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REGIONAL GOVERNANCE IN ENGLAND: A CHANGING ROLE FOR THE GOVERNMENT'S REGIONAL OFFICES?

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Abstract: Political devolution has transformed constitutional arrangements in the Celtic nations. By contrast, in the English regions a less radical approach has been adopted, but the outcome has been a strengthening of the institutions of regional governance. A key feature has been the enhanced responsibilities of the Government's Offices for the Regions, which have been encouraged to build on their traditional administrative functions and adopt a more strategic role. This article explores the Offices' contribution to regional and local governance. Our central argument is that although increasingly expected to act as a bridgehead between national and sub-national government and a focus for regional policy coordination, their potential role in filling the missing gap in English regional governance has not yet been fully grasped.

INTRODUCTION

Recent devolution settlements in the Celtic nations signify a radical shift in constitutional arrangements. By contrast, government reforms in the nine English regions have been more modest. During New Labour's first term the Government established Regional Development Agencies (RDAs) to act as catalysts for economic development, while Whitehall's representatives in the regions, the Government Offices for the Regions (GOs), were charged with administering policies on behalf of an

increasing number of Whitehall departments. In London which, in reality, is a city with a distinctive identity rather than a region, the abolition of the Greater London Council in 1986 left a vacuum and over time exposed a renewed need for policy coordination (Travers 2002). In response, the Greater London Authority (GLA), comprising an elected Assembly and Mayor, was established in 2000 with 'strategic' powers, including economic development, policing and emergency services and transport. Nonetheless, in terms of public administration, London retained its regional status including its own GO, RDA and the branch offices of government executive agencies. Beyond the Capital, demand for elected regional government appeared lukewarm and reliance was placed on eight indirectly nominated Regional Assemblies (RAs), comprising local authority councillors and representatives of regional business and community interests. They were to be a stopgap in advance of elected assemblies and have become responsible for championing regional interests, preparing statutory Regional Spatial Strategies (RSSs), scrutinizing the RDAs' activities and coordinating a wide range of regional strategies.

The 2002 White Paper, *Your Region, Your Choice* offered the prospect of elected bodies in regions outside London, subject to public support expressed in regional referendums (Cabinet Office and DTLR 2002). They would possess a limited range of functions, largely drawn down from central government bodies such as the GOs and other public bodies operating in the regions. Nonetheless, support for regional government in central and local government and among the wider public was at best tentative and the first referendum held in North East England in November 2004 delivered a crushing 'no' vote. It left the English regions, apart from London, with regional administration and as 'virtually the only regions in Europe which do not enjoy some form of regional

democracy or some form of regional representation' (Cabinet Office and DTLR 2002, p. 36). Despite this outcome, 'the Government are committed to the development of fit-for-purpose regional institutions and to continue their clear policy to devolve and decentralize power to regions, where this adds value' (Cooper 2006). This is underpinned by the view that regional institutions bring a unique strategic perspective to policy development and investment decisions, that economic differences between regions demand different forms of policy intervention and that some issues, which cross local authority boundaries, require a coordinated response. Furthermore, regional institutions have demonstrated an increasing capacity for policymaking, which suggests that 'bottom-up' regionalism will continue to grow.

While falling short of institutional reforms introduced elsewhere in the UK these developments can be viewed as evidence of a recalibration in the functions and relationships between and within territorial scales of government and the creation of a more protean, multi-tiered form of governance (Stirling 2005). Regional actors are increasingly expected to operate within flatter inter-organizational structures that cross public, private and community sector boundaries, opening the prospect of a more holistic approach to regional management (Rhodes *et al* 2003; Koppenjan and Klijn 2004; Rhodes 2000). Increasing weight is also being placed on boosting the vertical links between the centre and regional and local agencies and regional actors have been urged to develop and refine their governance capacity and co-operate to maximize their influence in Whitehall. Central departments, too, are increasingly expected to take account of the views of regional stakeholders in determining national policies and spending programmes (Flinders 2002). 'The Government believes that when decisions

are taken with an awareness of regional priorities, they are likely to be better decisions and can allow more appropriate policy responses to be designed' (HM Treasury 2004, p. 3). Moreover, as part of Labour's ambitious programme of 'joined-up' government, departments are being encouraged to adopt a more coordinated approach to policy issues with a regional dimension as a way of increasing the core executive's capacity to negotiate the complex, inter-organizational issues around regional policy-making and implementation. A more circumspect view, however, is that English government has not been designed with decentralisation in mind and, far from being diminished, Whitehall has used its sizeable regional presence to enhance its control over decision-making and resources (Bache and Flinders 2004; Adams *et al* 2003). 'Even when it [New Labour] appeals to networks to deliver services, it tends to focus on the techniques by which the central state might try to impose itself in order to define both patterns of behaviour and eventual outcomes' (Bevir 2005, p. 10).

This article explores these competing frameworks through an examination of the evolving roles and contributions of the Government's Regional Offices. Their launch in 1994 prompted a debate about 'whether they were a means of more effectively focusing regional concerns to Whitehall, or whether they were a means of Whitehall more effectively controlling what happened in the regions' (Roberts and Hart 1996, p. 11). Early observations suggested that the latter role prevailed (Bache 2000). More recently, however, the Government has signalled that GOs should play a more strategic role,

'working with local and regional partners to determine priorities and stretch performance, translating departmental policies into operational delivery, by providing focused policy and performance feedback to departments about regional

delivery challenges and solutions in delivering Public Service Agreements (PSAs) and supporting and challenging regional strategies to improve their quality and consistency' (HM Treasury 2006, p. 143).

We may, in effect, be witnessing efforts to realign the GOs' functions. Nonetheless, important questions remain about whether these amount to a coherent package and whether the GOs have the capacity to meet these challenges.

