscal

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