

Lessons from the Experience of Government Offices for the English Regions

Ministers have repeatedly pledged to ensure that “economic decision making reflects the geography of the country”. The 2020 Spending Review repeated the commitment made in the March Budget to create an economic campus in the North of England, with over 750 staff from the Treasury and the departments for business, local government and trade, but failed to provide any more details.

In developing this idea, ministers might usefully look at the experience of Government Offices for the English Regions (generally known as GOs). These were created by the Major Government in 1994, retained by New Labour as part of their regional approach to economic development, but abolished by the Coalition in 2011. These were the most ambitious attempt by any post war government to tackle the centralised and departmentalised traditions of the civil service but haven't featured at all in the current debate. This isn't surprising since Whitehall is notoriously bad at learning from its own past experience, there has been no formal evaluation of the experiment with GORs, and many of the individuals involved have retired, left the civil service or moved onto other areas of work.

What follows are my own reflections based on the fifteen years I spent as a member of the senior civil service in Government Office for the North West (GONW), based in Manchester. I moved from the Department of Trade and Industry (DTI) in London to GONW in 1996, and was still there when it was finally abolished in March 2011 before moving to set up one of the new regional teams which had been created by the DTI's successor, the Department for Business, Innovation and Science (BIS). In reviewing the experience of GOs it's important to remember that they were always about improving central government decision making, rather than devolving powers to local areas.

Some History

The 1992 Conservative Party Manifesto promised to:

“Strengthen the machinery for coordination in the regions. New, integrated regional offices of the appropriate Whitehall departments will be established so that business and local government will have only one port of call”.

Several factors had been pushing the Conservatives in the direction of greater co-ordination of policy at the sub national level. These included the European Commission's insistence on regional strategic plans, prepared by local partners, for Structural Funds, business concerns about the weakness and fragmentation of inward investment and business support services, in the light of increased competition from the completion of the Single Market, and a recognition that the proliferation of urban regeneration programmes was leading to duplication and waste. Linked to the latter, there was growing frustration amongst senior ministers (not only Michael Heseltine) with departmental silos.

The creation of GOs was therefore only one of several commitments in the 1992 Manifesto to improve the coordination of policy. These included the Single Regeneration Budget (SRB), Business Links and an Urban Regeneration Agency (subsequently English

Partnerships). Rationalising the regional arms of different departments also fitted well with the continued focus on improving the efficiency of public spending.

The language used to announce the formation of the GOs in November 1993, was strikingly similar to that used by current ministers. They would be “sweeping measures to shift power from Whitehall to local communities and make the government more responsive to local priorities” and would “provide their customers with a more comprehensive and accessible service...meet the widespread demand for a single point of contact ...bring services closer to the people they serve, simplify the government machine and improve value for money”.

Despite the rhetoric, GOs were never about “shifting power...to local communities”: when formally created in April 1994 their remit was to:

- represent Whitehall in the regions;
- coordinate policy and service delivery; and
- bring a regional perspective to Whitehall policy making.

GOs were formed initially from the regional offices of four Departments: Trade & Industry, Environment, Transport, and Employment (which was merged with the Department for Education (DfE) in 1995). Over time the number of departments involved in the network increased. By the time of abolition there were 12 departments with some sort of presence but three quarters of staff still came from just three departments BIS (20%), Communities & Local Government (CLG) (33%), and DfE (24%). There were originally 10 GOs covering London, South East, South West, West Midlands, East Midlands, Merseyside, North West, Yorkshire and the Humber, and the North East, before Merseyside was merged with the North West in 1998. Staff numbers in 2010 were as below

GO	Staff 2010
North East	176
North West	188
Yorks & Humber	161
East Midlands	138
West Midlands	188
East of England	167
South East	182
South West	183
London	186
	1569

GOs were unique in bringing together staff from different departments in a unified management chain. Each GO was under the control of a single Regional Director (RD) who was given considerable freedom to choose how to organise their GO to deliver their

remit. Initially RDs were appointed from the four “parent” Departments but eventually included people directly recruited from local government. The RDs reported to a Sponsorship Board which both decided priorities and resourcing on behalf of Sponsor Departments, and provided collective oversight, scrutiny and accountability.

The role of GOs changed substantially after the election of New Labour in 1997. The new government had a strong focus on regions and on the need for “joined up government”. GOs were retained, more departments were added, and Regional Development Agencies (RDAs) and Regional Chambers, usually known as Regional Assemblies (RAs), introduced by the Regional Development Agencies Act 1998.

This changed and complicated the context within which GOs operated. Prescott saw RDAs and RAs as addressing the economic and democratic deficits affecting the English regions. RDAs were charged with taking forward economic development and developing a Regional Economic Strategy (RES). RAs, voluntary bodies of local authorities and the private sector, were given a statutory right to be consulted on the RES and responsibility for a Regional Spatial Strategy (RSS) and the associated Regional Transport Strategy (RTS).