To examine these issues we draw on documentary evidence and some seventy semi-structured interviews conducted with Whitehall civil servants responsible for regional affairs in each domestic department, GO and Regional Assembly Directors, RDA Chief Executives, other senior officials and representatives of business, community and voluntary sector interests in each region outside London. We were assisted in identifying and securing contacts with senior civil servants by the ODPM's Regional and Local Government Research Unit. Interviews were conducted under Chatham House Rules to elucidate views on emerging roles and relationships and responses were analysed manually using coding techniques. We begin by briefly examining the evolution of GOs. Second, their formal roles, structures and resources are examined. Third, because the GOs' effectiveness depends upon other actors operating at different territorial scales, we explore their relationships with Whitehall departments and their key regional and sub-regional partners. We conclude by reflecting on their achievements and the prospects of GOs developing a more regionally responsive role.

THE EVOLVING ROLES OF GOVERNMENT REGIONAL OFFICES

'Integrated' GOs were created in reaction to unease that regional public administration was too fragmented and as a compensating, coordination mechanism to an increasingly

federated civil service. Regional officials from the Departments of Employment, Environment, Transport and Trade and Industry were brought together under single Regional Directors, reporting to four Secretaries of State. Although intended to make Whitehall more responsive to sub-national stakeholders, early research indicated that civil servants retained their gate-keeping role and communication did not evolve into dialogue (Mawson and Spencer 1997). A Cabinet Office report, *Reaching Out* (2000), was highly critical of Whitehall's ability to present a coherent picture of central policies at sub-national level. It observed that, compared with some other European countries including France, where the *préfet* represents the interests of all domestic state ministries and allows for the possibility of a greater degree of co-ordination in both *départements* and *régions*, in the English regions no single government official or body was responsible for integrating central government policies.

Measures were deemed necessary to improve the co-ordination of national policy initiatives with a regional dimension, enhance understanding of regional issues in the design of national policies and ensure that government service delivery matched local circumstances. Reforms to the GOs' management were also seen as essential to secure policy coordination. Critically there also remained significant areas of public policy with specific regional implications that lay outside the GOs' remit and domestic departments not already collocated in the GOs were urged to do so. Furthermore, following a long line of initiatives aimed at fostering inter-departmental working in Whitehall (Kavanagh and Richards 2001; Hennessy *et al* 1997), crosscutting measures and joint departmental PSAs, including a regional dimension where appropriate, were introduced and departments were encouraged to create new or expand existing regional teams. An

interdepartmental Regional Coordination Unit (RCU), initially attached to the Cabinet Office, but transferred to the new Office of the Deputy Prime Minister (ODPM) in 2002, was also established. It would administer and monitor the GO network, provide a channel of communication between GOs and the centre, facilitate a more corporate approach to regional issues across departments and oversee and coordinate Area Based Initiatives (ABIs) (Regional Coordination Unit 2003). Furthermore, instead of being accountable to separate departments, GO Regional Directors would report corporately to the RCU's Director General.

Despite these measures, regional and local officials continued to struggle to integrate separate government initiatives dealing with the same problem or the same client group (Regional Coordination Unit 2002). Moreover, although more spending departments were drawn into regional working, Whitehall's engagement in the GOs remains uneven. Apart from the small public health teams collocated in GOs, the Department of Health (DoH) has no regional operations. In 1998, a review of its executive agencies led the Department for Culture, Media and Sport (DCMS) to establish 'Regional Cultural Consortia' and increase its GO presence, but staff numbers remain small. Similarly, the Department for Education and Skills (DfES) and its predecessors largely bypassed the regional tier in favour of sub-regional Learning and Skills Council (LSC) offices and only in 2006 were the department's GO-based activities fully integrated. The Ministry of Agriculture, Fisheries and Food (MAFF) also resisted establishing a GO presence until 2001, by which time MAFF had been merged in a ministerial reshuffle into a new department, the Department for the Environment, Food and Rural Affairs (DEFRA). Although the Home Office had a presence in the GOs since 1994, this was limited to a

small number of staff responsible for crime reduction initiatives and targets and the Home Office funded Regional Voluntary Sector Networks. It was not until 2002 that the then Home Secretary, David Blunkett, was persuaded by the Deputy Prime Minister to integrate Home Office teams responsible for delivering crime reduction, drugs and civil renewal programmes into the GOs' structures. The consequence of these variations is that departmental expectations about the Offices' roles differ. While they contribute to the GOs' administrative costs, some £150million annually, in proportion to their programme funding, each department retains control over frontline funds. Furthermore, staff are not employed by GOs, which have no legal status, but remain part of the administrative hierarchy of sponsor departments.

The 2002 English Regions White Paper did not offer the radical and over-arching vision of future inter-governmental relations that some might have wished. While leaving the door ajar for elected regional government, it proposed extending the GOs' responsibilities, giving central government a stronger, more far-reaching and better-organised presence in the regions. GOs were judged 'well placed to reflect the regional dimension on a wider range of policy areas' and 'better able to join up policies and programmes with related aims' (Cabinet Office and DTLR 2002, p. 31). The White Paper gave the GOs a fuller role in coordinating the activities of central government agencies and non-departmental public bodies (NDPBs) operating in the regions through 'Regional Boards'. GOs were also urged to promote a constructive dialogue with the Assemblies and given extra responsibilities to work with and monitor RDAs. Moreover, GOs were exhorted to broker local solutions, support local PSAs and neighbourhood renewal and inform Whitehall on implementation issues.

The Treasury has displayed growing interest in regional governance and *Devolving Decision Making* highlighted the importance of increasing local and regional flexibilities and introducing stronger accountability frameworks, as a way of modernising service delivery and cultivating economic growth in less favoured regions (HM Treasury and Cabinet Office 2004; HM Treasury *et al* 2004). This was accompanied by the introduction of Local Area Agreements (LAAs) between central and local government, which are intended to focus central/local government interactions on outcomes and enhanced performance information, by bringing together funding streams. GOs have been made responsible for negotiating and monitoring these agreements, which has intensified their engagement with localities. In 2003 GOs, alongside the RDAs and Assemblies, were also invited to prepare Regional Emphasis Documents, indicating how government spending and interventions might be refocused to increase their respective impacts against objectives for economic growth and social and environmental sustainability in each region (HM Treasury 2003). The purpose was to provide for greater flexibility and differentiation between regions, which would feed into departmental and local authority financial settlements (HM Treasury 2004). The 2004 Spending Review contained a further commitment to integrate regional decision making and in July 2005 a framework of indicative long-term regional funding allocations was published, covering economic development, housing and transport, within which stakeholders in each region are expected to prepare annual advice to ministers on regional priorities (HM Treasury *et al* 2005).

In March 2006 the Government published a *Review of Government Offices*, alongside the annual Budget Report (HM Treasury and ODPM 2006). It endorsed the added value that

GOs bring in helping departments to understand how best to apply national policies regionally and locally, assisting regional and local partners to maximise the effectiveness of policies and investment and exploit synergies, challenging partners to work together, removing obstacles to implementation, advising Ministers and speaking for central government departments in the regions. Nonetheless, it argued that because they have evolved in a largely uncoordinated fashion, which is reflected in substantial variability in the quality of performance across the GO network, measures were required to streamline the GOs' activities to enable them to play a stronger role in supporting local and regional delivery and promoting flexibility. The Review set out a new set of strategic tasks for the GOs. First, rather than administering specific programmes themselves, GOs should work with regional and local partners, help set strategic objectives and priorities and monitor performance against these. Second, they should play a key role in advising departments on the opportunities and risks in taking forward the devolved decision-making agenda and, in return, be granted greater freedoms and flexibilities over national policies designed to impact on specific localities. Third, GOs should support and challenge those bodies responsible for developing regional strategies, help improve the quality and consistency of regional strategies and ensure that departmental approaches take account of these strategies. Taken together, it is asserted that refocusing the GOs' activities should lead to significant opportunities for efficiency, rationalisation and reducing duplication and an overall decrease in GO staff numbers of a third by 2008. The objective is a more tightly focused, strategic and analytical role for the GOs, including a higher proportion of staff with policy and operational expertise, which will facilitate the further decentralization of government activity.

ROLES, STRUCTURES AND RESOURCES

Roles

Government Offices are formally responsible 'for implementing and delivering at a regional level, administering programme resources provided by departments and administration resources, giving feedback on the effectiveness of departmental programmes and initiatives, linking departmental policies and providing a regional input to policy formulation' (ODPM 2004a, p. 14). More specifically, they contribute to the delivery of Whitehall's PSA targets. This task is not new; when first established GOs were charged with meeting targets relating to three themes; economy, regeneration and sustainability. Nonetheless, the number of targets has increased significantly. 'The challenge for GOs is to adjust these 'top-down' targets to reflect regional circumstances and allocate resources to areas of activity, or localities, where most value can be added (North East GO official). Beyond the confines of the GOs, the regional tier has also emerged as a venue for the preparation of a proliferation of strategies, often promoted by Whitehall departments and, because GOs are expected to exert some influence over both strategies and the activities that flow from them, they are under constant pressures to examine their internal capabilities and benchmark themselves against others.

One of the consequences of more departments being represented in GOs is the presumption that the Offices should also extend their involvement with sub-regional bodies, especially local authorities, on an increasing range of issues, including advising

them on emerging government policy, negotiating Local Area Agreements, which are intended to confer greater freedom on authorities to develop their own solutions to problems (ODPM 2004b) and supporting poorly performing authorities. GOs also have a duty to promote Local Strategic Partnerships (LSPs) across England to provide an umbrella for a variety of partnership structures and bring together different elements of the public, private, community and voluntary sectors (DETR 2001). The aim is to join up the activities of authorities and their partners in ways that complement national, regional and local objectives. Nonetheless, the presence of large numbers of local authorities in some regions and the density of partnership structures raises questions about the GOs' capacity to engage consistently.

Such pressures reflect wider concerns that the GOs' human resources are being stretched by constant demands to adapt to evolving Whitehall agendas, demonstrate their added value to sponsor departments and respond to reductions in administration budgets. Assembly and RDA chief executives confirmed these often competing requirements which, alongside high levels of staff turnover in some GOs, were cited as obstacles to developing effective long-term partnerships. Moreover, the shift towards a more strategic focus is already intensifying demands for more GO senior staff with well developed negotiating, networking and analytical skills.

Structures

Some 350-450 civil servants work in each GO, headed by a Regional Director who is accountable to the RCU's Director General. An RCU policy and management board, chaired by the Director General, regularly brings together GO Regional Directors, ministers and senior officials. There are also other high level Whitehall groups

overseeing the GOs, notably a steering group representing departments with a physical presence and financial stake in their activities. Within each region the GOs' strategic leadership is provided by small management boards, comprising external, non-executive directors and directors responsible for internal management and those policy functions which require a regional interface, including competitiveness, housing and environment issues.

Most GOs are structured around directorates, based on policy themes. However, administrative structures have evolved in response to a growing stress on performance management, increasing complexity and competing views about roles. In London, for example, the GO manages the relationship between Whitehall and the Greater London Authority, while GOs in the rest of England have come under increasing pressure to establish closer working relationships with regional and local stakeholders. The outcome, first adopted by the South East GO, often regarded as England's least cohesive region, and subsequently rolled out in varying forms in other regions, has been a 'matrix' administrative structure, with teams combining functional responsibilities with a focus on place. Regarded initially as a radical step in Whitehall, the focus on geographical areas is an acknowledgement that local government administrative boundaries have lost much of their significance in terms of the spatial patterns of public service provision and private investment. Regional economic, housing and spatial strategies also incorporate a sub-regional dimension and partnerships across local authority boundaries have become embedded in all regions. The recent GO Review also stressed that GO activity needs to be significantly more focused around regional and local strategies rather than departmental boundaries; indeed, the intention is to increase

the proportion of GO staff working in 'place-based' teams from the current 5% to around 40% by 2008 (HM Treasury and ODPM 2006). The linking of GO responsibilities for thematic issues with a geographic overlay is clearly perceived as a way of breaking down departmental boundaries, responding more effectively to the needs of localities, encouraging partnership working and raising staff awareness of their contribution to the GOs' wider remit. Nonetheless, the experience of GO teams indicates that efforts to increase their links with regional and sub-regional bodies are often crowded out by the growth in thematic activity from sponsor departments and the need to maintain internal communication across different national policy agendas.