With RDAs leading on economic and regeneration policy and RAs representing the voice of the regions, GOs became the voice of Whitehall, coordinating the delivery of social programmes, monitoring Public Service Agreements (PSAs) and overseeing the negotiation of Local Area Agreements (LAAs) and Multi Area Agreements (MAAs), early mechanisms for devolving powers and resources from Whitehall. They also supported the Regional Ministers appointed by Brown when he became Prime Minister. These were part of a broader move to increase Parliamentary scrutiny of government policy in the regions which also included the creation of both Regional Select Committees and Regional Grand Committees (both of which were boycotted by both Conservative and Lib Dem MPs).

The Conservatives had become markedly less enthusiastic about co-ordination at regional level during the 2000s, in part as a consequence of their growing antipathy to the EU and its idea of a “Europe of the Regions”. At the same time, local government was disappointed by the experience of LAAs/MAAs and resented what it saw as heavy handed and unnecessary regulation by central government via the GOs. Major cities - such as Manchester - were also increasingly urging a city based, rather than regional approach. The 2010 Conservative Manifesto contained a commitment to abolish the RDAs, all regional planning policies, and the Government Office for London and review the case for the rest. The Lib Dem Manifesto pledged to abolish all GOs. So the writing was on the wall when the Coalition was formed, although the review of the case for GOs never took place. The reasons given by Eric Pickles when announcing their closure in July 2010 make for interesting reading in the light of recent ministerial announcements:

“the original intentions behind the establishment of the Government Offices for the Regions (to join up different Departmental teams outside London into a ‘one stop shop) have been lost ... (and)... are no longer necessary in an internet age ... given the Coalition Government’s commitment to genuine decentralisation and devolution of power.”

A GO History Timeline is attached - in the annex to this paper.

What Did GOs Achieve?

Improved programme delivery.

GOs achieved major staff reductions by combining the regional arms of the four parent departments. They rationalised TEC/BL contracting with Training and Enterprise Councils (TECS) and Business Links (BLs) which had previously been split between DfE and DTI, introduced unified management of the European Regional Development Fund component of European Structural Funds (ESF) (although DfE insisted on maintaining separate arrangements for ESF) and created single units for the management of ministerial business such as briefings, Parliamentary Questions and visits. GOs also played a major role in the successful introduction of Single Regeneration Budgets. These brought together 20 existing programmes from five different departments and required local partners to work together to develop proposals which were then assessed by the GOs.

Introduced innovative ways of working

GOs were fundamentally about cross departmental working. Staff from one department were expected to be able to work on, and speak for, other departments' agendas.

This was a major organisational and management challenge. The "departmental view" is deeply ingrained in Whitehall culture. Many GO staff had strong emotional and professional ties to the work of "their" Department and were uneasy about the impact on their future careers if they moved away from their departmental agenda. Others saw little benefit from a cross departmental approach. For example, in many GOs there was a tension between those running the planning function and those concerned with economic development around both process (planning being semi judicial) and the balance between economic, environmental and social objectives. Inevitably the GO teams with responsibility for planning worked closely with RAs, whereas the economic teams were working with the RDAs. The fact that Whitehall departments were also in competition around key areas of work, notably the RDA agenda especially when the Single Funding Pot was introduced, added to the management challenge. Furthermore, most staff also came from a background of programme delivery and needed to acquire new skills as the GORs moved more into a more strategic and regulatory role.

The GO response had four main elements. First, they used the delivery of programmes like SRB and ERDF to encourage cross departmental working. Second, they spent considerable time and money on training programmes to break down barriers to corporate working and to develop new skills. Third, they built organisational structures which sought to balance thematic and place-based working. One common approach was to appoint staff to manage the interface between key partners and the GO, supported by virtual teams. This required matrix management from the senior teams in the GOs, which was not without difficulty in itself. Finally, GOs encouraged secondments to and from local partners.

Made a major contribution to resilience

One of the most significant achievements of GOs was the development of a substantial resilience capacity. This began in response to the fuel protests of 2000 and, gathered pace during the outbreak of foot and mouth disease in 2001. All GOs built teams specifically to provide a link between central and local government to respond to emergencies as well as deploying significant numbers of their staff to work with local authorities when necessary.

For example, during the significant floods in Cumbria in 2005 and 2009, staff from GONW spent several weeks staying in the area and working with local partners to coordinate the Whitehall response and the subsequent recovery.