Financial resources

GO annual reports indicate the level of expenditure 'directly managed' or 'influenced'. However, no common template is applied. A 2003-04 report for one GO excluded RDA expenditure on the grounds that, while GOs are responsible for the mechanics of transferring funds to RDAs and submitting reports to the DTI on their performance, the Agencies are accountable to ministers. EU expenditure is also documented variously, while smaller expenditure packages are not always recorded because, although administered by GOs, payments are made directly from Whitehall. With these caveats in mind it is estimated that GOs were responsible for managing or influencing some £9.2billion of expenditure during 2003-04 (Table 1). Three sources accounted for 80% of expenditure, Department for Transport (DfT) (34%), ODPM (27%) and DTI (19%), while EU structural assistance made up 12%. The DfES, Home Office and DEFRA, together, contributed less than 9%; these departments have only recently collocated in the GOs and their expenditure impacts have been limited. DfT funding is directed, apart from

London, to local authorities for the implementation of local transport plans. The bulk of ODPM expenditure is for housing, which is channelled through local authorities and housing associations in accordance with Regional Housing Strategies. DTI funding is almost entirely accounted for by the department's sponsorship of RDAs. DfES expenditure is chiefly associated with the funding of advice and guidance for young people, Home Office initiatives focus on local crime and drug reduction programmes, while DEFRA funding is chiefly associated with delivering the department's Rural Strategy.

On average each GO has annual expenditure of some £1billion, but this conceals wide differences. These reflect disparities in regional populations but, more significant, are the variations in social and economic circumstances and administrative structures. GOs for the South West (£483million) and East Midlands (£552million) had the smallest expenditures during 2003-04, reflecting the relatively low level of ODPM expenditure in these two regions, while the North West GO's annual budget was £1.5billion. The GO for London accounted for nearly a third of all GO expenditure (£2.7billion), of which the majority was grant given to the GLA and its functional bodies, especially Transport for London (TfL) and the London Development Agency (LDA). Government grants for TfL, alone, accounted for almost £1.7billion, which underlines not only the capital's unique transport problems, but also the differences in the administration of transport in London and the other English regions. While the unelected Assemblies have taken the lead in preparing regional transport strategies, unlike Greater London, there is no single body in the other English regions charged with anchoring the current, confused pattern of responsibilities for transport (Ayres and Pearce 2004).

Given these different funding arrangements it might be anticipated that London's elected bodies would have substantially greater influence over budgets. Pimlott and Rao (2002) suggest that the GLA has interpreted its strategic and enabling powers generously to exploit the boundaries of its formal remit while, more recently, Margetts and Dunleavy (2005) report on public perceptions indicating that the GLA has delivered tangible policy improvements, notably in transport and policing. This can be attributed to London possessing a Mayor as an unequivocal leader. But, "rather more is due to the agreement among Londoners that 'London' is a coherent community with a general interest which needs to be addressed through its own institutions of government. It is that sense of general interest that the other English regions lack" (Economic and Social Research Council 2006, p. 3). Nonetheless, although roles are evolving, responsibility for service provision in London is in the hands of local authorities and implementation agencies over which government ministers have retained considerable powers and lines of accountability remain blurred. Unlike other English RDAs, for example, the LDA is formally answerable to the London Mayor rather than the Secretary of State for Trade and Industry but, like the other regions, its activities are entirely funded through the GO from central government.

GOVERNMENT OFFICE RELATIONS WITH WHITEHALL

According to many GO officials, especially outside south east England, Whitehall's understanding of the GOs' remit reflects a wider cultural problem in which government is seen to be entrenched in London (Lyons 2004). This is perceived to have a corrosive impact on policies and priorities, especially tackling regional economic inequalities (House of Commons 2003). The ODPM's sponsored £100 million 'Northern Way' growth

fund, for example, aims to support investment priorities in the eight city regions in northern England. However, this is dwarfed by the Sustainable Communities Plan, which directs the bulk of national resources for urban development to the South East (Northern Way Steering Group 2004; ODPM 2003).

Doubtless, some of the anxieties expressed by GO officials reflect the views prevalent in any 'branch office' about lack of autonomy, but many of the issues facing GOs are seen to originate from Whitehall's suspicions about the notion of a dispersed civil service. A GO Regional Director stated, 'I'm very conscious that Whitehall doesn't always perceive us favourably', while a DfES official reflected,

'When you talk about the GOs there's the reality and the theory. GOs are supposed to work closely with government departments and influence them in the way they develop policy and give it a practical angle in terms of what will and won't work. In reality it hasn't worked quite in that way. Generally speaking GOs, for this department and other parts of Whitehall, have limited impact'.

Officials in the regions view departments as still operating in silos with separate sets of targets which, when cascaded, give rise to considerable problems of co-ordination (Flinders 2002). Government rhetoric might stress partnership, synergy and coordination, but interviews with senior Treasury officials responsible for regional issues revealed limited awareness of the GOs' strategy coordination role or the regional expenditure impacts of public sector policies (Mawson and Snape 2004). Moreover, although contacts between Whitehall and GO officials may have increased, engagement has focused on department-specific policies and GOs face constant demands from

sponsor departments for reassurance that 'their' interests are being represented, 'their' targets met and 'their' money is being well managed by 'their' teams.

All regions are seeking to establish a 'high level vision', against which new or revised strategies can be tested. Strategy co-ordination is hampered, however, by a lack of understanding within Whitehall about the need to work to complementary objectives and a scarcity of data relating to economic conditions and public expenditure within regions (Allsop 2004; McLean 2003). Efforts to align the proliferation of regional strategies have so far proved challenging, in part because the activities of departments are not themselves joined up. 'Still the centre demands different regional strategies with different approaches, which doesn't help. Some are statutory, they're on different time scales and each department wants its own strategy' (GO official). While efforts have been made to ensure some correspondence between regional economic and spatial strategies and regional sustainable development frameworks, other strategies have been prepared in isolation, leading to contradictions and important topics being ignored.

Performance measurement and management have become almost universal in government and increasing stress has been placed on PSA targets (James 2004). Their impacts, however, are disputed. Several senior GO officials judged that PSAs have compelled senior Whitehall managers to establish greater clarity about the GOs' remit. Conversely, alongside RDA officials, others were critical of PSA targets for being too numerous, too often rooted in a silo mentality and for failing to take account of geographical variations. "Their current structure does not aid an understanding of, or clear vision of the targets in terms of the link between Ministerial initiatives and local need and delivery by place. There is no 'line of sight'" (Government Office for the West

Midlands *et al* 2004, p. 3). Indeed, it was widely held that a more nuanced approach was required and there were calls among GO officials for them to be granted extended flexibilities over the use of their own budgets and greater influence over mainstream resources administered by both region-based NDPBs and local authorities. There are signs that these concerns have been heeded and the recent GO Review states that, rather than simply administering nationally designed schemes, the relationship between GOs and Whitehall should be governed by a 'stronger accountability to departments around a small number of longer term agreed outcomes and increased flexibility for the GOs' (HM Treasury and ODPM 2006, p. 23).

The uneven support for regionalization amongst Whitehall departments has also restricted the GOs' effectiveness. The Treasury's increased contacts with GOs are regarded as especially significant, the department being viewed as 'a valued ally' by GO staff. Conversely, despite proposals to extend the number of DfES initiatives delivered through the GOs, the department was regarded as centralist, 'as running their own ship, always thinking they can do it better under their own control' (GO official). Similarly, the DfT was pronounced to be slowly developing its regional capacity, although responsibilities for delivering regional transport strategies remain fragmented. GO officials depicted the Home Office as 'a late convert' and, though well intentioned, was criticised for offering the least regional discretion among Whitehall departments and the complexity of its funding streams. Moreover, while DEFRA may be discarding its 'centralizing' legacy, efforts by GO teams to coordinate policies for rural areas are frustrated by ambiguities about institutional responsibilities for rural policy making

and delivery and a multiplicity of strategies, programmes and inflexible funding regimes (Pearce *et al*, 2005).

The Regional Coordination Unit is intended to facilitate links between GOs and the centre and encourage departments to examine the regional impacts of their activities. Distinct differences of opinion emerged, however, among both GO and Whitehall officials about the Unit's effectiveness. Like other structures aimed at improving the government's ability to address strategic, cross-cutting issues, the RCU faces considerable problems in encouraging inter-departmental working around regional issues. Moreover, with only forty or so professional staff, all based in London and drawn from a range of Whitehall departments, the Unit's capacity to combine the tasks of assessing the potential impacts of government policy at the regional level with managing and representing the GOs is problematic. Furthermore, from a GO perspective, the RCU's location in the ODPM, rather than as a cross-Whitehall Unit based in the Cabinet Office or Treasury, can be seen to hamper efforts to embed regional issues in inter-departmental policy debates. Despite these shortcomings, some GO officials believed that progress was being made, 'Increasingly the RCU is doing a better job in Whitehall and helps us get a voice in policy making. (GO East Official). By contrast, others underlined the importance of maintaining the GOs' direct, bilateral relationships with individual Whitehall departments.

An additional channel for GOs to seek influence in Whitehall is the 'twinning system' by which individual GO Regional Directors take the lead in lobbying departments on selected issues of common interest (Spencer and Mawson 2000). Joint approaches to Whitehall are commonly regarded, however, as resource intensive and requiring

judicious management. Moreover, 'the GOs' focus on operational delivery, predominantly junior staff mix and their departmental structure means that opportunities are missed for senior external engagement across boundaries' (HM Treasury and ODPM 2006, p. 9). Some Whitehall officials censured GO managers for their lack of knowledge and understanding of Whitehall structures and national policies, while GO officials were critical of mechanisms for feeding views into and maintaining contacts in Whitehall. A GO Regional Director remarked, 'The problem is that it's informal and once the person moves on, which is normal in the civil service, you haven't a clue what's going to happen'.

GOVERNMENT OFFICE RELATIONS WITH REGIONAL DEVELOPMENT AGENCIES AND ASSEMBLIES

Given the accumulation of activities in the regions, shared experiences, proximity and interdependencies, the relationship between GOs, RDAs and Assemblies should be one of partnership and co-operative working (Regional Co-ordination Unit 2003). Collaboration is judged essential in managing the complexities of regional working and securing consistency between regional strategies and considerable efforts have been made to foster high level dialogues between key agencies.

Regional Development Agencies

Formally, GOs work with RDAs on a range of regional issues and are responsible for the mechanics of paying the Agencies and reporting to the DTI on their performance. GOs, therefore, perform a dual function and, not unexpectedly, RDA officials affirmed that GOs should relinquish their 'policing' role in favour of a more collaborative type of relationship, geared less to short-term targets dictated by departments. Nonetheless, as a

DTI official observed, 'We've positioned the GOs in a monitoring role, which has helped give them a clear function. There was a time when the RDAs would try and bypass GOs to Whitehall'. This attempt to clarify roles has not, however, precluded the national network of RDA chairs and chief executives from exploiting their well established routes into Whitehall.