Influenced the development of regional policy

The main influence of GOs on regional policy was through European Structural Funds, especially ERDF. GOs made Whitehall departments realise just how many of their objectives were delivered through Structural Funds and hence the importance of engagement with the programmes. They also led the negotiations the local components of the Structural Funds programmes 2000 and 2006 as well as chairing the Programme Monitoring Committees (PMCs) which managed the local programmes.

Other ways in which GOs influenced policy included: regional roadshows to provide input to the government's approach to the expansion of the EU in 2004; local input into the review of the Assisted Areas map in 1998; and the development of transport priorities in the Regional Funding Allocations programme introduced in 2005.

Knowledge of their regions

GOs knew and understood the people and issues in their regions. Their USP was always "What we know and who we know". This was the result of having people who both lived and worked in the regions and also the close links that they formed with local partners. GOs would be observers on RDA Boards, attend meetings of CBI local councils and Chambers of Commerce and have working relationships with many MPs and all the key decision makers in their areas. GOs understood the internal politics - as well as the main issues - of their regions much better than officials based in London.

What Problems Did They Face?

Never represented all of Whitehall in the region

Many aspects of Whitehall policy and spending which had a major impact on delivering growth, such as the Highways Agency, Environment Agency and English Partnerships, were always outside GO control. Similarly, policy towards science and higher and further education were never run through GOs. Although the expansion of the number of departments involved in the network reduced this problem, it never eliminated it.

Distrusted by Whitehall

Knowledge is power in most organisations and the civil service is no exception. Departments were reluctant to share sensitive information with GOs in case it leaked to local partners or - even worse in a Whitehall context - to other departments. This was particularly an issue when departments were in competition with each other - as they often were - around a particular agenda.

Often bypassed by local partners and Whitehall

Major players in the regions - such as the core cities - would frequently bypass GOs and engage in direct talks with Whitehall officials and ministers. Similarly, there were often

occasions when Whitehall officials would go directly to partners for information or with a new policy proposal. The result of this, together with the lack of trust, was “double banking” in Whitehall as they dealt with issues that were also being dealt with by GOs.

Offered a wide variety of work but a limited career path

GOs offered enormous opportunities to develop new skills within because of the breadth of the work they covered. For example, at various times I was responsible within GONW for economic development, European programmes, planning, the environment, transport, HR and IT, as well as working on the fuel protests, foot and mouth, swine flu and a number of floods. This was a range of experience that I would have struggled to acquire in one Whitehall department.

However, the opportunities for progression declined markedly for the higher grades and a period in GOs never really seen as part of career path for members of the senior civil service. Although I saw joining GONW as an opportunity to deliver a new approach to regional development, most of my peers in DTI regarded my move as slightly eccentric.

Never had a ministerial champion

The fact that GOs made the transition from a Manifesto commitment to a substantial on the ground presence, given the highly centralised and departmentalised nature of Whitehall, was quite an achievement and reflected the support of Michael Heseltine and other senior Cabinet members. That they also survived the creation of RDAs and RAs and John Prescott’s interest in regional government also said something about Tony Blair’s belief in the need for joined up government.

GOs were never, however, the responsibility of one minister - and the lack of a champion meant that the GO policy/strategy was neglected. There was no minister, nor any senior official, building their career by demonstrating the success of GOs and highlighting GO achievements. GOs were instead always subject to departments seeking to ensure that GOs delivered “their” agendas (ideally using another departments resources to do so).

So What Are The Key Lessons For Current Government Plans?

You need integrated teams across England, under the control of one minister with a clear programme(s) to deliver

If you want a better understanding of the issues and opportunities outside London and the South East, then you need integrated teams across England, not just one economic campus in the north, and departments co-located in Hubs elsewhere.

The teams should under the control of one minister. GOs demonstrated the difficulty of joining up at the regional and local level what is not joined up in Whitehall. Throughout their existence GOs struggled with the need to manage accountability to different departments, each of which provided different amounts of resources, had very clear ideas on how “their” priorities should delivered and were always suspicious of other departments piggy backing on their resources. Much better to have a single minister with a cross departmental agenda in charge.

The teams should have a clear programme(s) to deliver. GOs were at their most successful in breaking down departmental silos when they had SRB and European Structural Funds to deliver. SRB was an ideal vehicle, bringing together 20 separate

programmes from five departments to provide support for regeneration and economic development and requiring bids from local partners which were then assessed by the GOs. Similarly, GOs had responsibility for assessing project bids within ERDF, which they did using teams of civil servants and secondees from local partners. The new Levelling Up Fund and the Shared Prosperity Fund would be logical successors to these two programmes and best delivered on the basis of local knowledge.

Trust your regional teams.

Local partners will tell you what they want you to hear: your officials will tell you what you need to hear. Crucially, if you want your regional teams to be the voice of Whitehall, then treat them as such. Don't encourage local partners to bypass your teams and talk to you directly.