"People talk about them [GOs] as being the eyes and ears and the voice of government; the 'embassy' function. On the other hand, given the way the UK works and the nature of the connections already in place, you go to the organ grinder rather than the monkey. Understandably GOs can feel marginalised in this process" (RDA official).

Furthermore, because of their inability to act outside Whitehall's 'commands', RDA senior officials regarded the GOs' capacity to join-up the delivery of government policy and programmes at the regional level with scepticism, especially their ability to co-ordinate the activities of NDPBs. 'They [GOs] don't have a role as such to co-ordinate strategies. That responsibility falls on all three regional partners' (East of England RDA official).

Regional Assemblies

Assemblies are intended to provide a focal point for their regions, speak on behalf of regional interests and work with a variety of public, private and voluntary sector partners. Nonetheless, GO officials accepted that outside London a lack of powers and fragmented territorial interests constrain Assemblies from formulating and championing regional views. They also acknowledged that regions possess unique socio-economic and political legacies, institutional traditions and styles of leadership which have shaped

inter-organizational relationships and the effectiveness of regional working. West Midlands GO staff, for example, highlighted the significance of long-established regional partnership working in facilitating good working relationships with the Assembly. By contrast, in the North East and North West, GO officials signalled that Assemblies had diverted too much energy into lobbying for elected status, rather than focussing on the more prosaic tasks of policy development and improving governance structures. On the other hand, a South West GO official drew attention to the lack of a cohesive governing class in the region, which had impeded efforts to establish long-term relationships and agreement on priorities. Similarly, in the South East, although market forces are a powerful inducement for local authorities to collaborate to achieve the infrastructure necessary to ensure the success of the regional economy, there is limited pan-regional cohesion among elites, which tend to have a fragmented, local focus and are suspicious about extending the roles of the regional institutions (John *et al* 2002).

Evidence of tensions between GOs and Assemblies is reflected in the views of Assembly staff who reproached GO officials for their inability to frame advice without reference to Whitehall. Difficulties have also have arisen from seeking to reconcile the GO's role in chairing Regional Boards with the Assemblies' function to coordinate the proliferation of regional strategies. According to GO and RCU officials these ambiguities, which arose from the English Regions White Paper, had been intentional.

'It was deliberately written to allow local flexibility, but when it talks about the coordination of regional strategies it actually allocates that responsibility to both GOs and Assemblies. When we saw the draft we wondered if we should ask for

greater clarity, but we decided not to as we wanted to encourage local flexibility and it's worked' (GO Regional Director).

In some quarters, however, it was gauged that the approach had purposely been designed to enable the centre to 'divide and rule'. At best it had created uncertainty; as a South West Regional Assembly official conceded,

'We've agreed that the GO will be responsible for co-ordination through the Regional Board and that we will assess the alignment of regional strategies. It sounds easy but requires a lot of trust and partnership. We're currently working through this and a lot depends on personalities.'

Furthermore, although strategy coordination has clearly become an increasingly significant part of the motivations and activities of Assemblies, including the preparation of Integrated Regional Strategies and Frameworks, which have potential direct and indirect implications for public expenditure in the regions, significantly Treasury officials responsible for regional policy remain largely unaware of these activities (Mawson 2006).

GOVERNMENT OFFICE RELATIONS WITH OTHER GOVERNMENT BODIES IN THE REGIONS

Alongside the GOs, RDAs and Assemblies is a thick, but disjointed, layer of NDPBs with offices in the regions, the outcome of reforms in the 1980s and 1990s aimed at 'unbundling' government through the creation of predominantly single purpose, quasi-autonomous bodies (Pollitt and Talbot 2004; Skelcher 2000). Their presence has prompted debate not only about their legitimacy and accountability, but also how best to secure a degree of alignment between their activities. In responding to these concerns

all GOs have made progress in establishing Regional Boards to encourage greater communication between NDPBs, identify mutual aims and resolve inconsistency and duplication. Nevertheless, GO Regional Directors have approached the process in different ways with some adopting a 'light touch', while others have sought a more active role for the Boards. Following work on an IRS for the Eastern region, for example, a Regional Strategy Board, chaired by the GO Regional Director and including senior officials from the troika and other key agencies with a statutory remit, was established in 2005 to oversee the preparation of individual regional strategies and their coordination and to have a direct oversight over key delivery mechanisms and agencies (Snape *et al* 2005).

'We need to work to identify the strings between regional bodies and the centre because there may be issues that we have no influence over. So it's about managing regional administrative structures in more effective ways, getting policy alignment and using this to influence Whitehall' (Eastern GO official).

Whitehall and GO staff were generally circumspect, however, about the Boards' capacity to mobilise NDPBs to take greater account of regional priorities. At best they represent a first step towards collaboration and an opportunity to debate regional issues, exchange information and develop personal contacts. At worst they were little more than 'talking shops'. Strategy alignment is hampered by the quasi autonomy of NDPBs, which 'are less likely to engage with or remain in arrangements which reduce their capacity to manage resources in a way which delivers the outcomes required by their parent departments' (Stewart 2005, p. 2). As a RDA chief executive astutely observed,

‘The most useful thing the GO can do is not the formal but the informal work behind the scenes, pushing things forward and resolving disagreements. They can’t reconcile the irreconcilable but they have developed enough trust for people to want to try’.

The recent publication of guidance on indicative, longer-term, regional funding allocations for economic development, housing and transport, within which regional stakeholders are expected to prepare advice to ministers on regional priorities marks, however, a potential step change in efforts to secure greater coordinating between the activities of key regional bodies.

‘These indicative allocations are intended to enable regions to better align their strategies and provide an enhanced input into Government policy development and public spending decisions that affect the regions’ (HM Treasury *et al* 2005, p.1).

The guidance signals the Government’s determination to extend its devolved approach and opens up the prospect of vireing funds both geographically and between budget headings. GOs are required to facilitate the process and there are already signs that it could stimulate a more formal set of arrangements between GOs and other key regional bodies to examine and influence the pattern of public expenditure within regions (English Regions Network 2005). From the perspective of the regions, integration aligned to clear regional priorities could provide a potential boost in regional influence at the centre which, over time, could lead to ‘devolved budgets’ in other policy areas. Nonetheless, these developments depend crucially on the ability of regions to formulate robust and defensible advice to Whitehall on regional priorities and, for the present, it is

questionable whether the progress made in developing Integrated Regional Strategies and Frameworks is sufficient to meet Treasury requirements (Snape *et al* 2005).

Besides working with regional bodies, GOs have been given the lead role in negotiating budgets and agreeing outcome targets, as part of an evolving system of Local Area Agreements (LAAs), drawn up between local authorities and central government, which are intended to give greater local autonomy over how money is spent. GOs are expected to focus on the 'better outcomes to be achieved, rather than the means of doing so' and play 'a challenge role in relation to local authorities and their partners, benchmarking results from across them and providing analysis for authorities and departments on what works' (ODPM 2004b, p. 11). GOs are also involved in supporting 'Local Strategic Partnerships', which bring together elements of the public, private, voluntary and community sectors to prepare and implement community strategies for their areas and, where appropriate, develop local neighbourhood renewal strategies.

Sub-regional partnerships have also been established, comprising networks of organisations, often sponsored by RDAs, that advise RDAs and other key regional bodies on sub-regional priorities and opportunities. A measure of the importance attached to sub-regional working is the Government's current interest in 'City-regions'. They comprise partnerships between local authorities serving the major urban areas and are expected to provide a framework for networking and policy coordination, champion their areas' interests, adopt city-region wide versions of LAAs and may acquire powers relating to transport, planning and housing (New Local Government Network 2005).

The outcome of these ongoing developments is to place growing demands on GOs to develop a geographical dimension in their management structures and establish

regional relationship teams as single points of contact for regional and local partners and for GO senior staff to intensify their sub-regional links. GO Directors in the North West, for example, are seeking to establish 'one-to-one' relationships with each of the region's forty-seven local authority chief executives and lead on LAA negotiations. This should enable GO staff to become more knowledgeable about local conditions, more sensitized to the implications of government policies for localities and better able to provide feedback to Whitehall on delivery issues. Nonetheless, there are variations in the capacities of local and sub-regional partnerships, which make a uniform GO response problematic. Moreover, while LSPs are viewed as a response to 'partnership overload', there is no suggestion that they should replace the existing multiplicity of partnerships (DETR 2001). There are also inherent tensions between the rhetoric surrounding the GOs' respect for partnership working, in which local authorities and their partners are 'eager contributors' and the GOs' responsibilities for verifying local authority objectives and targets and monitoring their delivery. A recent evaluation of the first pilot LAAs observed, "[GOs] were not free to negotiate agreements on behalf of government without the need to 'refer up', and there were clearly different understandings about the extent of their devolved authority" (ODPM 2005a, p. 9). Similarly an examination of LSPs has confirmed uncertainties about the ways in which central departments and their agencies relate to local partnerships. GO engagement in LSPs has been variable and, beyond LSPs containing 'Neighbourhood Renewal Areas' where they have clear responsibilities for oversight, 'GOs themselves point to the lack of resources to engage much with LSPs' (ODPM 2005b, p. 33). Moreover, although LSPs rely on working through the GOs to build relationships with Whitehall delivery departments, local partners were critical of GOs for their limited influence in Whitehall beyond the ODPM.

CONCLUSIONS

The failure of New Labour's devolution plans leaves Greater London with the only form of regional government in England. Nonetheless, as this account shows, the Government is intent on boosting the regional tier through a process of 'deconcentration'. As Whitehall's key representatives in the regions, GOs are expected to be in the vanguard of this approach, which has been reflected in an expansion in their responsibilities on behalf of an increasing number of departments. Second, as regional 'ring masters', GOs have become involved in constructing new pathways to other units of regional and sub-national governance, especially in negotiating LAAs. Third, in their role as regional 'champions', GOs have led in providing regional inputs to the Spending Review Process, responding to Regional Indicative Budget Allocations and pursuing regional concerns in Whitehall. Fourth, GOs have begun to adapt their internal structures to assist in breaking down silos and working with places. Each of these activities is calculated to add value to the GOs' activities and raise their profile in both Whitehall and the regions and the Government intends embedding these functions by giving the GOs a more strategic role.

There are, however, several barriers to enhancing the GOs' roles, which stem from the ambiguities surrounding Labour's preference for developing regional structures alongside and, in part, overlapping established central-local policy, delivery and performance management relationships. They include the perception that regional institutions are an administrative convenience for the delivery of national policies rather than the management of territory, suspicions in parts of Whitehall's about the need for a regional perspective, the lack of a clear assessment of the responsibilities of respective

government tiers and uncertainties about the GOs' internal capabilities. While the 'mood music' may have changed it would be wrong to conclude that the drive towards a multi-level, networked form of governance in the English regions has yet supplanted the Westminster-Whitehall model. In Whitehall there is little expectation that GOs should exert too much influence and, given the ways government accountability chains work, granting GOs greater discretion over policy design, budgets and delivery could lead to contradictions. Moreover, much regional expenditure is channelled through NDPBs, over which GOs have limited influence.