Build sustainable career paths for staff outside London and the South East.

Treat a period in the regions as an integral part of training and development. Follow the practice in the French civil service of requiring all those who aspire to senior posts to spend some time in the provinces in order "to give the student a complete break from all past associations and ideas, to force the metropolitan man to live in the provinces, and to bring him into contact with those parts of French society which, once started on his career, he will have no further chance to contact or experience" (Sam Brittan, *Steering the Economy*)

Don't underestimate HR and management issues

The GOs brought together *existing* regional teams of civil servants with extensive knowledge and experience of their areas and an understanding of Whitehall processes. That capacity has now largely been lost, although some Departments (most notably BEIS) have retained a small regional policy presence. If the Government is successful in persuading current Whitehall staff to move north, they will need to build a sufficient knowledge of the area before they can make a meaningful input into decision making. If the Government isn't successful in persuading people to move - and the experience of moving the Office of National Statistics to Newport, when fewer than 10% of existing staff opted to move, suggests that it might not be - new people need to be recruited. Although these people will have local knowledge, they won't have the experience of Whitehall decision making or the trust of their new colleagues in Whitehall, and again this will take time to acquire.

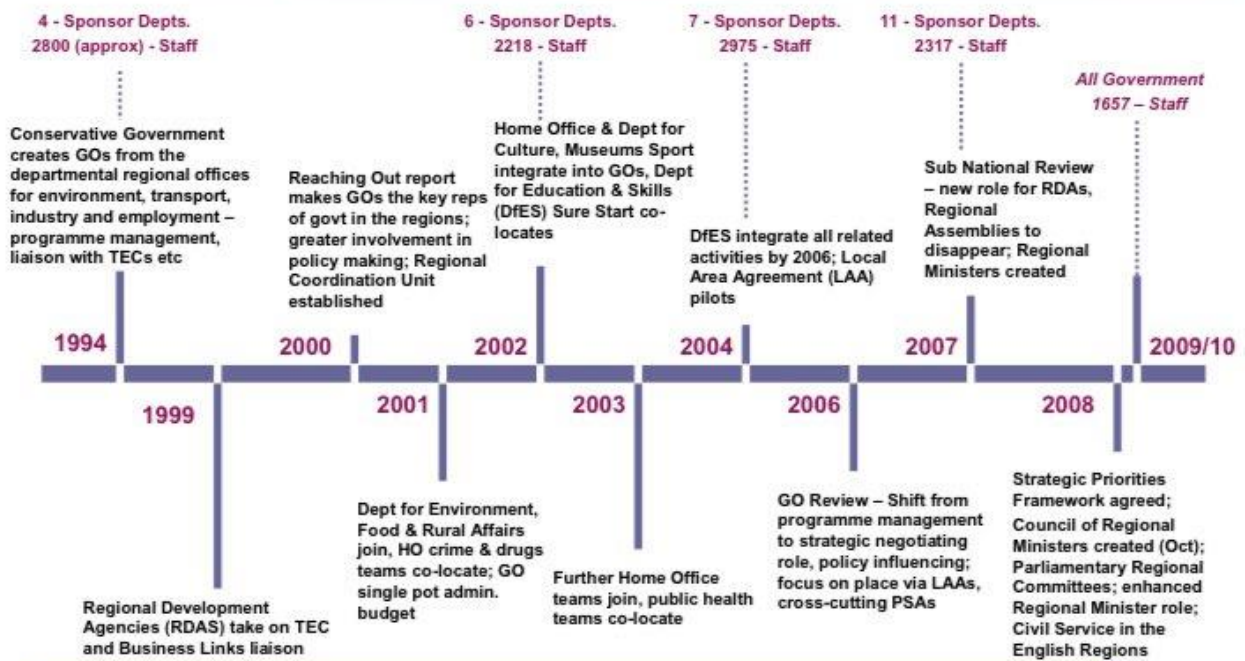
Conclusion

If Ministers really want to shift economic decision making away from Whitehall, the simplest way would be to restore powers and resources to local government and allow it to tailor national policies to local circumstances. To paraphrase Tolstoy, every unsuccessful place is unsuccessful in its own way and the policies needed in Barrow are not the same as those needed in Blackpool and Burnley.

If the Government isn't going to engage in meaningful devolution - and there is no real sign that it is - then it is going to have to establish a more substantial regional presence in England to give it the local knowledge needed to develop and deliver effective policies for "levelling up". Building on the experience of GOs, this presence needs to be cross departmental, integrated, empowered and trusted.

ANNEX

The evolution of the GO Network



The GO Network is Whitehall Departments in the regions, staff are civil servants drawn from and remain citizens of Departments. It is owned by its Sponsor Departments - CLG has the majority share (40%).