Given the lack of a single regional body charged with coordinating the activities of multiple stakeholders, GOs have been urged to mobilise and participate in a multiplicity of partnerships as a way of resolving overlapping objectives, targets, delivery and management arrangements largely determined in Whitehall. But, while central government may stress subsidiarity, in which partners come together to develop solutions, this has yet to be matched by any significant influence over priority setting or budgets. The introduction of LAAs and indicative regional budgets could mark the beginnings of a shift in attitudes. Nonetheless, the risk is that, although GOs may work diligently to build partnerships and 'join up' policies and delivery, public bodies and their social and economic partners may become increasingly frustrated by 'partnership overload' and sceptical about their participation in governance structures that appear to have limited capacity for action. Furthermore, the GOs do not possess sufficient senior staff with the relationship building and negotiation skills necessary to cultivate partnership working. Indeed, if not handled sensitively, current plans to cut the number of GO staff by a third could unwittingly exacerbate this deficiency and replicate the

errors of the mid 1990s when staff reductions resulted in a loss of the GOs' most experienced middle and senior managers (Mawson and Spencer 1997).

GOs find themselves caught, therefore, between the Government's desire for them to become both more strategic and innovative and, at the same time, take on more and more administrative tasks. This lack of clarity has constrained the GOs' from realising their potential and the recent Review of Government Offices suggests that these shortcomings have been acknowledged. GOs are the only regional bodies which are able to provide an overall view of the way in which national, regional and local initiatives should be steered to fit together strategically; 'Neither the RDAs nor the Regional Assemblies are yet sufficiently developed to take on such a role' (Bache and Flinders 2004, p. 104). Indeed, GOs are well placed to reduce fragmentation by securing policy alignment at regional level and supporting and engaging with sub-regional structures within the devolved decision-making framework. Even in London, where the Mayor's strategic, enabling responsibilities are wide ranging and might be expected to overcome fragmentation, many of the Mayor's strategies do not come with budgets or sanctions with which to enforce them and in many areas these are limited by powers retained by central government (Sandford 2005). Similarly, while City-regions are being canvassed as a channel to champion the interests of major urban areas and enable decision-making at a more strategic level, there is a perceived risk of urban dominance and even their proponents acknowledge that City-regions 'do not offer a substitute for comprehensive regional coordination' (New Local Government Network 2005, p. 40).

There is, therefore, a strong justification for building on the GOs' capacities and the 2006 GO Review signals that they should develop a more strategic approach to regional and

sub-regional working and acquire new freedoms and flexibilities over the use of national funding to deliver agreed outcomes. These reforms reflect the most that is politically achievable, but it is questionable whether they go far enough. A more radical step would be for GOs, in regions with or without elected regional assemblies, to become responsible for coordinating and implementing single regional programmes, comprising the majority of central government's services delivered in the regions, including the regional activities of NDPBs (Town and Country Planning Association 2003). Against the background of regional strategies and priorities determined by regional and local institutions and stakeholders GO Regional Directors would chair 'beefed-up' regional strategy boards, comprising senior representatives from the troika and the Government's key executive agencies operating in the regions; an approach already being pursued in some regions in response to the new regional indicative budget allocations. Indeed, GOs are uniquely placed to bridge the gap between the Treasury's requirement that regional priorities be identified in accordance with indicative budgets and the Regional Assemblies' work on RSSs and strategy coordination to determine proposals that reflect cross-cutting themes and which are tied to specific programmes and projects. Placing the GOs *primus inter pares* would also assist in reconciling the uncertainties surrounding the GOs', Assemblies' and RDAs' roles in regional strategy coordination.

Such a simplification would not only reduce fragmentation, GOs would also become better recognized as powerful centres of government activity in the regions and a single point of contact for stakeholders with central government. GO Regional Directors would also acquire a higher status akin to *préfets*, thereby exercising greater 'regional voice' and

influence in Whitehall. As a consequence citizens would slowly become more aware of the powers and influences exercised at the regional level (Hazell 2006). Such far reaching reforms would challenge traditional roles and structures and granting GOs enhanced political clout would need to be accompanied by measures to increase their accountability and transparency to regional and local institutions. Nonetheless, the case for cultivating a more effective form of regional administration in England through the GOs remains persuasive.

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4.06

Table 1: Expenditure (£million) managed or influenced by Government Offices, 2003-04

	East Midlands	Eastern	North East	North West	South East	South West	West Midlands	Yorks' & Humber	Offices outside London	%	London	%	All Offices	%
DfT	157.9	142.3	101.0	293.3	182.4	162.4	176.6	175.9	1391.8	22	1681.9	62	3073.7	34
ODPM	91.8	220.0	260.2	544.5	254.6	71.3	343.2	169.8	1955.4	30	522.2	19	2477.6	27.
DTI	113.9	82.9	223.5	295.0	124.1	94.6	256.4	266.5	1456.9	23	317.8	12	1774.7	19
EU	134.1	53.8 ¹	146.3	252.9	43.3	94.6	120.4	183.4	1028.8	16	88.1	3	1116.9	12
DfES	39.9	61.9	29.2	76.6	69.9	43.9	55.9	52.7	430.0	7	86.3	3	516.3	6
Home Office	14.2	42.9	5.5	30.1	21.2	16.1	25.9	19.6	175.5	3	28.0	1	203.5	2
DEFRA	0.2	0.9	<0.1	0.7	<0.1	<0.1	0.2	<0.1	2.0	<1	<0.1	<1	2.0	<1
Totals	552.0	604.7	765.7	1493.1	695.5	482.9	978.6	867.9	6440.4	100	2724.3	100	9164.7	100
%	6	7	8	16	7	5	11	9	70		30		100	
Population ²	4.2	5.4	2.6	6.9	8.0	4.9	5.3	5.0	42.3		7.3		49.6	
Spend per capita (£)	131.4	120.0	294.5	216.4	86.9	98.6	184.6	173.6	152.3		373.2		184.8	

Source: Government Offices for the Regions

Notes:

¹ Eastern Region EU expenditure is the annual average over the programme period 2000-06.

² 2001 populations (million)